

# INTERIM REPORT JANUARY - MARCH 2019

Stockholm April 24, 2019



## Kai Wörn, President and CEO

"The year has started well, driven by good sell-in volumes to our trade partners. Net sales for the Group increased by 4% in the first quarter, adjusted for changes in exchange rates\*. All divisions delivered growth in core categories and prioritized growth segments. The exited Consumer Brands business had a negative effect of some 3 percentage points on net sales for the Group in the quarter, currency adjusted\*.

The operating income improved by 23%, excluding restructuring related expenses. Volume, product mix and price increases, as well as savings from the efficiency program and restructuring, contributed positively. Better than expected positive currency effects did not fully offset higher costs for raw materials and tariffs. In addition, we continued to invest in our strategic growth initiatives.

Since announcing our restructuring in July last year, we have made significant progress building on our core strengths. It is satisfactory to see that the start of the year, operationally and financially, is fully in line with our plan. Our product portfolio for the season is stronger than ever, with innovative new solutions and go-to-market concepts - exemplified by the new innovative Husqvarna Automower 435X AWD which was successfully launched at the Mobile World Congress in Barcelona during the quarter.

To continue to execute on our profitability improvement trajectory whilst investing in strategic growth initiatives remains our top priority for 2019. We will continue to build on our strengths in prioritized customer segments and categories such as robotic lawn mowers, forestry and battery-powered products. In parallel, development of digital services is being enhanced."

## January - March 2019

- Net sales amounted to SEK 13,651m (12,303), corresponding to a currency adjusted\* increase of 4%. Exit of Consumer Brands business had a negative effect of some 3 percentage points, currency adjusted\*.
- Operating income amounted to SEK 1,644m (1,373) including restructuring related expenses of SEK -42m (0). Positive currency effects of SEK 165m did not fully offset the higher costs for raw materials and tariffs.
- Operating margin improved to 12.0% (11.2) and to 12.3% (11.2) excluding restructuring related expenses.
- Earnings per share after dilution amounted to SEK 1.99 (1.64).

Group	Q1	Q1	Change,	LTM*	Jan-Dec
SEKm	2019	2018	%		2018
Net sales	13,651	12,303	11	42,433	41,085
<i>Currency adjusted change*, %</i>	4	-1	-	-	2
Operating income	1,644	1,373	20	2,341	2,070
<i>Excl. items affecting comparability*</i>	1,686	1,373	23	3,554	3,241
Operating margin, %	12.0	11.2	-	5.5	5.0
<i>Excl. items affecting comparability*</i>	12.3	11.2	-	8.4	7.9
Income for the period	1,140	940	21	1,413	1,213
Earnings per share after dilution, SEK	1.99	1.64	21	2.47	2.12
<b>Net sales, Divisions</b>					
Husqvarna <sup>1</sup>	9,506	8,484	12	28,178	27,156
Gardena <sup>1</sup>	2,630	2,483	6	8,265	8,118
Construction	1,494	1,328	13	5,928	5,762
<b>Operating income, Divisions</b>					
Husqvarna <sup>1</sup>	1,186	1,044	14	1,370	1,228
<i>Excl. items affecting comparability*<sup>1</sup></i>	1,228	1,044	18	2,290	2,106
Gardena <sup>1</sup>	372	264	41	533	425
<i>Excl. items affecting comparability*<sup>1</sup></i>	372	264	41	759	651
Construction	177	158	12	691	672
<i>Excl. items affecting comparability*</i>	177	158	12	735	716

\*Alternative Performance Measure, refer to "Definitions and alternative performance measures".

<sup>1</sup>Restatement due to allocation of the Consumer Brands Division, refer to "Distribution of the Consumer Brands Division".

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## FIRST QUARTER

### Net sales

Net sales for the first quarter amounted to SEK 13,651m (12,303), an increase by 4% adjusted for changes in exchange rates\*. Exit of Consumer Brands business affected net sales by -3 percentage points in the first quarter, currency adjusted\*. Organic growth\* for the first quarter was 4%.

### Operating income

Operating income for the first quarter increased to SEK 1,644m (1,373), including SEK -42m (0) of restructuring related expenses. Operating income, excluding restructuring related expenses, increased to SEK 1,686m (1,373). The higher result was primarily related to net sales growth, improved product mix and cost savings, partly offset by higher costs for raw materials and tariffs. In addition, investments in strategic growth initiatives to strengthen market positions and drive long-term profitable growth continued. Changes in exchange rates contributed positively with approximately SEK 165m compared with last year.

### Financial items net

Financial items net amounted to SEK -160m (-137).

### Income after financial items

Income after financial items amounted to SEK 1,484m (1,236).

### Taxes

Income tax amounted to SEK -344m (-296).

### Earnings per share

Income for the period attributable to equity holders of the Parent Company amounted to SEK 1,140m (940), corresponding to SEK 1.99 (1.64) per share after dilution.

## CASH FLOW

Operating cash flow\* for January - March decreased to SEK -1,440m (-1,326). Direct operating cash flow\* for January - March decreased to SEK -1,807m (-1,798). Cash flow from operations improved, whereas the growth in sales volumes resulted in higher trade receivables and thus lower operating cash flow.

