

YEAR END REPORT 2018

Stockholm February 5, 2019



Kai Wörn, President and CEO:

“The result for the seasonally small fourth quarter was in line with our expectations, impacted by the effects from the challenging conditions earlier in the year. Net sales for the Group, adjusted for changes in exchange rates, were flat at SEK 6,470m. Higher costs for raw materials, tariffs and logistics, as well as continued investments in our strategic growth initiatives had a negative impact on our results. In total, the Group's operating profit, excluding restructuring related expenses, amounted to SEK -282m (-70) in the fourth quarter.

We took several important strategic steps during 2018, building a strong platform for future profitable growth. We dissolved the Consumer Brands Division and kept the parts that have strategic relevance for the Group and integrated them into the Husqvarna and Gardena divisions. We have adjusted our manufacturing capacity and central resources to reflect exited business volumes, thus creating a less complex and more cost efficient and focused Group. Costs and savings for the restructuring are in line with our previously communicated levels. Our full attention is now on profitable growth opportunities in the Husqvarna, Gardena and Construction divisions in areas such as robotic lawn mowers, forestry, digitalization and battery-powered products.

For the full-year 2018 Group net sales increased by 2%, adjusted for changes in exchange rates, to SEK 41,085m, while operating income, excluding restructuring related expenses, decreased to SEK 3,241m (3,790). The lawn and garden season was challenging. The negative effects of the late spring followed by a very warm, long and dry summer in Central and Northern Europe were substantial for the Husqvarna Division. In contrast, the dry weather increased demand for Gardena's watering products, supporting an improved operating result. Operating income for the Consumer Brands Division decreased while the Construction Division reported higher operating results including good progress with our acquisitions. The Board of Directors proposes an unchanged dividend of SEK 2.25 (2.25).

For 2019, our top priority is to get back on the profitability improvement trajectory. We have a strong product portfolio going into the season, with exciting launches such as new robotic lawn mowers, watering systems, chainsaws and new solutions from the Construction Division. We have taken steps to increase prices to compensate both for higher raw material costs and for tariffs. In addition we will deliver the committed cost reductions related to our restructuring programme and will restore a balance between the internal efficiency and savings actions with our investments in profitable growth initiatives.”

Fourth quarter 2018

- Net sales amounted to SEK 6,470m (6,130). Currency adjusted* net sales remained unchanged.
- Operating income amounted to SEK -1,104m (-70) and to SEK -282m (-70) excluding restructuring related expenses of SEK -822m (0).
- Earnings per share after dilution amounted to SEK -1.61 (0.10).

January – December 2018

- Net sales amounted to SEK 41,085m (39,394), corresponding to a currency adjusted* increase of 2%.
- Operating income amounted to SEK 2,070m (3,790) and to SEK 3,241m (3,790) excluding restructuring related expenses of SEK -1,171m (0).
- Earnings per share after dilution amounted to SEK 2.12 (4.62).
- The Board of Directors proposes a dividend of SEK 2.25 per share (2.25).

Group	Q4	Q4	Change,	Jan-Dec	Jan-Dec	Change,
SEKm	2018	2017 ¹	%	2018	2017 ¹	%
Net sales	6,470	6,130	6	41,085	39,394	4
Currency adjusted change*, %	0	11	-	2	7	-
Operating income	-1,104	-70	n.a	2,070	3,790	-45
Excl. items affecting comparability*	-282	-70	n.a	3,241	3,790	-14
Operating margin, %	-17.1	-1.1	-	5.0	9.6	-
Excl. items affecting comparability*	-4.4	-1.1	-	7.9	9.6	-
Income for the period	-922	61	n.a	1,213	2,660	-54
Earnings per share after dilution, SEK	-1.61	0.10	n.a	2.12	4.62	-54
Net sales, Divisions						
Husqvarna ¹	3,323	3,240	3	19,780	19,209	3
Gardena	604	556	9	6,801	5,630	21
Consumer Brands ¹	1,129	1,115	1	8,693	9,533	-9
Construction	1,398	1,217	15	5,762	5,015	15
Operating income excl. items affecting comparability*, Divisions						
Husqvarna ¹	-41	127	n.a	2,277	2,727	-16
Gardena	-213	-172	-24	786	706	11
Consumer Brands ¹	-97	-109	11	-306	-52	n.a
Construction	115	132	-13	716	649	10

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

¹ Restatement of 2017 amounts due to reclassification of certain sales between segments, for further information refer to pages 16-18.

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FOURTH QUARTER

Net sales

Net sales for the fourth quarter 2018 increased by 6% to SEK 6,470m (6,130). Adjusted for changes in exchange rates*, net sales remained unchanged.

Operating income

Operating income for the fourth quarter amounted to SEK -1,104m (-70), including SEK -822m (0) of restructuring related expenses. Operating income, excluding restructuring related expenses, decreased to SEK -282m (-70). This was primarily a result of higher costs for raw materials and tariffs, supply chain costs as well as continued investments in strategic growth initiatives.

Changes in exchange rates had a total positive year-on-year impact on operating income of approximately SEK 45m.

Financial items net

Financial items net amounted to SEK -124m (-135).

Income after financial items

Income after financial items amounted to SEK -1,228m (-205).

Taxes

Income tax amounted to SEK 306m (266).

Earnings per share

Income for the period attributable to equity holders of the Parent Company amounted to SEK -922m (61), corresponding to SEK -1.61 (0.10) per share after dilution.

