

YEAR-END REPORT 2017

Stockholm February 2, 2018



Kai Wörn, President and CEO:

“Husqvarna Group ended the year with another quarter of improved earnings. The fourth quarter is seasonally the smallest in terms of sales and thereby operating income, normally showing a loss for the Group. The operating loss for the fourth quarter was reduced to SEK -70m (-108), despite higher investments in strategic growth initiatives, pressure from currency and higher commodity prices, which were offset by a favorable impact related to legal restructuring. Sales continued to develop strongly across our divisions in profitable growth. On a currency adjusted basis, organic net sales increased 14% in Husqvarna, 7% in Gardena and 8% in Construction. Consumer Brands reduced their operating loss in the quarter, despite a lower sales volume.

The Group’s development on a full-year basis was positive in several aspects. Most importantly, we are delivering on our goal to achieve profitable growth; growing net sales above the estimated market rate, improving the operating margin and becoming more capital efficient. Performance benefitted from good growth in key product areas such as robotic lawn mowers and battery-powered products in both Husqvarna and Gardena, and a successful geographic and channel expansion in Gardena. In the Construction Division sales were significantly above prior year as a result of organic as well as acquired growth. In total for 2017, net sales for the Group increased 7% adjusted for changes in exchange rates, operating income increased 18% to SEK 3,790m (3,218) and the corresponding operating margin rose to 9.6% (8.9). The Board of Directors proposes that the dividend for the year is increased to SEK 2.25 (1.95) per share, reflecting the financial development.

Just before the end of the year we signed an agreement to acquire the light compaction and concrete equipment business from Atlas Copco. This is another important step for us to build a strong position in the attractive market segment for concrete floors and surfaces. The acquired product range complements the previous acquisitions of HTC in floor grinding and Pullman Ermator in dust and slurry management, enabling us to offer a wider range of products to customers in this segment. In our quest to make the Construction Division a larger share of the Group, the three acquisitions will have increased sales in the division by approximately 30% when fully integrated.

Our profitable growth ambitions in Husqvarna, Gardena and Construction are on track and I expect another step forward for the Group in 2018 in terms of growth, market shares and improved results in these divisions. We will also continue our efforts to build a stable long-term platform for the Consumer Brands Division.”

Fourth quarter 2017

- Net sales increased to SEK 6,130m (5,768), corresponding to a currency adjusted* growth of 11%.
- Operating loss was reduced to SEK -70m (-108).

January – December 2017

- Net sales increased to SEK 39,394m (35,982), corresponding to a currency adjusted* growth of 7%.
- Operating income rose to SEK 3,790m (3,218) and the corresponding margin increased to 9.6% (8.9).
- Operating working capital* as a percentage of net sales improved to 25.5% (26.6).
- Earnings per share after dilution increased 26% to SEK 4.62 (3.66).
- The Board proposes an increase of the dividend to SEK 2.25 per share (1.95).

Group	Q4	Q4	Change,	Jan-Dec	Jan-Dec	Change,
SEKm	2017	2016	%	2017	2016	%
Net sales	6,130	5,768	6	39,394	35,982	9
<i>Currency adjusted change*, %</i>	11	-3	-	7	0	-
Operating income	-70	-108	35	3,790	3,218	18
<i>Operating margin, %</i>	-1.1	-1.9	-	9.6	8.9	-
Income for the period	61	-121	n.a.	2,660	2,104	26
Earnings per share after dilution, SEK	0.10	-0.21	n.a.	4.62	3.66	26
Net sales, Divisions						
Husqvarna	3,313	3,030	9	19,733	17,960	10
Gardena	556	518	7	5,630	5,033	12
Consumer Brands	1,042	1,234	-16	9,009	8,888	1
Construction	1,217	986	23	5,015	4,101	22
Operating income, Divisions						
Husqvarna	122	74	65	2,740	2,317	18
Gardena	-172	-130	-32	706	595	19
Consumer Brands	-104	-128	18	-65	3	n/a
Construction	132	145	-9	649	568	14

* Alternative Performance Measure, refer to page 17 for definitions and reconciliations.

FOURTH QUARTER

Net sales

Net sales for the fourth quarter 2017 increased 6% to SEK 6,130m (5,768). The currency adjusted* increase was 11%.