Inventory levels remained high, partly impacted by a build up for a potential Brexit, as well as following the seasonal pattern with high levels ahead of the forest and garden season.

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 March 31, 2019, excluding non-controlling interests, increased to SEK 17,248m (16,977), corresponding to SEK 30.1 (29.6) per share after dilution.

Net debt\* increased to SEK 13,548m (9,198). The increase is partly due to that the lease liabilities (other interest-bearing liabilities) have increased with approximately SEK 1,540m because of the adoption of IFRS 16. For further information on the adoption of IFRS 16 refer to "New standards applicable from January 1, 2019". The net pension liability increased to SEK 2,045m (1,686), other interest-bearing liabilities increased to SEK 13,704m (10,472), liquid funds and other interest-bearing assets decreased to SEK 2,201m (2,960).

The net debt/EBITDA ratio, excluding items affecting comparability\*, increased to 1.9 (1.6) The ratio is calculated on average net debt. The equity/assets ratio was 37% (40).

\*Refer to "Definitions and alternative performance measures".

## PERFORMANCE BY BUSINESS SEGMENTS

The former Consumer Brands Division 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 comparative amounts have been restated accordingly in this report. For further information see "Distribution of the Consumer Brands Division".

### Husqvarna

<b>SEKm</b>	<b>Q1 2019</b>	Q1 2018 <sup>1</sup>	Change, %	LTM* <sup>1</sup>	Jan-Dec 2018 <sup>1</sup>
Net sales	9,506	8,484	12	28,178	27,156
<i>Currency adjusted change*, %</i>	5	-5	-	-	-2
Operating income	1,186	1,044	14	1,370	1,228
<i>Excl. items affecting comparability*</i>	1,228	1,044	18	2,290	2,106
Operating margin, %	12.5	12.3	-	4.9	4.5
<i>Excl. items affecting comparability*</i>	12.9	12.3	-	8.1	7.8

\*Alternative Performance Measure, refer to "Definitions and alternative performance measures".

<sup>1</sup> Restatement due to allocation of the Consumer Brands Division, refer to "Distribution of the Consumer Brands Division".

Net sales in the Husqvarna Division increased by 12% in the first quarter, corresponding to a growth of 5% adjusted for changes in exchange rates\*. Net sales grew in all regions and was particularly strong in North America. The net sales impact of exited Consumer Brands business was estimated to approximately -4 percentage points, currency adjusted\*.

Operating income, excluding restructuring related expenses, for the first quarter increased by 18% to SEK 1,228m (1,044), corresponding to a margin of 12.9% (12.3). This was mainly as a result of growth, efficiency measures including restructuring savings and price improvements, partly offset by higher costs for raw materials and tariffs. Changes in exchange rates had a total positive effect of approximately SEK 115m on operating income compared with last year.

### Gardena

<b>SEKm</b>	<b>Q1 2019</b>	Q1 2018 <sup>1</sup>	Change, %	LTM* <sup>1</sup>	Jan-Dec 2018 <sup>1</sup>
Net sales	2,630	2,483	6	8,265	8,118
<i>Currency adjusted change*, %</i>	2	3	-	-	8
Operating income	372	264	41	533	425
<i>Excl. items affecting comparability*</i>	372	264	41	759	651
Operating margin, %	14.1	10.6	-	6.4	5.2
<i>Excl. items affecting comparability*</i>	14.1	10.6	-	9.2	8.0

\*Alternative Performance Measure, refer to "Definitions and alternative performance measures".

<sup>1</sup> Restatement due to allocation of the Consumer Brands Division, refer to "Distribution of the Consumer Brands Division".

Net sales in the Gardena Division increased by 6% in the first quarter or by 2% adjusted for changes in exchange rates\*. Following the strong season last year, Gardena achieved high sell-in volumes to trade partners in the quarter, especially for watering products. The net sales impact of exited Consumer Brands business was estimated to approximately -4 percentage points, currency adjusted\*.

Operating income for the first quarter increased to SEK 372m (264), mainly as a result of growth, product mix effects and improvements related to the restructuring. The operating margin was 14.1% (10.6). Changes in exchange rates had a positive effect of approximately SEK 25m compared to last year.

## Construction

SEKm	Q1 2019	Q1 2018	Change, %	LTM*	Jan-Dec 2018
Net sales	1,494	1,328	13	5,928	5,762
Currency adjusted change*, %	5	16	-	-	12
Operating income	177	158	12	691	672
Excl. items affecting comparability*	177	158	12	735	716
Operating margin, %	11.8	11.9	-	11.6	11.7
Excl. items affecting comparability*	11.8	11.9	-	12.4	12.4

\*Alternative Performance Measure, refer to "Definitions and alternative performance measures".

Net sales in the Construction Division increased by 13% in the first quarter and by 5%, adjusted for changes in exchange rates\*. Acquired entities contributed with approximately 5 percentage points of the currency adjusted increase. Sales in Europe developed positively while organic sales in North America decreased.

Operating income for the first quarter amounted to SEK 177m (158). Net sales growth and efficiencies offset unfavorable geographic mix effects. Changes in exchange rates had a positive effect of approximately SEK 25m compared with previous year.

