

YEAR-END REPORT 2014

Stockholm February 6, 2015



Kai Wörn, President and CEO:

"I am pleased to conclude that the fourth quarter continued the strong trend of improvements that we have seen throughout the year. Sales, which are seasonally low in the fourth quarter, were up 6 percent adjusted for exchange rate effects, with the largest increases for Americas and Construction. The seasonally generated operating loss was reduced from SEK -308m to -230m, despite a negative currency impact of SEK -81m, and excluding items affecting comparability. The improvement came from Americas where the loss was cut from SEK -146m to SEK -43m, mainly due to continued material cost reductions and productivity improvements.

In June 2014 we announced a new organizational structure and also highlighted the risk of impairment. The organization is fully implemented as of January 1, 2015 and we have concluded that there was a need for impairment of goodwill of SEK -767m that was charged to the fourth quarter results.

To briefly sum up the full-year, we have completed the initial step in our profitability improvement program. Operating income increased by 47% to SEK 2,358m (1,608) and the corresponding margin rose to 7.2% (5.3), excluding the impairment of goodwill. The improvement is a Group-wide effort, thus especially pleasing that all business areas improved their profitability. More than half of the improvement in the full-year results is attributable to our Accelerated Improvement Program. Main improvements relate to mix of products sold and reduced cost of materials. In addition to our own efforts, we enjoyed support from favorable weather conditions, early in the season in Europe respectively late in North America. The Board proposes that the dividend will be increased to SEK 1.65 per share (1.50). The dividend is also proposed to be paid in two installments, one third in April and two thirds paid in October, to better match the Group's cash flow profile.

We expect the new brand driven and business model differentiated organization to support growth in the medium and long-term. For now, we remain in the margin recovery mode, prioritizing margin before sales growth, aiming for 10% operating margin by 2016. Focus and execution of the Accelerated Improvement Program to continue to drive margin recovery is the Group-wide priority for 2015."

Fourth quarter 2014

- Net sales increased to SEK 5,323m (4,707), an increase of 6% adjusted for exchange rate effects.
- Operating income, excluding impairment of goodwill, improved to SEK -230m (-308), despite negative impact from changes in exchange rates totaling SEK -81m.
- Operating income was charged with an impairment of goodwill amounting to SEK -767m.

Full-year 2014

- Net sales increased to SEK 32,838m (30,307), an increase of 6% adjusted for exchange rate effects.
- Operating income, excluding the impairment of goodwill, increased 47% to SEK 2,358m (1,608), corresponding to a margin of 7.2% (5.3).
- Earnings per share amounted to SEK 2.78 (1.60) excluding impairment and SEK 1.44 including impairment.
- Operating cash flow amounted to SEK 868m (1,813).
- The board proposes a dividend of SEK 1.65 per share (1.50) for 2014, divided into two payments. SEK 0.55 in April and SEK 1.10 to be paid in October.

SEKm	Q4	Q4	Change, %		Jan-Dec	Jan-Dec	Change, %	
	2014	2013	As rep.	Adj. ¹	2014	2013	As rep.	Adj. ¹
Net sales, Group	5,323	4,707	13	6	32,838	30,307	8	6
Europe & Asia/Pacific ²	2,418	2,294	5	3	15,824	14,736	7	5
Americas ²	2,099	1,717	22	9	13,675	12,571	9	7
Construction	806	696	16	7	3,339	3,000	11	8
EBITDA	30	-68	n/a	n/a	3,325	2,586	29	27
EBITDA margin, %	0.6	-1.4	-	-	10.1	8.5	-	-
Impairment of goodwill	-767	-	-	-	-767	-	-	-
Operating income, Group	-997	-308	n/a	n/a	1,591	1,608	-1	-1
Excl. Items affecting comparability ³ , Group	-230	-308	25	29	2,358	1,608	47	46
Europe & Asia/Pacific ²	-175	-147	-19	-13	1,904	1,488	28	26
Americas ²	-43	-146	70	73	340	30	n/a	n/a
Construction	49	45	7	-4	356	277	28	24
Operating margin, %	-18.7	-6.5	-	-	4.8	5.3	-	-
Operating margin excl. Items affecting comparability ³ , %	-4.3	-6.5	-	-	7.2	5.3	-	-
Income after financial items	-1,046	-433	n/a	-	1,266	1,180	7	-
Income for the period	-936	-304	n/a	-	831	916	-9	-
Earnings per share, SEK	-1.63	-0.53	n/a	-	1.44	1.60	-10	-

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

² Sales and operating income for 2013 has been restated between Europe & Asia/Pacific and Americas. See page 13. ³ Impairment of goodwill.

FOURTH QUARTER

Net sales

Net sales for the fourth quarter 2014 increased by 13% to SEK 5,323m (4,707). Adjusted for exchange rate effects, net sales for the Group increased by 6%, by 9% for Americas, 7% for Construction and 3% for Europe & Asia/Pacific.

Operating income

Operating income for the fourth quarter was charged with an impairment of goodwill amounting to SEK -767m (see page 3). The impairment is disclosed as a Group item that does not affect the business area reporting for 2014. Excluding the impairment, operating income improved to SEK -230m (-308).

Changes in exchange rates had a total negative impact on operating income of SEK -81m compared to the fourth quarter 2013.

