INTERIM REPORT JANUARY – JUNE 2018

Stockholm July 17, 2018

Kai Wärn, President and CEO:

"Demand in the forest and garden markets was strong in the second quarter, following the slow, weather-impacted start to the season in the first quarter. Sales for the Group grew 7% currency adjusted in the quarter as all three profitable growth divisions continued to develop positively. Operating income for our three divisions in profitable growth increased, but this was more than offset by a weaker development for the Consumer Brands Division. Operating income was negatively impacted by higher raw material costs, a strained supply chain and continued investments in profitable growth initiatives. Altogether, the Group operating income of SEK 1,925m (2,002) was slightly below last year and the operating margin dropped to 13.5% (15.3).

Sales for the Husqvarna Division increased 6% adjusted for currency, driven by higher sales of robotic lawn mowers and other battery-powered products as well as of ride-on and walk behind lawnmowers. Operating income reached SEK 1,201m (1,180). The Gardena Division had another good quarter with double-digit growth as geographic expansion and product launches continued to yield strong sales. Operating income exceeded last year's strong quarter, amounting to SEK 585m (565). Operating income for the Consumer Brands Division declined to SEK -37m (86), mainly burdened by raw material cost inflation and a continued challenging U.S. retail market environment.

The Construction Division continued to focus on delivering organic growth at the same time as the integration of acquired entities was finalized. The total currency adjusted sales growth was 16% in the quarter, of which 8% was organic, with a good sales development in all regions. Operating income increased to SEK 251m (233) while the margin declined as the acquired light compaction business has a lower operating margin.

Going forward we have decided to further increase focus and efforts on premium offerings under the core brands of Husqvarna and Gardena. Decisive steps are being taken to resolve the underperforming Consumer Brands Division, where our presence in certain low price point product segments and brands will be exited. As a consequence, the Consumer Brands Division will be reduced in size and the remaining parts folded into the Husqvarna and Gardena divisions. The external financial segment reporting will be changed as of January 1, 2019. Further details are expected to be communicated latest in conjunction with the announcement of the third quarter results in October."

Second quarter 2018

- Net sales increased to SEK 14,270m (13,069), corresponding to a currency adjusted* increase of 7%.
- Operating income amounted to SEK 1,925m (2,002).
- Operating margin was 13.5% (15.3).
- Operating cash flow* declined to SEK 2,059m (3,634).
- Decision to further increase focus on core brands Husqvarna and Gardena and to restructure Consumer Brands Division (see page 5 and separate press release).

Group SEKm	Q2 2018	Q2 2017	Change, %	Jan-Jun 2018	Jan-Jun 2017	Change, %	LTM*[1,2]	FY 2017
Net sales	14,270	13,069	9	26,573	25,815	3	40,152	39,394
Currency adjusted change, %*	*7*	*8*	-	*3*	*8*	-	-	*7*
Operating income	1,925	2,002	-4	3,298	3,427	-4	3,661	3,790
Operating margin, %	*13.5*	*15.3*	-	*12.4*	*13.3*	-	*9.1*	*9.6*
Income for the period	1,380	1,401	-1	2,320	2,389	-3	2,591	2,660
Earnings per share after dilution, SEK	2.41	2.43	-1	4.05	4.15	-2	4.52	4.62
Net sales, Divisions								
Husqvarna[2]	6,719	6,164	9	12,768	12,300	4	19,677	19,209
Gardena	2,770	2,326	19	4,829	4,041	20	6,418	5,630
Consumer Brands[2]	3,183	3,237	-2	6,042	6,934	-13	8,641	9,533
Construction	1,590	1,341	19	2,918	2,538	15	5,395	5,015
Operating income, Divisions								
Husqvarna[2]	1,201	1,180	2	2,271	2,212	3	2,786	2,727
Gardena	585	565	4	886	816	9	776	706
Consumer Brands[2]	-37	86	n/a	-100	154	n/a	-306	-52
Construction	251	233	8	409	374	9	684	649

* Alternative Performance Measure, refer to page 22 for definitions and reconciliations. [1] Last twelve months.

[2] Restatement of 2017 amounts due to reclassification of certain sales between segments, for further information refer to pages 18-20.

Address	Visiting address	Telephone	Reg. No.	Web site	NASDAQ OMX Stockholm
Husqvarna AB (publ)	Regeringsgatan 28	+46 8 738 90 00	556000-5331	www.husqvarnagroup.com	HUSQ A
Box 7454					HUSQ B
SE-103 92 Stockholm					
Sweden					

SECOND QUARTER

Net sales
Net sales for the second quarter 2018 increased by 9% to SEK 14,270m (13,069). Adjusted for changes in exchange rates, net sales increased 7%.

Operating income
Operating income for the second quarter amounted to SEK 1,925m (2,002) and the corresponding operating margin declined to 13.5% (15.3). The higher sales impacted positively but was more than offset by higher raw material costs, a strained supply chain and continued investments in profitable growth initiatives.

Changes in exchange rates had a total positive year-on-year impact on operating income of approximately SEK 80m compared to the second quarter previous year, which was offset by higher raw material prices of the same amount.

Financial items net
Financial items net amounted to SEK -130m (-123).

Income after financial items
Income after financial items amounted to SEK 1,795m (1,879).

Taxes
Income tax amounted to SEK -415m (-478) corresponding to a tax rate of 23% (25). The Swedish deferred tax position has been revalued using the decreased corporate tax rates that were decided by the Swedish Government, the impact was insignificant.

Earnings per share
Income for the period attributable to equity holders of the Parent Company amounted to SEK 1,380m (1,398), corresponding to SEK 2.41 (2.43) per share after dilution.

JANUARY - JUNE

Net sales
Net sales for January - June 2018 increased by 3% to SEK 26,573m (25,815). Adjusted for changes in exchange rates, the increase was also 3%.

Operating income
Operating income for January - June amounted to SEK 3,298m (3,427) and the corresponding operating margin was 12.4% (13.3). The higher sales impacted positively but was more than offset by higher raw material costs, a strained supply chain and continued investments in profitable growth initiatives.

Changes in exchange rates had a total positive year-on-year impact on operating income of approximately SEK 140m compared to January - June previous year, which was offset by higher raw material prices of the same amount.

Financial items net
Financial items net amounted to SEK -267m (-261).

Income after financial items
Income after financial items increased to SEK 3,031m (3,166).

Taxes
Income tax amounted to SEK -711m (-777) corresponding to a tax rate of 23% (25). The Swedish deferred tax position has been revalued using the decreased corporate tax rates that were decided by the Swedish Government, the impact was insignificant.