Operating income

Operating loss for the fourth quarter was reduced to SEK -70m (-108) and the corresponding operating margin was -1.1% (-1.9). The higher sales volume and efficiency measures impacted positively, whereas selling and administrative expenses, to a large extent driven by costs for investments in profitable growth initiatives, had an adverse impact. The quarter was positively impacted by some SEK 55m related to a legal restructuring, recorded under "other operating income/expenses". Last year included a SEK 25m favorable non-recurring item related to pensions in the Construction Division.

Changes in exchange rates had a total negative year-on-year impact on operating income of approximately SEK -10m compared to the fourth quarter previous year. Higher raw material prices had an impact of approximately SEK -15m.

Financial items net

Financial items net increased to SEK -135m (-84) as a result of favorable currency impact in the fourth quarter prior year and higher net interest cost.

Income after financial items

Income after financial items amounted to SEK -205m (-192).

Taxes

Tax had a positive impact of SEK 266m (71). Taxes were favorably impacted by a one-time tax deduction with an effect of approximately SEK 175m and positive tax effects related to legal restructuring within the Group. The revaluation of the deferred tax assets and liabilities due to the US tax reform had a negative impact of approximately SEK -75m.

Earnings per share

Income for the period attributable to equity holders of the Parent Company increased to SEK 61m (-120), corresponding to SEK 0.10 (-0.21) per share after dilution.

JANUARY – DECEMBER

Net sales

Net sales for January – December 2017 increased by 9% to SEK 39,394m (35,982). The currency adjusted* increase was 7%.

Operating income

Operating income for January - December rose by 18% to SEK 3,790m (3,218) and the corresponding operating margin increased to 9.6% (8.9). The higher sales volume, reduced direct material costs and improved product quality impacted positively, whereas selling and administrative expenses, to a large extent driven by costs for investments in profitable growth initiatives, had an adverse impact.

Changes in exchange rates had a total positive year-on-year impact on operating income of approximately SEK 250m compared to January – December previous year. Higher raw material prices had an impact of approximately SEK -75m.

Financial items net

Financial items net increased to SEK -500m (-422) related to higher net interest cost.

Income after financial items

Income after financial items increased to SEK 3,290m (2,796).

Taxes

Tax amounted to SEK -630m (-692) corresponding to a tax rate of 19% (25). The tax cost was favorably impacted by a one-time tax deduction with a tax effect of approximately SEK 175m and positive tax effects related to legal restructuring within the Group. The revaluation of the deferred tax assets and liabilities due to the US tax reform had a negative impact of approximately SEK -75m.

The US tax reform will have a positive impact on tax costs and net income the coming years, reducing the expected tax cost of the Group with around one percentage point of income after financial items.

Earnings per share

Income for the period attributable to equity holders of the Parent Company increased by 26% to SEK 2,654m (2,100), corresponding to SEK 4.62 (3.66) per share after dilution.

OPERATING CASH FLOW

Operating cash flow* for January - December increased to SEK 1,847m (1,666), mainly reflecting the higher operating income. The higher sales volume had a negative impact on operating working capital, which partly was offset by improved capital efficiency.

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 December 31, 2017, excluding non-controlling interests, increased to SEK 15,665m (14,339), corresponding to SEK 27.3 (25.0) per share after dilution.

Net debt* amounted to SEK 7,199m (6,833). The net pension liability decreased to SEK 1,698m (1,727), other interest-bearing liabilities increased to SEK 8,039m (7,396) and liquid funds and other interest-bearing assets increased to SEK 2,538m (2,290).

The net debt/EBITDA ratio amounted to 1.5 (1.6) and the equity/assets ratio was 44% (44).

*Alternative Performance Measures, see page 17.

PERFORMANCE BY BUSINESS SEGMENT

Husqvarna

SEKm	Q4 2017	Q4 2016	Change, %	Jan-Dec 2017	Jan-Dec 2016	Change, %
Net sales	3,313	3,030	9	19,733	17,960	10
Currency adjusted change*, %	14	-5	-	8	2	-
Operating income	122	74	65	2,740	2,317	18
Operating margin, %	3.7	2.4	-	13.9	12.9	-

*Alternative Performance Measure, refer to page 17.