Excluding the impairment of goodwill and impact from changes in exchange rates, the improved operating income was mainly a result of higher sales volume, reduced direct material costs and improved productivity.

Financial items net

Financial items net amounted to SEK -49m (-125), of which net interest amounted to SEK -73m (-88). The average interest rate on borrowings as of December 31, 2014, was 3.5% (4.0%).

Income after financial items

Income after financial items amounted to SEK -1,046m (-433) corresponding to a margin of -19.6% (-9.2). Income after financial items, excluding the impairment of goodwill, improved to SEK -279m (-433).

Taxes

Tax for the fourth quarter amounted to SEK 110m (129). The positive tax impact is due to the seasonal negative result. The impairment of goodwill is not tax deductible and has thus increased the effective tax rate.

Earnings per share

Income for the period amounted to SEK -936m (-304), corresponding to SEK -1.63 (-0.53) per share. Excluding the impairment of goodwill, income for the period improved to SEK -169m (-304).

FULL-YEAR

Net sales

Net sales for 2014 increased by 8% to SEK 32,838m (30,307). Adjusted for exchange rate effects, net sales for the Group increased by 6%, for Europe & Asia/Pacific by 5%, for Americas by 7%, and sales for Construction increased by 8%.

Operating income

Operating income for 2014 amounted to SEK 1,591m (1,608). Excluding the impairment of goodwill amounting to SEK -767m, operating income rose by 47% to SEK 2,358m (1,608) and the corresponding operating margin increased to 7.2% (5.3). Operating income and margin was higher for all business areas.

Changes in exchange rates had a total negative impact on operating income of SEK -142m compared to 2013.

Excluding the impairment of goodwill and impact from changes in exchange rates, the increased operating income for the full-year was mainly a result of higher sales volume, reduced material costs, improved productivity and favorable price/mix.

Financial items net

Financial items net amounted to SEK -325m (-428), of which net interest amounted to SEK -340m (-379).

Income after financial items

Income after financial items amounted to SEK 1,266m (1,180) corresponding to a margin of 3.9% (3.9). Income after financial items, excluding the impairment of goodwill, increased to SEK 2,033m (1,180).

Taxes

Tax amounted to SEK -435m (-264), corresponding to a tax rate of 34% (22) of income after financial items. The higher tax rate is mainly explained by the goodwill impairment charge which is not tax deductible.

Earnings per share

Income for the period amounted to SEK 831m (916), corresponding to SEK 1.44 (1.60) per share. Excluding the impairment of goodwill, income for the period increased to SEK 1,598m (916).

IMPAIRMENT OF GOODWILL

The values of intangible assets with indefinite life are tested for impairment annually, or more frequently if necessary. An impairment loss is recognized with the amount by which the assets net carrying amount exceeds its recoverable amount. The recoverable amount of a cash generating unit is determined based on estimates of value in use. Value in use is measured as expected future discounted cash flows before tax.

As previously announced, Husqvarna Group established a new brand driven organization for its forest and garden operations, which was fully effective as of January 1, 2015. The cash generating units from this date are the new divisions (Husqvarna, Gardena, Consumer Brands and Construction) which is why the impairment test has been performed on this basis. In previous years, the impairment test has been performed on the former geographical segments (Europe & Asia/Pacific and Americas) and Construction, with the conclusion that the recoverable amount exceeded the carrying amount of the net assets.

The impairment test shows that the Gardena division cannot defend the carrying amount of its net assets. The impairment of goodwill amount to SEK -767m which has been charged to the Group's result for the fourth quarter 2014. The impairment of goodwill has been disclosed as an item affecting comparability.

OPERATING CASH FLOW

Operating cash flow for January - December 2014 amounted to SEK 868m (1,813). Cash flow from operations, excluding changes in operating assets and liabilities, increased due to the higher result. Cash flow from changes in operating assets and liabilities decreased, mainly as a result of substantial inventory reductions in the previous year. The increase in capital expenditure was mainly related to the new manufacturing facility for chainsaw chains in Huskvarna.

Operating cash flow SEKm	Q4 2014	Q4 2013	Jan-Dec 2014	Jan-Dec 2013
Cash flow from operations, excluding changes in operating assets and liabilities	-734	-304	2,061	1,776
Changes in operating assets and liabilities	477	376	193	1,116
Cash flow from operations	-257	72	2,254	2,892
Cash flow from investments, excluding acquisitions and divestments	-483	-389	-1,386	-1,079
Operating cash flow	-740	-317	868	1,813

FINANCIAL POSITION

Group equity as of December 31, 2014, excluding non-controlling interests, amounted to SEK 12,150m (11,372), corresponding to SEK 21.2 (19.9) per share.

Net debt increased to SEK 7,234m (6,659) as of December 31, 2014, of which liquid funds amounted to SEK 2,105m (1,884) and interest-bearing debt amounted to SEK 7,504m (7,290), excluding pensions. The major currencies used for debt financing are SEK and USD. Net debt decreased by SEK 45m during the year as a result of changes in exchange rates.

The net debt/equity ratio amounted to 0.59 (0.58) and the equity/assets ratio was 41.5% (42.6).