Earnings per share

Income for the period attributable to equity holders of the Parent Company decreased to SEK 2,319m (2,383), corresponding to SEK 4.05 (4.15) per share after dilution.

OPERATING CASH FLOW

Operating cash flow* for January - June declined to SEK 733m (1,497), mainly as a result of higher sales impacting the accounts receivables negatively, higher capital expenditures to support future profitable growth and by higher taxes paid mainly related to a settlement of a tax dispute.

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 June 30, 2018, excluding non-controlling interests, increased to SEK 17,276m (15,491), corresponding to SEK 30.2 (27.0) per share after dilution.

Net debt* increased to SEK 8,862m (7,602). The net pension liability decreased to SEK 1,747m (1,809), other interest-bearing liabilities increased to SEK 9,861m (8,312) and liquid funds and other interest-bearing assets increased to SEK 3,603m (3,263).

The net debt/EBITDA ratio increased to 1.6 (1.5) and the equity/assets ratio was 41% (41).

**Alternative Performance Measures, refer to page 22.*

PERFORMANCE BY BUSINESS SEGMENT

Husqvarna

SEKm	**Q2 2018**	Q2 2017 [1]	Change, %	**Jan-Jun 2018**	Jan-Jun 2017 [1]	Change, %	LTM *[1, 2]	Full-year 2017 [1]
Net sales	6,719	6,164	9	12,768	12,300	4	19,677	19,209
Currency adjusted change, %*	*6*	*5*	-	*3*	*8*	-	-	*8*
Operating income	1,201	1,180	2	2,271	2,212	3	2,786	2,727
Operating margin, %	*17.9*	*19.1*	-	*17.8*	*18.0*	-	*14.2*	*14.2*

*Alternative Performance Measure, refer to page 22.
[1]Restatement due to reclassification of certain sales between segments, for further information refer to pages 18 and 20.
[2]Last twelve months.

Net sales in the Husqvarna Division increased by 9% in the second quarter, adjusted for changes in exchange rates net sales increased by 6%.

Following the late spring in Europe and North America, demand and sales picked up in both markets during the second quarter. The growth was driven by robotic lawnmowers and other battery-powered products as well as petrol-powered lawnmowers.

Operating income increased to SEK 1,201m (1,180), while the operating margin decreased to 17.9% (19.1). The volume growth impacted positively while product mix and costs for investments in profitable growth initiatives impacted negatively.

Changes in exchange rates had a total favorable year-on-year impact of around SEK 25m on operating income in the second quarter.

Gardena

SEKm	**Q2 2018**	Q2 2017	Change, %	**Jan-Jun 2018**	Jan-Jun 2017	Change, %	LTM *[1]	Full-year 2017
Net sales	2,770	2,326	19	4,829	4,041	20	6,418	5,630
Currency adjusted change, %*	*12*	*11*	-	*14*	*10*	-	-	*9*
Operating income	585	565	4	886	816	9	776	706
Operating margin, %	*21.1*	*24.3*	-	*18.3*	*20.2*	-	*12.1*	*12.5*

*Alternative Performance Measure, refer to page 22. [1] Last twelve months.

Net sales in the Gardena Division increased by 19% in the second quarter, or 12% adjusted for changes in exchange rates. Efforts to grow sales in countries outside of Gardena's core markets and launching new products continued to yield good results and all product categories showed good growth.

Operating income increased to SEK 585m (565), positively impacted by the higher sales volume which partly was offset by unfavorable product mix, a strained supply chain and investments in profitable growth initiatives. The operating margin dropped to 21.1% (24.3).

Changes in exchange rates had a total favorable year-on-year impact of around SEK 40m on operating income in the second quarter.

Consumer Brands

SEKm	**Q2 2018**	Q2 2017 [1]	Change, %	**Jan-Jun 2018**	Jan-Jun 2017 [1]	Change, %	LTM *[1, 2]	Full-year 2017 [1]
Net sales	3,183	3,237	-2	6,042	6,934	-13	8,641	9,533
Currency adjusted change, %*	*-2*	*9*	-	*-10*	*2*	-	-	*-1*
Operating income	-37	86	n/a	-100	154	n/a	-306	-52
Operating margin, %	*-1.1*	*2.7*	-	*-1.7*	*2.2*	-	*-3.5*	*-0.5*

*Alternative Performance Measure, refer to page 22.

[1]Restatement due to reclassification of certain sales between segments, for further information refer to pages 18 and 20.

[2]Last twelve months.

Net sales in the Consumer Brands Division decreased by 2% in the second quarter. In the aftermath of the business volume reduction with one of the Group's biggest retail customers in the U.S., wheeled products such as lawn mowers declined while sales of handheld and electrical products increased.

Operating income decreased to SEK -37m (86) mainly as a result of further increasing raw material prices and a continued challenging U.S. retail market environment.

Changes in exchange rates had a limited impact on operating income in the second quarter.

Construction

SEKm	**Q2 2018**	Q2 2017	Change, %	**Jan-Jun 2018**	Jan-Jun 2017	Change, %	LTM *[1]	Full-year 2017
Net sales	1,590	1,341	19	2,918	2,538	15	5,395	5,015
Currency adjusted change, %*	*16*	*16*	-	*16*	*17*	-	-	*21*
Operating income	251	233	8	409	374	9	684	649
Operating margin, %	*15.8*	*17.4*	-	*14.0*	*14.7*	-	*12.7*	*12.9*

*Alternative Performance Measure, refer to page 22. [1] Last twelve months.

Net sales in the Construction Division increased by 19% in the second quarter, or by 16% adjusted for changes in exchange rates. Acquired entities contributed with approximately 8 percentage points of the currency adjusted increase. All regions showed good sales growth.

Operating income increased by 8% to SEK 251m (233). The higher sales volume impacted positively while product and customer mix as well as costs for integrating the Light Compaction and Concrete Equipment business acquired in February this year had an adverse effect.

Changes in exchange rates had a total favorable year-on-year impact of around SEK 15m on operating income in the second quarter.

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.

52 shares were converted in the second quarter 2018. The total number of votes thereafter amounts to 158,829,971.

The total number of registered shares in the company at June 30, 2018 amounted to 576,343,778 of which 112,439,548 were A-shares and 463,904,230 were B-shares.

PARENT COMPANY

Net sales for January – June 2018 for the Parent Company, Husqvarna AB, amounted to SEK 10,943m (10,073), of which SEK 8,720m (7,880) referred to sales to Group companies and SEK 2,223m (2,193) to external customers.