Net sales in the Husqvarna Division increased by 14% in the fourth quarter, adjusted for changes in exchange rates. For the full-year, the corresponding net sales increase was 8%.

All product categories as well as regions contributed to the sales development in the fourth quarter. The full-year increase in sales was mainly driven by strong performance for robotic lawn mowers and battery-powered products in Europe.

Operating income for the seasonally small fourth quarter increased to SEK 122m (74) and the operating margin increased to 3.7% (2.4). The increased volume impacted positively, while mainly mix and costs for investments in profitable growth initiatives impacted negatively.

For the full-year, operating income increased to SEK 2,740m (2,317). The higher sales volume, reduced direct material costs and improved product quality impacted positively, partly offset by higher costs for profitable growth initiatives.

Changes in exchange rates had a total negative year-on-year impact of around SEK -5m on operating income in the fourth quarter and a favorable impact of around SEK 160m for the full year.

Gardena

SEKm	Q4 2017	Q4 2016	Change, %	Jan-Dec 2017	Jan-Dec 2016	Change, %
Net sales	556	518	7	5,630	5,033	12
<i>Currency adjusted change*, %</i>	7	-1	-	9	8	-
Operating income	-172	-130	-32	706	595	19
<i>Operating margin, %</i>	-30.9	-25.2	-	12.5	11.8	-

*Alternative Performance Measure, refer to page 17.

Net sales in the Gardena Division increased by 7% in the small fourth quarter, adjusted for changes in exchange rates. For the full-year, currency adjusted net sales increased by 9% with increases in robotic lawn mowers, watering products and battery-powered products. Efforts to grow sales in countries outside of the core markets and in new channels also contributed to the good development.

Operating income for the seasonally weak fourth quarter amounted to SEK -172m (-130), partly due to unfavorable mix. For the full-year, operating income increased 19% to SEK 706m (595), mainly as a result of the higher sales volume and efficiency improvements, partly offset by costs for investments in growth activities.

Changes in exchange rates had a total favorable year-on-year impact of around SEK 5m on operating income in the fourth quarter and around SEK 40m for the full year.

Consumer Brands

SEKm	Q4 2017	Q4 2016	Change, %	Jan-Dec 2017	Jan-Dec 2016	Change, %
Net sales	1,042	1,234	-16	9,009	8,888	1
<i>Currency adjusted change*, %</i>	-10	-5	-	-1	-10	-
Operating income	-104	-128	18	-65	3	n/a
<i>Operating margin, %</i>	-10.0	-10.3	-	-0.7	0.0	-

*Alternative Performance Measure, refer to page 17.

Net sales in the Consumer Brands Division decreased by 10% in the fourth quarter and by 1% for the full year, adjusted for changes in exchange rates.

The seasonal operating loss for the fourth quarter was reduced to SEK -104m (-128), mainly as a result of reduced selling and administrative expenses.

The operating income for the full-year decreased to SEK -65m (3). Efficiency improvement measures such as reductions of direct material and manufacturing costs were not enough to offset higher raw material costs and the impact of a challenging U.S. retail market resulting in significant promotional activity. Furthermore, a restructuring of the Nashville footprint impacted with some SEK 30m of one-time costs.

Changes in exchange rates had a total favorable year-on-year impact of around SEK 5m on operating income in the fourth quarter and around SEK 55m for the full-year.

Construction

SEKm	Q4 2017	Q4 2016	Change, %	Jan-Dec 2017	Jan-Dec 2016	Change, %
Net sales	1,217	986	23	5,015	4,101	22
<i>Currency adjusted change*, %</i>	29	5	-	21	4	-
Operating income	132	145	-9	649	568	14
<i>Operating margin, %</i>	10.9	14.7	-	12.9	13.9	-

*Alternative Performance Measure, refer to page 17.

Net sales in the Construction Division increased by 29% in the fourth quarter and by 21% for the full-year, adjusted for changes in exchange rates. Acquired entities Pullman Ermator and HTC contributed with some 15 percentage points of the 21% full-year increase, with good growth in North America as well as in Europe.

Operating income for the fourth quarter amounted to SEK 132m (145) reflecting the improved volume, which was offset by investments in profitable growth initiatives. Prior year's fourth quarter includes a non-recurring item related to pensions of some SEK 25m.

