

YEAR-END REPORT 2013

Stockholm February 6, 2014



Kai Wörn, President and CEO:

"The year ended with a continuation of the positive sales development from the third quarter. Sales for the seasonally weak fourth quarter were up 8%, adjusted for changes in exchange rates, with higher sales in all business areas. The operating loss for the quarter decreased to SEK -308m (-348), excluding items affecting comparability, where the Americas contributed with the largest improvement. In line with the development earlier in the year, the fourth quarter showed an improved cash flow development.

To conclude 2013, the year was off to a slow start, but a stronger second half resulted in a 2% net sales growth for the full year, adjusted for currencies. From a market demand point of view, North America recovered in line with the relatively positive macro economy, while Europe had a more mixed picture.

Efforts to improve working capital were successful. Inventories were reduced, mainly by reduced production levels, resulting in a cash release of SEK 820m and an operating cash flow for the year of SEK 1,813m (1,144). The strong cash flow also supported an improvement of the net debt/equity ratio, which declined to 0.58 (0.75).

Group operating income for 2013 declined to SEK 1,608m (1,931) excluding items affecting comparability, and earnings per share amounted to SEK 1.60 (1.78). The decline in operating income refers to Europe & Asia/Pacific where earnings were impacted by unfavorable changes in exchange rates and the lower factory utilization levels due to the planned inventory reductions. For the Group, changes in exchange rates and under-absorption had a total negative impact on operating income of almost SEK 0.5bn compared to 2012.

For Americas, prior year's large operating loss was turned into a slightly positive result. Growth in the higher-margin dealer channel was double digit and productivity improved. We are now moving into the next phase of the U.S. turnaround and as an important step we have also implemented a new organization for retail and dealer operations.

In Construction, currency adjusted sales increased 6% and the margin rose to above 9%. Higher demand, investments in sales capacity and a strong product portfolio contributed to the positive development.

In 2014-2015, our main priority is to execute and build momentum in our accelerated improvement programs to support margin improvement. In terms of demand, I am cautiously optimistic given the continued improvements in the U.S. economy and by the European indications of stabilization."

Fourth quarter

- Net sales amounted to SEK 4,707m (4,476). Adjusted for exchange rate effects, net sales increased 8%.
- Operating income improved to SEK -308m (-348), excluding items affecting comparability.
- Earnings per share amounted to SEK -0.53 (-0.87).

Full-year

- Net sales amounted to SEK 30,307m (30,834). Adjusted for exchange rate effects, net sales increased 2%.
- Operating income amounted to SEK 1,608m (1,931), excluding items affecting comparability.
- Earnings per share amounted to SEK 1.60 (1.78).
- Operating cash flow improved to SEK 1,813m (1,144).
- Net debt/equity ratio improved to 0.58 (0.75).
- The Board proposes a dividend of SEK 1.50 (1.50) per share for 2013.

SEKm	Q4	Q4	Change, %		Jan-Dec	Jan-Dec	Change, %	
	2013	2012	As rep.	Adj. ¹	2013	2012	As rep.	Adj. ¹
Net sales, Group	4,707	4,476	5	8	30,307	30,834	-2	2
Europe & Asia/Pacific	2,368	2,257	5	8	14,952	15,351	-3	1
Americas	1,643	1,572	5	8	12,355	12,531	-1	3
Construction	696	647	8	10	3,000	2,952	2	6
EBITDA	-68	-345	80	32	2,586	2,737	-6	-10
EBITDA margin, %	-1.4	-7.7	-	-	8.5	8.9	-	-
Operating income, Group	-308	-604	49	50	1,608	1,675	-4	2
Excl. items affecting comparability, Group	-308	-348	11	13	1,608	1,931	-17	-12
Europe & Asia/Pacific	-136	-155	12	17	1,514	1,947	-22	-19
Americas	-157	-197	20	19	4	-124	n.a	n.a
Construction	45	45	0	3	277	258	7	10
Operating margin, %	-6.5	-13.5	-	-	5.3	5.4	-	-
Excl. items affecting comparability	-6.5	-7.8	-	-	5.3	6.3	-	-
Income after financial items	-433	-756	43	-	1,180	1,175	0	-
Income for the period	-304	-498	39	-	916	1,027	-11	-
Earnings per share, SEK	-0.53	-0.87	39	-	1.60	1.78	-10	-

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

FOURTH QUARTER

Net sales

Net sales for the fourth quarter increased by 5% to SEK 4,707m (4,476). Adjusted for exchange rate effects, net sales for the Group increased 8%, by 8% for Europe & Asia/Pacific, by 8% for Americas and by 10% for Construction.