Income after financial items amounted to SEK 189m (2,209). Income for the period decreased to SEK 133m (1,708). Investments in property, plant and equipment and intangible assets amounted to SEK 669m (376). Cash and cash equivalents amounted to SEK 1,095m (604) at the end of the quarter. Undistributed earnings in the Parent Company amounted to SEK 20,511m (22,062).

CHANGES IN GROUP MANAGEMENT

Jan Ytterberg, Chief Financial Officer, has decided to leave the Group to take on the position as Chief Financial Officer of Volvo Group. The date on which Jan Ytterberg will leave his position is yet to be decided.

Mona Abbasi, SVP, Group Communications, Brand & Marketing, has decided to leave the Group due to personal reasons. Per Ericson, SVP Group Staff People & Organization, Business Development has been appointed Acting Group Communications, Brand & Marketing until a successor is in place.

SUBSEQUENT EVENTS

Increased focus on core brands Husqvarna and Gardena and restructuring of the Consumer Brands Division

In a press release on July 17, 2018, it was announced that Husqvarna Group will further increase focus and efforts on its future premium product and service offerings under the core brands of Husqvarna and Gardena while decisive steps are taken to resolve the underperforming Consumer Brands Division. The presence in certain consumer segments will be exited. As a consequence of the future direction, the Consumer Brands Division will be dissolved into the Husqvarna and Gardena divisions.

Husqvarna Group will gradually exit from low price point product segments and brands, particularly in petrol-powered walk-behind lawnmowers and garden tractors. The extent of the exits and associated adjustments to the manufacturing footprint and brand portfolio are being reviewed. The changes will be realized in two steps, as commitments for the 2019 season will be honored. The second step for 2020 is being reviewed. The net sales impact for 2019 is close to SEK 2 billion but will have a favorable impact on the Group’s operating margin.

The North American operations of the Consumer Brands Division will be folded into the Husqvarna Division and the European and Asian operations will fold into the Gardena Division, starting immediately and be fully implemented by year-end. Subsequently, the external financial segment reporting will be changed as of January 1, 2019. The goodwill is not expected to be impacted.

Additional information and details on the outcome of the review, including estimated onetime effects impacting both the income and cash flow, are expected to be communicated latest in conjunction with the Group’s interim report for the third quarter 2018 on October 20. The Construction Division is not affected by the changes.

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 the Annual Report 2017 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 2017, which is available at www.husqvarnagroup.com/ir.

New standards applicable from January 1, 2018

Husqvarna Group applies IFRS 15 "Revenue From Contracts with Customers" from January 1, 2018. IFRS 15 replaces IAS 18 "Revenue" and IAS 11 "Construction contracts". IFRS 15 establishes a new principle based model of recognizing revenue from customer contracts. Husqvarna Group have chosen the full retrospective method, hence the comparative figures for 2017 have been restated in this report. IFRS 15 has not had an impact on operating income, net income nor balance sheet amounts. The opening balance for 2017 has not been affected by IFRS 15. For further information on transition to IFRS 15 and restatement, refer to pages 18 and 19.

Husqvarna Group applies IFRS 9 "Financial Instruments" from January 1, 2018. IFRS 9 replaces IAS 39 "Financial instruments: recognition and measurement". The Group applies IFRS 9 retrospectively on the effective date January 1, 2018, which means that the opening retained earnings January 1, 2018 will be affected but the comparative information will not be restated. IFRS 9 does not have a significant impact on the financial reports in the Group. For further information on transition to IFRS 9 and restatement, refer to pages 18 and 20.

New standards applicable from January 1, 2019

IFRS 16 "Leases" replaces IAS 17 "Leases" and is effective for annual periods beginning on or after January 1, 2019. The new standard will result in most leases being recognized on the balances sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased asset) and a financial liability (the obligation to make lease payments) are recognized, with exceptions for short-term leases and low-value assets. The standard will affect the accounting for the Group's operating leases (mainly buildings, cars and fork lifts). The Group has an ongoing project to handle the transition where an IT solution has been implemented and the full impact of IFRS 16 is currently being assessed. The Group had non-cancellable operating lease commitments of some SEK 1.7 billion on December 31, 2017.

RECLASSIFICATIONS

Reclassification of certain income and expenses related to changes in exchange rates

Certain income and expenses, such as change in value of currency hedging contracts and the translation of assets and liabilities in foreign currency, previously recorded in selling expenses have been reclassified to cost of goods sold. The reclassification will better reflect the underlying performance of selling expenses and cost of goods sold. The comparative amounts for 2017 have been restated. For further information see pages 18 and 20.

Reclassification of certain sales between segments

To better reflect the responsibilities in the reporting, certain retail sales and costs have been transferred to Consumer Brands Division from Husqvarna Division in 2018. The comparative amounts for 2017 have been restated. For further information see pages 18 and 20.

The Board of Directors and the President and CEO certify that the interim report gives a fair view of the performance of the business, position and income statements of the Parent Company and Husqvarna Group, and describes the principal risks and uncertainties to which the Parent Company and the Group is exposed.

Stockholm, July 16, 2018

Tom Johnstone
Chairman of the Board

Ulla Litzén
Board member

Katarina Martinson
Board member

Bertrand Neuschwander
Board member

Daniel Nodhäll
Board member

Lars Pettersson
Board member

Christine Robins
Board member

Kai Wärn
President and CEO
and Board member

Soili Johansson
Board member and
employee representative

Carita Svärd
Board member and
employee representative

REVIEW REPORT

Husqvarna AB (publ), corporate identity number 556000-5331

To the Board of Directors of Husqvarna AB (publ)

Introduction

We have reviewed the condensed interim report for Husqvarna AB (publ) as at June 30, 2018 and for the six months period then ended. The Board of Directors and the CEO are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