For the full-year operating income increased 14% to SEK 649m (568). It was positively impacted by the increased sales volume but burdened by restructuring costs of approximately SEK 50m. The full-year 2016 included a one-time favorable item of SEK 25m related to pensions.

Changes in exchange rates had a total negative year-on-year impact of around SEK -10m on operating income in the fourth quarter and a neutral impact for the full-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.

789,836 shares were converted in the fourth quarter and in January 2018, another 800 A-shares were converted to B-shares at the request of shareholders. The total number of votes thereafter amounts to 158,895,358.7.

The total number of registered shares in the company at December 31, 2017 amounted to 576,343,778 of which 112,513,001 were A-shares and 463,830,777 were B-shares.

ANNUAL GENERAL MEETING 2018

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

Proposals to the AGM

The notification to the AGM 2018 will be available on the Group's website www.husqvarnagroup.com/agm as of March 7, 2018. The full proposal to the AGM will be published on the Group's website no later than March 20, 2018.

Shareholders who wish to propose an item for the AGM agenda may do so by email to board@husqvarnagroup.com, or by post to Husqvarna AB, General Counsel, PO Box 7454, SE-103 92 Stockholm, if possible by February 20, 2018.

Dividend

The Board of Directors proposes a dividend for 2017 of SEK 2.25 (1.95) per share, corresponding to a total dividend payment of SEK 1,285m (1,114) based on the number of outstanding shares at the end of 2017.

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 0.75 per share in April and the second payment of SEK 1.50 per share in October. The proposed record dates are April 12, 2018 for the first payment and October 12, 2018, for the second payment.

AGREEMENT TO ACQUIRE LIGHT COMPACTION AND CONCRETE EQUIPMENT BUSINESS

In December Husqvarna Group's Construction Division signed an agreement to acquire the Light Compaction & Concrete Equipment business from Atlas Copco.

Atlas Copco Light Compaction & Concrete Equipment, a part of Atlas Copco Power Technique, is a global leader in this business segment and had annual sales of approximately SEK 570m in 2016. The acquisition includes product lines, operations and R&D in Bulgaria, and specific sales and service resources that will reinforce Husqvarna Construction's existing organization. The around 200 employees are predominantly located in Bulgaria but also in all key markets.

This step will further reinforce the Group's leadership position in concrete surfaces and floors and complement the acquisitions of Pullman Ermator and HTC. Atlas Copco's light compaction and concrete product lines are logical expansions of the current product range within Concrete Surfaces & Floors. By adding this new product range, the Construction Division will be able to support customers' through the entire concrete surface or floor creation process.

SUBSEQUENT EVENTS

Changes in Group Management

To manage Husqvarna Group's broad and rapid digital transformation, a new function within Group Management will be created: "Group Digital, Operations and Technology Development". The new function will support the Group's divisions in the digital transformation and safeguard synergies between them.

The new function will be headed by Pavel Hajman, currently President of Husqvarna Division, and consists of the current Group strategic functions Technology Office, Group Operations, Group Information Services (GIS) and the Program Office for Efficiency programs.

Effective February 1, 2018, the following changes will also be made to Group Management:

- Sascha Menges, currently President of Gardena Division will become President of Husqvarna Division
- Pär Åström, currently Senior Vice President Group Business Development, will take on the position as President Gardena Division
- Per Ericson, currently Senior Vice President of People & Organization, will also assume leadership of Group Business Development
- Hillevi Agranius Group CIO, Chief Information Officer will be included in Group Management

As of February 19th, 2018, Mona Abbasi has been recruited for the position as Senior Vice President Group Communications, Brand & Marketing and member of Group Management. Most recently Mona Abbasi held the position as VP Consumer Experience & Brand of the Electrolux Group.

Acquisition of light compaction and concrete equipment business completed

The agreement to acquire Atlas Copco's Light Compaction & Concrete Equipment business, which was signed in December 2017, was completed on February 1, 2018.

PARENT COMPANY

Net sales for January – December 2017 for the Parent Company, Husqvarna AB, amounted to SEK 15,662m (14,231), of which SEK 12,124m (11,024) referred to sales to Group companies and SEK 3,538m (3,207) to external customers.