Net debt SEKm	31 Dec 2014	31 dec 2013
Interest-bearing liabilities	7,504	7,290
Provisions for pensions and other post-employment benefits	1,835	1,253
Less: Liquid funds	-2,105	-1,884
Net debt	7,234	6,659

On December 31, 2014, non-current borrowings including financial leases amounted to SEK 5,598m (6,408) and current borrowings including financial leases to SEK 1,154m (643). Non-current borrowings consist of SEK 3,493m (4,943) in issued bonds, and bank loans and financial leases of SEK 2,105m (1,465). The major part of the bonds and bank loans mature in 2016 - 2018. Defined benefit obligations in key markets have increased as a consequence of falling interest rates.

The Group also has an unutilized SEK 5 bn syndicated revolving credit facility, with maturity in 2019, with an option for an additional 1+1 year.

PERFORMANCE BY BUSINESS AREA

New organization and segment reporting as of Q1 2015

As announced on June 13, 2014, Husqvarna Group implemented a new brand driven organization, fully effective as of January 1, 2015. The organization includes three global brand divisions for the forest and garden operations; Husqvarna, Gardena and Consumer Brands, and the Construction division which is not affected by the reorganization. As a consequence, the Group's external business area reporting will be changed accordingly. As of the first quarter 2015, the segment reporting will comprise the above mentioned four divisions. 2014 restated into the new segment reporting is provided on page 15.

Europe & Asia/Pacific

SEKm	Q4		Change, %		Jan-Dec		Change, %	
	2014	2013	rep.	Adj. ¹	2014	2013	rep.	Adj. ¹
Net sales	2,418	2,294	5	3	15,824	14,736	7	5
Operating income	-175	-147	-19	-13	1,904	1,488	28	26
Operating margin, %	-7.2	-6.4	-	-	12.0	10.1	-	-

¹ Adjusted for currency translation effects and items affecting comparability.

Sales and operating income for 2013 has been restated between Europe & Asia/Pacific and Americas. See page 14.

Net sales for Europe & Asia/Pacific increased by 5% in the fourth quarter. Adjusted for exchange rate effects, net sales increased 3%. Sales for the full-year rose by 7%. Adjusted for exchange rate effects sales for the full-year increased by 5%.

Weather in the fourth quarter was largely unfavorable for the season in Europe. Snow blower sales were consequently lower than in the corresponding quarter prior year, while other product categories were stable or slightly lower. For the full-year, electric products - including robotic lawn mowers - accessories and watering products had the best development.

The operating loss for the fourth quarter amounted to SEK -175m (-147) and the operating margin was -7.2% (-6.4). Changes in exchange rates had a negative year-on-year impact of SEK -57m on operating income, while higher sales volume and reduced direct material costs had positive impact.

For the full-year, operating income increased by 28% to SEK 1,904m (1,488), and the corresponding margin increased to 12.0% (10.1). The increase was mainly driven by the higher sales volume, favorable product price/mix driven by good growth of Husqvarna branded products, including robotic lawn mowers, in the dealer channel, and reduced direct material costs. Changes in exchange rates had a negative year-on-year impact of SEK -37m.

Americas

SEKm	Q4		Change, %		Jan-Dec		Change, %	
	2014	2013	rep.	Adj. ¹	2014	2013	rep.	Adj. ¹
Net sales	2,099	1,717	22	9	13,675	12,571	9	7
Operating income	-43	-146	70	73	340	30	n/a	n/a
Operating margin, %	-2.1	-8.5	-	-	2.5	0.2	-	-

¹ Adjusted for currency translation effects and items affecting comparability.

Sales and operating income for 2013 has been restated between Europe & Asia/Pacific and Americas. See page 14.

Net sales for Americas increased by 22% in the fourth quarter. Adjusted for exchange rate effects, net sales increased by 9%. Sales for the full-year rose by 9%. Adjusted for exchange rate effects sales for the full-year increased by 7%.

Sales in the fourth quarter were higher due to increases mainly in the U.S. and Canada. Favorable winter conditions drove demand for snow removal products, resulting in strong growth for snow blowers.

Over the full-year, sales showed increases in the U.S and Latin America, while sales in Canada declined. Growth was good in both of the main categories handheld products and wheeled products. By channel, dealer channel sales had the best improvement, growing at double digit pace.

The operating loss for the fourth quarter decreased to SEK -43m (-146) and the corresponding margin recovered to -2.1% (-8.5), mainly as a result of the higher sales volume, improved productivity and efficiency, as well as lower direct material costs.

Operating income for the full-year rose to 340m (30), and the corresponding margin increased to 2.5% (0.2), mainly attributable to reduced direct material costs, higher sales volumes and improved productivity.

Changes in exchange rates had a negative year-on-year impact of SEK -23m on operating income in the fourth quarter and SEK -86m for the full-year.

Construction

SEKm	Q4	Q4	Change, %		Jan-Dec	Jan-Dec	Change, %	
	2014	2013	rep.	Adj. ¹	2014	2013	rep.	Adj. ¹
Net sales	806	696	16	7	3,339	3,000	11	8
Operating income	49	45	7	-4	356	277	28	24
Operating margin, %	6.0	6.5	-	-	10.7	9.2	-	-

¹ Adjusted for currency translation effects and items affecting comparability.