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

Conclusion

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

Stockholm, July 16, 2018
Ernst & Young AB

Hamish Mabon
Authorized Public Accountant

Consolidated income statement

SEKm	Q2 2018	Q2 2017	Jan-Jun 2018	Jan-Jun 2017	Full-year 2017
Net sales	14,270	13,069	26,573	25,815	39,394
Cost of goods sold[1]	-9,981	-8,918	-18,737	-18,152	-27,922
Gross income	**4,289**	**4,151**	**7,836**	**7,663**	**11,472**
Gross margin, %	*30.1*	*31.8*	*29.5*	*29.7*	*29.1*
Selling expenses[1]	-1,838	-1,694	-3,505	-3,294	-5,870
Administrative expenses	-570	-458	-1,076	-947	-1,879
Other operating income/expense	44	3	43	5	67
Operating income	**1,925**	**2,002**	**3,298**	**3,427**	**3,790**
Operating margin, %	*13.5*	*15.3*	*12.4*	*13.3*	*9.6*
Financial items, net	-130	-123	-267	-261	-500
Income after financial items	**1,795**	**1,879**	**3,031**	**3,166**	**3,290**
Margin, %	*12.6*	*14.4*	*11.4*	*12.3*	*8.4*
Income tax	-415	-478	-711	-777	-630
Income for the period	**1,380**	**1,401**	**2,320**	**2,389**	**2,660**
Income for the period attributable to:					
Equity holders of the Parent Company	1,380	1,398	2,319	2,383	2,654
Non-controlling interest	0	3	1	6	6
Earnings per share:					
Before dilution, SEK	2.42	2.44	4.06	4.16	4.64
After dilution, SEK	2.41	2.43	4.05	4.15	4.62
Average number of shares outstanding:					
Before dilution, millions	571.5	572.6	571.3	572.3	572.0
After dilution, millions	572.8	574.2	572.6	574.2	574.2

Key data

	Q2 2018	Q2 2017	Jan-Jun 2018	Jan-Jun 2017	Full-year 2017
Net sales growth, %	*9*	*14*	*3*	*13*	*9*
Operating income, SEKm	1,925	2,002	3,298	3,427	3,790
Operating margin, %	*13.5*	*15.3*	*12.4*	*13.3*	*9.6*
Average number of employees	13,943	13,618	13,672	13,770	13,252

EBITDA*

SEKm	Q2 2018	Q2 2017	Jan-Jun 2018	Jan-Jun 2017	Full-year 2017
Operating income	1,925	2,002	3,298	3,427	3,790
Reversal of depreciation, amortization and impairment	378	348	721	675	1,315
EBITDA*	**2,303**	**2,350**	**4,019**	**4,102**	**5,105**
EBITDA margin, %	*16.1*	*18.0*	*15.1*	*15.9*	*13.0*

*Alternative Performance Measure, refer to page 22 for definitions and reconciliations.

[1]Restatement of 2017 due to IFRS 15 transition and reclassification of certain exchange rate effects, for further information refer to page 18-19.

Consolidated comprehensive income statement

SEKm	**Q2 2018**	Q2 2017	**Jan-Jun 2018**	Jan-Jun 2017	Full-year 2017
Income for the period	**1,380**	**1,401**	**2,320**	**2,389**	**2,660**
Other comprehensive income					
Items that will not be reclassified to the income statement:					
Remeasurements on defined benefit pension plans, net of tax	-29	-54	22	-54	33
Total items that will not be reclassified to the income statement, net of tax	**-29**	**-54**	**22**	**-54**	**33**
Items that may be reclassified to the income statement:					
Currency translation differences	831	-351	1,361	-413	-693
Net investment hedge, net of tax	-675	274	-842	383	632
Cash flow hedges, net of tax	70	-9	33	-19	-71
Total items that may be reclassified to the income statement, net of tax	**226**	**-86**	**552**	**-49**	**-132**
Other comprehensive income, net of tax	**197**	**-140**	**574**	**-103**	**-99**
Total comprehensive income for the period	**1,577**	**1,261**	**2,894**	**2,286**	**2,561**
Total comprehensive income attributable to:					
Equity holders of the Parent Company	1,577	1,259	2,893	2,281	2,555
Non-controlling interest	0	2	1	5	6

Consolidated balance sheet

SEKm	**Jun. 30, 2018**	Jun. 30, 2017	Dec. 31, 2017
Assets			
Property, plant and equipment	6,246	5,445	5,806
Goodwill	7,156	6,679	6,635
Other intangible assets	5,533	4,939	5,122
Derivatives	-	8	4
Other non-current assets	555	100	527
Deferred tax assets	1,264	1,333	1,197
Total non-current assets	**20,754**	**18,504**	**19,291**
Inventories	9,434	8,116	9,522
Trade receivables	8,107	7,149	3,407
Derivatives	462	644	316
Tax receivables	72	72	71
Other current assets	841	851	937
Other short-term investments	2	0	2
Cash and cash equivalents	2,762	2,611	1,872
Total current assets	**21,680**	**19,443**	**16,127**
Total assets	**42,434**	**37,947**	**35,418**
Equity and liabilities			
Equity attributable to equity holders of the Parent Company	17,276	15,491	15,665
Non-controlling interests	2	32	2
Total equity	**17,278**	**15,523**	**15,667**
Borrowings	6,249	5,995	4,684
Derivatives	48	33	28
Deferred tax liabilities	1,775	1,838	1,895
Provisions for pensions and other post-employment benefits	1,874	1,841	1,818
Other provisions	720	746	683
Total non-current liabilities	**10,666**	**10,453**	**9,108**
Trade payables	5,472	4,497	4,098
Tax liabilities	484	711	345
Other liabilities	3,662	3,087	2,457
Dividend payable	857	744	-
Borrowings	2,710	2,061	2,913
Derivatives	854	223	414
Other provisions	451	648	416
Total current liabilities	**14,490**	**11,971**	**10,643**
Total equity and liabilities	**42,434**	**37,947**	**35,418**

Key data

Operating working capital, SEKm	12,069	10,768	8,831
*Operating working capital / net sales, %**	*26.5*	*26.8*	*25.5*
Return on capital employed, %	*13.4*	*15.1*	*14.7*
Return on equity, %	*16.0*	*16.8*	*17.4*
Capital turn-over rate, times	1.7	1.7	1.7
Equity/assets ratio, %	*41*	*41*	*44*
Equity per share after dilution, SEK	30.2	27.0	27.3

Net debt*

SEKm			
Net pension liability	1,747	1,809	1,698
Other interest-bearing liabilities	9,861	8,312	8,039
Dividend payable	857	744	-
Less: Liquid funds and other intrest-bearing assets	-3,603	-3,263	-2,538
Net debt*	**8,862**	**7,602**	**7,199**
Net debt/equity ratio	0.51	0.49	0.46

*Alternative Performance Measure, refer to page 22 for definitions and reconciliations.

