

INTERIM REPORT JANUARY – SEPTEMBER 2017

Stockholm October 20, 2017



Kai Wärn, President and CEO:

“Net sales for the Group in the seasonally smaller third quarter continued to grow, increasing by 4% adjusted for currency. Operating income amounted to SEK 433m (431), including a restructuring cost of some SEK 50m in the Construction Division.

Our three divisions with growth targets, Husqvarna, Gardena and Construction, continue to deliver on their profitable growth strategies. Their combined organic growth rate has increased from 3.3% in 2016 to 5.4% on a rolling twelve months basis, with improved operating margins. We continue to invest in strategic growth initiatives to further strengthen our position in areas that will be vital for growth going forward, but which impacts the margin more negatively during the second half-year due to its lower sales.

Sales in the Husqvarna Division increased, primarily related to a favorable development for wheeled products in North America. Operating income increased to SEK 385m (368). The Gardena Division also added another quarter of higher sales with growth in Europe as well as Asia/Pacific. Operating income rose to SEK 62m (50).

The Consumer Brands Division’s business environment remains challenging. Sales in the third quarter declined by 5% currency adjusted and the seasonal operating loss amounted to SEK -94m (-80). Cost reductions and efficiency enhancements continue to impact positively, however not enough to off-set the lower volume and an unfavorable mix. Recently we announced a significant reduction of the business volume with one of our biggest U.S. retail customers by around SEK 1 bn for 2018. We are committed to a strong, profitable and future-oriented Consumer Brands Division, and this means that we need to take actions that are painful in the short term. This will however delay the operating income improvement trajectory for the Division. The Group’s financial target of an average operating margin of at least 10% for the coming years remains.

With the Construction Division’s acquisitions of Pullman Ermator and HTC we have built a strong leading position in the fast growing and attractive market segment for preparing and polishing concrete floors. The third quarter includes a restructuring cost of some SEK 50m related to establishing an efficient back-end structure for this segment. The restructuring will accelerate profitable growth and create synergies. Sales in the quarter increased by 25% adjusted for currency, with strong contribution from the acquired entities. Excluding the restructuring cost, operating income was 25% higher and reached SEK 193m (155).”

Third quarter 2017

- Net sales increased to SEK 7,449m (7,349), corresponding to a currency adjusted* growth of 4%.
- Operating income amounted to SEK 433m (431), including a restructuring charge of around SEK -50m.

January – September 2017

- Net sales increased to SEK 33,264m (30,214), corresponding to a currency adjusted* growth of 7%.
- Operating income rose to SEK 3,860m (3,326) and the corresponding margin to 11.6% (11.0).
- Operating working capital* as a percentage of net sales for the last twelve months was 26.0% (26.6).
- Earnings per share after dilution increased 17% to SEK 4.52 (3.87).

Group	Q3	Q3	Change,	Jan-Sep	Jan-Sep	Change,	LTM* ¹	FY
SEKm	2017	2016	%	2017	2016	%		2016
Net sales	7,449	7,349	1	33,264	30,214	10	39,032	35,982
<i>Currency adjusted change*, %</i>	4	-1	-	7	0	-	-	0
Operating income	433	431	0	3,860	3,326	16	3,752	3,218
<i>Operating margin, %</i>	5.8	5.9	-	11.6	11.0	-	9.6	8.9
Income for the period	210	205	2	2,599	2,225	17	2,478	2,104
Earnings per share after dilution, SEK	0.37	0.36	3	4.52	3.87	17	4.31	3.66
Net sales, Divisions								
Husqvarna	3,734	3,752	0	16,420	14,930	10	19,450	17,960
Gardena	1,033	1,002	3	5,074	4,515	12	5,592	5,033
Consumer Brands	1,419	1,553	-9	7,967	7,654	4	9,201	8,888
Construction	1,260	1,042	21	3,798	3,115	22	4,784	4,101
Operating income, Divisions								
Husqvarna	385	368	4	2,618	2,243	17	2,692	2,317
Gardena	62	50	24	878	725	21	748	595
Consumer Brands	-94	-80	-17	39	131	-70	-89	3
Construction	143	155	-8	517	423	22	662	568

* Alternative Performance Measure, refer to page 16 for definitions and reconciliations. ¹ Last Twelve Months.

THIRD QUARTER

Net sales

Net sales for the third quarter 2017 increased 1% to SEK 7,449m (7,349). The currency adjusted* increase was 4%.

Operating income

Operating income for the third quarter amounted to SEK 433m (431) and the corresponding operating margin was 5.8% (5.9). Operating income includes restructuring costs of some SEK -50m in the Construction Division. The higher sales volume impacted positively, whereas costs for investments in profitable growth initiatives increased. Changes in exchange rates had a total positive year-on-year impact on operating income of approximately SEK 40m compared to the third quarter previous year.

Financial items net

Financial items net decreased to SEK -104m (-124) positively affected by currency effects.

Income after financial items

Income after financial items increased to SEK 329m (307).

Taxes

Tax amounted to SEK -119m (-102) corresponding to a tax rate of 36% (33).

Earnings per share

Income for the period attributable to equity holders of the Parent Company increased to SEK 210m (206), corresponding to SEK 0.37 (0.36) per share after dilution.

JANUARY – SEPTEMBER

Net sales

Net sales for January – September 2017 increased by 10% to SEK 33,264m (30,214). The currency adjusted increase was 7%.