JANUARY - DECEMBER

Net sales

Net sales for January - December 2018 increased by 4% to SEK 41,085m (39,394). Adjusted for changes in exchange rates*, the increase was 2%.

Operating income

Operating income for January - December amounted to SEK 2,070m (3,790), including SEK -1,171m (0) of restructuring related expenses. Operating income, excluding restructuring related expenses, decreased to SEK 3,241m (3,790). The higher sales contributed positively, whereas higher costs for raw materials and tariffs as well as logistics impacted negatively.

Changes in exchange rates had a total positive impact on operating income of approximately SEK 225m compared to previous year.

Financial items net

Financial items net amounted to SEK -509m (-500).

Income after financial items

Income after financial items amounted to SEK 1,561m (3,290).

Taxes

Income tax amounted to SEK -348m (-630) corresponding to a tax rate of 22% (19).

Earnings per share

Income for the period attributable to equity holders of the Parent Company was SEK 1,212m (2,654), corresponding to SEK 2.12 (4.62) per share after dilution.

OPERATING CASH FLOW

Operating cash flow* for January - December decreased to SEK -248m (1,847), as a result of lower cash flow from operations, increased capital expenditure and higher working capital. The higher working capital was mainly related to inventory which was affected by the sales and by a build up for a potential Brexit.

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, 2018, excluding non-controlling interests, increased to SEK 16,007m (15,665), corresponding to SEK 28.0 (27.3) per share after dilution.

Net debt* increased to SEK 9,875m (7,199). The net pension liability increased to SEK 1,943m (1,698), other interest-bearing liabilities increased to SEK 10,013m (8,039), liquid funds and other interest-bearing assets decreased to SEK 2,081m (2,538).

The net debt/EBITDA ratio, excluding items affecting comparability*, increased to 1.8 (1.5) and the equity/assets ratio was 41% (44).

*Alternative Performance Measures, refer to page 22.

PERFORMANCE BY BUSINESS SEGMENTS

Husqvarna

SEKm	Q4 2018	Q4 2017 ¹	Change, %	Jan-Dec 2018	Jan-Dec 2017 ¹	Change, %
Net sales	3,323	3,240	3	19,780	19,209	3
Currency adjusted change*, %	-2	14	-	1	8	-
Operating income	-140	127	n.a.	2,112	2,727	-23
Excl. items affecting comparability*	-41	127	n.a.	2,277	2,727	-16
Operating margin, %	-4.2	3.9	-	10.7	14.2	-
Excl. items affecting comparability*	-1.2	3.9	-	11.5	14.2	-

*Alternative Performance Measure, refer to page 22.

¹Restatement due to reclassification of certain sales between segments, for further information refer to pages 16 - 18.

Net sales in the Husqvarna Division decreased by 2% in the fourth quarter, adjusted for changes in exchange rates*. For the full year, currency adjusted net sales increased by 1%. Sales for lawn care products was negatively impacted by the long period of very warm and dry weather during the gardening season, especially in Northern Europe.

Operating income, excluding restructuring related expenses, for the seasonally small fourth quarter decreased to SEK -41m (127) and for the full-year operating income decreased to SEK 2,277m (2,727). Unfavorable product and regional mix and higher raw material costs and tariffs impacted negatively, as did costs for continued investments in profitable growth initiatives. Changes in exchange rates had a total positive year-on-year effect of approximately SEK 40m on operating income in the fourth quarter and approximately SEK 135m for the full year.

Gardena

SEKm	Q4 2018	Q4 2017	Change, %	Jan-Dec 2018	Jan-Dec 2017	Change, %
Net sales	604	556	9	6,801	5,630	21
Currency adjusted change*, %	4	7	-	14	9	-
Operating income	-213	-172	-24	786	706	11
Operating margin, %	-35.2	-30.9	-	11.6	12.5	-

*Alternative Performance Measure, refer to page 22.

Net sales in the Gardena Division increased by 4% in the fourth quarter, adjusted for changes in exchange rates*. For the full-year, currency adjusted net sales increased by 14%. Sales growth was positively affected by the long period of favorable dry and warm weather in Central Europe that extended the season for watering products. Growth was also strong in robotic lawn mowers and battery-powered products.

Operating income for the seasonally weak fourth quarter decreased to SEK -213m (-172), mainly due to higher costs related to investments in growth initiatives. For the full-year, operating income increased 11% to SEK 786m (706) positively impacted by the strong sales growth but partly offset by continued costs for investments in growth initiatives and higher distribution costs. The operating margin was 11.6% (12.5). Changes in exchange rates had total year-on-year impact of approximately SEK -10m on operating income in the fourth quarter and approximately SEK 55m for the full year.

Consumer Brands

SEKm	Q4 2018	Q4 2017 ¹	Change, %	Jan-Dec 2018	Jan-Dec 2017 ¹	Change, %
Net sales	1,129	1,115	1	8,693	9,533	-9
Currency adjusted change*, %	-6	-10	-	-9	-1	-
Operating income	-771	-109	n.a	-1,245	-52	n.a
Excl. items affecting comparability*	-97	-109	11	-306	-52	n.a
Operating margin, %	-68.3	-9.8	-	-14.3	-0.5	-
Excl. items affecting comparability*	-8.6	-9.8	-	-3.5	-0.5	-

*Alternative Performance Measure, refer to page 22.

¹Restatement due to reclassification of certain sales between segments, for further information refer to pages 16 -18.