Consolidated cash flow statement

SEKm	**Q2 2018**	Q2 2017	**Jan-Jun 2018**	Jan-Jun 2017	Full-year 2017
Cash flow from operations					
Operating income	1,925	2,002	3,298	3,427	3,790
Non cash items	294	393	674	805	1,197
Cash items					
Paid restructuring expenses	-7	-2	-11	-3	-52
Net financial items, received/paid	-139	-161	-255	-244	-467
Taxes paid	-448	-138	-564	-312	-431
Cash flow from operations, excluding change in operating assets and liabilities	**1,625**	**2,094**	**3,142**	**3,673**	**4,037**
Change in operating assets and liabilities					
Change in inventories	1,147	948	673	930	-567
Change in trade receivables	28	1,527	-4,380	-3,864	-104
Change in trade payables	-729	-871	1,078	801	406
Change in other operating assets/liabilities	489	328	1,160	693	-33
Cash flow from operating assets and liabilities	**935**	**1,932**	**-1,469**	**-1,440**	**-298**
Cash flow from operations	**2,560**	**4,026**	**1,673**	**2,233**	**3,739**
Investments					
Acquisitions and divestments of subsidiaries/operations and divestments of property, plant and equipment	21	-687	-272	-1,629	-1,619
Investments in property, plant and equipment and intangible assets	-501	-392	-940	-736	-1,892
Investments and divestments of financial assets	-	-	-1	-	-358
Cash flow from investments	**-480**	**-1,079**	**-1,213**	**-2,365**	**-3,869**
Cash flow from operations and investments	**2,080**	**2,947**	**460**	**-132**	**-130**
Financing					
Dividend paid to shareholders	-428	-372	-428	-372	-1,114
Dividend paid to non-controlling interests	-1	-1	-6	-1	-10
Other financing activities	-1,335	-1,963	793	1,191	1,267
Cash flow from financing	**-1,764**	**-2,336**	**359**	**818**	**143**
Total cash flow	**316**	**611**	**819**	**686**	**13**
Cash and cash equivalents at beginning of period	2,426	2,021	1,872	1,937	1,937
Exchange rate differences referring to cash and cash equivalents	20	-21	71	-12	-78
Cash and cash equivalents at end of period	**2,762**	**2,611**	**2,762**	**2,611**	**1,872**

Operating cash flow*

SEKm					
Cash flow from operations and investments	2,080	2,947	460	-132	-130
Acquisitions and divestments of subsidiaries/operations and divestments of property, plant and equipment	-21	687	272	1,629	1,619
Investments and divestments of financial assets	-	-	1	-	358
Operating cash flow*	**2,059**	**3,634**	**733**	**1,497**	**1,847**

*Alternative Performance Measure, refer to page 22 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, 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**
IFRS 9 restatement (see pages 18 and 20)	-12	-	-12
Opening balance January 1, 2018	**15,653**	**2**	**15,655**
Share-based payment	15	-	15
Dividend	-1,285	-1	-1,286
Total comprehensive income	2,893	1	2,894
Closing balance June 30, 2018	**17,276**	**2**	**17,278**

[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 2017. The carrying value approximates fair value for all financial instruments except for non-current borrowings, which are shown in the table below.

	Jun. 30, 2018		Jun. 30, 2017		Dec. 31, 2017	
SEKm	**Book value**	**Fair value**	Book value	Fair value	Book value	Fair value
Non-current borrowings						
Financial leases	190	199	188	198	198	207
Loans	6,059	6,164	5,807	5,939	4,486	4,560
Total non-current borrowings	**6,249**	**6,363**	**5,995**	**6,137**	**4,684**	**4,767**

Five-year review, Group

	2017	2016	2015	2014	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, % [1]	*29.1*	*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] 2017 has been restated due to IFRS 15 transition and reclassification of certain exchange rate effects, for further information refer to page 18-19.
[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 22 for definitions and reconciliations.

Net sales and income by quarter, Group

SEKm		Q1	Q2	Q3	Q4	Full-year
Net sales, finished goods	**2018**	12,248	**14,184**			
	2017	12,734	13,058	7,437	6,117	39,346
Net sales, services, royalty and other	**2018**	55	**86**			
	2017	12	11	12	13	48
Net sales total	**2018**	12,303	**14,270**			
	2017	12,746	13,069	7,449	6,130	39,394
	2016	11,361	11,504	7,349	5,768	35,982
Operating income	**2018**	1,373	**1,925**			
	2017	1,425	2,002	433	-70	3,790
	2016	1,166	1,729	431	-108	3,218
Operating margin, %	***2018***	*11.2*	***13.5***			
	2017	*11.2*	*15.3*	*5.8*	*-1.1*	*9.6*
	2016	*10.3*	*15.0*	*5.9*	*-1.9*	*8.9*
Income for the period	**2018**	940	**1,380**			
	2017	988	1,401	210	61	2,660
	2016	761	1,259	205	-121	2,104
Earnings per share after dilution, SEK	**2018**	1.64	**2.41**			
	2017	1.72	2.43	0.37	0.10	4.62
	2016	1.32	2.19	0.36	-0.21	3.66

Net sales and operating income, last twelve months, Group

SEKm		Q1	Q2	Q3	Q4
Net sales	**2018**	38,951	**40,152**		
	2017	37,367	38,932	39,032	39,394
	2016	36,603	35,844	35,886	35,982
Operating income	**2018**	3,738	**3,661**		
	2017	3,477	3,750	3,752	3,790
	2016	2,881	2,935	2,961	3,218
*Excl. items affecting comparability**	*2016*	*3,034*	*3,088*	*3,114*	*3,218*
Operating margin, %	***2018***	*9.6*	***9.1***		
	2017	*9.3*	*9.6*	*9.6*	*9.6*
	2016	*7.9*	*8.2*	*8.3*	*8.9*
*Excl. items affecting comparability**	*2016*	*8.3*	*8.6*	*8.7*	*8.9*

*Alternative Performance Measure, refer to page 22 for definitions and reconciliations.

Items affecting comparability*

SEKm		Q1	Q2	Q3	Q4	Full-year
No items	**2018**	-	**-**			
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 22 for definitions and reconciliations.

Net sales (external) by segment

SEKm		Q1	Q2	Q3	Q4	Full-year
Husqvarna	**2018**	6,049	**6,719**			
	2017 [2]	6,136	6,164	3,669	3,240	19,209
	2016	5,457	5,721	3,752	3,030	17,960
Gardena	**2018**	2,059	**2,770**			
	2017	1,715	2,326	1,033	556	5,630
	2016	1,518	1,995	1,002	518	5,033
Consumer Brands	**2018**	2,859	**3,183**			
	2017 [2]	3,697	3,237	1,484	1,115	9,533
	2016	3,419	2,682	1,553	1,234	8,888
Construction	**2018**	1,328	**1,590**			
	2017	1,197	1,341	1,260	1,217	5,015
	2016	967	1,106	1,042	986	4,101
Group common costs [1]	**2018**	8	**8**			
	2017	1	1	3	2	7
	2016	-	-	-	-	-
Total Group	**2018**	12,303	**14,270**			
	2017	12,746	13,069	7,449	6,130	39,394
	2016	11,361	11,504	7,349	5,768	35,982

[1] Royalty income is included in Group common costs.