Operating income

Operating income for the first nine months rose by 16% to SEK 3,860m (3,326) and the corresponding operating margin increased to 11.6% (11.0). The higher sales volume, a favorable product mix and improved product quality impacted positively, which to some extent was offset by increased costs for profitable growth initiatives. Changes in exchange rates had a total positive year-on-year impact on operating income of approximately SEK 260m compared to January – September previous year.

Financial items net

Financial items net increased to SEK -365m (-338) mainly related to higher interest costs.

Income after financial items

Income after financial items increased to SEK 3,495m (2,988).

Taxes

Tax amounted to SEK -896m (-763) corresponding to a tax rate of 26% (26).

Earnings per share

Income for the period attributable to equity holders of the Parent Company increased to SEK 2,593m (2,220), corresponding to SEK 4.52 (3.87) per share after dilution.

OPERATING CASH FLOW

Operating cash flow* for January - September increased to SEK 2,629m (2,030), mainly reflecting the higher operating income and more favorable cash flow from changes in inventories.

Due to the seasonal build-up of working capital, operating cash flow* is normally negative in the first quarter, followed by positive cash flow in the second and third quarters, while cash flow in the fourth quarter is impacted by the pre-season production for the next year.

FINANCIAL POSITION

Group equity as of September 30, 2017, excluding non-controlling interests, increased to SEK 15,450m (14,216), corresponding to SEK 26.9 (24.8) per share after dilution.

Net debt* amounted to SEK 6,440m (6,454). The net pension liability decreased to SEK 1,807m (2,041), other interest-bearing liabilities increased to SEK 8,584m (7,140), dividend payable increased to SEK 744m (630) and liquid funds and other interest-bearing assets increased to SEK 4,695m (3,357).

The net debt/EBITDA ratio amounted to 1.5 (1.7) and the equity/assets ratio was 43% (43).

*Alternative Performance Measures, see page 16.

PERFORMANCE BY BUSINESS SEGMENT

Husqvarna

SEKm	Q3 2017	Q3 2016	Change, %	Jan-Sep 2017	Jan-Sep 2016	Change, %	LTM * ¹	Full-year 2016
Net sales	3,734	3,752	0	16,420	14,930	10	19,450	17,960
Currency adjusted change*, %	2	5	-	7	4	-	-	2
Operating income	385	368	4	2,618	2,243	17	2,692	2,317
Operating margin, %	10.3	9.8	-	15.9	15.0	-	13.8	12.9

*Alternative Performance Measure, refer to page 16. ¹ Last Twelve Months.

Net sales in the Husqvarna Division were on the same level as in the third quarter prior year. Adjusted for currency however, sales were 2% higher, primarily related to wheeled products in North America.

Operating income for the third quarter increased by 4% to SEK 385m (368) and the operating margin rose to 10.3% (9.8). Higher sales volumes contributed positively while mix and costs for investments in profitable growth initiatives had an adverse impact. Changes in exchange rates had a total positive year-on-year impact of around SEK 25m on operating income compared to the third quarter previous year.

Gardena

SEKm	Q3 2017	Q3 2016	Change, %	Jan-Sep 2017	Jan-Sep 2016	Change, %	LTM * ¹	Full-year 2016
Net sales	1,033	1,002	3	5,074	4,515	12	5,592	5,033
Currency adjusted change*, %	3	-6	-	9	9	-	-	8
Operating income	62	50	24	878	725	21	748	595
Operating margin, %	6.0	5.0	-	17.3	16.1	-	13.4	11.8

*Alternative Performance Measure, refer to page 16. ¹ Last Twelve Months.

Net sales in the Gardena Division increased by 3% in the third quarter. The currency adjusted increase was also 3%, largely driven by growth in watering products mainly in Central Europe and partly in Asia/Pacific.

Operating income increased to SEK 62m (50) and the corresponding margin rose to 6.0% (5.0). The higher sales volume and efficiency improvements impacted positively, which was partly offset by costs for investments in profitable growth initiatives. Changes in exchange rates had a total positive year-on-year impact of around SEK 5m on operating income compared to the third quarter previous year.

Consumer Brands

SEKm	Q3 2017	Q3 2016	Change, %	Jan-Sep 2017	Jan-Sep 2016	Change, %	LTM* ¹	Full-year 2016
Net sales	1,419	1,553	-9	7,967	7,654	4	9,201	8,888
Currency adjusted change*, %	-5	-10	-	1	-11	-	-	-10
Operating income	-94	-80	-17	39	131	-70	-89	3
Operating margin, %	-6.6	-5.2	-	0.5	1.7	-	-1.0	0.0

*Alternative Performance Measure, refer to page 16. ¹ Last Twelve Months.

Net sales in the Consumer Brands Division decreased by 9% in the third quarter. Adjusted for currency, sales decreased by 5%, mainly referring to the European market.

Operating income amounted to SEK -94m (-80), mainly related to lower sales volume, an unfavorable mix and an in general challenging and competitive U.S. retail market. Changes in exchange rates had a total positive year-on-year impact of some SEK 15m on operating income compared to the third quarter previous year.