Operating income

Operating income for the fourth quarter excluding items affecting comparability amounted to SEK -308m (-348). Including items affecting comparability, it amounted to SEK -308m (-604) and the corresponding operating margin was -6.5% (-13.5).

Excluding items affecting comparability and impact from changes in exchange rates, fourth quarter operating income was positively impacted by the higher sales volume, savings from staff reductions and lower costs for materials, while mainly higher costs for logistics, sales and marketing impacted adversely.

Changes in exchange rates had a total negative impact on operating income of SEK -31m compared to the fourth quarter 2012. Savings from staff reductions amounted to SEK 62m.

FULL YEAR

Net sales

Net sales for 2013 decreased by -2% to SEK 30,307m (30,834). Adjusted for exchange rate effects, net sales for the Group increased 2%, by 1% for Europe & Asia/Pacific, by 3% for Americas and by 6% for Construction.

Operating income

Operating income for 2013 excluding items affecting comparability amounted to SEK 1,608m (1,931). Including items affecting comparability, it amounted to SEK 1,608m (1,675) and the corresponding operating margin was 5.3% (5.4).

Excluding items affecting comparability and impact from changes in exchange rates, operating income was positively affected by the higher sales volume, lower material costs 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 -349m compared to 2012. Savings from staff reductions amounted to SEK 174m.

FINANCIAL ITEMS NET

Net financial items for the fourth quarter amounted to SEK -125m (-152). Net financial items amounted to SEK -428m (-500) for the full year. The lower financial cost is explained mainly by lower interest rates and lower net debt. The average interest rate on borrowings at December 31, 2013, was 4.0% (4.2).

INCOME AFTER FINANCIAL ITEMS

Income after financial items for the fourth quarter decreased to SEK -433m (-756) corresponding to a margin of -9.2% (-16.9%). Income after financial items for the full year 2013 amounted to SEK 1,180m (1,175) corresponding to a margin of 3.9% (3.8).

TAXES

Tax for the fourth quarter amounted to SEK 129m (258). Tax cost for the full-year 2013 amounted to SEK -264m (-148), corresponding to a tax rate of 22% (12) of income after financial items.

EARNINGS PER SHARE

Income for the full year 2013 amounted to SEK 916m (1,027), corresponding to SEK 1.60 (1.78) per share.

OPERATING CASH FLOW

Operating cash flow for the full year improved substantially to SEK 1,813 (1,144). The improvement relates mainly to changes in working capital which largely was driven by activities to reduce inventory levels. Cash flow from operations, excluding changes in operating assets and liabilities, decreased due to the lower result.

The higher capital expenditure was mainly related to the previously communicated investments within the new manufacturing facility for chainsaw chains in Huskvarna.

Cash flow is normally negative in the fourth quarter, reflecting the seasonally low result and build-up of inventories for the seasonally stronger first quarter.

Operating cash flow SEKm	Q4 2013	Q4 2012	Jan-Dec 2013	Jan-Dec 2012
Cash flow from operations, excluding changes in operating assets and liabilities	-351	-344	1,640	1,957
Changes in operating assets and liabilities	423	112	1,252	-66
Cash flow from operations	72	-232	2,892	1,891
Cash flow from investments, excluding acquisitions and divestments	-389	-219	-1,079	-747
Operating cash flow	-317	-451	1,813	1,144

FINANCIAL POSITION

Group equity as of December 31, 2013, excluding non-controlling interests, amounted to SEK 11,372m (10,987), corresponding to SEK 19.9 (19.2) per share.