## CONVERSION OF SHARES

According to the Company's articles of association, owners of A-shares have the right to have such shares converted to B-shares. During the first quarter, at the request of shareholders, 145,480 Class A shares were converted to Class B shares during the quarter. Conversion reduces the total number of votes in the Company.

The total number of registered shares in the Company at March 31, 2019 amounted to 576,343,778 of which 112,292,071 were A-shares and 464,051,707 were B-shares. The total number of votes amounted to 158,697,241.7.

## PARENT COMPANY

Net sales for January – March 2019 for the Parent Company, Husqvarna AB, amounted to SEK 6,052m (5,454), of which SEK 5,063m (4,571) referred to sales to Group companies and SEK 989m (883) to external customers.

Income after financial items amounted to SEK 345m (583). Income for the period decreased to SEK 269m (447). Investments in property, plant and equipment and intangible assets amounted to SEK 238m (410). Cash and cash equivalents amounted to SEK 225m (480) at the end of the quarter. Undistributed earnings in the Parent Company amounted to SEK 20,492m (21,156).

## RESTRUCTURING OF THE CONSUMER BRANDS DIVISION

As communicated in press releases in 2018, Husqvarna Group are exiting certain low-margin petrol-powered product segments in the underperforming former Consumer Brands Division and instead focus on strengths in premium offerings under the core brands of Husqvarna and Gardena.

The restructuring measures are implemented 2018-2019 with an estimated total cost of some SEK 1.2 billion before tax, of which approximately SEK 400m refers to cash items. In 2018, and in the first quarter of 2019 a total of SEK 1,171m and SEK 42m respectively was reported as restructuring related expenses and charged to the Group's income statement. 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.

## 2019 ANNUAL GENERAL MEETING

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

The dividend was set at SEK 2.25 (2.25) per share, paid in two installments. The first payment of SEK 0.75 per share in April and the second payment of SEK 1.50 per share in October. The 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 2018 which is available at [www.husqvarnagroup.com/ir](http://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 2018, which is available at [www.husqvarnagroup.com/ir](http://www.husqvarnagroup.com/ir).

### New standards applicable from January 1, 2019

Husqvarna Group applies IFRS 16 "Leases" from January 1, 2019. IFRS 16 replaces IAS 17 "Leases". The new standard results 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 affects the accounting for the Group's operating leases (mainly buildings, cars and forklifts). For further information of the impact of IFRS 16, refer to "New standards applicable from January 1, 2019".

Husqvarna Group applies IFRIC 23 "Uncertainty over income tax treatments" from January 1, 2019. IFRIC 23 is a new interpretation of uncertain income tax treatments within the scope of IAS 12 "Income taxes". IFRIC 23 clarifies how to recognize and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. Uncertain tax liabilities that has previously been recognized as deferred tax liabilities has been reclassified to current tax liabilities as at January 1, 2019 as a result of the adoption of IFRIC 23. For further information of the impact of IFRIC 23, refer to "New standards applicable from January 1, 2019".

## AUDITORS' REVIEW REPORT

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

Stockholm, April 24, 2019

**Kai Wörn**  
President and CEO

## Consolidated income statement

<b>SEKm</b>	<b>Q1 2019</b>	<b>Q1 2018</b>	<b>Jan-Dec 2018</b>
Net sales	13,651	12,303	41,085
Cost of goods sold	-9,548	-8,756	-30,583
<b>Gross income</b>	<b>4,103</b>	<b>3,547</b>	<b>10,502</b>
<i>Gross margin, %</i>	<i>30.1</i>	<i>28.8</i>	<i>25.6</i>
Selling expenses	-1,909	-1,667	-6,473
Administrative expenses	-542	-506	-2,014
Other operating income/expense	-8	-1	55
<b>Operating income</b>	<b>1,644</b>	<b>1,373</b>	<b>2,070</b>
<i>Operating margin, %</i>	<i>12.0</i>	<i>11.2</i>	<i>5.0</i>
Financial items, net	-160	-137	-509
<b>Income after financial items</b>	<b>1,484</b>	<b>1,236</b>	<b>1,561</b>
<i>Margin, %</i>	<i>10.9</i>	<i>10.0</i>	<i>3.8</i>
Income tax	-344	-296	-348
<b>Income for the period</b>	<b>1,140</b>	<b>940</b>	<b>1,213</b>
Income for the period attributable to:			
Equity holders of the Parent Company	1,140	939	1,212
Non-controlling interest	0	1	1
Earnings per share:			
Before dilution, SEK	1.99	1.64	2.12
After dilution, SEK	1.99	1.64	2.12
Average number of shares outstanding:			
Before dilution, millions	571.7	571.1	571.5
After dilution, millions	572.3	574.2	572.3

<b>Key data</b>	<b>Q1 2019</b>	<b>Q1 2018</b>	<b>Jan-Dec 2018</b>
<i>Net sales growth, %</i>	<i>11</i>	<i>-3</i>	<i>4</i>
Operating income, SEKm	1,644	1,373	2,070
<i>Excl. items affecting comparability*</i>	1,686	1,373	3,241
<i>Operating margin, %</i>	<i>12.0</i>	<i>11.2</i>	<i>5.0</i>
<i>Excl. items affecting comparability*</i>	12.3	11.2	7.9
Average number of employees	13,587	13,532	13,206