Income after financial items decreased to SEK 2,894m (4,889), mainly due to higher dividends from subsidiaries last year. Income for the period decreased to SEK 1,852m (4,544). Investments in property, plant and equipment and intangible assets amounted to SEK 997m (756). Cash and cash equivalents amounted to SEK 265m (412) at the end of the year. Undistributed earnings in the Parent Company amounted to SEK 21,914m (21,695).

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 and sales channels 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 year-end 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. Revenue is recognized when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service.

The standard replaces IAS 18 "Revenue" and IAS 11 "Construction contracts" and related interpretations. The standard is effective for annual periods beginning on or after January 1, 2018, where the comparative year will be restated retrospectively. IFRS 15 will not have a significant effect on operating income, net income nor balance sheet amounts. The following areas affects the financial statements:

- some transport/shipping income and expense will be reclassified in the income statement 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 2017 with SEK 880m and reduce the Group's selling expenses by the corresponding amount.
- Expanded disclosures requirements will impact the nature and extent of the Group's disclosures related to revenue.

IFRS 9 "Financial instruments" addresses the classification, measurement and derecognition of financial assets and financial liabilities, impairment of financial assets as well as hedge accounting. IFRS 9 will replace the guidance in IAS 39 that relates to the classification and measurement of financial instruments. The standard is effective for annual periods beginning on or after January 1, 2018, but comparative periods will not be restated. IFRS 9 will not have a significant impact on the financial reports in the Group. Factoring is applied for a limited number of the Group's customers. However not all accounts receivables for these customers are sold and therefore these receivables will be recorded at fair value through other comprehensive income. As per December 31, 2017, the amount recorded in this business model is not significant.

The Group's current hedge relationships qualify as continuing hedges upon the adoption of IFRS 9, no significant impact is expected on the accounting for its hedging relationships. The new impairment model requires the recognition of impairment provisions based on expected credit losses rather than incurred credit losses as is the case under IAS 39. It applies to the Group's financial assets classified at amortized cost as well as financial assets classified at fair value through other comprehensive income and result in an earlier recognition of credit losses. The restatement of the loss allowance provision on transition to IFRS 9 as a result of applying the expected credit loss model will amount to SEK -16m, affecting opening retained earnings.

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

FOOTNOTE

*Alternative Performance Measures, see page 17 "Definitions and reconciliations of Alternative Performance Measures".

AUDITORS' REVIEW REPORT

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

Stockholm, February 2, 2018

Kai Wärm
President and CEO

Consolidated income statement

SEKm	Q4 2017	Q4 2016	Jan-Dec 2017	Jan-Dec 2016
Net sales	6,130	5,768	39,394	35,982
Cost of goods sold	-4,318	-4,062	-26,956	-24,886
Gross income	1,812	1,706	12,438	11,096
<i>Gross margin, %</i>	29.6	29.6	31.6	30.8
Selling expenses	-1,495	-1,381	-6,836	-6,168
Administrative expenses	-448	-437	-1,879	-1,707
Other operating income/expense	61	4	67	-3
Operating income	-70	-108	3,790	3,218
<i>Operating margin, %</i>	-1.1	-1.9	9.6	8.9
Financial items, net	-135	-84	-500	-422
Income after financial items	-205	-192	3,290	2,796
<i>Margin, %</i>	-3.3	-3.3	8.4	7.8
Income tax	266	71	-630	-692
Income for the period	61	-121	2,660	2,104
Income for the period attributable to:				
Equity holders of the Parent Company	61	-120	2,654	2,100
Non-controlling interest	0	-1	6	4
Earnings per share:				
Before dilution, SEK	0.11	-0.21	4.64	3.67
After dilution, SEK	0.10	-0.21	4.62	3.66
Average number of shares outstanding:				
Before dilution, millions	571.1	572.1	572.0	572.3
After dilution, millions	574.2	574.1	574.2	574.1

Key data

<i>Net sales growth, %</i>	6	2	9	-1
Operating income, SEKm	-70	-108	3,790	3,218
<i>Operating margin, %</i>	-1.1	-1.9	9.6	8.9
Average number of employees	12,761	11,923	13,252	12,704

EBITDA*

SEKm				
Operating income	-70	-108	3,790	3,218
Reversal of depreciation, amortization and impairment	331	304	1,315	1,164
EBITDA*	261	196	5,105	4,382
<i>EBITDA margin, %</i>	4.3	3.4	13.0	12.2

*Alternative Performance Measure, refer to page 17 for definitions and reconciliations.