Net sales in the Consumer Brands Division decreased by 6% in the fourth quarter and by 9% for the full year, adjusted for changes in exchange rates*. This was mainly due to the volume reduction with one of the Group's largest retail customers in the U.S.

The operating loss, excluding restructuring related expenses, for the fourth quarter was reduced to SEK -97m (-109), mainly as a result of efficiency and cost reduction activities. The operating loss for the full-year decreased to SEK -306m (-52). Efficiency improvement measures were not enough to offset higher raw material costs and lower sales volumes.

Restructuring related expenses was SEK -674m in the fourth quarter and SEK -939m for the full year. Changes in exchange rates had a total year-on-year impact of approximately SEK 10m on operating income in the fourth quarter and approximately SEK -5m for the full year.

Construction

SEKm	Q4 2018	Q4 2017	Change, %	Jan-Dec 2018	Jan-Dec 2017	Change, %
Net sales	1,398	1,217	15	5,762	5,015	15
Currency adjusted change*, %	8	29	-	12	21	-
Operating income	71	132	-47	672	649	3
Excl. items affecting comparability*	115	132	-13	716	649	10
Operating margin, %	5.0	10.9	-	11.7	12.9	-
Excl. items affecting comparability*	8.2	10.9	-	12.4	12.9	-

*Alternative Performance Measure, refer to page 22.

Net sales in the Construction Division increased by 8% in the fourth quarter and by 12% for the full year, adjusted for changes in exchange rates*. Acquired entities contributed with approximately 8 percentage points of the currency adjusted increase in the fourth quarter and 9 percentage points for the full year resulting in an organic growth* of 0% and 3% respectively. Sales in Europe developed positively while organic sales in North America decreased.

Operating income for the fourth quarter, excluding items affecting comparability*, amounted to SEK 115m (132) and for the full-year operating income increased to SEK 716m (649). The higher sales volume contributed positively while product and regional mix as well as higher raw material and distribution costs impacted negatively.

Restructuring related expenses was SEK -44m in the fourth quarter and for the full-year. Changes in exchange rates had a total positive year-on-year impact of approximately SEK 5m on operating income in the fourth quarter and approximately SEK 40m 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. During the fourth quarter, at the request of shareholders, 75,450 Class A shares were converted to Class B shares during the year. Conversion reduces the total number of votes in the Company.

The total number of registered shares in the company at December 31, 2018 amounted to 576,343,778 of which 112,437,551 were A-shares and 463,906,227 were B-shares. The total number of votes amounted to 158,828,173.7.

PARENT COMPANY

Net sales for January – December 2018 for the Parent Company, Husqvarna AB, amounted to SEK 17,185m (15,662), of which SEK 13,612m (12,124) referred to sales to Group companies and SEK 3,573m (3,538) to external customers.

Income after financial items amounted to SEK -415m (2,894). Income for the period decreased to SEK 55m (1,852). Investments in property, plant and equipment and intangible assets amounted to SEK 1,303m (997). Cash and cash equivalents amounted to SEK 165m (265) at the end of the quarter. Undistributed earnings in the Parent Company amounted to SEK 20,334m (21,914).

RESTRUCTURING OF THE CONSUMER BRANDS DIVISION

As communicated in press releases on July 17 and September 18, Husqvarna Group will exit certain low-margin petrol-powered product segments in the underperforming Consumer Brands Division and instead focus on strengths in premium offerings under the core brands of Husqvarna and Gardena. The exit will enable more focus on profitable growth areas such as robotic lawnmowers, digitalization and technology for battery-powered products. Restructuring measures to adjust the associated manufacturing capacity, mainly at the production unit in McRae, Georgia (USA), and to reduce central resources to reflect the less complex and more focused Group have been initiated.

The restructuring measures are implemented 2018-2019 with an estimated total cost of some SEK 1.2 billion before tax, of which some SEK 400m refers to cash items. In 2018, a total of SEK 1,171m was classified as restructuring related expenses and charged to the Group's income statement, including approximately SEK 30m of cash items. The restructuring measures are expected to result in annual savings of around SEK 250m gradually from 2019 and with full effect 2020, which exceeds the lost fixed cost contribution from the exited sales volumes. The lower business volume will also reduce the net working capital need in the Group up to SEK 1 billion over the coming years.

In 2019 the Group is expected to exit net sales of SEK 1.5 - 2 billion and in 2020 another SEK 1 - 1.5 billion of low gross margin business that previously was within the Consumer Brands Division. This mainly involves petrol-powered walk-behind lawnmowers and garden lawn tractors in lower price points and to a smaller extent also some consumer handheld products.

The Consumer Brands Division is reported as a separate division for 2018, but has been dissolved and integrated into the Husqvarna and Gardena divisions as of January 1, 2019. The European part, that accounted for approximately 15% of Consumer Brands net sales, has been included in the Gardena Division and the remaining 85%, mainly related to North America, has been included in the Husqvarna Division. The segment reporting in 2019 will consist of three divisions: Husqvarna, Gardena and Construction. A restatement of the full-year 2018 segment reporting in the new structure is included in this report on pages 20-21.

2019 ANNUAL GENERAL MEETING

The AGM of Husqvarna AB (publ) will be held in Jönköping, Sweden on April 9, 2019.

Proposals to the AGM

The notification to the AGM 2019 will be available on the Group's website www.husqvarnagroup.com/agm as of March 6, 2019. The full proposal to the AGM will be published on the Group's website no later than March 19, 2019.