Net sales for Construction increased by 16% in the fourth quarter. Adjusted for exchange rate effects, net sales increased 7%. Sales for the full-year rose by 11%. Adjusted for exchange rate effects sales for the full-year increased by 8%.

Sales growth in North America continued to be strong as a result of market share gains and favorable market demand in the fourth quarter. Sales in Europe also developed positively in the quarter, while sales in the rest of the world declined, mainly as a result of a weak Latin America. On a full-year basis, sales increased in all regions, with the best development in North America.

Operating income for the fourth quarter increased to SEK 49m (45) and the corresponding operating margin was 6.0% (6.5). Higher sales volume and favorable mix was partly offset by higher costs for research and development and increased sales resources. For the full-year, operating income rose to SEK 356m (277) and the corresponding margin reached 10.7% (9.2), primarily as a result of the higher sales volume and favorable mix.

Changes in exchange rates had a negative year-on-year effect of SEK -2m on operating income in the fourth quarter and a negative impact of SEK -20m for the full-year.

ANNUAL GENERAL MEETING 2015

The Annual General Meeting (AGM) of Husqvarna AB (publ) will be held on April 21, 2015, at the Culture Centre of Spira, Kulturgatan 3 in Jönköping, Sweden.

Proposals to the AGM

The notification to the AGM 2015 will be available on the Group's website www.husqvarnagroup.com/agm as of March 18, 2015. The full proposal to the AGM will be published on the Group's website no later than March 31, 2015.

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 March 3, 2015.

Tom Johnstone proposed as new Chairman of the Board

Husqvarna AB's Chairman of the Board, Lars Westerberg, has declined re-election to the Board of Husqvarna AB. The Nomination Committee has proposed Tom Johnstone as new Chairman of the Board. Tom Johnstone has served on the Board of Husqvarna AB since 2006 and was the President and CEO of SKF AB until December 31, 2014. He is also Board member of Investor AB.

The Nomination Committee will in due time before the AGM 2015 prepare further proposals, including proposals for the Chairman of the AGM, Board members, remuneration for Board members and auditor, and to the extent deemed necessary, tasks for and the composition of the Nomination Committee for the AGM in 2016.

Dividend

The Board of Directors proposes a dividend for 2014 of SEK 1.65 (1.50) per share, corresponding to a total dividend payment of SEK 945m (859) based on the number of outstanding shares at the end of 2014.

It is also proposed that the dividend is to be paid in two installments in order to better match the Group's cash flow profile. The first payment of SEK 0.55 per share in April and the second payment of SEK 1.10 per share in October.

The proposed record dates are April 23, 2015 for the first payment of SEK 0.55 per share and October 23, 2015, for the second payment of SEK 1.10 per share.

MANAGEMENT CHANGES

As of November 2014, Frida Norrbom Sams, Executive Vice President and Head of EMEA, left the Group.

In January 2015, Jan Ytterberg, currently Chief Financial Officer of Scania Group, was appointed Senior Vice President and Chief Financial Officer of Husqvarna Group, replacing Ulf Liljedahl who, as previously communicated, will leave the Group for an external position at the end of February. Jan will assume his new position during the second quarter.

PARENT COMPANY

Net sales in 2014 for the Parent Company, Husqvarna AB, amounted to SEK 11,453m (10,442), of which SEK 8,923 (8,032) referred to sales to Group companies and SEK 2,530m (2,410) to external customers.

Income after financial items amounted to SEK 985m (1,112). Income for the period was SEK 779m (911). Investments in tangible and intangible assets amounted to SEK 658m (582). Cash and cash equivalents amounted to SEK 166m (89) at the end of the quarter. Undistributed earnings in the Parent Company amounted to SEK 17,506m (17,461).

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 2014, 637,973 A-shares were converted to B-shares at the request of shareholders. In January 2015, another 350,640 A-shares were converted to B-shares at the request of shareholders. The total number of votes thereafter amounts to 167,501,723.9.

The total number of registered shares in the company at December 31, 2014 amounted to 576,343,778 shares of which 122,425,469 were A-shares and 453,918,309 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.

The Group is currently investing in a new production facility for manufacturing of chainsaw chains. As the Group has limited experience of producing saw chains, such an investment involves risks including, but not limited to, unsatisfactory ramp up of production capacity, or fine tuning of the manufacturing equipment parameters could take longer time to achieve adequate quality of the finished products.

A new organization was fully implemented in the Group as of January 1, 2015. Organizational changes always involve the risk of adverse effects such as creating higher costs than anticipated or losing key personnel.

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 normally is 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 presented in the Annual Report of 2013, except as described below. The Annual Report 2013 is available at www.husqvarnagroup.com/ir.

New and amended standards adopted as of January 1, 2014

Husqvarna Group has adopted the following new and amended standards as of January 1, 2014.

IFRS 10, "Consolidated financial statements" builds on existing principles by identifying the concept of control as the determining factor in whether an entity shall be included in the consolidated financial reports of the parent company. The new standard has not had a significant impact on the financial statements.

IFRS 12 "Disclosures of interests in other entities" includes the disclosure requirements for all forms of interests in other entities. The new standard has not had a significant impact on the financial statements.

IAS 27 (revised 2011), "Separate financial statements" includes the provisions on separate financial statements that remain after the control provisions of IAS 27 have been included in the new IFRS 10.