<b>EBITDA*</b>	<b>Q1 2019</b>	<b>Q1 2018</b>	<b>Jan-Dec 2018</b>
Operating income	1,644	1,373	2,070
Reversal of depreciation, amortization and impairment	494	343	1,930
<b>EBITDA*</b>	<b>2,138</b>	<b>1,716</b>	<b>4,000</b>
<i>Excl. items affecting comparability*</i>	2,180	1,716	4,710
<i>EBITDA margin, %</i>	<i>15.7</i>	<i>13.9</i>	<i>9.7</i>
<i>Excl. items affecting comparability*</i>	16.0	13.9	11.5

\*Alternative Performance Measure, refer to "Definitions and alternative performance measures".

## Consolidated comprehensive income statement

<b>SEKm</b>	<b>Q1 2019</b>	<b>Q1 2018</b>	<b>Jan-Dec 2018</b>
<b>Income for the period</b>	<b>1,140</b>	<b>940</b>	<b>1,213</b>
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified to the income statement:</i>			
Remeasurements on defined benefit pension plans, net of tax	-62	51	-95
<b>Total items that will not be reclassified to the income statement, net of tax</b>	<b>-62</b>	<b>51</b>	<b>-95</b>
<i>Items that may be reclassified to the income statement:</i>			
Currency translation differences	661	530	1,206
Net investment hedge, net of tax	-406	-167	-826
Cash flow hedges, net of tax	-101	-37	145
<b>Total items that may be reclassified to the income statement, net of tax</b>	<b>154</b>	<b>326</b>	<b>525</b>
<b>Other comprehensive income, net of tax</b>	<b>92</b>	<b>377</b>	<b>430</b>
<b>Total comprehensive income for the period</b>	<b>1,232</b>	<b>1,317</b>	<b>1,643</b>
Total comprehensive income attributable to:			
Equity holders of the Parent Company	1,232	1,316	1,642
Non-controlling interest	0	1	1

## Consolidated balance sheet

SEKm	Mar. 31, 2019	Mar. 31, 2018	Dec 31, 2018
<b>Assets</b>			
Property, plant and equipment <sup>1</sup>	6,253	5,889	6,064
Right of use assets <sup>1</sup>	1,643	125	120
Goodwill	7,252	6,927	7,105
Other intangible assets	5,591	5,447	5,534
Derivatives	6	4	0
Other non-current assets	615	542	592
Deferred tax assets	1,621	1,310	1,585
<b>Total non-current assets</b>	<b>22,981</b>	<b>20,244</b>	<b>21,000</b>
Inventories	11,721	10,302	11,067
Trade receivables	8,797	8,037	3,613
Derivatives	293	178	357
Tax receivables	652	80	218
Other current assets	1,248	993	1,006
Cash and cash equivalents	1,514	2,426	1,346
<b>Total current assets</b>	<b>24,225</b>	<b>22,016</b>	<b>17,607</b>
<b>Total assets</b>	<b>47,206</b>	<b>42,260</b>	<b>38,607</b>
<b>Equity and liabilities</b>			
Equity attributable to equity holders of the Parent Company	17,248	16,977	16,007
Non-controlling interests	2	3	2
<b>Total equity</b>	<b>17,250</b>	<b>16,980</b>	<b>16,009</b>
Borrowings <sup>1</sup>	6,079	6,636	6,038
Lease liabilities <sup>1</sup>	1,339	188	191
Derivatives	43	31	34
Deferred tax liabilities	1,648	1,984	1,794
Provisions for pensions and other post-employment benefits	2,225	1,813	2,101
Other provisions	687	712	696
<b>Total non-current liabilities</b>	<b>12,021</b>	<b>11,364</b>	<b>10,854</b>
Trade payables	6,629	6,096	4,622
Tax liabilities	501	531	145
Other liabilities	3,707	3,202	2,557
Borrowings <sup>1</sup>	5,326	2,838	3,516
Lease liabilities <sup>1</sup>	406	15	16
Derivatives	511	764	218
Other provisions	855	470	670
<b>Total current liabilities</b>	<b>17,935</b>	<b>13,916</b>	<b>11,744</b>
<b>Total equity and liabilities</b>	<b>47,206</b>	<b>42,260</b>	<b>38,607</b>

<sup>1</sup> Most of the previous operating leases have been recognised from January 1, 2019 as right of use assets and lease liabilities, because of the adoption of IFRS 16. Previous finance leases have been included as comparative information for right of use assets and lease liabilities. For further information on the transition to IFRS 16 refer to "New standards applicable from January 1, 2019".