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 19, 2019.

SUBSEQUENT EVENTS

Dividend

The Board of Directors proposes a dividend for 2018 of SEK 2.25 (2.25) per share, corresponding to a total dividend payment of SEK 1,286m (1,286) based on the number of outstanding shares at the end of 2018.

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 11, 2019 for the first payment and October 11, 2019, for the second payment.

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.

Husqvarna Group has operations, both sales and production, in the UK and thus can be impacted by a potential Brexit scenario. The Group has performed an analysis and initiated mitigation activities in order to minimize any potential impact.

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 16-17.

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 was affected but the comparative information was not 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 16 and 18.

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 in the balance 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) will be 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 forklifts).

Husqvarna Group adopts IFRS 16 "Leases" retrospectively from January 1, 2019 with the cumulative effect of initially applying the new standard recognized on January 1, 2019. Comparatives for the 2018 financial year will not be restated. On adoption of IFRS 16 the Group will recognize lease liabilities in relation to leases which have previously been classified as operating leases under IAS 17. These liabilities will be measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate as at January 1, 2019. The lease liability recognized as of January 1, 2019 will increase by SEK 1.5 billion. The Group had non-cancellable operating lease commitments of SEK 1.6 billion as at December 31, 2018, SEK 1.5 billion when discounted. The Group is currently calculating the difference between the standards in detail, the difference can largely be explained by the exceptions for short-term leases and low-value assets and the use of extension options as according to IFRS 16.

The Group will use the practical expedient permitted by the standard to exclude initial direct cost for the measurement of the right-of-use asset at the date of initial application, and the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease. The rights-of-use assets will be measured at an amount equal to the lease liability at transition. Non-current assets will increase by SEK 1.5 billion on January 1, 2019 due to recognized rights-of-use assets.

The total effect in the income statement is not expected to be significant due to the adoption of IFRS 16. There will be a slight shift in the income statement, where operating income will increase and the financial items will decrease.

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 16 and 18.

Reclassification of certain sales between segments

To better reflect the responsibilities in the reporting, certain retail sales and costs have been transferred to the Consumer Brands Division from the Husqvarna Division in 2018. The comparative amounts for 2017 have been restated. For further information see pages 16 and 18.

AUDITORS' REVIEW REPORT

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

Stockholm, February 5, 2019

Kai Wörn
President and CEO

Consolidated income statement

SEKm	Q4 2018	Q4 2017	Jan-Dec 2018	Jan-Dec 2017
Net sales	6,470	6,130	41,085	39,394
Cost of goods sold ¹	-5,555	-4,488	-30,583	-27,922
Gross income	915	1,642	10,502	11,472
Gross margin, %	14.1	26.8	25.6	29.1
Selling expenses ¹	-1,504	-1,325	-6,473	-5,870
Administrative expenses	-527	-448	-2,014	-1,879
Other operating income/expense	12	61	55	67
Operating income	-1,104	-70	2,070	3,790
Operating margin, %	-17.1	-1.1	5.0	9.6
Financial items, net	-124	-135	-509	-500
Income after financial items	-1,228	-205	1,561	3,290
Margin, %	-19.0	-3.3	3.8	8.4
Income tax	306	266	-348	-630
Income for the period	-922	61	1,213	2,660
Income for the period attributable to:				
Equity holders of the Parent Company	-922	61	1,212	2,654
Non-controlling interest	0	0	1	6
Earnings per share:				
Before dilution, SEK	-1.61	0.11	2.12	4.64
After dilution, SEK	-1.61	0.10	2.12	4.62
Average number of shares outstanding:				
Before dilution, millions	571.7	572.1	571.5	572.0
After dilution, millions	572.4	574.1	572.3	574.2

Key data

Net sales growth, %	6	6	4	9
Operating income, SEKm	-1,104	-70	2,070	3,790
Excl. items affecting comparability*	-282	-70	3,241	3,790
Operating margin, %	-17.1	-1.1	5.0	9.6
Excl. items affecting comparability*	-4.4	-1.1	7.9	9.6
Average number of employees	12,846	12,761	13,206	13,252

EBITDA*

SEKm				
Operating income	-1,104	-70	2,070	3,790
Reversal of depreciation, amortization and impairment	708	331	1,930	1,315
EBITDA*	-396	261	4,000	5,105
Excl. items affecting comparability*	108	261	4,710	5,105
EBITDA margin, %	-6.1	4.3	9.7	13.0
Excl. items affecting comparability*	1.7	4.3	11.5	13.0

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

¹Restatement of 2017 due to IFRS 15 transition and reclassification of certain exchange rate effects, for further information refer to page 16-18.