Net debt decreased to SEK 6,659m (8,271) as of December 31, 2013, of which liquid funds amounted to SEK 1,884m (1,573) and interest bearing debt amounted to SEK 7,290m (8,366), excluding pensions. The major currencies used for debt financing are SEK and USD. Net debt decreased by SEK -337m during the year as a result of changes in exchange rates.

The net debt/equity ratio improved to 0.58 (0.75) and the equity/assets ratio to 42.6% (39.4).

In connection with 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	31 Dec. 2013	31 Dec. 2012
Interest-bearing liabilities	7,290	8,366
Provisions for pensions and other post-employment benefits	1,253	1,478
Less: Liquid funds	-1,884	-1,573
Net debt	6,659	8,271

On December 31, 2013, long-term loans including financial leases amounted to SEK 6,408m (6,611) and short-term loans including financial leases to SEK 643m (1,470). Long-term loans consist of SEK 4,943m (4,075) in issued bonds, and bank loans and financial leases of SEK 1,465m (2,536). 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	Q4	Q4	Change, %		Jan-Dec	Jan-Dec	Change, %	
	2013	2012	As rep.	Adj. ¹	2013	2012	As rep.	Adj. ¹
Net sales	2,368	2,257	5	8	14,952	15,351	-3	1
Operating income	-136	-342	60	61	1,514	1,760	-14	-10
Operating income excl. items affecting comparability	-136	-155	12	17	1,514	1,947	-22	-19
Operating margin, %	-5.8	-15.1	-	-	10.1	11.5	-	-
Operating margin excl. items affecting comparability	-5.8	-6.8	-	-	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 fourth quarter 2013. Adjusted for exchange rate effects, net sales increased by 8%. For the full year, net sales declined by -3%. Adjusted for exchange rate effects, net sales for the full year increased by 1%.

Demand was weak at the beginning of the year, and the selling season started later than usual due to a late start of spring. Demand gradually improved as favorable weather led to a prolonged selling season in Europe, although the preseason demand for snow products was soft late in the year.

In terms of product categories, handheld products increased while snow thrower sales declined in the fourth quarter. Over the full year, electric products including robotic lawn mowers, showed the highest growth rate.

Operating income for the fourth quarter amounted to SEK -136m (-155) and the operating margin amounted to -5.8% (-6.8), excluding items affecting comparability of SEK -187m in the fourth quarter 2012. For the full year, operating income amounted to SEK 1,514m (1,947) and the operating margin amounted to 10.1% (12.7), excluding the items affecting comparability of SEK -187m.

Excluding currency impact and items affecting comparability, the improved operating income in the fourth quarter was mainly attributable to the higher sales volume and a more favorable mix, which partly was offset by higher costs for selling and branding. For the full year, operating income was positively impacted by the higher sales volume and lower material costs, while mainly under-absorption in factories due to inventory reductions affected negatively.

Changes in exchange rates had a negative year-on-year effect of SEK -17m on operating income for the fourth quarter and SEK -328m for the full year 2013.

Americas

SEKm	Q4	Q4	Change, %		Jan-Dec	Jan-Dec	Change, %	
	2013	2012	As rep.	Adj. ¹	2013	2012	As rep.	Adj. ¹
Net sales	1,643	1,572	5	8	12,355	12,531	-1	3
Operating income	-157	-233	33	31	4	-160	n.a	n.a
Operating income excl. items affecting comparability	-157	-197	20	19	4	-124	n.a	n.a
Operating margin, %	-9.5	-14.8	-	-	0.0	-1.3	-	-
Operating margin excl. items affecting comparability	-9.5	-12.5	-	-	0.0	-1.0	-	-

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

Net sales for Americas increased by 5% in the fourth quarter 2013. Adjusted for exchange rate effects, net sales increased by 8%. For the full year, net sales declined by -1%. Adjusted for exchange rate effects, net sales for the full year increased by 3%.

Total market demand in North America increased over the full year, supported by an improving U.S. economy. Strong demand driven by favorable weather in the second half of the year compensated for a weaker first half.