Neither these standards or any other new or amended standards or interpretations effective as from January 1, 2014 that have had any impact on Husqvarna Group's financial statements.

REVIEW REPORT

This year-end report has not been subject to review by the company's auditors.

Stockholm, February 6, 2015

Kai Wärm

President and CEO

Consolidated income statement

SEKm	Q4 2014	Q4 2013	Jan-Dec 2014	Jan-Dec 2013
Net sales	5,323	4,707	32,838	30,307
Cost of goods sold	-3,886	-3,525	-23,478	-22,288
Gross income	1,437	1,182	9,360	8,019
<i>Margin, %</i>	27.0	25.1	28.5	26.5
Selling expense	-1,282	-1,150	-5,626	-5,148
Administrative expense	-388	-341	-1,392	-1,260
Other operating income/expense	3	1	16	-3
Impairment of goodwill	-767	-	-767	-
Operating income¹	-997	-308	1,591	1,608
<i>Margin, %</i>	-18.7	-6.5	4.8	5.3
Financial items, net	-49	-125	-325	-428
Income after financial items	-1,046	-433	1,266	1,180
<i>Margin, %</i>	-19.6	-9.2	3.9	3.9
Income tax	110	129	-435	-264
Income for the period	-936	-304	831	916
Attributable to:				
Equity holders of the Parent Company	-935	-302	827	914
Non-controlling interest in income for the period	-1	-2	4	2
Basic earnings per share, SEK	-1.63	-0.53	1.44	1.60
Diluted earnings per share, SEK	-1.63	-0.53	1.44	1.60
Basic weighted average number of shares outstanding, millions	572.9	572.7	572.8	572.6
Diluted weighted average number of shares, millions	573.5	572.8	573.1	572.8

Consolidated comprehensive income statement

SEKm	Q4 2014	Q4 2013	Jan-Dec 2014	Jan-Dec 2013
Income for the period	-936	-304	831	916
Items that will not be reclassified to the income statement:				
Remeasurements on defined benefit pension plans	-136	12	-377	148
	-136	12	-377	148
Items that may be reclassified to the income statement:				
Currency translation differences	772	310	1,762	163
Hedging of net equity in foreign subsidiaries	-478	-	-721	-
Cash flow hedges	73	-12	132	4
	367	298	1,173	167
Other comprehensive income, net of tax	231	310	796	315
Total comprehensive income for the period	-705	6	1,627	1,231
Attributable to:				
Equity holders of the Parent Company	-705	9	1,621	1,231
Non-controlling interest	0	-3	6	0
¹ Of which depreciation, amortization and impairment	-1,027	-240	-1,734	-978

Consolidated balance sheet

SEKm	31 Dec 2014	31 dec 2013
Assets		
Property, plant and equipment	4,463	3,609
Goodwill	5,520	5,713
Other intangible assets	4,001	3,839
Derivatives	0	0
Deferred tax assets	1,585	1,122
Other financial assets	102	84
Total non-current assets	15,671	14,367
Inventories	7,954	7,087
Trade receivables	2,898	2,816
Derivatives	526	273
Tax receivables	51	69
Other current assets	665	539
Other short term investments	0	17
Cash and cash equivalents	1,579	1,594
Total current assets	13,673	12,395
Total assets	29,344	26,762
<i>Pledged assets</i>	<i>104</i>	<i>87</i>
Equity and liabilities		
Equity attributable to equity holders of the Parent Company	12,150	11,372
Non-controlling interests	20	18
Total equity	12,170	11,390
Borrowings	5,598	6,408
Deferred tax liabilities	1,492	1,203
Provisions for pensions and other post-employment benefits	1,835	1,253
Derivatives	30	13
Other provisions	848	796
Total non-current liabilities	9,803	9,673
Trade payables	3,154	2,838
Tax liabilities	136	96
Other liabilities	1,995	1,633
Borrowings	1,154	643
Derivatives	722	226
Other provisions	210	263
Total current liabilities	7,371	5,699
Total equity and liabilities	29,344	26,762
<i>Contingent liabilities</i>	<i>102</i>	<i>89</i>

Consolidated cash flow statement

SEKm	Q4 2014	Q4 2013	Jan-Dec 2014	Jan-Dec 2013
Cash flow from operations				
Operating income	-997	-308	1,591	1,608
<i>Non cash items</i>				
Depreciation/amortization and impairment	1,027	240	1,734	978
Capital gain and losses	-4	0	-4	3
Other non cash items	-138	30	-113	135
<i>Cash items</i>				
Paid restructuring expenses	-18	-52	-96	-134
Net financial items, received/paid	-542	-102	-820	-420
Taxes paid	-62	-112	-231	-394
Cash flow from operations, excluding change in operating assets and liabilities	-734	-304	2,061	1,776
Change in operating assets and liabilities				
Change in inventories	-847	-1,201	-70	820
Change in trade receivables	1,097	1,276	137	73
Change in trade payables	468	644	-10	168
Change in other operating assets/liabilities	-241	-343	136	55
Cash flow from operating assets and liabilities	477	376	193	1,116
Cash flow from operations	-257	72	2,254	2,892
Investments				
Acquisition of assets	-1	-	-26	-
Divestments of shares in subsidiaries	-	-	-	8
Capital expenditure in property, plant and equipment	-407	-298	-1,131	-796
Capitalization of intangible assets	-76	-91	-255	-282
Sale of fixed assets	0	0	0	0
Other	0	0	0	-1
Cash flow from investments	-484	-389	-1,412	-1,071
Cash flow from operations and investments	-741	-317	842	1,821
Financing				
Change in interest-bearing liabilities, net	231	673	-180	-246
Transfer of treasury shares	3	-	5	-
Dividend to shareholders	-	-	-859	-859
Dividend to non-controlling interests	-	-	-4	-3
Cash flow from financing	234	673	-1,038	-1,108
Total cash flow	-507	356	-196	713
Cash and cash equivalents at beginning of period	2,029	1,244	1,594	920
Exchange rate differences referring to cash and cash equivalents	57	-6	181	-39
Cash and cash equivalents at end of period	1,579	1,594	1,579	1,594