Consolidated comprehensive income statement

SEKm	Q4 2018	Q4 2017	Jan-Dec 2018	Jan-Dec 2017
Income for the period	-922	61	1,213	2,660
Other comprehensive income				
<i>Items that will not be reclassified to the income statement:</i>				
Remeasurements on defined benefit pension plans, net of tax	-170	84	-95	33
Total items that will not be reclassified to the income statement, net of tax	-170	84	-95	33
<i>Items that may be reclassified to the income statement:</i>				
Currency translation differences	69	-41	1,206	-693
Net investment hedge, net of tax	-65	80	-826	632
Cash flow hedges, net of tax	52	-1	145	-71
Total items that may be reclassified to the income statement, net of tax	56	38	525	-132
Other comprehensive income, net of tax	-114	122	430	-99
Total comprehensive income for the period	-1,036	183	1,643	2,561
Total comprehensive income attributable to:				
Equity holders of the Parent Company	-1,036	183	1,642	2,555
Non-controlling interest	0	0	1	6

Consolidated balance sheet

SEKm	Dec. 31, 2018	Dec. 31, 2017
Assets		
Property, plant and equipment	6,184	5,806
Goodwill	7,105	6,635
Other intangible assets	5,534	5,122
Derivatives	0	4
Other non-current assets	592	527
Deferred tax assets	1,585	1,197
Total non-current assets	21,000	19,291
Inventories	11,067	9,522
Trade receivables	3,613	3,407
Derivatives	357	316
Tax receivables	218	71
Other current assets	1,006	939
Cash and cash equivalents	1,346	1,872
Total current assets	17,607	16,127
Total assets	38,607	35,418
Equity and liabilities		
Equity attributable to equity holders of the Parent Company	16,007	15,665
Non-controlling interests	2	2
Total equity	16,009	15,667
Borrowings	6,229	4,684
Derivatives	34	28
Deferred tax liabilities	1,794	1,895
Provisions for pensions and other post-employment benefits	2,101	1,818
Other provisions	696	683
Total non-current liabilities	10,854	9,108
Trade payables	4,622	4,098
Tax liabilities	145	345
Other liabilities	2,557	2,457
Borrowings	3,532	2,913
Derivatives	218	414
Other provisions	670	416
Total current liabilities	11,744	10,643
Total equity and liabilities	38,607	35,418

Key data

Operating working capital, SEKm	10,058	8,831
<i>Operating working capital / net sales, %*</i>	25.9	25.5
<i>Return on capital employed, %</i>	7.6	14.7
<i>Excl. items affecting comparability*, %</i>	11.7	14.7
<i>Return on equity, %</i>	7.3	17.4
<i>Excl. items affecting comparability*, %</i>	12.6	17.4
Capital turn-over rate, times	1.6	1.7
<i>Equity/assets ratio, %</i>	41	44
Equity per share after dilution, SEK	28.0	27.3

Net debt*

SEKm		
Net pension liability	1,943	1,698
Other interest-bearing liabilities	10,013	8,039
Less: Liquid funds and other interest-bearing assets	-2,081	-2,538
Net debt*	9,875	7,199
Net debt/equity ratio	0.62	0.46

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

Consolidated cash flow statement

SEKm	Q4 2018	Q4 2017	Jan-Dec 2018	Jan-Dec 2017
Cash flow from operations				
Operating income	-1,104	-70	2,070	3,790
Non cash items	1,220	283	2,606	1,197
<i>Cash items</i>				
Paid restructuring expenses	-44	-44	-62	-52
Net financial items, received/paid	-52	-107	-448	-467
Taxes paid	-217	-34	-970	-431
Cash flow from operations, excluding change in operating assets and liabilities	-197	28	3,196	4,037
Change in operating assets and liabilities				
Change in inventories	-2,186	-1,499	-1,366	-567
Change in trade receivables	1,087	1,022	-69	-104
Change in trade payables	976	932	296	406
Change in other operating assets/liabilities	-526	-520	-70	-33
Cash flow from operating assets and liabilities	-649	-65	-1,209	-298
Cash flow from operations	-846	-37	1,987	3,739
Investments				
Acquisitions and divestments of subsidiaries/operations and divestments of property, plant and equipment	35	9	-237	-1,619
Investments in property, plant and equipment and intangible assets	-763	-745	-2,235	-1,892
Investments and divestments of financial assets	-2	-3	0	-358
Cash flow from investments	-730	-739	-2,472	-3,869
Cash flow from operations and investments	-1,576	-776	-485	-130
Financing				
Dividend paid to shareholders	-858	-742	-1,286	-1,114
Dividend paid to non-controlling interests	-	-5	-6	-10
Other financing activities	1,804	-718	1,204	1,267
Cash flow from financing	946	-1,465	-88	143
Total cash flow	-630	-2,241	-573	13
Cash and cash equivalents at beginning of period	1,957	4,104	1,872	1,937
Exchange rate differences referring to cash and cash equivalents	19	9	47	-78
Cash and cash equivalents at end of period	1,346	1,872	1,346	1,872
Operating cash flow*				
SEKm				
Cash flow from operations and investments	-1,576	-776	-485	-130
Acquisitions and divestments of subsidiaries/operations and divestments of property, plant and equipment	-35	-9	237	1,619
Investments and divestments of financial assets	2	3	0	358
Operating cash flow*	-1,609	-782	-248	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 17 and 18)	-12	-	-12
Opening balance January 1, 2018	15,653	2	15,655
Share-based payment	-2	-	-2
Dividend	-1,286	-1	-1,287
Total comprehensive income	1,642	1	1,643
Closing balance December 31, 2018	16,007	2	16,009

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.