U.S., Canada and Brazil contributed evenly to the 8% currency adjusted sales increase in the fourth quarter. Over the full year, Canada and Brazil had the most favorable development. Dealer sales represented 36% of Americas' sales in 2013, up from 33% in 2012.

Operating income for the fourth quarter improved to SEK -157m (-197) and the corresponding margin amounted to -9.5% (-12.5), excluding items affecting comparability of SEK -36m in the fourth quarter 2012. The improved operating income, excluding currency impact and the items affecting comparability, was mainly a result of lower material costs and savings from staff reductions.

For the full year, operating income rose to SEK 4m (-124) and the operating margin amounted to 0.0% (-1.0), excluding items affecting comparability of SEK -36m. The improved operating income was primarily attributable to improved pricing, lower material costs and increased productivity.

Changes in exchange rates had a negative year-on-year effect of SEK -1m on operating income for the fourth quarter and a positive impact of SEK 16m for the full year.

Construction

SEKm	Q4		Change, %		Jan-Dec		Change, %	
	2013	2012	As rep.	Adj. ¹	2013	2012	As rep.	Adj. ¹
Net sales	696	647	8	10	3,000	2,952	2	6
Operating income	45	20	n.a	n.a	277	233	19	23
Operating income excl. items affecting comparability	45	45	0	3	277	258	7	10
Operating margin, %	6.5	3.1	-	-	9.2	7.9	-	-
Operating margin excl. items affecting comparability	6.5	6.9	-	-	9.2	8.7	-	-

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

Net sales for Construction increased by 8% in the fourth quarter 2013. Adjusted for exchange rate effects, the increase in sales was 10%. For the full year, net sales increased by 2%. Adjusted for exchange rate effects, net sales for the full year increased by 6%.

The positive demand trend in North America continued, although somewhat slower than earlier in the year. Demand for construction products in Europe showed a mixed picture, but was over-all strengthened in the second half of the year. In Brazil demand continued to be strong as a result of infrastructure investments.

All regions showed higher sales in the fourth quarter, with the strongest development in rest of the world, in particular Brazil. Also for the full year, sales were up in all regions. The U.S. and Brazil were the top performing markets.

Operating income for the fourth quarter amounted to SEK 45m (45) and the operating margin amounted to 6.5% (6.9), excluding items affecting comparability of SEK -25m in the fourth quarter 2012. Operating income for the full year amounted to SEK 277m (258) and the operating margin amounted to 9.2% (8.7), excluding the items affecting comparability of SEK -25m in 2012.

Operating income in the fourth quarter was positively impacted by the higher sales volume, which was offset mainly by unfavorable mix and negative impact from changes in exchange rates. For the full year, operating income was positively impacted by the higher sales volume and mix, while changes in exchange rates and lower factory utilization levels impacted adversely.

Changes in exchange rates had a negative year-on-year effect of SEK -15m on operating income for the fourth quarter and SEK -36m for the full year.

MANAGEMENT CHANGE IN ASIA/PACIFIC

Pavel Hajman has been appointed Executive Vice President, Head of business unit Asia/Pacific and will become member of Husqvarna Group Management. Pavel replaces Nicolas Lanus who left the Group December 31, 2013. Brian Belanger, VP Legal Affairs Asia/Pacific, will be acting on the position until Pavel Hajman starts, latest June 1, 2014.

STAFF REDUCTION MEASURES

In November 2012, Husqvarna Group announced measures to improve the Group's cost structure. The measures include layoffs of in total approximately 600 employees in several countries, whereof almost half in Sweden. The measures aim to improve efficiency, reduce the fixed cost base and further increase flexibility. Total costs for implementing these measures were SEK –256m, which were charged to the operating income for the fourth quarter of 2012.

Cost savings of SEK 174m were achieved in 2013 as a result of the measures. The measures will reach full effect of approximately SEK 220m in annual cost savings during 2014.