Effective January 1, 2014, Husqvarna Group has changed the format of the Group's cash flow statement. The adjustment has not affected the cash flow from operations, only changes to the layout within this subtotal. The comparative period has been adjusted.

Change in Group equity

SEKm	Attributable to equity holders of the Parent company	Non controlling interests	Total equity
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 December 31, 2013	11,372	18	11,390
Opening balance January 1, 2014	11,372	18	11,390
Share-based payment	11	-	11
Transfer of treasury shares *	5	-	5
Dividend	-859	-4	-863
Total comprehensive income	1,621	6	1,627
Closing balance December 31, 2014	12,150	20	12,170

* Options exercised related to 2009 LTI-program

Fair value of financial instruments as of December 31, 2014

The carrying value of interest bearing assets and liabilities in the balance sheet can deviate from the fair value which is shown in the table below. Further information about accounting principles for financial instruments and methods used for estimating the fair value of the financial instruments are described in note 1 and note 20, respectively, in the Annual Report 2013.

SEKm	December 31, 2014		December 31, 2013	
	Carrying value	Fair value	Carrying 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	285	285	220	220
– of which currency derivatives where hedge accounting for cash flow hedges is applied	241	241	53	53
Total	526	526	273	273
Financial liabilities			0	0
<i>Financial liabilities that are held for trading at fair value</i>			0	0
– of which derivatives where hedge accounting is not applied	256	256	131	131
– of which currency derivatives where hedge accounting for cash flow hedges is applied	101	101	69	69
– of which interest derivatives where hedge accounting for cash flow hedges is applied	27	27	39	39
– of which currency derivatives related to net investments in foreign currency where hedge accounting is applied	368	368	0	0
			0	0
<i>Other financial liabilities</i>			177	185
Loans	6,752	6,941	6,874	7,012
Total	7,504	7,693	7,290	7,436

Key data, Group

	Q4 2014	Q4 2013	Jan-Dec 2014	Jan-Dec 2013
Net sales, SEKm	5,323	4,707	32,838	30,307
Net sales growth, %	13	5	8	-2
Gross margin, %	27.0	25.1	28.5	26.5
Operating income, SEKm	-997	-308	1,591	1,608
<i>Excl. Items affecting comparability</i>	-230	-308	2,358	1,608
Operating margin, %	-18.7	-6.5	4.8	5.3
<i>Excl. Items affecting comparability</i>	-4.3	-6.5	7.2	5.3
Working capital, SEKm	5,225	4,885	5,225	4,885
Return on capital employed, %	-	-	7.6	7.7
Return on equity, %	-	-	6.7	8.1
Earnings per share, SEK	-1.63	-0.53	1.44	1.60
Capital-turnover rate, times	-	-	1.7	1.6
Operating cash flow, SEKm	-740	-317	868	1,813
Net debt/equity ratio	-	-	0.59	0.58
Capital expenditure, SEKm	483	389	1,386	1,078
Average number of employees	12,852	13,238	14,337	14,156

Items affecting comparability

SEKm		Q1	Q2	Q3	Q4	Full-year
Impairment of goodwill	2014	-	-	-	-767	-767
Costs for personnel cut-backs	2012	-	-	-	-256	-256

There were no items affecting comparability in 2013.

Net sales and income by quarter, Group

SEKm		Q1	Q2	Q3	Q4	Full year
Net sales	2014	9,685	11,045	6,785	5,323	32,838
	2013	9,024	10,227	6,349	4,707	30,307
	2012	9,811	10,706	5,841	4,476	30,834
Operating income	2014	903	1,384	301	-997	1,591
	<i>Margin, %</i>	9.3	12.5	4.4	-18.7	4.8
	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
Income after financial items	2014	807	1,274	231	-1,046	1,266
	<i>Margin, %</i>	8.3	11.5	3.4	-19.6	3.9
	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
Income for the period	2014	616	975	176	-936	831
	2013	467	661	92	-304	916
	2012	633	786	106	-498	1,027
Earnings per share, SEK	2014	1.07	1.70	0.31	-1.63	1.44
	2013	0.81	1.15	0.16	-0.53	1.60
	2012	1.10	1.36	0.19	-0.87	1.78