## Key data

	Mar. 31, 2019	Mar. 31, 2018	Dec 31, 2018
Operating working capital, SEKm	13,889	12,243	10,058
Operating working capital / net sales*, %	27.5	27.5	25.9
Return on capital employed, %	8.5	13.9	7.6
Excl. items affecting comparability*, %	12.8	13.9	11.7
Return on equity, %	8.4	16.5	7.3
Excl. items affecting comparability*, %	13.7	16.5	12.6
Capital turn-over rate, times	1.6	1.6	1.6
Equity/assets ratio, %	37	40	41
Equity per share after dilution, SEK	30.1	29.6	28.0

## Net debt\*

SEKm	Mar. 31, 2019	Mar. 31, 2018	Dec 31, 2018
Net pension liability	2,045	1,686	1,943
Other interest-bearing liabilities <sup>1</sup>	13,704	10,472	10,013
Less: Liquid funds and other interest-bearing assets	-2,201	-2,960	-2,081
<b>Net debt*</b>	<b>13,548</b>	<b>9,198</b>	<b>9,875</b>
Net debt/equity ratio	0.79	0.54	0.62
Net debt/EBITDA excl. Items affecting comparability*	1.9	1.6	1.8

\*Alternative Performance Measure, refer to "Definitions and alternative performance measures".

<sup>1</sup> Lease liabilities of SEK 1,745m is included within other interest-bearing liabilities, the lease liabilities have increased with approximately SEK 1,540m because of the adoption of IFRS 16. For further information refer to "New standards applicable from January 1, 2019".



## Consolidated cash flow statement

SEKm	Q1 2019	Q1 2018	Jan-Dec 2018
<b>Cash flow from operations</b>			
Operating income	1,644	1,373	2,070
Non cash items	749	380	2,606
<i>Cash items</i>			
Paid restructuring expenses	-66	-4	-62
Net financial items, received/paid	-172	-116	-448
Taxes paid	-455	-116	-970
<b>Cash flow from operations, excluding change in operating assets and liabilities</b>	<b>1,700</b>	<b>1,517</b>	<b>3,196</b>
<b>Change in operating assets and liabilities</b>			
Change in inventories	-342	-474	-1,366
Change in trade receivables	-5,045	-4,408	-69
Change in trade payables	1,878	1,807	296
Change in other operating assets/liabilities	847	671	-70
<b>Cash flow from operating assets and liabilities</b>	<b>-2,662</b>	<b>-2,404</b>	<b>-1,209</b>
<b>Cash flow from operations</b>	<b>-962</b>	<b>-887</b>	<b>1,987</b>
<b>Investments</b>			
Acquisitions and divestments of subsidiaries/operations and divestments of property, plant and equipment	5	-293	-237
Investments in property, plant and equipment and intangible assets	-478	-439	-2,235
Investments and divestments of financial assets	-	-1	0
<b>Cash flow from investments</b>	<b>-473</b>	<b>-733</b>	<b>-2,472</b>
<b>Cash flow from operations and investments</b>	<b>-1,435</b>	<b>-1,620</b>	<b>-485</b>
<b>Financing</b>			
Dividend paid to shareholders	-	-	-1,286
Dividend paid to non-controlling interests	-	-5	-6
Other financing activities	1,558	2,128	1,204
<b>Cash flow from financing</b>	<b>1,558</b>	<b>2,123</b>	<b>-88</b>
<b>Total cash flow</b>	<b>123</b>	<b>503</b>	<b>-573</b>
Cash and cash equivalents at the beginning of the period	1,346	1,872	1,872
Exchange rate differences referring to cash and cash equivalents	45	51	47
<b>Cash and cash equivalents at the end of the period</b>	<b>1,514</b>	<b>2,426</b>	<b>1,346</b>

## Operating cash flow\*

SEKm	Q1 2019	Q1 2018	Jan-Dec 2018
Cash flow from operations and investments	-1,435	-1,620	-485
Acquisitions and divestments of subsidiaries/operations and divestments of property, plant and equipment	-5	293	237
Investments and divestments of financial assets	-	1	0
<b>Operating cash flow*</b>	<b>-1,440</b>	<b>-1,326</b>	<b>-248</b>

## Direct operating cash flow\*

SEKm	Q1 2019	Q1 2018	Jan-Dec 2018
EBITDA excl. items affecting comparability*	2,180	1,716	4,710
Change in inventories	-342	-474	-1,366
Change in trade receivables	-5,045	-4,408	-69
Change in trade payables	1,878	1,807	296
Investments in property, plant and equipment and intangible assets	-478	-439	-2,235
<b>Direct operating cash flow*</b>	<b>-1,807</b>	<b>-1,798</b>	<b>1,336</b>

\*Alternative Performance Measure, refer to "Definitions and alternative performance measures".

## Change in Group equity

SEKm	Attributable to equity holders of the Parent Company	Non-controlling interests	Total equity
<b>Opening balance January 1, 2018<sup>1</sup></b>	<b>15,653</b>	<b>2</b>	<b>15,655</b>
Share-based payment	8	-	8
Total comprehensive income	1,316	1	1,317
<b>Closing balance March 31, 2018</b>	<b>16,977</b>	<b>3</b>	<b>16,980</b>
<b>Opening balance January 1, 2019</b>	<b>16,007</b>	<b>2</b>	<b>16,009</b>
Share-based payment	9	-	9
Total comprehensive income	1,232	-	1,232
<b>Closing balance March 31, 2019</b>	<b>17,248</b>	<b>2</b>	<b>17,250</b>

<sup>1</sup> IFRS 9 restatement is included in the opening balance, for further information refer to the Annual Report 2018.