PARENT COMPANY

Net sales for 2013 for the Parent Company, Husqvarna AB, amounted to SEK 10,442m (10,564), of which SEK 8,032 (8,172) referred to sales to Group companies and SEK 2,410m (2,392) to external customers.

Income after financial items amounted to SEK 1,112m (564). Income for the period was SEK 911m (908). Investments in tangible and intangible assets amounted to SEK 582m (1,517). Cash and cash equivalents amounted to SEK 89m (91) at the end of the quarter. Undistributed earnings in the Parent Company amounted to SEK 17,461m (17,384).

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 October 2013, 847,885 A-shares were converted to B-shares at the request of shareholders. In January 2014, another 3,110,239 A-shares were converted to B-shares at the request of shareholders. The total number of votes thereafter amounts to 168,769,643.9.

The total number of registered shares in the company at December 31, 2013 amounted to 576,343,778 shares of which 126,593,868 were A-shares and 449,749,910 were B-shares.

ANNUAL GENERAL MEETING 2014

The Annual General Meeting (AGM) of Husqvarna AB (publ) will be held on April 10, 2014, at the Elmia Congress Center, the Hammarskjöld Hall, Elmiavägen 15 in Jönköping, Sweden.

Shareholders who wish to have matters dealt with by the AGM should submit their proposals to the Board by email to board@husqvarnagroup.com, or by post to Husqvarna AB, General Counsel, Box 7454, SE-103 92 Stockholm. Proposals must be received by the company no later than February 20, 2014.

Proposals to the Annual General Meeting in 2014

The notification to the AGM 2014 will be available on the Group's website www.husqvarnagroup.com/agm as of March 7, 2014. Then full proposal to the AGM will be published on the Group's website no later than March 20, 2014.

Dividend

The Board of Directors proposes a dividend for 2013 of SEK 1.50 (1.50) per share, corresponding to a total dividend payment of SEK 859m (859) based on the number of outstanding shares at the end of 2013. Tuesday, April 15, 2014 is proposed as record date. The last day for trading in Husqvarna shares including the right to dividend for 2013 is April 10, 2014.

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.

AUDITORS' REVIEW REPORT

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

Stockholm, February 6, 2014

Kai Wärm
President and CEO

Consolidated income statement

SEKm	Q4 2013	Q4 2012	Jan-Dec 2013	Jan-Dec 2012
Net sales	4,707	4,476	30,307	30,834
Cost of goods sold	-3,525	-3,490	-22,288	-22,543
Gross income	1,182	986	8,019	8,291
<i>Margin, %</i>	25.1	22.0	26.5	26.9
Selling expense	-1,150	-1,215	-5,148	-5,223
Administrative expense	-341	-383	-1,260	-1,401
Other operating income/expense	1	8	-3	8
Operating income¹	-308	-604	1,608	1,675
<i>Margin, %</i>	-6.5	-13.5	5.3	5.4
Financial items, net	-125	-152	-428	-500
Income after financial items	-433	-756	1,180	1,175
<i>Margin, %</i>	-9.2	-16.9	3.9	3.8
Income tax	129	258	-264	-148
Income for the period	-304	-498	916	1,027
Attributable to:				
Equity holders of the Parent Company	-302	-496	914	1,022
Non-controlling interest in income for the period	-2	-2	2	5
Basic earnings per share, SEK	-0.53	-0.87	1.60	1.78
Diluted earnings per share, SEK	-0.53	-0.87	1.60	1.78
Basic weighted average number of shares outstanding, millions	572.7	572.6	572.6	572.6
Diluted weighted average number of shares, millions	572.8	572.6	572.8	572.6

Consolidated comprehensive income statement

SEKm	Q4 2013	Q4 2012	Jan-Dec 2013	Jan-Dec 2012
Income for the period	-304	-498	916	1,027
Items that will not be reclassified to the income statement:				
Remeasurements on defined benefit pension plans	12	-26	148	-148
	12	-26	148	-148
Items that may be subsequently reclassified to the income statement:				
Currency translation differences	310	127	163	-773
Cash flow hedges	-12	-25	4	-103
	298	102	167	-876
Other comprehensive income, net of tax	310	76	315	-1,024
Total comprehensive income for the period	6	-422	1,231	3
Attributable to:				
Equity holders of the Parent Company	9	-420	1,231	-1
Non-controlling interest	-3	-2	0	4
¹ Of which depreciation, amortization and impairment	-240	-259	-978	-1,062