SEKm	Dec. 31, 2018		Dec. 31, 2017	
	Book value	Fair value	Book value	Fair value
<i>Non-current borrowings</i>				
Financial leases	191	199	198	207
Loans	6,038	6,026	4,486	4,560
Total non-current borrowings	6,229	6,225	4,684	4,767

Five-year overview, Group

	2018	2017	2016	2015	2014
Net sales, SEKm	41,085	39,394	35,982	36,170	32,838
Net sales growth, %	4.3	9.5	-0.5	10.1	8.4
Gross margin, % ¹	25.6	29.1	30.8	28.1	28.5
Operating income, SEKm	2,070	3,790	3,218	2,827	1,581
Excl. items affecting comparability*, SEKm	3,241	3,790	3,218	2,980	2,348
Operating margin, %	5.0	9.6	8.9	7.8	4.8
Excl. items affecting comparability*, %	7.9	9.6	8.9	8.2	7.2
Return on capital employed, %	7.6	14.7	13.7	12.4	7.6
Excl. items affecting comparability*, %	11.7	14.7	13.7	13.1	11.1
Return on equity, %	7.3	17.4	15.2	14.6	6.7
Excl. items affecting comparability*, %	12.6	17.4	15.2	15.5	12.9
Capital turn-over rate, times	1.6	1.7	1.7	1.7	1.7
Operating cash flow ² , SEKm	-248	1,847	1,666	1,732	1,274
Capital expenditure, SEKm	2,235	1,892	1,889	1,388	1,386
Average number of employees	13,206	13,252	12,704	13,572	14,337

¹ 2017 has been restated due to IFRS 15 transition and reclassification of certain exchange rate effects, for further information refer to page 16-18.

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

*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	7,964	6,401	40,797
	2017	12,734	13,058	7,437	6,117	39,346
Net sales, services, royalty and other	2018	55	86	78	69	288
	2017	12	11	12	13	48
Net sales total	2018	12,303	14,270	8,042	6,470	41,085
	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	-124	-1,104	2,070
	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	-1.5	-17.1	5.0
	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	-185	-922	1,213
	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	-0.32	-1.61	2.12
	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	40,745	41,085	
	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	3,104	2,070	
<i>Excl. items affecting comparability*</i>	2018	3,738	3,661	3,453	3,241	
	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	
Operating margin, %	2018	9.6	9.1	7.6	5.0	
<i>Excl. items affecting comparability*</i>	2018	9.6	9.1	8.5	7.9	
	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	

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

Items affecting comparability*

SEKm		Q1	Q2	Q3	Q4	Full-year
Restructuring related expenses ¹	2018	-	-	-349	-822	-1171
No items	2017	-	-	-	-	-
No items	2016	-	-	-	-	-
Restructuring related expenses	2015	-	-	-	-153	-153
Impairment of goodwill	2014	-	-	-	-767	-767
No items	2013	-	-	-	-	-

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

¹ Includes restructuring provisions, impairment of non-current assets and write down of inventory.

Restructuring related expenses	Q4	Full-year
SEKm	2018	2018
Restructuring provisions	-329	-382
Impairment of non-current assets	-318	-461
Write down of inventory	-175	-328
Total items affecting comparability	-822	-1,171

Classification in the income statement	Q4	Full-year
SEKm	2018	2018
Cost of goods sold	-768	-1,077
Selling expenses	-33	-48
Administrative expenses	-21	-46
Total items affecting comparability	-822	-1,171

Net sales (external) by segment

SEKm		Q1	Q2	Q3	Q4	Full-year
Husqvarna	2018	6,049	6,719	3,689	3,323	19,780
	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	1,368	604	6,801
	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	1,522	1,129	8,693
	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	1,446	1,398	5,762
	2017	1,197	1,341	1,260	1,217	5,015
	2016	967	1,106	1,042	986	4,101
Group common costs¹	2018	8	8	17	16	49
	2017	1	1	3	2	7
	2016	-	-	-	-	-
Total Group	2018	12,303	14,270	8,042	6,470	41,085
	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 16 and 18.

Operating income by segment

SEKm		Q1	Q2	Q3	Q4	Full-year	
Husqvarna	2018	1,070	1,201	-19	-140	2,112	
	<i>Excl. items affecting comparability*</i>	2018	1,070	1,201	47	-41	2,277
	2017 ¹	1,032	1,180	388	127	2,727	
	2016	844	1,031	368	74	2,317	
Gardena	2018	301	585	113	-213	786	
	2017	251	565	62	-172	706	
	2016	226	449	50	-130	595	
Consumer Brands	2018	-63	-37	-374	-771	-1,245	
	<i>Excl. items affecting comparability*</i>	2018	-63	-37	-109	-97	-306
	2017 ¹	68	86	-97	-109	-52	
	2016	64	147	-80	-128	3	
Construction	2018	158	251	192	71	672	
	<i>Excl. items affecting comparability*</i>	2018	158	251	192	115	716
	2017	141	233	143	132	649	
	2016	89	179	155	145	568	
Group common costs	2018	-93	-75	-36	-51	-255	
	<i>Excl. items affecting comparability*</i>	2018	-93	-75	-18	-46	-232
	2017	-67	-62	-63	-48	-240	
	2016	-57	-77	-62	-69	-265	
Total Group	2018	1,373	1,925	-124	-1,104	2,070	
	<i>Excl. items affecting comparability*</i>	2018	1,373	1,925	225	-282	3,241
	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 16 and 18.