Consolidated comprehensive income statement

SEKm	Q4 2017	Q4 2016	Jan-Dec 2017	Jan-Dec 2016
Income for the period	61	-121	2,660	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	84	175	33	-249
Total items that will not be reclassified to the income statement, net of tax	84	175	33	-249
<i>Items that may be reclassified to the income statement:</i>				
Currency translation differences	-41	247	-693	1,058
Net investment hedge, net of tax	80	-288	632	-605
Cash flow hedges, net of tax	-1	96	-71	-33
Total items that may be reclassified to the income statement, net of tax	38	55	-132	420
Other comprehensive income, net of tax	122	230	-99	171
Total comprehensive income for the period	183	109	2,561	2,275
Total comprehensive income attributable to:				
Equity holders of the Parent Company	183	109	2,555	2,268
Non-controlling interest	0	0	6	7

Consolidated balance sheet

SEKm	Dec. 31, 2017	Dec. 31, 2016
Assets		
Property, plant and equipment	5,806	5,472
Goodwill	6,635	6,014
Other intangible assets	5,122	4,176
Derivatives	4	0
Other non-current assets	527	93
Deferred tax assets	1,197	1,414
Total non-current assets	19,291	17,169
Inventories	9,522	9,225
Trade receivables	3,407	3,290
Derivatives	316	349
Tax receivables	71	41
Other current assets	937	963
Other short-term investments	2	4
Cash and cash equivalents	1,872	1,937
Total current assets	16,127	15,809
Total assets	35,418	32,978
Equity and liabilities		
Equity attributable to equity holders of the Parent Company	15,665	14,339
Non-controlling interests	2	26
Total equity	15,667	14,365
Borrowings	4,684	4,953
Derivatives	28	44
Deferred tax liabilities	1,895	1,656
Provisions for pensions and other post-employment benefits	1,818	1,759
Other provisions	683	824
Total non-current liabilities	9,108	9,236
Trade payables	4,098	3,752
Tax liabilities	345	211
Other liabilities	2,457	2,512
Borrowings	2,913	1,494
Derivatives	414	905
Other provisions	416	503
Total current liabilities	10,643	9,377
Total equity and liabilities	35,418	32,978
Key data		
Operating working capital, SEKm	8,831	8,763
<i>Operating working capital / net sales, %*</i>	25.5	26.6
<i>Return on capital employed, %</i>	14.7	13.7
<i>Return on equity, %</i>	17.4	15.2
Capital turn-over rate, times	1.7	1.7
<i>Equity/assets ratio, %</i>	44	44
Equity per share after dilution, SEK	27.3	25.0
Net debt*		
SEKm		
Net pension liability	1,698	1,727
Other interest-bearing liabilities	8,039	7,396
Less: Liquid funds and other interest-bearing assets	-2,538	-2,290
Net debt*	7,199	6,833
Net debt/equity ratio	0.46	0.48

*Alternative Performance Measure, refer to page 17 for definitions and reconciliations.

Consolidated cash flow statement

SEKm	Q4 2017	Q4 2016	Jan-Dec 2017	Jan-Dec 2016
Cash flow from operations				
Operating income	-70	-108	3,790	3,218
Non cash items	283	165	1,197	1,073
<i>Cash items</i>				
Paid restructuring expenses	-44	-10	-52	-45
Net financial items, received/paid	-107	-58	-467	-353
Taxes paid	-34	-41	-431	-280
Cash flow from operations, excluding change in operating assets and liabilities	28	-52	4,037	3,613
Change in operating assets and liabilities				
Change in inventories	-1,499	-1,334	-567	-821
Change in trade receivables	1,022	1,187	-104	56
Change in trade payables	932	928	406	537
Change in other operating assets/liabilities	-520	-255	-33	170
Cash flow from operating assets and liabilities	-65	526	-298	-58
Cash flow from operations	-37	474	3,739	3,555
Investments				
Acquisitions and divestments of subsidiaries/operations and divestments of property, plant and equipment	9	4	-1,619	59
Investments in property, plant and equipment and intangible assets	-745	-838	-1,892	-1,889
Investments and divestments of financial assets	-3	-	-358	-
Cash flow from investments	-739	-834	-3,869	-1,830
Cash flow from operations and investments	-776	-360	-130	1,725
Financing				
Dividend paid to shareholders	-742	-629	-1,114	-944
Dividend paid to non-controlling interests	-5	-	-10	-1
Other financing activities	-718	-324	1,267	-577
Cash flow from financing	-1,465	-953	143	-1,522
Total cash flow	-2,241	-1,313	13	203
Cash and cash equivalents at beginning of period	4,104	3,223	1,937	1,622
Exchange rate differences referring to cash and cash equivalents	9	27	-78	112
Cash and cash equivalents at end of period	1,872	1,937	1,872	1,937
Operating cash flow*				
SEKm				
Cash flow from operations and investments	-776	-360	-130	1,725
Acquisitions and divestments of subsidiaries/operations and divestments of property, plant and equipment	-9	-4	1,619	-59
Investments and divestments of financial assets	3	-	358	-
Operating cash flow*	-782	-364	1,847	1,666