Consolidated balance sheet

SEKm	31 Dec. 2013	31 Dec. 2012
Assets		
Property, plant and equipment	3,609	3,515
Goodwill	5,713	5,733
Other intangible assets	3,839	3,786
Investments in associated companies	-	4
Derivatives	0	2
Deferred tax assets	1,122	1,189
Other financial assets	84	76
Total non-current assets	14,367	14,305
Inventories	7,087	8,058
Trade receivables	2,816	3,032
Derivatives	273	326
Tax receivables	69	337
Other current assets	539	603
Other short term investments	17	325
Cash and cash equivalents	1,594	920
Total current assets	12,395	13,601
Total assets	26,762	27,906
<i>Pledged assets</i>	<i>87</i>	<i>77</i>
Equity and liabilities		
Equity attributable to equity holders of the Parent Company	11,372	10,987
Non-controlling interests	18	21
Total equity	11,390	11,008
Long-term borrowings	6,408	6,611
Deferred tax liabilities	1,203	1,218
Provisions for pensions and other post-employment benefits	1,253	1,478
Derivatives	13	77
Other provisions	796	763
Total non-current liabilities	9,673	10,147
Trade payables	2,838	2,716
Tax liabilities	96	438
Other liabilities	1,633	1,515
Short-term borrowings	643	1,470
Derivatives	226	208
Other provisions	263	404
Total current liabilities	5,699	6,751
Total equity and liabilities	26,762	27,906
<i>Contingent liabilities</i>	<i>89</i>	<i>132</i>

Consolidated cash flow statement

SEKm	Q4 2013	Q4 2012	Jan-Dec 2013	Jan-Dec 2012
Operations				
Income after financial items	-433	-756	1,180	1,175
Depreciation/amortization and impairment	240	259	978	1,062
Capital gain and losses	0	-8	3	-12
Restructuring provision	-	256	-	256
Paid restructuring expenses	-52	-29	-134	-79
Change in accrued and prepaid interest	6	8	7	-14
Taxes paid	-112	-74	-394	-431
Cash flow from operations, excluding change in operating assets and liabilities	-351	-344	1,640	1,957
Change in operating assets and liabilities				
Change in inventories	-1,201	-1,298	820	-299
Change in trade receivables	1,276	1,138	73	454
Change in trade payables	644	606	168	38
Change in other operating assets/liabilities	-296	-334	191	-259
Cash flow from operating assets and liabilities	423	112	1,252	-66
Cash flow from operations	72	-232	2,892	1,891
Investments				
Divestments of shares in subsidiaries	-	-	8	-
Capital expenditure in property, plant and equipment	-298	-175	-796	-516
Capitalization of intangible assets	-91	-53	-282	-260
Sale of fixed assets	0	10	0	20
Other	0	-1	-1	9
Cash flow from investments	-389	-219	-1,071	-747
Cash flow from operations and investments	-317	-451	1,821	1,144
Financing				
Change in short-term investments	66	-84	370	-99
Change in interest-bearing liabilities	607	741	-616	87
Acquisition of interest from non-controlling interests	-	4	-	-42
Dividend to shareholders	-	-	-859	-859
Dividend to non-controlling interests	-	-4	-3	-22
Cash flow from financing	673	657	-1,108	-935
Total cash flow	356	206	713	209
Cash and cash equivalents at beginning of period	1,244	728	920	756
Exchange rate differences referring to cash and cash equivalents	-6	-14	-39	-45
Cash and cash equivalents at end of period	1,594	920	1,594	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	-16	-	-16
Dividend	-859	-22	-881
Acquisition of Non-controlling interest	-25	-17	-42
Total comprehensive income	-1	4	3
Closing balance Dec 31, 2012	10,987	21	11,008
Opening balance January 1, 2013	10,987	21	11,008
Share-based payment	13	-	13
Dividend	-859	-3	-862
Total comprehensive income	1,231	0	1,231
Closing balance Dec 31, 2013	11,372	18	11,390