Construction

SEKm	Q3 2017	Q3 2016	Change, %	Jan-Sep 2017	Jan-Sep 2016	Change, %	LTM* ¹	Full-year 2016
Net sales	1,260	1,042	21	3,798	3,115	22	4,784	4,101
Currency adjusted change*, %	25	1	-	19	3	-	-	4
Operating income	143	155	-8	517	423	22	662	568
Operating margin, %	11.4	14.9	-	13.6	13.6	-	13.8	13.9

*Alternative Performance Measure, refer to page 16. ¹ Last Twelve Months.

Net sales in the Construction Division increased by 21% in the third quarter. The currency adjusted increase was 25%, of which the acquired entities Pullman Ermator and HTC contributed with 20%, with growth in North America as well as in Europe.

Operating income for the third quarter was charged with restructuring costs amounting to some SEK -50m. Excluding the restructuring costs, operating income increased by 25% to SEK 193m (155) and the corresponding margin rose to 15.3% (14.9). Operating income was positively impacted by the increased sales volume. Changes in exchange rates had a total unfavorable year-on-year impact of around SEK -10m on operating income compared to the third quarter previous year.

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.

91,072 shares were converted in the third quarter and in October 2017, another 73,200 A-shares were converted to B-shares at the request of shareholders. The total number of votes thereafter amounts to 159,541,051.1.

The total number of registered shares in the company at September 30, 2017 amounted to 576,343,778 of which 113,302,837 were A-shares and 463,040,941 were B-shares.

ANNUAL GENERAL MEETING 2018

The AGM of Husqvarna AB (publ) will be held in Jönköping, Sweden on April 10, 2018.

Nomination Committee

In accordance with the decision by Husqvarna AB's Annual General Meeting ("AGM") in 2017, the members of the Nomination Committee for the 2018 AGM are to be appointed by the four largest shareholders in terms of voting rights in the company as of the last banking day in August, August 31, 2017, who have expressed a wish to participate in the nomination committee work. In addition, the Nomination Committee shall also include the Chairman of the Husqvarna Board.

On August 31, 2017, the four largest shareholders in terms of voting rights were Investor AB, L E Lundbergföretagen AB, If Skadeförsäkring AB and Didner & Gerge Fonder AB. Each has appointed one member, who will form Husqvarna's Nomination Committee together with the Chairman of the Husqvarna Board. The Nomination Committee's members are: Petra Hedengran (Chairman), Investor AB; Claes Boustedt, L E Lundbergföretagen AB; Ricard Wennerklint, If Skadeförsäkring AB; Henrik Didner, Didner & Gerge Fonder AB; Tom Johnstone, Chairman of Husqvarna AB.

The Nomination Committee will prepare proposals for the AGM in 2018, including proposals for the Chairman of the AGM, Board members, Chairman of the Board, remuneration for Board members, fees to the auditors, election of auditors and to the extent deemed necessary, the tasks and composition of the Nomination Committee for the AGM in 2019.

Shareholders who wish to submit proposals to the Nomination Committee may do so by email to nominationcommittee@husqvarnagroup.com if possible by February 13, 2018.

SUBSEQUENT EVENTS

Dividend

The Annual General Meeting on April 4, 2017, resolved on a dividend for 2016 of SEK 1.95 (1.65) per share. It was also resolved that the dividend was to be paid in two installments. An initial payment of SEK 0.65 per share in April and a second payment of SEK 1.30 per share in October, 2017. The payment date for the second installment was October 11.

PARENT COMPANY

Net sales for January – September 2017 for the Parent Company, Husqvarna AB, amounted to SEK 12,718m (11,335), of which SEK 9,849m (8,668) referred to sales to Group companies and SEK 2,869m (2,667) to external customers.

Income after financial items decreased to SEK 2,627m (5,197), mainly due to higher dividends from subsidiaries last year. Income for the period decreased to SEK 2,073m (4,691). Investments in property, plant and equipment and intangible assets amounted to SEK 577m (433). Cash and cash equivalents amounted to SEK 2,526m (1,600) at the end of the quarter. Undistributed earnings in the Parent Company amounted to SEK 22,186m (21,926).

RISKS AND UNCERTAINTY FACTORS

A number of factors may affect Husqvarna Group's operations in terms of operational and financial 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, as will fluctuations in prices of sourced raw materials and components.

Short term, demand for the Group's products is impacted by weather conditions. The Group's production processes and supply chain are therefore adapted to respond to changes in weather conditions. In the ordinary course of business, the Group is exposed to legal risks such as commercial, product liability and other disputes and provides for them as appropriate.

Financial risks refer primarily to currency exchange rates, interest rates, financing, tax and credit risks. Risk management within Husqvarna Group is regulated by a financial policy established by the Board of Directors.

For further information on risks and uncertainty factors, see pages 52 - 55 in the Annual Report 2016 which is available at www.husqvarnagroup.com/ir.

ACCOUNTING PRINCIPLES

This interim report has been prepared in accordance with IAS 34, Interim financial reporting and the Swedish Annual Accounts Act. The financial statement of the Parent Company has been prepared in accordance with the Swedish Annual Accounts 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 2016, which is available at www.husqvarnagroup.com/ir.

New standards applicable from January 1, 2018

IFRS 15 "Revenue from contracts with customers" deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers.