Operating margin by segment

%		Q1	Q2	Q3	Q4	Full-year
Husqvarna	2018	17.7	17.9	-0.5	-4.2	10.7
<i>Excl. items affecting comparability*</i>	2018	17.7	17.9	1.3	-1.2	11.5
	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	8.2	-35.2	11.6
	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	-24.6	-68.3	-14.3
<i>Excl. items affecting comparability*</i>	2018	-2.2	-1.1	-7.2	-8.6	-3.5
	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	13.3	5.0	11.7
<i>Excl. items affecting comparability*</i>	2018	11.9	15.8	13.3	8.2	12.4
	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	-1.5	-17.1	5.0
<i>Excl. items affecting comparability*</i>	2018	11.2	13.5	2.8	-4.4	7.9
	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.

¹Restatement due to reclassification of certain sales between segments, for further information refer to pages 16 and 18.

Net assets by segment

SEKm	Assets		Liabilities		Net Assets	
	Dec. 31, 2018	Dec. 31, 2017	Dec. 31, 2018	Dec. 31, 2017	Dec. 31, 2018	Dec. 31, 2017
Husqvarna ¹	14,647	12,741	4,100	3,856	10,547	8,885
Gardena	8,091	7,430	1,126	1,034	6,965	6,396
Consumer Brands ¹	5,361	5,771	1,853	1,458	3,508	4,313
Construction	6,451	5,514	1,085	918	5,366	4,596
Other	1,818	1,304	2,320	2,628	-502	-1,324
Total	36,368	32,760	10,484	9,894	25,884	22,866

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.

¹2017 restated due to reclassification of certain sales between segments, for further information refer to pages 16 and 18.

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 is 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 the Consumer Brands Division from the Husqvarna Division in 2018. The comparative amounts for 2017 have been restated accordingly.

Please see below for details.

Consolidated income statement

SEKm	a)			Q1 2017 restated	a)			Q2 2017 restated	a)			Q3 2017 restated
	Q1 2017	IFRS 15	FX reclass.		Q2 2017	IFRS 15	FX reclass.		Q3 2017	IFRS 15	FX reclass.	
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	a)			Q4 2017 restated	a)			Full-year 2017 restated
	Q4 2017	IFRS 15	FX reclass.		Full year 2017	IFRS 15	FX reclass.	
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	a)			Q1 2017 restated	a)			Q2 2017 restated	a)			Q3 2017 restated
	Q1 2017	IFRS 15	FX reclass.		Q2 2017	IFRS 15	FX reclass.		Q3 2017	IFRS 15	FX reclass.	
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	a)			Q4 2017 restated	a)			Full-year 2017 restated
	Q4 2017	IFRS 15	FX reclass.		Full year 2017	IFRS 15	FX reclass.	
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 liabilities			
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

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

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	Q4 2018	Q4 2017	Jan-Dec 2018	Jan-Dec 2017
Net sales	3,215	2,944	17,185	15,662
Cost of goods sold ¹	-2,971	-2,575	-14,109	-11,786
Gross income	244	369	3,076	3,876
Selling expense ¹	-352	-286	-1,334	-1,151
Administrative expense	-342	-252	-1,192	-1,016
Other operating income/expense	0	0	0	0
Operating income	-450	-169	550	1,709
Financial items, net	-442	436	-965	1,185
Income after financial items	-892	267	-415	2,894
Appropriations	374	-715	337	-759
Income before taxes	-518	-448	-78	2,135
Tax on profit for the year	63	227	133	-283
Income for the period	-455	-221	55	1,852

¹Restatement due to IFRS 15 transition and reclassification of certain exchange rate effects, for further information refer to pages 16 and 18.

Balance sheet

SEKm	Dec. 31, 2018	Dec. 31, 2017
Non-current assets	33,734	33,343
Current assets	10,437	7,774
Total assets	44,171	41,117
Equity	22,536	23,679
Untaxed reserves	794	806
Provisions	159	78
Non-current liabilities	5,810	4,250
Current liabilities	14,872	12,304
Total equity and liabilities	44,171	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	-75,450	75,450	-	-
Shares allocated to 2015 LTI-program	-	529,584	-529,584	-
Number of shares as of December 31, 2018¹	112,437,551	459,235,811	4,670,416	576,343,778

¹In January 2019, 94,477 A-shares were converted.

²The 4,670,416 B-shares are entirely in a third party share swap agreement.

Distribution of the Consumer Brands Division

The Consumer Brands Division is reported as a separate division for 2018, but has been dissolved and integrated into the Husqvarna and Gardena divisions as of January 1, 2019. The European part, that accounted for approximately 15% of Consumer Brands net sales, has been included in the Gardena Division and the remaining 85%, mainly related to North America, has been included in the Husqvarna Division. The segment reporting in 2019 will consist of three divisions: Husqvarna, Gardena and Construction. A restatement of the segment reporting in the new structure is presented below.

Husqvarna

SEKm	Q1 2018	Allocation of CBD	Q1 2018 restated	Q2 2018	Allocation of CBD	Q2 2018 restated	Q3 2018	Allocation of CBD	Q3 2018 restated
Net sales	6,049	2,435	8,484	6,719	2,628	9,347	3,689	1,326	5,015
Operating income	1,070	-26	1,044	1,201	-47	1,154	-19	-325	-344
<i>Excl. items affecting comparability*</i>	1,070	-26	1,044	1,201	-47	1,154	47	-62	-15
Operating margin, %	17.7		12.3	17.9		12.3	-0.5		-6.9
<i>Excl. items affecting comparability*</i>	17.7		12.3	17.9		12.3	1.3		-0.3
Assets	15,948	5,593	21,541	15,155	5,214	20,369	13,669	4,073	17,742
Liabilities	5,301	1,562	6,863	4,856	1,442	6,298	3,707	884	4,591
Net Assets	10,647	4,031	14,678	10,299	3,772	14,071	9,962	3,189	13,151