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	Q4 2012 IAS 19R	Change in accounting policy	Q4 2012	Full year 2012 IAS 19R	Change in accounting policy	Full year 2012
Net sales	4,476	-	4,476	30,834	-	30,834
Gross income	986	-	986	8,291	-	8,291
Operating income¹	-604	14	-618	1,675	60	1,615
Financial items, net	-152	-13	-139	-500	-54	-446
Income after financial items	-756	1	-757	1,175	6	1,169
Income tax	258	0	258	-148	-2	-146
Income for the period	-498	1	-499	1,027	4	1,023
Basic earnings per share	-0.87	-	-0.87	1.78	-	1.78
Diluted earnings per share	-0.87	-	-0.87	1.78	-	1.78
Other comprehensive income, net of tax	76	-26	102	-1,024	-137	-887
Total comprehensive income	-422	-25	-397	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	31 Dec 2012 IAS 19R	Change in accounting policy	31 Dec 2012
Other non-current assets	13,116	-191	13,307
Deferred tax asset	1,189	73	1,116
Non-current assets	14,305	-118	14,423
Current assets	13,601	-	13,601
Total assets	27,906	-118	28,024
Equity	11,008	-577	11,585
Other non-current liabilities	7,451	-	7,451
Provisions for pensions and other post-employment benefits	1,478	599	879
Deferred tax liabilities	1,218	-143	1,361
Long term liabilities	10,147	456	9,691
Current liabilities	6,751	3	6,748
Total liabilities	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	
	31 Dec 2012	31 dec 2012
Interest-bearing liabilities (excl pensions)	8,366	8,366
Provisions for pensions and other post-employment benefits	1,478	-
Less: Liquid funds	-1,573	-1,573
Net debt	8,271	6,793

Fair value of financial instruments as of December 31, 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 31 December 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 w hich derivatives w here hedge accounting is not applied		220	220
- of w hich currency derivatives w here hedge accounting for cash flow hedges is applied		53	53
Total		273	273
Financial liabilities			
<i>Financial liabilities that are held for trading at fair value</i>			
- of w hich derivatives w here hedge accounting is not applied		131	131
- of w hich currency derivatives w here hedge accounting for cash flow hedges is applied		69	69
- of w hich interest derivatives w here hedge accounting for cash flow hedges is applied		39	39
<i>Other financial liabilities</i>			
Financial leases		177	185
Loans		6,874	7,012
Total		7,290	7,436

Key data, Group

	Q4 2013	Q4 2012	Jan-Dec 2013	Jan-Dec 2012
Net sales, SEKm	4,707	4,476	30,307	30,834
Operating income, SEKm	-308	-604	1,608	1,675
Net sales growth, %	5	-10	-2	2
Gross margin, %	25.1	22.0	26.5	26.9
Operating margin, %	-6.5	-13.5	5.3	5.4
Working capital, SEKm	4,885	6,194	4,885	6,194
Return on capital employed, %	-	-	7.7	7.4
Return on equity, %	-	-	8.1	8.8
Earnings per share, SEK	-0.53	-0.87	1.60	1.78
Capital-turnover rate, times	-	-	1.6	1.5
Operating cash flow, SEKm	-317	-451	1,813	1,144
Net debt/equity ratio	-	-	0.58	0.75
Capital expenditure, SEKm	389	228	1,078	776
Average number of employees	13,238	13,858	14,156	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	4,707	30,307
	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	-308	1,608
	<i>Margin, %</i>	7.6	10.0	3.2	-6.5	5.3
	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	95	-433	1,180
	<i>Margin, %</i>	6.7	9.0	1.5	-9.2	3.9
	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	92	-304	916
	2012	633	786	106	-498	1,027
	2011	484	681	55	-223	997
Earnings per share, SEK	2013	0.81	1.15	0.16	-0.53	1.60
	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	30,307
	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	1,608
	<i>Margin, %</i>	4.8	4.4	4.4	5.3
	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	2,368	14,952
	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	1,643	12,355
	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	696	3,000
	2012	738	808	759	647	2,952
	2011	645	735	739	680	2,799
Total Group	2013	9,024	10,227	6,349	4,707	30,307
	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	-136	1,514
	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	-157	4
	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	45	277
	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	-60	-187
	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	-308	1,608
	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	-5.8	10.1
	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	-9.5	0.0
	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	6.5	9.2
	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	-6.5	5.3
	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 Dec. 2013	31 Dec. 2012	31 Dec. 2013	31 Dec. 2012	31 Dec. 2013	31 Dec. 2012
Europe & Asia/Pacific	14,818	15,584	3,112	3,269	11,706	12,315
Americas	5,942	6,386	1,710	1,452	4,232	4,934
Construction	2,933	3,039	504	599	2,429	2,440
Other	1,185	1,324	1,503	1,734	-318	-410
Total	24,878	26,333	6,829	7,054	18,049	19,279