The standard replaces IAS 18 "Revenue" and IAS 11 "Construction contracts" and related interpretations as of January 1, 2018 and the comparative year 2017 will be restated retroactively. The Group does not expect a significant impact on operating income, net income nor balance sheet amounts due to IFRS 15. Some transport/shipping income and expense will be reclassified due to the more detailed requirements on allocation of the transaction price to the performance obligations identified and due to the more detailed definitions of principal versus agent. The reclassification will not impact operating income, but will reduce the Group's gross income and reduce the Groups selling expenses by the corresponding amount.

Expanded disclosure requirements will impact the nature and extent of the Group's disclosures related to revenue. The Group does not intend to early adopt IFRS 15.

IFRS 9 "Financial instruments" addresses the classification, measurement and derecognition of financial assets and financial liabilities as well as impairment of financial assets. The Group will adopt IFRS 9 on January 1, 2018, replacing the guidance in IAS 39.

The Group's current hedge relationships are assessed to qualify as continuing hedges upon the adoption of IFRS 9 and no significant impact is expected on the accounting for hedging relationships. IFRS 9 will require Husqvarna Group to apply an expected credit loss model for impairment testing of financial assets instead of the current incurred loss model. It may result in an earlier recognition of credit losses, however no significant impact is expected.

Expanded disclosure requirements will impact the nature and extent of the Group's disclosures of financial instruments.

FOOTNOTE

*Alternative Performance Measures, see page 16 "Definitions and reconciliations of Alternative Performance Measures".

AUDITORS' REVIEW REPORT

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

Stockholm, October 20, 2017

Kai Wärm
President and CEO

Consolidated income statement

SEKm	Q3 2017	Q3 2016	Jan-Sep 2017	Jan-Sep 2016	Full-year 2016
Net sales	7,449	7,349	33,264	30,214	35,982
Cost of goods sold	-5,085	-5,058	-22,638	-20,824	-24,886
Gross income	2,364	2,291	10,626	9,390	11,096
<i>Gross margin, %</i>	31.7	31.2	31.9	31.1	30.8
Selling expenses	-1,448	-1,438	-5,341	-4,787	-6,168
Administrative expenses	-484	-415	-1,431	-1,270	-1,707
Other operating income/expense	1	-7	6	-7	-3
Operating income	433	431	3,860	3,326	3,218
<i>Operating margin, %</i>	5.8	5.9	11.6	11.0	8.9
Financial items, net	-104	-124	-365	-338	-422
Income after financial items	329	307	3,495	2,988	2,796
<i>Margin, %</i>	4.4	4.2	10.5	9.9	7.8
Income tax	-119	-102	-896	-763	-692
Income for the period	210	205	2,599	2,225	2,104
Income for the period attributable to:					
Equity holders of the Parent Company	210	206	2,593	2,220	2,100
Non-controlling interest	0	-1	6	5	4
Earnings per share:					
Before dilution, SEK	0.37	0.36	4.53	3.88	3.67
After dilution, SEK	0.37	0.36	4.52	3.87	3.66
Average number of shares outstanding:					
Before dilution, millions	572.2	572.1	572.3	572.3	572.3
After dilution, millions	574.2	574.0	574.2	573.9	574.1

Key data

<i>Net sales growth, %</i>	1	1	10	-1	-1
Operating income, SEKm	433	431	3,860	3,326	3,218
<i>Operating margin, %</i>	5.8	5.9	11.6	11.0	8.9
Average number of employees	12,818	11,668	13,520	12,961	12,704

EBITDA*

SEKm					
Operating income	433	431	3,860	3,326	3,218
Reversal of depreciation, amortization and impairment	309	305	984	860	1,164
EBITDA*	742	736	4,844	4,186	4,382
<i>EBITDA margin, %</i>	10.0	10.0	14.6	13.9	12.2

*Alternative Performance Measure, refer to page 16 for definitions and reconciliations.

Consolidated comprehensive income statement

SEKm	Q3 2017	Q3 2016	Jan-Sep 2017	Jan-Sep 2016	Full-year 2016
Income for the period	210	205	2,599	2,225	2,104
Other comprehensive income					
<i>Items that will not be reclassified to the income statement:</i>					
Remeasurements on defined benefit pension plans, net of tax	3	-56	-51	-424	-249
Total items that will not be reclassified to the income statement, net of tax	3	-56	-51	-424	-249
<i>Items that may be reclassified to the income statement:</i>					
Currency translation differences	-239	399	-652	811	1,058
Net investment hedge, net of tax	169	-166	552	-317	-605
Cash flow hedges, net of tax	-51	-13	-70	-129	-33
Total items that may be reclassified to the income statement, net of tax	-121	220	-170	365	420
Other comprehensive income, net of tax	-118	164	-221	-59	171
Total comprehensive income for the period	92	369	2,378	2,166	2,275
Total comprehensive income attributable to:					
Equity holders of the Parent Company	91	370	2,372	2,159	2,268
Non-controlling interest	1	-1	6	7	7