Net sales and operating income, 12 months rolling, Group

SEKm		Q1	Q2	Q3	Q4
Net sales	2014	30,968	31,786	32,222	32,838
	2013	30,047	29,568	30,076	30,307
	2012	31,394	31,921	31,352	30,834
Operating income	2014	1,823	2,185	2,280	1,591
	<i>Margin, %</i>	5.9	6.9	7.1	4.8
	2013	1,433	1,303	1,312	1,608
	<i>Marginal, %</i>	4.8	4.4	4.4	5.3
	2012	1,819	1,959	2,043	1,675
	<i>Margin, %</i>	5.8	6.1	6.5	5.4

Net sales by business area

SEKm		Q1	Q2	Q3	Q4	Full year
Europe & Asia/Pacific	2014	4,334	5,767	3,305	2,418	15,824
	2013	4,085	5,148	3,209	2,294	14,736
	2012	4,653	5,345	3,096	2,257	15,351
Americas	2014	4,569	4,393	2,614	2,099	13,675
	2013	4,233	4,264	2,357	1,717	12,571
	2012	4,420	4,553	1,986	1,572	12,531
Construction	2014	782	885	866	806	3,339
	2013	706	815	783	696	3,000
	2012	738	808	759	647	2,952
Total Group	2014	9,685	11,045	6,785	5,323	32,838
	2013	9,024	10,227	6,349	4,707	30,307
	2012	9,811	10,706	5,841	4,476	30,834

Operating income by business area

SEKm		Q1	Q2	Q3	Q4	Full year
Europe & Asia/Pacific	2014	669	1,101	309	-175	1,904
	2013	550	800	285	-147	1,488
	2012	846	1,018	238	-342	1,760
<i>Excl. items affecting comparability</i>	2012	846	1,018	238	-155	1,947
Americas	2014	218	220	-55	-43	340
	2013	142	156	-122	-146	30
	2012	83	87	-97	-233	-160
<i>Excl. items affecting comparability</i>	2012	83	87	-97	-197	-124
Construction	2014	77	121	109	49	356
	2013	46	100	86	45	277
	2012	39	85	89	20	233
<i>Excl. items affecting comparability</i>	2012	39	85	89	45	258
Group common costs	2014	-61	-58	-62	-828	-1,009
<i>Excl. items affecting comparability</i>	2014	-61	-58	-62	-61	-242
	2013	-50	-34	-43	-60	-187
	2012	-38	-38	-33	-49	-158
<i>Excl. items affecting comparability</i>	2012	-38	-38	-33	-41	-150
Total Group	2014	903	1,384	301	-997	1,591
<i>Excl. items affecting comparability</i>	2014	903	1,384	301	-230	2,358
	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

Operating margin by business area

%		Q1	Q2	Q3	Q4	Full year
Europe & Asia/Pacific	2014	15.4	19.1	9.4	-7.2	12.0
	2013	13.5	15.5	8.9	-6.4	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
Americas	2014	4.8	5.0	-2.1	-2.1	2.5
	2013	3.3	3.7	-5.2	-8.5	0.2
	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
Construction	2014	9.8	13.7	12.6	6.0	10.7
	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
Total Group	2014	9.3	12.5	4.4	-18.7	4.8
<i>Excl. items affecting comparability</i>	2014	9.3	12.5	4.4	-4.3	7.2
	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

Net assets by business area

SEKm	Assets		Liabilities		Net Assets	
	31 Dec 2014	31 dec 2013	31 Dec 2014	31 dec 2013	31 Dec 2014	31 dec 2013
Europe & Asia/Pacific	15,474	14,818	3,435	3,112	12,039	11,706
Americas	6,849	5,942	2,052	1,710	4,797	4,232
Construction	3,279	2,933	559	504	2,720	2,429
Other	1,638	1,185	1,790	1,503	-152	-318
Total	27,240	24,878	7,836	6,829	19,404	18,049

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

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

Restatement of business areas 2013

As from January, 1, 2014, the responsibility for sales from Sweden to certain American distributors has been transferred from Europe & Asia/Pacific to Americas. To reflect this change in the Group's business area reporting, the corresponding sales and operating income has as of the same date been transferred from Europe & Asia/Pacific to Americas. Sales and operating income for 2013, amounting to SEK 216m and SEK 26m respectively, has been restated accordingly between the two business areas, as shown in the tables below:

Europe & Asia/Pacific

SEKm	Q1 (restated) 2013	Q1 2013	Q2 (restated) 2013	Q2 2013	Q3 (restated) 2013	Q3 2013	Q4 (restated) 2013	Q4 2013	Full year (restated) 2013	Full year 2013
Net sales	4,085	4,126	5,148	5,200	3,209	3,258	2,294	2,368	14,736	14,952
Operating income	550	555	800	806	285	289	-147	-136	1,488	1,514
Operating margin, %	13.5	13.4	15.5	15.5	8.9	8.9	-6.4	-5.8	10.1	10.1

Americas

SEKm	Q1 (restated) 2013	Q1 2013	Q2 (restated) 2013	Q2 2013	Q3 (restated) 2013	Q3 2013	Q4 (restated) 2013	Q4 2013	Full year (restated) 2013	Full year 2013
Net sales	4,233	4,192	4,264	4,212	2,357	2,308	1,717	1,643	12,571	12,355
Operating income	142	137	156	150	-122	-126	-146	-157	30	4
Operating margin, %	3.3	3.3	3.7	3.6	-5.2	-5.4	-8.5	-9.5	0.2	0.0

Restatement of business area reporting 2014

As of January 1, 2015, the segment reporting in the Group's external financial reporting will comprise four divisions; the three forest and garden divisions Husqvarna, Gardena and Consumer Brands, and the Construction Division. 2014 restated according to the new divisions is shown below. Construction Division and Group Common Costs are not affected by the change in external reporting.