## 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 2018. The carrying value approximates fair value for all financial instruments except for non-current borrowings, which are shown in the table below.

SEKm	Mar. 31, 2019		Mar. 31, 2018		Dec. 31, 2018	
	Book value	Fair value	Book value	Fair value	Book value	Fair value
<i>Non-current borrowings</i>						
Loans	6,079	6,029	6,636	6,672	6,038	6,026
<b>Total non-current borrowings</b>	<b>6,079</b>	<b>6,029</b>	<b>6,636</b>	<b>6,672</b>	<b>6,038</b>	<b>6,026</b>

## Five-year overview, Group

	2018	2017	2016	2015	2014
Net sales, SEKm	41,085	39,394	35,982	36,170	32,838
<i>Net sales growth, %</i>	4.3	9.5	-0.5	10.1	8.4
<i>Gross margin<sup>1</sup>, %</i>	25.6	29.1	30.8	28.1	28.5
Operating income, SEKm	2,070	3,790	3,218	2,827	1,581
<i>Excl. items affecting comparability*, SEKm</i>	<i>3,241</i>	<i>3,790</i>	<i>3,218</i>	<i>2,980</i>	<i>2,348</i>
<i>Operating margin, %</i>	<i>5.0</i>	<i>9.6</i>	<i>8.9</i>	<i>7.8</i>	<i>4.8</i>
<i>Excl. items affecting comparability*, %</i>	<i>7.9</i>	<i>9.6</i>	<i>8.9</i>	<i>8.2</i>	<i>7.2</i>
<i>Return on capital employed, %</i>	<i>7.6</i>	<i>14.7</i>	<i>13.7</i>	<i>12.4</i>	<i>7.6</i>
<i>Excl. items affecting comparability*, %</i>	<i>11.7</i>	<i>14.7</i>	<i>13.7</i>	<i>13.1</i>	<i>11.1</i>
<i>Return on equity, %</i>	<i>7.3</i>	<i>17.4</i>	<i>15.2</i>	<i>14.6</i>	<i>6.7</i>
<i>Excl. items affecting comparability*, %</i>	<i>12.6</i>	<i>17.4</i>	<i>15.2</i>	<i>15.5</i>	<i>12.9</i>
Capital turn-over rate, times	1.6	1.7	1.7	1.7	1.7
Operating cash flow <sup>2</sup> , 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

\*Alternative Performance Measure, refer to "Definitions and alternative performance measures".

<sup>1</sup> 2017 has been restated due to IFRS 15 transition and reclassification of certain exchange rate effects, refer to note 27 in the Annual Report 2018.

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

## Net sales and income by quarter, Group

SEKm		Q1	Q2	Q3	Q4	Full-year
<b>Net sales, finished goods</b>	<b>2019</b>	<b>13 575</b>				
	2018	12 248	14 184	7 964	6 401	40 797
	2017	12 734	13 058	7 437	6 117	39 346
<b>Net sales, services, royalty and other</b>	<b>2019</b>	<b>76</b>				
	2018	55	86	78	69	288
	2017	12	11	12	13	48
<b>Net sales total</b>	<b>2019</b>	<b>13 651</b>				
	2018	12 303	14 270	8 042	6 470	41 085
	2017	12 746	13 069	7 449	6 130	39 394
<b>Operating income</b>	<b>2019</b>	<b>1 644</b>				
	2018	1 373	1 925	-124	-1 104	2 070
	2017	1 425	2 002	433	-70	3 790
<b>Operating margin, %</b>	<b>2019</b>	<b>12,0</b>				
	2018	11,2	13,5	-1,5	-17,1	5,0
	2017	11,2	15,3	5,8	-1,1	9,6
<b>Income for the period</b>	<b>2019</b>	<b>1 140</b>				
	2018	940	1 380	-185	-922	1 213
	2017	988	1 401	210	61	2 660
<b>Earnings per share after dilution, SEK</b>	<b>2019</b>	<b>1,99</b>				
	2018	1,64	2,41	-0,32	-1,61	2,12
	2017	1,72	2,43	0,37	0,10	4,62

## Net sales and operating income, last twelve months\*, Group

SEKm		Q1	Q2	Q3	Q4
<b>Net sales</b>	<b>2019</b>	<b>42 433</b>			
	2018	38 951	40 152	40 745	41 085
	2017	37 367	38 932	39 032	39 394
<b>Operating income</b>	<b>2019</b>	<b>2 341</b>			
<i>Excl. items affecting comparability*</i>	<b>2019</b>	<b>3 554</b>			
	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
<b>Operating margin, %</b>	<b>2019</b>	<b>5,5</b>			
<i>Excl. items affecting comparability*</i>	<b>2019</b>	<b>8,4</b>			
	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

\*Alternative Performance Measure, refer to "Definitions and alternative performance measures".

## Items affecting comparability\*

SEKm		Q1	Q2	Q3	Q4	Full-year
<b>Restructuring related expenses</b> <sup>1</sup>	<b>2019</b>	<b>-42</b>				
	2018	-	-	-349	-822	-1 171
	2017	-	-	-	-	-
No items	2016	-	-	-	-	-
Restructuring related expenses	2015	-	-	-	-153	-153
Impairment of goodwill	2014	-	-	-	-767	-767

\*Alternative Performance Measure, refer to "Definitions and alternative performance measures".