[2] Restatement due to reclassification of certain sales between segments, for further information refer to pages 18 and 20.

Operating income by segment

SEKm		Q1	Q2	Q3	Q4	Full-year
Husqvarna	**2018**	1,070	**1,201**			
	2017 [1]	1,032	1,180	388	127	2,727
	2016	844	1,031	368	74	2,317
Gardena	**2018**	301	**585**			
	2017	251	565	62	-172	706
	2016	226	449	50	-130	595
Consumer Brands	**2018**	-63	**-37**			
	2017 [1]	68	86	-97	-109	-52
	2016	64	147	-80	-128	3
Construction	**2018**	158	**251**			
	2017	141	233	143	132	649
	2016	89	179	155	145	568
Group common costs	**2018**	-93	**-75**			
	2017	-67	-62	-63	-48	-240
	2016	-57	-77	-62	-69	-265
Total Group	**2018**	1,373	**1,925**			
	2017	1,425	2,002	433	-70	3,790
	2016	1,166	1,729	431	-108	3,218

*Alternative Performance Measure, refer to page 22 for definitions and reconciliations.

[1] Restatement due to reclassification of certain sales between segments, for further information refer to pages 18 and 20.

Operating margin by segment

%		Q1	Q2	Q3	Q4	Full-year
Husqvarna	**2018**	17.7	**17.9**			
	2017 [1]	16.8	19.1	10.6	3.9	14.2
	2016	15.5	18.0	9.8	2.4	12.9
Gardena	**2018**	14.6	**21.1**			
	2017	14.6	24.3	6.0	-30.9	12.5
	2016	14.9	22.5	5.0	-25.2	11.8
Consumer Brands	**2018**	-2.2	**-1.1**			
	2017 [1]	1.8	2.7	-6.5	-9.8	-0.5
	2016	1.9	5.5	-5.2	-10.3	0.0
Construction	**2018**	11.9	**15.8**			
	2017	11.8	17.4	11.4	10.9	12.9
	2016	9.2	16.2	14.9	14.7	13.9
Total Group	**2018**	11.2	**13.5**			
	2017	11.2	15.3	5.8	-1.1	9.6
	2016	10.3	15.0	5.9	-1.9	8.9

*Alternative Performance Measure, refer to page 22 for definitions and reconciliations.

[1]Restatement due to reclassification of certain sales between segments, for further information refer to pages 18 and 20.

Net assets by segment

	Assets		**Liabilities**		**Net Assets**	
SEKm	**Jun. 30, 2018**	Jun. 30, 2017	**Jun. 30, 2018**	Jun. 30, 2017	**Jun. 30, 2018**	Jun. 30, 2017
Husqvarna[1]	15,155	13,470	4,856	4,224	10,299	9,246
Gardena	8,810	7,781	1,736	1,385	7,074	6,396
Consumer Brands[1]	6,864	6,300	2,178	2,091	4,686	4,209
Construction	6,528	5,662	1,124	867	5,404	4,795
Other	1,347	1,439	2,670	2,960	-1,323	-1,521
Total	**38,704**	**34,652**	**12,564**	**11,527**	**26,140**	**23,125**

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

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

[1] 2017 restated due to reclassification of certain sales between segments, for further information refer to pages 18 and 20.

Business combinations

Husqvarna Group acquired the Light Compaction and Concrete Equipment business from Atlas Copco, the global leader in this segment, on February 1, 2018. 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 acquired product range complements the Construction Division's offering within concrete surfaces and floors.

Husqvarna Group acquired 100% of the shares in Construction Tools EOOD, Bulgaria, and assets in mainly Sweden. Husqvarna Group will, during a transition period in 2018, also acquire inventory from the vendor.

The goodwill of SEK 115m arising from the acquisition is attributable to economies of scale from distributing the Light Compaction and Concrete Equipment business range of products in the Construction Division's distribution network. A part of the goodwill is related to assets and is expected to be income tax deductible.

The following table summarizes the fair value of assets acquired and liabilities assumed at the acquisition date. The purchase price allocation has been finalized with no changes since the interim report January – March 2018.

SEKm	
Property, plant and equipment	38
Other intangible assets	115
Inventories	46
Trade receivables and other current assets	35
Cash and cash equivalents	12
Trade payables and other liabilities	-55
Total identifiable net assets	**191**
Goodwill	115
Total net assets	**306**
Less acquired cash	-12
Net cash flow - investments	**294**

Acquisition-related costs of SEK 6m have been charged to administrative expenses in the consolidated income statement in 2017.

The fair value of trade and other receivables is SEK 35m and includes trade receivables with contractual amount of SEK 29m. No trade receivables are expected to be uncollectible.

The net sales, contributed by the Light Compaction and Concrete Equipment business, included in the consolidated statement of comprehensive income since the acquisition date amounted to SEK 52m. Light Compaction & Concrete Equipment also contributed with a small positive operating income during this period. No transactions have been recognized before the acquisition date.

IFRS 15 TRANSITION, IFRS 9 TRANSITION AND RECLASSIFICATIONS

a) IFRS 15 transition

Husqvarna Group applies IFRS 15 "Revenue From Contracts with Customers" from January 1, 2018. IFRS 15 replaces IAS 18 "Revenue" and IAS 11 "Construction contracts". IFRS 15 establishes a new principle based model of recognizing revenue from customer contracts. The implementation resulted in a change in accounting principles, the new accounting principles have been disclosed in the Annual Report 2017 (www.husqvarnagroup.com/ir). Husqvarna Group have chosen the full retrospective method, hence the comparative figures for 2017 have been restated in the financial reports for periods beginning on or after January 1, 2018. IFRS 15 has not had an impact on operating income, net income nor balance sheet amounts. The opening balance for 2017 has not been affected by IFRS 15. Refer below for details regarding the impact on the financial reports:

Some transport/shipping income and expense have been 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 acting as a principal versus agent. The reclassification has not had an impact on operating income but have reduced the Group's gross income and reduced the selling expenses by the corresponding amount. The opening balance of equity for 2017 has not been affected.