Consolidated balance sheet

SEKm	Sep. 30, 2017	Sep. 30, 2016	Dec. 31, 2016
Assets			
Property, plant and equipment	5,455	4,948	5,472
Goodwill	6,589	5,927	6,014
Other intangible assets	4,961	4,147	4,176
Derivatives	7	0	0
Other non-current assets	431	168	93
Deferred tax assets	1,219	1,399	1,414
Total non-current assets	18,662	16,589	17,169
Inventories	7,967	7,659	9,225
Trade receivables	4,391	4,475	3,290
Derivatives	240	130	349
Tax receivables	136	45	41
Other current assets	761	702	963
Other short-term investments	1	4	4
Cash and cash equivalents	4,104	3,223	1,937
Total current assets	17,600	16,238	15,809
Total assets	36,262	32,827	32,978
Equity and liabilities			
Equity attributable to equity holders of the Parent Company	15,450	14,216	14,339
Non-controlling interests	28	26	26
Total equity	15,478	14,242	14,365
Borrowings	5,190	6,251	4,953
Derivatives	26	76	44
Deferred tax liabilities	1,811	1,675	1,656
Provisions for pensions and other post-employment benefits	1,838	2,068	1,759
Other provisions	683	945	824
Total non-current liabilities	9,548	11,015	9,236
Trade payables	3,143	2,771	3,752
Tax liabilities	763	245	211
Other liabilities	2,687	2,520	2,512
Dividend payable	744	630	-
Borrowings	2,971	263	1,494
Derivatives	397	550	905
Other provisions	531	591	503
Total current liabilities	11,236	7,570	9,377
Total equity and liabilities	36,262	32,827	32,978
Key data			
Operating working capital, SEKm	9,215	9,363	8,763
Return on capital employed, %	14.5	13.0	13.7
Excl. items affecting comparability*	14.5	13.7	13.7
Return on equity, %	16.5	14.6	15.2
Excl. items affecting comparability*	16.5	15.4	15.2
Capital turn-over rate, times	1.7	1.7	1.7
Equity/assets ratio, %	43	43	44
Equity per share after dilution, SEK	26.9	24.8	25.0

Net debt*

SEKm			
Net pension liability	1,807	2,041	1,727
Other interest-bearing liabilities	8,584	7,140	7,396
Dividend payable	744	630	-
Less: Liquid funds and other interest-bearing assets	-4,695	-3,357	-2,290
Net debt*	6,440	6,454	6,833
Net debt/equity ratio	0.42	0.45	0.48

*Alternative Performance Measure, refer to page 16 for definitions and reconciliations.

Consolidated cash flow statement

SEKm	Q3 2017	Q3 2016	Jan-Sep 2017	Jan-Sep 2016	Full-year 2016
Cash flow from operations					
Operating income	433	431	3,860	3,326	3,218
Non cash items	109	276	914	908	1,073
<i>Cash items</i>					
Paid restructuring expenses	-5	-11	-8	-35	-45
Net financial items, received/paid	-116	-91	-360	-295	-353
Taxes paid	-85	-119	-397	-239	-280
Cash flow from operations, excluding change in operating assets and liabilities	336	486	4,009	3,665	3,613
Change in operating assets and liabilities					
Change in inventories	2	268	932	513	-821
Change in trade receivables	2,738	2,400	-1,126	-1,131	56
Change in trade payables	-1,327	-1,145	-526	-391	537
Change in other operating assets/liabilities	-206	-267	487	425	170
Cash flow from operating assets and liabilities	1,207	1,256	-233	-584	-58
Cash flow from operations	1,543	1,742	3,776	3,081	3,555
Investments					
Acquired and divested assets/subsidiaries	1	3	-1,628	55	59
Investments in property, plant and equipment and intangible assets	-411	-419	-1,147	-1,051	-1,889
Investments in financial assets	-355	-	-355	-	-
Cash flow from investments	-765	-416	-3,130	-996	-1,830
Cash flow from operations and investments	778	1,326	646	2,085	1,725
Financing					
Dividend paid to shareholders	-	-	-372	-315	-944
Dividend paid to non-controlling interests	-4	-	-5	-1	-1
Other financing activities	794	-405	1,985	-253	-577
Cash flow from financing	790	-405	1,608	-569	-1,522
Total cash flow	1,568	921	2,254	1,516	203
Cash and cash equivalents at beginning of period	2,611	2,269	1,937	1,622	1,622
Exchange rate differences referring to cash and cash equivalents	-75	33	-87	85	112
Cash and cash equivalents at end of period	4,104	3,223	4,104	3,223	1,937
Operating cash flow*					
SEKm					
Cash flow from operations and investments	778	1,326	646	2,085	1,725
Acquired and divested assets/subsidiaries	-1	-3	1,628	-55	-59
Investments in financial assets	355	-	355	-	-
Operating cash flow*	1,132	1,323	2,629	2,030	1,666

*Alternative Performance Measure, refer to page 16 for definitions and reconciliations.

Change in Group equity

SEKm	Attributable to equity holders of the Parent company	Non-controlling interests	Total equity
Opening balance January 1, 2016	13,041	20	13,061
Share-based payment	31	-	31
Transfer of treasury shares ¹	7	-	7
Hedge for LTI-programs	-77	-	-77
Dividend	-945	-1	-946
Total comprehensive income	2,159	7	2,166
Closing balance September 30, 2016	14,216	26	14,242
Opening balance January 1, 2017	14,339	26	14,365
Share-based payment	36	-	36
Transfer of treasury shares ¹	4	-	4
Hedge for LTI-programs	-334	-	-334
Sales of treasury shares	151	-	151
Dividend	-1,116	-6	-1,122
Divestment of non-controlling interest	-2	2	-
Total comprehensive income	2,372	6	2,378
Closing balance September 30, 2017	15,450	28	15,478

¹ Options exercised related to 2009 LTI-program.