<sup>1</sup> Includes restructuring provisions, impairment of non-current assets and write down of inventory and other restructuring related expenses.

Restructuring related expenses	Q1	Q1	Full-year
SEKm	2019	2018	2018
Restructuring provisions	-9	-	-382
Impairment of non-current assets	-	-	-461
Write down of inventory	-	-	-328
Other restructuring related expenses	-33	-	-
<b>Total items affecting comparability</b>	<b>-42</b>	<b>-</b>	<b>-1 171</b>

Classification in the income statement	Q1	Q1	Full-year
SEKm	2019	2018	2018
Cost of goods sold	-42	-	-1 077
Selling expenses	-	-	-48
Administrative expenses	-	-	-46
<b>Total items affecting comparability</b>	<b>-42</b>	<b>-</b>	<b>-1 171</b>

## Net sales (external) by segment

SEKm		Q1	Q2	Q3	Q4	Full-year
<b>Husqvarna</b>	<b>2019</b>	<b>9,506</b>				
	2018 <sup>1</sup>	8,484	9,347	5,015	4,310	27,156
	2017 <sup>1,2</sup>	9,238	8,867	4,931	4,185	27,221
<b>Gardena</b>	<b>2019</b>	<b>2,630</b>				
	2018 <sup>1</sup>	2,483	3,325	1,564	746	8,118
	2017 <sup>1</sup>	2,310	2,859	1,255	727	7,151
<b>Construction</b>	<b>2019</b>	<b>1,494</b>				
	2018	1,328	1,590	1,446	1,398	5,762
	2017	1,197	1,341	1,260	1,217	5,015
<b>Group common costs<sup>3</sup></b>	<b>2019</b>	<b>21</b>				
	2018	8	8	17	16	49
	2017	1	1	3	2	7
<b>Total Group</b>	<b>2019</b>	<b>13,651</b>				
	2018	12,303	14,270	8,042	6,470	41,085
	2017	12,746	13,069	7,449	6,130	39,394

<sup>1</sup> Restatement due to allocation of the Consumer Brands Division, refer to "Distribution of the Consumer Brands Division".

<sup>2</sup> Restatement due to reclassification of certain sales between segments, se note 27 in the Annual Report 2018.

<sup>3</sup> Royalty income is included in Group common costs.

## Operating income by segment

SEKm		Q1	Q2	Q3	Q4	Full-year
<b>Husqvarna</b>	<b>2019</b>	<b>1,186</b>				
<i>Excl. items affecting comparability*</i>	<b>2019</b>	<b>1,228</b>				
	2018 <sup>1</sup>	1,044	1,154	-344	-626	1,228
<i>Excl. items affecting comparability*</i>	2018 <sup>1</sup>	1,044	1,154	-15	-77	2,106
	2017 <sup>1,2</sup>	1,054	1,250	341	71	2,716
<b>Gardena</b>	<b>2019</b>	<b>372</b>				
	2018 <sup>1</sup>	264	595	64	-498	425
<i>Excl. items affecting comparability*</i>	2018 <sup>1</sup>	264	595	66	-274	651
	2017 <sup>1</sup>	297	580	12	-224	665
<b>Construction</b>	<b>2019</b>	<b>177</b>				
	2018	158	251	192	71	672
<i>Excl. items affecting comparability*</i>	2018	158	251	192	115	716
	2017	141	233	143	132	649
<b>Group common costs</b>	<b>2019</b>	<b>-91</b>				
	2018	-93	-75	-36	-51	-255
<i>Excl. items affecting comparability*</i>	2018	-93	-75	-18	-46	-232
	2017	-67	-62	-63	-48	-240
<b>Total Group</b>	<b>2019</b>	<b>1,644</b>				
<i>Excl. items affecting comparability*</i>	<b>2019</b>	<b>1,686</b>				
	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

\*Alternative Performance Measure, refer to "Definitions and alternative performance measures".

<sup>1</sup> Restatement due to allocation of the Consumer Brands Division, refer to "Distribution of the Consumer Brands Division".

<sup>2</sup> Restatement due to reclassification of certain sales between segments, se note 27 in the Annual Report 2018.

## Operating margin by segment

%		Q1	Q2	Q3	Q4	Full-year
<b>Husqvarna</b>	<b>2019</b>	<b>12.5</b>				
<i>Excl. items affecting comparability*</i>	<b>2019</b>	<b>12.9</b>				
	2018 <sup>1</sup>	12.3	12.3	-6.9	-14.5	4.5
<i>Excl. items affecting comparability*</i>	2018 <sup>1</sup>	12.3	12.3	-0.3	-1.8	7.8
	2017 <sup>1,2</sup>	11.4	14.1	6.9	1.7	10.0
<b>Gardena</b>	<b>2019</b>	<b>14.1</b>				
	2018 <sup>1</sup>	10.6	17.9	4.1	-66.8	5.2
<i>Excl. items affecting comparability*</i>	2018 <sup>1</sup>	10.6	17.9	4.2	-36.7	8.0
	2017 <sup>1</sup>	12.9	20.3	1.0	-30.8	9.3
<b>Construction</b>	<b>2019</b>	<b>11.8</b>				
	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
<b>Total Group</b>	<b>2019</b>	<b>12.0</b>				
<i>Excl. items affecting comparability*</i>	<b>2019</b>	<b>12.3</b>				
	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

\*Alternative Performance Measure, refer to "Definitions and alternative performance measures".