IFRS 15 includes extended disclosure requirements regarding revenue, for example regarding disaggregated revenue. Disaggregated revenue will be disclosed for periods starting from January 1, 2018, with comparatives for 2017 (periods prior to 2017 have not been disclosed).

b) Reclassification of certain income and expenses related to changes in exchange rates (FX)

Certain income and expenses, such as change in value of currency hedging contracts and the translation of assets and liabilities in foreign currency, previously recorded in selling expense have been reclassified to cost of goods sold. The reclassification will better reflect the underlying performance of selling expenses and cost of goods sold. The comparative amounts for 2017 have been restated.

c) IFRS 9 transition

Husqvarna Group applies IFRS 9 "Financial Instruments" from January 1, 2018. IFRS 9 replaces IAS 39 "Financial instruments: recognition and measurement". The implementation of IFRS 9 have resulted in changes in the Group's accounting principles, as disclosed in the Annual Report 2017 (www.husqvarnagroup.com/ir). The Group applies IFRS 9 retrospectively on the effective date January 1, 2018, which means that the opening retained earnings January 1, 2018 will be affected but the comparative information will not be restated. IFRS 9 does not have a significant impact on the financial reports in the Group. The Group's current hedge relationships qualify as continuing hedges upon the adoption of IFRS 9, there is no significant impact on the accounting for its hedging relationships.

The new impairment model in IFRS 9 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, amount to SEK -16m (before tax), affecting opening retained earnings January 1, 2018.

d) Reclassification of certain sales between segments

To better reflect the responsibilities in the reporting, certain retail sales and costs have been transferred to Consumer Brands Divisions from Husqvarna Division in 2018. The comparative amounts for 2017 have been restated accordingly.

Please see below for details.

Consolidated income statement

SEKm	Q1 2017	a) IFRS 15	b) FX reclass.	Q1 2017 restated	Q2 2017	a) IFRS 15	b) FX reclass.	Q2 2017 restated	Q3 2017	a) IFRS 15	b) FX reclass.	Q3 2017 restated
Net sales	12,746	-	-	12,746	13,069	-	-	13,069	7,449	-	-	7,449
Cost of goods sold	-8,950	-275	-9	-9,234	-8,603	-291	-24	-8,918	-5,085	-182	-15	-5,282
Gross income	**3,796**	**-275**	**-9**	**3,512**	**4,466**	**-291**	**-24**	**4,151**	**2,364**	**-182**	**-15**	**2,167**
Gross margin, %	*29.8*			*27.6*	*34.2*			*31.8*	*31.7*			*29.1*
Selling expenses	-1,884	275	9	-1,600	-2,009	291	24	-1,694	-1,448	182	15	-1,251
Administrative expenses	-489	-	-	-489	-458	-	-	-458	-484	-	-	-484
Other operating income and expense	2	-	-	2	3	-	-	3	1	-	-	1
Operating income	**1,425**	**-**	**-**	**1,425**	**2,002**	**-**	**-**	**2,002**	**433**	**-**	**-**	**433**
Operating margin,%	*11.2*			*11.2*	*15.3*			*15.3*	*5.8*			*5.8*

*There is no impact on financial items, income tax nor income for the period.

Consolidated income statement

SEKm	Q4 2017	a) IFRS 15	b) FX reclass.	Q4 2017 restated	Full year 2017	a) IFRS 15	b) FX reclass.	Full year 2017 restated
Net sales	6,130	-	-	6,130	39,394	-	-	39,394
Cost of goods sold	-4,318	-132	-38	-4,488	-26,956	-880	-86	-27,922
Gross income	**1,812**	**-132**	**-38**	**1,642**	**12,438**	**-880**	**-86**	**11,472**
Gross margin	*29.6*			*26.8*	*31.6*			*29.1*
Selling expenses	-1,495	132	38	-1,325	-6,836	880	86	-5,870
Administrative expenses	-448	-	-	-448	-1,879	-	-	-1,879
Other operating income and expense	61	-	-	61	67	-	-	67
Operating income	**-70**	**-**	**-**	**-70**	**3,790**	**-**	**-**	**3,790**
Operating margin,%	*-1.1*			*-1.1*	*9.6*			*9.6*

*There is no impact on financial items, income tax nor income for the period.

Parent Company Income statement

SEKm	Q1 2017	a) IFRS 15	b) FX reclass.	Q1 2017 restated	Q2 2017	a) IFRS 15	b) FX reclass.	Q2 2017 restated	Q3 2017	a) IFRS 15	b) FX reclass.	Q3 2017 restated
Net sales	5,065	-	-	5,065	5,008	-	-	5,008	2,645	-	-	2,645
Cost of goods sold	-3,481	-28	-19	-3,528	-3,500	-44	-14	-3,558	-2,103	-23	1	-2,125
Gross income	**1,584**	**-28**	**-19**	**1,537**	**1,508**	**-44**	**-14**	**1,450**	**542**	**-23**	**1**	**520**
Selling expense	-321	28	19	-274	-397	44	14	-339	-274	23	-1	-252
Administrative expense	-251	-	-	-251	-264	-	-	-264	-249	-	-	-249
Other operating income/expense	0	-	-	0	0	-	-	0	0	-	-	0
Operating income	**1,012**	**-**	**-**	**1,012**	**847**	**-**	**-**	**847**	**19**	**-**	**-**	**19**

*There is no impact on on financial items, income tax nor income for the period.

Parent Company Income statement

SEKm	Q4 2017	a) IFRS 15	b) FX reclass.	Q4 2017 restated	Full year 2017	a) IFRS 15	b) FX reclass.	Full year 2017 restated
Net sales	2,944	-	-	2,944	15,662	-	-	15,662
Cost of goods sold	-2,526	-21	-28	-2,575	-11,610	-117	-59	-11,786
Gross income	**418**	**-21**	**-28**	**369**	**4,052**	**-117**	**-59**	**3,876**
Selling expense	-335	21	28	-286	-1,327	117	59	-1,151
Administrative expense	-252	-	-	-252	-1,016	-	-	-1,016
Other operating income/expense	0	-	-	0	0	-	-	0
Operating income	**-169**	**-**	**-**	**-169**	**1,709**	**-**	**-**	**1,709**

*There is no impact on on financial items, income tax nor income for the period.