Fair value of financial instruments

The Group's financial instruments carried at fair value are derivatives. Derivatives belong to Level 2 in the fair value hierarchy. Future cash flows have been discounted using current quoted market interest rates and exchange rates for similar instruments. Further information about the accounting principles for financial instruments and methods used for estimating the fair value of the financial instruments are described in note 1 and note 19, respectively, in the Annual Report 2016. The carrying value approximates fair value for all financial instruments except for non-current borrowings, which are shown in the table below.

SEKm	Sep. 30, 2017		Sep. 30, 2016		Dec. 31, 2016	
	Book value	Fair value	Book value	Fair value	Book value	Fair value
<i>Non-current borrowings</i>						
Financial leases	199	209	195	213	207	221
Loans	4,991	5,105	6,056	6,162	4,746	4,843
Total non-current borrowings	5,190	5,314	6,251	6,375	4,953	5,064

Five-year review, Group

	2016	2015	2014 ¹	2013	2012 ²
Net sales, SEKm	35,982	36,170	32,838	30,307	30,834
Net sales growth, %	-0.5	10.1	8.4	-1.7	1.6
Gross margin, %	30.8	28.1	28.5	26.5	26.9
Operating income, SEKm	3,218	2,827	1,581	1,608	1,675
Excluding items affecting comparability*, SEKm	3,218	2,980	2,348	1,608	1,931
Operating margin, %	8.9	7.8	4.8	5.3	5.4
Excluding items affecting comparability*, %	8.9	8.2	7.2	5.3	6.3
Return on capital employed, %	13.7	12.4	7.6	7.7	7.4
Excluding items affecting comparability*, %	13.7	13.1	11.1	7.7	8.5
Return on equity, %	15.2	14.6	6.7	8.1	8.8
Excluding items affecting comparability*, %	15.2	15.5	12.9	8.1	10.5
Capital turn-over rate, times	1.7	1.7	1.7	1.6	1.5
Operating cash flow ^{*3} , SEKm	1,666	1,732	1,274	1,411	1,499
Capital expenditure, SEKm	1,889	1,388	1,386	1,078	776
Average number of employees	12,704	13,572	14,337	14,156	15,429

¹ 2014 has been restated due to a correction. ² 2012 has been restated due to the amended IAS 19.

³ Hedges related to financing have been moved from operations to financing activities (SEK -64m for 2015, SEK 151m for 2014, SEK 402m for 2013 and SEK -355m for 2012).

*Alternative Performance Measure, refer to page 16 for definitions and reconciliations.

Net sales and income by quarter, Group

SEKm		Q1	Q2	Q3	Q4	Full-year
Net sales	2017	12,746	13,069	7,449		
	2016	11,361	11,504	7,349	5,768	35,982
	2015	10,928	12,263	7,307	5,672	36,170
Operating income	2017	1,425	2,002	433		
	2016	1,166	1,729	431	-108	3,218
	2015	1,112	1,675	405	-365	2,827
Operating margin, %	2017	11.2	15.3	5.8		
	2016	10.3	15.0	5.9	-1.9	8.9
	2015	10.2	13.7	5.5	-6.4	7.8
Income for the period	2017	988	1,401	210		
	2016	761	1,259	205	-121	2,104
	2015	788	1,143	196	-239	1,888
Earnings per share after dilution, SEK	2017	1.72	2.43	0.37		
	2016	1.32	2.19	0.36	-0.21	3.66
	2015	1.37	1.98	0.34	-0.42	3.28

Net sales and operating income, last twelve months, Group

SEKm		Q1	Q2	Q3	Q4
Net sales	2017	37,367	38,932	39,032	
	2016	36,603	35,844	35,886	35,982
	2015	34,081	35,299	35,821	36,170
Operating income	2017	3,477	3,750	3,752	
	2016	2,881	2,935	2,961	3,218
<i>Excl. items affecting comparability*</i>	2016	3,034	3,088	3,114	3,218
	2015	1,785	2,087	2,160	2,827
<i>Excl. items affecting comparability*</i>	2015	2,552	2,854	2,927	2,980
Operating margin, %	2017	9.3	9.6	9.6	
	2016	7.9	8.2	8.3	8.9
<i>Excl. items affecting comparability*</i>	2016	8.3	8.6	8.7	8.9
	2015	5.2	5.9	6.0	7.8
<i>Excl. items affecting comparability*</i>	2015	7.5	8.1	8.2	8.2

*Alternative Performance Measure, refer to page 16 for definitions and reconciliations.

Items affecting comparability*

SEKm		Q1	Q2	Q3	Q4	Full-year
No items	2017	-	-	-		
No items	2016	-	-	-	-	-
Restructuring expenses	2015	-	-	-	-153	-153
Impairment of goodwill	2014	-	-	-	-767	-767
No items	2013	-	-	-	-	-
Cost for personnel cut-backs	2012	-	-	-	-256	-256

*Alternative Performance Measure, refer to page 16 for definitions and reconciliations.