*Alternative Performance Measure, refer to page 17 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	44	-	44
Transfer of treasury shares ¹	7	-	7
Hedge for LTI-programs	-77	-	-77
Dividend	-944	-1	-945
Total comprehensive income	2,268	7	2,275
Closing balance December 31, 2016	14,339	26	14,365
Opening balance January 1, 2017	14,339	26	14,365
Share-based payment	62	-	62
Transfer of treasury shares ¹	4	-	4
Hedge for LTI-programs	-334	-	-334
Sales of treasury shares	151	-	151
Dividend	-1,114	-15	-1,129
Acquisition of non-controlling interest	4	-17	-13
Divestment of non-controlling interest	-2	2	-
Total comprehensive income	2,555	6	2,561
Closing balance December 31, 2017	15,665	2	15,667

¹Options 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	Dec. 31, 2017		Dec. 31, 2016	
	Book value	Fair value	Book value	Fair value
<i>Non-current borrowings</i>				
Financial leases	198	207	207	221
Loans	4,486	4,560	4,746	4,843
Total non-current borrowings	4,684	4,767	4,953	5,064

Five-year review, Group

	2017	2016	2015	2014 ¹	2013
Net sales, SEKm	39,394	35,982	36,170	32,838	30,307
Net sales growth, %	9.5	-0.5	10.1	8.4	-1.7
Gross margin, %	31.6	30.8	28.1	28.5	26.5
Operating income, SEKm	3,790	3,218	2,827	1,581	1,608
Excluding items affecting comparability*, SEKm	3,790	3,218	2,980	2,348	1,608
Operating margin, %	9.6	8.9	7.8	4.8	5.3
Excluding items affecting comparability*, %	9.6	8.9	8.2	7.2	5.3
Return on capital employed, %	14.7	13.7	12.4	7.6	7.7
Excluding items affecting comparability*, %	14.7	13.7	13.1	11.1	7.7
Return on equity, %	17.4	15.2	14.6	6.7	8.1
Excluding items affecting comparability*, %	17.4	15.2	15.5	12.9	8.1
Capital turn-over rate, times	1.7	1.7	1.7	1.7	1.6
Operating cash flow ^{*2} , SEKm	1,847	1,666	1,732	1,274	1,411
Capital expenditure, SEKm	1,892	1,889	1,388	1,386	1,078
Average number of employees	13,252	12,704	13,572	14,337	14,156

¹ 2014 has been restated due to a correction.

² Hedges related to financing have been moved from operations to financing activities (SEK -64m for 2015, SEK 151m for 2014 and SEK 402m for 2013).

*Alternative Performance Measure, refer to page 17 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	6,130	39,394
	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	-70	3,790
	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	-1.1	9.6
	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	61	2,660
	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	0.10	4.62
	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	39,394
	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	3,790
	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	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 17 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	-	-	-	-	-

*Alternative Performance Measure, refer to page 17 for definitions and reconciliations.