Husqvarna Division	Q1	Q2	Q3	Q4	Full-year
SEKm	2014	2014	2014	2014	2014
Net sales	4,358	5,038	3,264	2,789	15,449
Operating income	653	818	400	145	2,016
<i>Operating margin, %</i>	<i>15.0</i>	<i>16.2</i>	<i>12.2</i>	<i>5.2</i>	<i>13.0</i>
Assets	10,862	10,878	9,843	10,208	10,208
Liabilities	3,464	3,624	2,889	3,030	3,030
Net assets	7,398	7,254	6,954	7,178	7,178
Gardena Division	Q1	Q2	Q3	Q4	Full-year
SEKm	2014	2014	2014	2014	2014
Net sales	1,152	1,712	879	469	4,212
Operating income	186	401	2	-207	382
<i>Operating margin, %</i>	<i>16.1</i>	<i>23.4</i>	<i>0.3</i>	<i>-44.2</i>	<i>9.1</i>
Assets	7,330	7,485	6,881	6,478	6,478
Liabilities	898	937	636	647	647
Net assets	6,432	6,548	6,245	5,831	5,831
Consumer Brands Division	Q1	Q2	Q3	Q4	Full-year
SEKm	2014	2014	2014	2014	2014
Net sales	3,393	3,410	1,776	1,259	9,838
Operating income	48	102	-148	-156	-154
<i>Operating margin, %</i>	<i>1.4</i>	<i>3.0</i>	<i>-8.3</i>	<i>-12.4</i>	<i>-1.6</i>
Assets	7,333	6,197	5,339	5,637	5,637
Liabilities	2,665	2,213	1,639	1,810	1,810
Net assets	4,668	3,984	3,700	3,827	3,827

Intangible assets with indefinite useful lifetime per division

SEKm	Dec. 31
	2014
Husqvarna Division	2,529
Gardena Division	4,349 *
Consumer Brands Division	704
Construction Division	993
Total Group	8,575

* Whereof SEK 3,055m (2,868) relates to the net book value of the Gardena brand, which has been assigned indefinite useful life.

Five-year review, Group

	2014	2013	2012 ¹	2011	2010
Net sales, SEKm	32,838	30,307	30,834	30,357	32,240
Net sales growth, %	8	-2	2	-6	-5
Gross margin, %	28.5	26.5	26.9	27.7	28.5
Operating income, SEKm	1,591	1,608	1,675	1,551	2,445
Operating margin, %	4.8	5.3	5.4	5.1	7.6
Return on capital employed, %	7.6	7.7	7.4	7.4	11.0
Return on equity, %	6.7	8.1	8.8	8.0	13.9
Capital turn-over rate, times	1.7	1.6	1.5	1.6	1.7
Operating cash flow, SEKm	868	1,813	1,144	-472	962
Capital expenditure, SEKm	1,386	1,078	776	994	1,302
Average number of employees	14,337	14,156	15,429	15,698	14,954

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 2014	Q4 2013	Jan-Dec 2014	Jan-Dec 2013
Net sales	1,946	1,839	11,453	10,442
Cost of goods sold	-1,656	-1,761	-8,762	-8,530
Gross operating income	290	78	2,691	1,912
Selling expense	-337	-286	-1,300	-1,207
Administrative expense	-191	-163	-693	-608
Other operating income/expense	0	-8	0	0
Operating income	-238	-379	698	97
Financial items, net	603	-79	287	1,015
Income after financial items	365	-458	985	1,112
Appropriations	-115	-54	-406	-317
Income before taxes	250	-512	579	795
Taxes	229	112	200	116
Income for the period	479	-400	779	911

Balance sheet

SEKm	31 Dec 2014	31 Dec 2013
Non-current assets	32,152	30,952
Current assets	5,330	5,961
Total assets	37,482	36,913
Equity	18,681	18,636
Untaxed reserves	25	27
Provisions	75	129
Non-current liabilities	13,763	14,707
Current liabilities	4,938	3,414
Total equity and liabilities	37,482	36,913

Number of shares

	Outstanding A-shares	Outstanding B-shares	Re-purchased B-shares	Total
Number of shares as of 31 December 2013	126,593,868	446,092,407	3,657,503	576,343,778
Conversion of A-shares into B-shares	-4,168,399	4,168,399	-	-
Shares allocated to 2011 LTI-program	-	96,495	-96,495	-
Options exercised related to 2009 LTI-program	-	112,474	-112,474	-
Number of shares as of 31 December 2014¹	122,425,469	450,469,775	3,448,534	576,343,778

¹ In January 2015 another 350,640 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, 2015. 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 2015

April 21	Interim report for January-March
July 17	Interim report for January-June
October 21	Interim report for January-September

The Group's annual report 2014 will be available on www.husqvarnagroup.com as of week 12.

The AGM 2015 will be held in Jönköping, Sweden, on April 21, 2015.

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 Group 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, 2015.

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.