Net sales (external) by segment

SEKm		Q1	Q2	Q3	Q4	Full-year
Husqvarna	2017	6,372	6,314	3,734		
	2016	5,457	5,721	3,752	3,030	17,960
	2015	5,342	5,727	3,519	3,036	17,624
Gardena	2017	1,715	2,326	1,033		
	2016	1,518	1,995	1,002	518	5,033
	2015	1,319	1,795	1,060	495	4,669
Consumer Brands	2017	3,461	3,087	1,419		
	2016	3,419	2,682	1,553	1,234	8,888
	2015	3,343	3,643	1,708	1,242	9,936
Construction	2017	1,197	1,341	1,260		
	2016	967	1,106	1,042	986	4,101
	2015	924	1,098	1,020	899	3,941
Group common costs¹	2017	1	1	3		
	2016	-	-	-	-	-
	2015	-	-	-	-	-
Total Group	2017	12,746	13,069	7,449		
	2016	11,361	11,504	7,349	5,768	35,982
	2015	10,928	12,263	7,307	5,672	36,170

¹ Royalty income is included in Group Common Cost as of 2017.

Operating income by segment

SEKm		Q1	Q2	Q3	Q4	Full-year
Husqvarna	2017	1,047	1,186	385		
	2016	844	1,031	368	74	2,317
	2015	897	1,001	321	14	2,233
<i>Excl. items affecting comparability*</i>	<i>2015</i>	<i>897</i>	<i>1,001</i>	<i>321</i>	<i>65</i>	<i>2,284</i>
Gardena	2017	251	565	62		
	2016	226	449	50	-130	595
	2015	204	397	113	-128	586
<i>Excl. items affecting comparability*</i>	<i>2015</i>	<i>204</i>	<i>397</i>	<i>113</i>	<i>-123</i>	<i>591</i>
Consumer Brands	2017	53	80	-94		
	2016	64	147	-80	-128	3
	2015	-11	178	-119	-195	-147
<i>Excl. items affecting comparability*</i>	<i>2015</i>	<i>-11</i>	<i>178</i>	<i>-119</i>	<i>-168</i>	<i>-120</i>
Construction	2017	141	233	143		
	2016	89	179	155	145	568
	2015	74	160	144	17	395
<i>Excl. items affecting comparability*</i>	<i>2015</i>	<i>74</i>	<i>160</i>	<i>144</i>	<i>87</i>	<i>465</i>
Group common costs	2017	-67	-62	-63		
	2016	-57	-77	-62	-69	-265
	2015	-52	-61	-54	-73	-240
Total Group	2017	1,425	2,002	433		
	2016	1,166	1,729	431	-108	3,218
	2015	1,112	1,675	405	-365	2,827
<i>Excl. items affecting comparability*</i>	<i>2015</i>	<i>1,112</i>	<i>1,675</i>	<i>405</i>	<i>-212</i>	<i>2,980</i>

*Alternative Performance Measure, refer to page 16 for definitions and reconciliations.

Operating margin by segment

%		Q1	Q2	Q3	Q4	Full-year
Husqvarna	2017	16.4	18.8	10.3		
	2016	15.5	18.0	9.8	2.4	12.9
	2015	16.8	17.5	9.1	0.5	12.7
<i>Excl. items affecting comparability*</i>	2015	16.8	17.5	9.1	2.1	13.0
Gardena	2017	14.6	24.3	6.0		
	2016	14.9	22.5	5.0	-25.2	11.8
	2015	15.5	22.1	10.7	-25.9	12.5
<i>Excl. items affecting comparability*</i>	2015	15.5	22.1	10.7	-24.8	12.7
Consumer Brands	2017	1.5	2.6	-6.6		
	2016	1.9	5.5	-5.2	-10.3	0.0
	2015	-0.3	4.9	-7.0	-15.7	-1.5
<i>Excl. items affecting comparability*</i>	2015	-0.3	4.9	-7.0	-13.6	-1.2
Construction	2017	11.8	17.4	11.4		
	2016	9.2	16.2	14.9	14.7	13.9
	2015	8.0	14.6	14.1	1.9	10.0
<i>Excl. items affecting comparability*</i>	2015	8.0	14.6	14.1	9.7	11.8
Total Group	2017	11.2	15.3	5.8		
	2016	10.3	15.0	5.9	-1.9	8.9
	2015	10.2	13.7	5.5	-6.4	7.8
<i>Excl. items affecting comparability*</i>	2015	10.2	13.7	5.5	-3.7	8.2

*Alternative Performance Measure, refer to page 16 for definitions and reconciliations.

Net assets by segment

SEKm	Assets		Liabilities		Net Assets	
	Sep. 30, 2017	Sep. 30, 2016	Sep. 30, 2017	Sep. 30, 2016	Sep. 30, 2017	Sep. 30, 2016
Husqvarna	12,124	11,837	3,398	3,353	8,726	8,484
Gardena	6,959	6,804	991	867	5,968	5,937
Consumer Brands	5,504	5,716	1,393	1,514	4,111	4,202
Construction	5,572	3,591	873	655	4,699	2,936
Other	1,377	1,494	2,963	2,358	-1,586	-864
Total	31,536	29,442	9,618	8,747	21,918	20,695

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

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

PARENT COMPANY

Income statement

SEKm	Q3 2017	Q3 2016	Jan-Sep 2017	Jan-Sep 2016	Full-year 2016
Net sales	2,645	2,662	12,718	11,335	14,231
Cost of goods sold	-2,103	-1,779	-9,084	-7,607	-10,288
Gross income	542	883	3,634	3,728	3,943
Selling expense	-274	-413	-992	-1,282	-1,139
Administrative expense	-249	-228	-764	-673	-927
Other operating income/expense	0	1	0	1	1
Operating income	19	243	1,878	1,774	1,878
Financial items, net	399	3,726	749	3,423	3,011
Income after financial items	418	3,969	2,627	5,197	4,889
Appropriations	-16	4	-44	-305	-204
Income before taxes	402	3,973	2,583	4,892	4,685
Tax on profit for the year	-37	2	-510	-201	-141
Income for the period	365	3,975	2,073	4,691	4,544