Consolidated balance sheet

SEKm	Dec. 31, 2017	*c) IFRS 9*	Jan. 1, 2018 restated
Assets			
Trade receivables	3,407	-16	3,391
Total current assets	**16,127**	**-16**	**16,111**
Total assets	**35,418**	**-16**	**35,402**
Equity and liabilites			
Equity attributable to equity holders of the Parent Company	15,665	-12	15,653
Total equity	**15,667**	**-12**	**15,655**
Deferred tax liabilities	1,895	-4	1,891
Total non-current liabilities	**9,108**	**-4**	**9,104**
Total equity and liabilities	**35,418**	**-16**	**35,402**

Husqvarna Division

SEKm	Q1 2017	*d) Re-class.*	Q1 2017 restated	Q2 2017	*d) Re-class.*	Q2 2017 restated	Q3 2017	*d) Re-class.*	Q3 2017 restated
Net sales	6,372	-236	6,136	6,314	-150	6,164	3,734	-65	3,669
Operating income	**1,047**	**-15**	**1,032**	**1,186**	**-6**	**1,180**	**385**	**3**	**388**
Operating margin, %	*16.4*		*16.8*	*18.8*		*19.1*	*10.3*		*10.6*
Assets	15,140	-257	14,883	13,664	-194	13,470	12,124	-106	12,018
Liabilities	4,779	-3	4,776	4,228	-4	4,224	3,398	-3	3,395
Net Assets	**10,361**	**-254**	**10,107**	**9,436**	**-190**	**9,246**	**8,726**	**-103**	**8,623**

SEKm	Q4 2017	*d) Re-class.*	Q4 2017 restated	Full year 2017	*d) Re-class.*	Full year 2017 restated
Net sales	3,313	-73	3,240	19,733	-524	19,209
Operating income	**122**	**5**	**127**	**2,740**	**-13**	**2,727**
Operating margin, %	*3.7*		*3.9*	*13.9*		*14.2*
Assets	12,890	-149	12,741	12,890	-149	12,741
Liabilities	3,863	-7	3,856	3,863	-7	3,856
Net Assets	**9,027**	**-142**	**8,885**	**9,027**	**-142**	**8,885**

Consumer Brands Division

SEKm	Q1 2017	*d) Re-class.*	Q1 2017 restated	Q2 2017	*d) Re-class.*	Q2 2017 restated	Q3 2017	*d) Re-class.*	Q3 2017 restated
Net sales	3,461	236	3,697	3,087	150	3,237	1,419	65	1,484
Operating income	**53**	**15**	**68**	**80**	**6**	**86**	**-94**	**-3**	**-97**
Operating margin,%	*1.5*		*1.8*	*2.6*		*2.7*	*-6.6*		*-6.5*
Assets	7,719	257	7,976	6,106	194	6,300	5,504	106	5,610
Liabilities	2,549	3	2,552	2,087	4	2,091	1,393	3	1,396
Net Assets	**5,170**	**254**	**5,424**	**4,019**	**190**	**4,209**	**4,111**	**103**	**4,214**

SEKm	Q4 2017	*d) Re-class.*	Q4 2017 restated	Full year 2017	*d) Re-class.*	Full year 2017 restated
Net sales	1,042	73	1,115	9,009	524	9,533
Operating income	**-104**	**-5**	**-109**	**-65**	**13**	**-52**
Operating margin, %	*-10.0*		*-9.8*	*-0.7*		*-0.5*
Assets	5,622	149	5,771	5,622	149	5,771
Liabilities	1,451	7	1,458	1,451	7	1,458
Net Assets	**4,171**	**142**	**4,313**	**4,171**	**142**	**4,313**

PARENT COMPANY

Income statement

SEKm	Q2 2018	Q2 2017	Jan-Jun 2018	Jan-Jun 2017	Full-year 2017
Net sales	5,489	5,008	10,943	10,073	15,662
Cost of goods sold[1]	-4,226	-3,558	-8,174	-7,086	-11,786
Gross income	**1,263**	**1,450**	**2,769**	**2,987**	**3,876**
Selling expense[1]	-366	-339	-683	-613	-1,151
Administrative expense	-341	-264	-636	-515	-1,016
Other operating income/expense	0	0	0	0	0
Operating income	**556**	**847**	**1,450**	**1,859**	**1,709**
Financial items, net	-950	283	-1,261	350	1,185
Income after financial items	**-394**	**1,130**	**189**	**2,209**	**2,894**
Appropriations	-15	-12	-21	-28	-759
Income before taxes	**-409**	**1,118**	**168**	**2,181**	**2,135**
Tax on profit for the year	95	-243	-35	-473	-283
Income for the period	**-314**	**875**	**133**	**1,708**	**1,852**

[1]Restatement due to IFRS 15 transition and reclassification of certain exchange rate effects, for further information refer to pages 18 and 19.

Balance sheet

SEKm	Jun. 30, 2018	Jun. 30, 2017	Dec. 31, 2017
Non-current assets	33,627	32,502	33,343
Current assets	10,942	9,385	7,774
Total assets	**44,569**	**41,887**	**41,117**
Equity	22,526	23,625	23,679
Untaxed reserves	806	-	806
Provisions	97	128	78
Non-current liabilities	5,823	5,540	4,250
Current liabilities	15,317	12,594	12,304
Total equity and liabilities	**44,569**	**41,887**	**41,117**

Number of shares

	Outstanding A-shares	Outstanding B-shares	Re-purchased B-shares[2]	Total
Number of shares as of December 31, 2017	**112,513,001**	**458,630,777**	**5,200,000**	**576,343,778**
Conversion of A-shares into B-shares	*-73,453*	*73,453*	-	-
Shares allocated to 2015 LTI-program	-	*529,584*	*-529,584*	-
Number of shares as of June 30, 2018[1]	**112,439,548**	**459,233,814**	**4,670,416**	**576,343,778**

[1]In July 2018, no futher A-shares were converted.

[2]The 4,670,416 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 9.

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 14. 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 14.

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 11.

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 12.

Organic growth

Change in net sales, adjusted for acquisitions, divestments and changes in exchange rates.

For additional definitions refer to page 119 of the Group's Annual Report 2017.

TELEPHONE CONFERENCE

A combined press and telephone conference, hosted by Kai Wärn, President and CEO, and Jan Ytterberg, CFO, will be held at Husqvarna Group's office, Regeringsgatan 28, Stockholm at 10:00 CET on July 17, 2018. To participate, please dial +46 (0) 8 503 364 34 (Sweden) or +44 (0) 8 444 933 800 (UK) ten minutes prior to the start of the conference. Conference ID: Husqvarna or 3299492. 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

October 19	Interim report for January - September

CONTACTS

- Jan Ytterberg, CFO, +46 8 738 90 77
- 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 July 17, 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.