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

	2013	2012 ¹	2011	2010	2009
Net sales, SEKm	30,307	30,834	30,357	32,240	34,074
Operating income, SEKm	1,608	1,675	1,551	2,445	1,560
Net sales growth, %	-2	2	-6	-5	5
Gross margin, %	26.5	26.9	27.7	28.5	25.4
Operating margin, %	5.3	5.4	5.1	7.6	4.6
Return on capital employed, %	7.7	7.4	7.4	11.0	6.6
Return on equity, %	8.1	8.8	8.0	13.9	7.5
Capital turn-over rate, times	1.6	1.5	1.6	1.7	1.6
Operating cash flow, SEKm	1,813	1,144	-472	962	3,737
Capital expenditure, SEKm	1,078	776	994	1,302	914
Average number of employees	14,156	15,429	15,698	14,954	15,030

¹ 2012 has been restated due to the amended IAS 19. The years 2009-2011 are not affected by the amendment.

PARENT COMPANY

Income statement

SEKm	Q4 2013	Q4 2012	Jan-Dec 2013	Jan-Dec 2012
Net sales	1,839	1,609	10,442	10,564
Cost of goods sold	-1,761	-2,128	-8,530	-9,033
Gross operating income	78	-519	1,912	1,531
Selling expense	-286	-193	-1,207	-838
Administrative expense	-163	-427	-608	-787
Other operating income/expense	-8	29	0	27
Operating income	-379	-1,110	97	-67
Financial items, net ¹	-79	-87	1,015	631
Income after financial items	-458	-1,197	1,112	564
Appropriations	-54	546	-317	299
Income before taxes	-512	-651	795	863
Taxes	112	169	116	45
Income for the period	-400	-482	911	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	31 Dec. 2013	31 Dec. 2012
Non-current assets	30,952	30,683
Current assets	5,961	7,534
Total assets	36,913	38,217
Equity	18,636	18,559
Untaxed reserves	27	87
Provisions	129	196
Interest-bearing liabilities	15,215	15,358
Current liabilities	2,906	4,017
Total equity and liabilities	36,913	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	-1,105,190	1,105,190	-	-
Shares allocated to 2010 LTI-program	-	106,526	-106,526	-
Number of shares as of 31 Dec. 2013 ¹	126,593,868	446,092,407	3,657,503	576,343,778

¹ After December 31, 2013 another 3,110,239 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 Wörn, President and CEO, and Ulf Liljedahl, CFO, will be held at Husqvarna's office on Regeringsgatan 28 in Stockholm at 10:00 CET on February 6, 2014. 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

Week 11	Annual Report for 2013
April 24, 2014	Interim report January – March
July 16, 2014	Interim report January – June
October 22, 2014	Interim report January – September

The Annual General Meeting will be held in Jönköping, Sweden, on April 10.

A Capital Markets Day will be held in Huskvarna, Sweden on June 10.

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 February 6, 2014.

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.