Balance sheet

SEKm	Sep. 30, 2017	Sep. 30, 2016	Dec. 31 2016
Non-current assets	32,583	32,418	32,473
Current assets	8,561	6,808	6,700
Total assets	41,144	39,226	39,173
Equity	23,822	23,101	23,044
Untaxed reserves	-	252	-
Provisions	134	169	108
Non-current liabilities	4,747	5,919	4,591
Current liabilities	12,441	9,785	11,430
Total equity and liabilities	41,144	39,226	39,173

Number of shares

	Outstanding A-shares	Outstanding B-shares	Re-purchased B-shares ²	Total
Number of shares as of December 31, 2016	113,393,909	458,686,636	4,263,233	576,343,778
<i>Conversion of A-shares into B-shares</i>	-91,072	91,072	-	-
<i>Options exercised related to 2009 LTI-program</i>	-	91,606	-91,606	-
<i>Shares allocated to 2014 LTI-program</i>	-	1,197,117	-1,197,117	-
<i>Hedge for LTI-programs</i>	-	-3,900,000	3,900,000	-
<i>Sales of treasury shares</i>	-	1,674,510	-1,674,510	-
Number of shares as of September 30, 2017¹	113,302,837	457,840,941	5,200,000	576,343,778

¹In October 2017, 73,200 A-shares were converted.

²The 5,200,000 B-shares are entirely in a third party share swap agreement.

DEFINITIONS AND RECONCILIATIONS OF ALTERNATIVE PERFORMANCE MEASURES

The European Securities and Markets Authority (ESMA) has issued guidelines on Alternative Performance Measures (APMs) for listed issuers. The guidelines apply to APMs disclosed by issuers on or after July 3, 2016.

APMs refer to measures used by management and investors to analyze trends and performance of the Group's operations that cannot be directly read or derived from the financial statements. These measures are relevant to assist management and investors in analyzing the Group's performance. Investors should not consider these APMs as substitutes, but rather as additions, to the financial reporting measures prepared in accordance with IFRS. It should be noted that these APMs as defined, may not be comparable to similarly titled measures used by other companies.

Currency adjusted change

Net sales adjusted for currency translation effects. Net sales are disclosed adjusted for currency translation effects as Husqvarna Group is a global company generating significant transactions in other currencies than the reporting currency (SEK) and the currency rates have proven to be volatile.

EBITDA

EBITDA is a measure of earnings before interest, taxes, depreciation, amortization and impairment charges. EBITDA measures Husqvarna Group's operating performance and the ability to generate cash from operations, without considering the capital structure of the Group or its fiscal environment. For a reconciliation of EBITDA refer to page 7.

Items affecting comparability

To assist in understanding Husqvarna Group's operations, we believe that it is useful to consider certain measures and ratios exclusive of items affecting comparability. Items affecting comparability includes items that are non-recurring, have a significant impact and are considered to be important for understanding the operating performance when comparing results between periods. The items affecting comparability are disclosed on page 12. All measures and ratios in this report have been disclosed including items affecting comparability first and then excluding items affecting comparability as a second measure when deemed appropriate.

Last twelve months (LTM)

Last twelve months rolling has been included to assist investors in their analysis of the seasonality that the Husqvarna Group's business is exposed to, refer to page 12.

Net debt

Net debt is a measure to describe the Group's gearing and its ability to repay its debts from cash generated from the Group's ordinary business (see operating cash flow below), if they were all due today. It's also used to analyze whether the Group is over- or underfunded and how future net interest costs will impact earnings. Net debt is defined as total interest-bearing liabilities plus dividend payable, less liquid funds and interest-bearing assets. For a reconciliation of net debt refer to page 9.

Operating cash flow

Operating cash flow is a measure of the amount of cash generated by the Group's ordinary business operations. The measure is defined as total cash flow from operations and investments, excluding acquisitions and divestments of subsidiaries, property plant and equipment and financial assets. For a reconciliation of operating cash flow refer to page 10.

Operating working capital

Operating working capital measured as the average of the last four quarters.

For additional definitions refer to page 113 of the Group's Annual Report 2016.

TELEPHONE CONFERENCE

A combined press and telephone conference, hosted by Kai Wärm, President and CEO, and Jan Ytterberg, CFO, will be held at Husqvarna Group's office, Regeringsgatan 28, Stockholm at 10:00 CET on October 20, 2017. To participate, please dial +46 (0) 8 5069 2180 (Sweden) or +44 (0) 8 445718892 (UK) ten minutes prior to the start of the conference. Conference ID: Husqvarna or 91713464. The conference call will also be audio cast live on www.husqvarnagroup.com/ir. A replay will be available later the same day.

DATES FOR FINANCIAL REPORTS

February 2, 2018 Year-End Report for 2017

The Annual General Meeting will be held in Jönköping, Sweden on April 10, 2018.

CONTACTS

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

This press release contains insider information that Husqvarna AB is required to disclose under the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the contact person set out above, at 08.00 CET on October 20, 2017.

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.