SEKm	Q4 2018	Allocation of CBD	Q4 2018 restated	Full-year 2018	Allocation of CBD	Full-year 2018 restated
Net sales	3,323	987	4,310	19,780	7,376	27,156
Operating income	-140	-486	-626	2,112	-884	1,228
<i>Excl. items affecting comparability*</i>	-41	-36	-77	2,277	-171	2,106
Operating margin, %	-4.2		-14.5	10.7		4.5
<i>Excl. items affecting comparability*</i>	-1.2		-1.8	11.5		7.8
Assets	14,647	4,054	18,701	14,647	4,054	18,701
Liabilities	4,100	1,220	5,320	4,100	1,220	5,320
Net Assets	10,547	2,834	13,381	10,547	2,834	13,381

SEKm	Full-year 2015	Allocation of CBD	Full-year 2015 restated	Full-year 2016	Allocation of CBD	Full-year 2016 restated	Full-year 2017	Allocation of CBD	Full-year 2017 restated
Net sales	17,624	8,174	25,798	17,960	7,325	25,285	19,209	8,012	27,221
Operating income	2,233	65	2,298	2,317	71	2,388	2,727	-11	2,716
<i>Excl. items affecting comparability*</i>	2,284	89	2,373	2,317	71	2,388	2,727	-11	2,716
Operating margin, %	12.7		8.9	12.9		9.4	14.2		10.0
<i>Excl. items affecting comparability*</i>	13.0		9.2	12.9		9.4	14.2		10.0
Assets	10,917	4,135	15,052	12,317	4,947	17,264	12,741	4,430	17,171
Liabilities	3,021	1,091	4,112	3,642	1,414	5,056	3,856	1,025	4,881
Net Assets	7,896	3,044	10,940	8,675	3,533	12,208	8,885	3,405	12,290

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

Gardena

SEKm	Q1 2018	Allocation of CBD	Q1 2018 restated	Q2 2018	Allocation of CBD	Q2 2018 restated	Q3 2018	Allocation of CBD	Q3 2018 restated
Net sales	2,059	424	2,483	2,770	555	3,325	1,368	196	1,564
Operating income	301	-37	264	585	10	595	113	-49	64
<i>Excl. items affecting comparability*</i>	301	-37	264	585	10	595	113	-47	66
Operating margin, %	14.6		10.6	21.1		17.9	8.3		4.1
<i>Excl. items affecting comparability*</i>	14.6		10.6	21.1		17.9	8.3		4.2
Assets	8,507	1,598	10,105	8,810	1,650	10,460	7,876	1,343	9,219
Liabilities	1,570	643	2,213	1,736	736	2,472	1,262	469	1,731
Net Assets	6,937	955	7,892	7,074	914	7,988	6,614	874	7,488

SEKm	Q4 2018	Allocation of CBD	Q4 2018 restated	Full-year 2018	Allocation of CBD	Full-year 2018 restated
Net sales	604	142	746	6,801	1,317	8,118
Operating income	-213	-285	-498	786	-361	425
<i>Excl. items affecting comparability*</i>	-213	-61	-274	786	-135	651
Operating margin, %	-35.3		-66.8	11.6		5.2
<i>Excl. items affecting comparability*</i>	-35.3		-36.7	11.6		8.0
Assets	8,091	1,307	9,398	8,091	1,307	9,398
Liabilities	1,126	636	1,762	1,126	636	1,762
Net Assets	6,965	671	7,636	6,965	671	7,636

SEKm	Full-year 2015	Allocation of CBD	Full-year 2015 restated	Full-year 2016	Allocation of CBD	Full-year 2016 restated	Full-year 2017	Allocation of CBD	Full-year 2017 restated
Net sales	4,669	1,762	6,431	5,033	1,563	6,596	5,630	1,521	7,151
Operating income	586	-211	375	595	-68	527	706	-41	665
<i>Excl. items affecting comparability*</i>	591	-209	382	595	-68	527	706	-41	665
Operating margin, %	12.5		5.8	11.8		8.0	12.5		9.3
<i>Excl. items affecting comparability*</i>	12.7		5.9	11.8		8.0	12.5		9.3
Assets	6,434	1,308	7,742	6,952	1,312	8,264	7,430	1,341	8,771
Liabilities	735	608	1,343	808	589	1,397	1,034	433	1,467
Net Assets	5,699	700	6,399	6,144	723	6,867	6,396	908	7,304

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

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. 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.

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 Wärm, President and CEO, and Glen Instone, CFO, will be held at Husqvarna Group's office, Regeringsgatan 28, Stockholm at 10:00 CET on February 5, 2019. To participate, please dial +46 (0) 8 566 184 30 (Sweden) or +44 (0) 8 448 228 902 (UK) ten minutes prior to the start of the conference. Conference ID: Husqvarna or 7996846#. 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 2019

April 24	Interim report for January-March
July 16	Interim report for January-June
October 22	Interim report for January-September

The Group's Annual Report 2018 and the Sustainability Report 2018 will be available on www.husqvarnagroup.com on March 19.

The Annual General Meeting will be held in Jönköping, Sweden on April 9, 2019.

CONTACTS

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- Johan Andersson, Director, Group Corporate Communications and Investor Relations, +46 702 100 451

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 5, 2019.

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.