Net sales (external) by segment

SEKm		Q1	Q2	Q3	Q4	Full-year
Husqvarna	2017	6,372	6,314	3,734	3,313	19,733
	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	556	5,630
	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	1,042	9,009
	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	1,217	5,015
	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	2	7
	2016	-	-	-	-	-
	2015	-	-	-	-	-
Total Group	2017	12,746	13,069	7,449	6,130	39,394
	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	122	2,740
	2016	844	1,031	368	74	2,317
	2015	897	1,001	321	14	2,233
	<i>Excl. items affecting comparability*</i>	2015	897	1,001	321	65
Gardena	2017	251	565	62	-172	706
	2016	226	449	50	-130	595
	2015	204	397	113	-128	586
	<i>Excl. items affecting comparability*</i>	2015	204	397	113	-123
Consumer Brands	2017	53	80	-94	-104	-65
	2016	64	147	-80	-128	3
	2015	-11	178	-119	-195	-147
	<i>Excl. items affecting comparability*</i>	2015	-11	178	-119	-168
Construction	2017	141	233	143	132	649
	2016	89	179	155	145	568
	2015	74	160	144	17	395
	<i>Excl. items affecting comparability*</i>	2015	74	160	144	87
Group common costs	2017	-67	-62	-63	-48	-240
	2016	-57	-77	-62	-69	-265
	2015	-52	-61	-54	-73	-240
Total Group	2017	1,425	2,002	433	-70	3,790
	2016	1,166	1,729	431	-108	3,218
	2015	1,112	1,675	405	-365	2,827
	<i>Excl. items affecting comparability*</i>	2015	1,112	1,675	405	-212

*Alternative Performance Measure, refer to page 17 for definitions and reconciliations.

Operating margin by segment

%		Q1	Q2	Q3	Q4	Full-year
Husqvarna	2017	16.4	18.8	10.3	3.7	13.9
	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	-30.9	12.5
	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	-10.0	-0.7
	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	10.9	12.9
	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	-1.1	9.6
	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 17 for definitions and reconciliations.

Net assets by segment

SEKm	Assets		Liabilities		Net Assets	
	Dec. 31, 2017	Dec. 31, 2016	Dec. 31, 2017	Dec. 31, 2016	Dec. 31, 2017	Dec. 31, 2016
Husqvarna	12,890	12,317	3,863	3,642	9,027	8,675
Gardena	7,430	6,952	1,034	808	6,396	6,144
Consumer Brands	5,622	6,259	1,451	2,003	4,171	4,256
Construction	5,514	3,627	918	660	4,596	2,967
Other	1,304	1,501	2,628	2,345	-1,324	-844
Total	32,760	30,656	9,894	9,458	22,866	21,198

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	Q4 2017	Q4 2016	Jan-Dec 2017	Jan-Dec 2016
Net sales	2,944	2,896	15,662	14,231
Cost of goods sold	-2,526	-2,681	-11,610	-10,288
Gross income	418	215	4,052	3,943
Selling expense	-335	143	-1,327	-1,139
Administrative expense	-252	-254	-1,016	-927
Other operating income/expense	0	0	0	1
Operating income	-169	104	1,709	1,878
Financial items, net	436	-412	1,185	3,011
Income after financial items	267	-308	2,894	4,889
Appropriations	-715	101	-759	-204
Income before taxes	-448	-207	2,135	4,685
Tax on profit for the year	227	60	-283	-141
Income for the period	-221	-147	1,852	4,544

Balance sheet

SEKm	Dec. 31, 2017	Dec. 31, 2016
Non-current assets	33,343	32,473
Current assets	7,774	6,700
Total assets	41,117	39,173
Equity	23,679	23,044
Untaxed reserves	806	-
Provisions	78	108
Non-current liabilities	4,250	4,591
Current liabilities	12,304	11,430
Total equity and liabilities	41,117	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>	-880,908	880,908	-	-
<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 December 31, 2017¹	112,513,001	458,630,777	5,200,000	576,343,778

¹In January 2018, 800 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 8.

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 13. 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 13.

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 10.

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/operations, divestments of property plant and equipment and investments/divestments of financial assets. For a reconciliation of operating cash flow refer to page 11.

Operating working capital/net sales

Operating working capital, measured as the average of the last four quarters, as a percentage of net sales for 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 February 2, 2018. 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

April 24	Interim report for January-March
July 17	Interim report for January-June
October 19	Interim report for January-September

The Group's Annual Report 2017 and the Sustainability Report 2017 will be available on www.husqvarnagroup.com as of week 12.

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

CONTACTS

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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 February 2, 2018.

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.