<sup>1</sup> Restatement due to allocation of the Consumer Brands Division, refer to "Distribution of the Consumer Brands Division".

<sup>2</sup> Restatement due to reclassification of certain sales between segments, see note 27 in the Annual Report 2018.

## Net assets by segment<sup>1</sup>

SEKm	Assets		Liabilities		Net Assets	
	Mar. 31, 2019	Mar. 31, 2018	Mar. 31, 2019	Mar. 31, 2018	Mar. 31, 2019	Mar. 31, 2018
Husqvarna <sup>2</sup>	24,180	21,541	7,522	6,863	16,658	14,678
Gardena <sup>2</sup>	10,976	10,105	2,829	2,213	8,147	7,892
Construction	7,128	6,121	1,155	1,019	5,973	5,102
Other <sup>3</sup>	2,539	1,406	2,521	2,900	18	-1,494
<b>Total</b>	<b>44,823</b>	<b>39,173</b>	<b>14,027</b>	<b>12,995</b>	<b>30,796</b>	<b>26,178</b>

<sup>1</sup> Liquid assets and other interest-bearing assets, interest-bearing liabilities and equity are not included in the table above.

<sup>2</sup> Restatement due to allocation of the Consumer Brands Division, refer to "Distribution of the Consumer Brands Division".

<sup>3</sup> Other includes tax items and Husqvarna's common group services such as Holding, Treasury and Risk Management.

## NEW STANDARDS APPLICABLE FROM JANUARY 1, 2019

### a) IFRS 16 “Leases” transition

Husqvarna Group applies IFRS 16 “Leases” from January 1, 2019. IFRS 16 replaces IAS 17 “Leases”. The accounting principles have changed accordingly, the new accounting principles have been disclosed in the Annual Report 2018 ([www.husqvarnagroup.com/ir](http://www.husqvarnagroup.com/ir)). IFRS 16 results 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 affects 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 have not been 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 weighted average discount rate was 2.2% as at January 1, 2019. The lease liability recognized as of January 1, 2019 increased by SEK 1,502m as a result of the adoption of IFRS16. The Group had non-cancellable operating lease commitments of SEK 1,586m as at December 31, 2018, SEK 1,484m when discounted. The difference can 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 has used 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 right of use assets has been measured at an amount equal to the lease liability at transition. Non-current assets increased by SEK 1,502m on January 1, 2019 due to recognized right of use assets. The total effect in the income statement is not significant, there is a slight shift in the income statement, where operating income increase and the financial items decrease.

### b) IFRIC 23 “Uncertainty over income tax treatments”

Husqvarna Group applies IFRIC 23 “Uncertainty over income tax treatments” from January 1, 2019. IFRIC 23 is a new interpretation of uncertain income tax treatments within the scope of IAS 12 Income taxes. IFRIC 23 clarifies how to recognize and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the tax authority. Husqvarna Group adopts IFRIC 23 “Uncertainty over income tax treatments” 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 have not been restated. Uncertain tax liabilities of SEK 167m that has previously been recognized as deferred tax liabilities has been reclassified to current tax liabilities as at January 1, 2019, as a result of the adoption of IFRIC 23.

The following table shows the adjustments for each individual line item.

## Consolidated balance sheet

SEKm	Dec 31, 2018	a) IFRS 16	b) IFRIC 23	1 jan 2019 restated
<b>Assets</b>				
Property, plant and equipment	6,064	-	-	6,064
Right of use assets	120	1,502	-	1,622
Goodwill	7,105	-	-	7,105
Other intangible assets	5,534	-	-	5,534
Derivatives	0	-	-	0
Other non-current assets	592	-	-	592
Deferred tax assets	1,585	-	-	1,585
<b>Total non-current assets</b>	<b>21,000</b>	<b>1,502</b>	-	<b>22,502</b>
<b>Total current assets</b>	<b>17,607</b>	-	-	<b>17,607</b>
<b>Total assets</b>	<b>38,607</b>	<b>1,502</b>	-	<b>40,109</b>
<b>Equity and liabilities</b>				
<b>Total equity</b>	<b>16,009</b>	-	-	<b>16,009</b>
Borrowings	6,038	-	-	6,038
Lease liabilities	191	1,123	-	1,314
Derivatives	34	-	-	34
Deferred tax liabilities	1,794	-	-167	1,627
Provisions for pensions and other post-employment benefits	2,101	-	-	2,101
Other provisions	696	-	-	696
<b>Total non-current liabilities</b>	<b>10,854</b>	<b>1,123</b>	<b>-167</b>	<b>11,810</b>
Trade payables	4,622	-	-	4,622
Tax liabilities	145	-	167	312
Other liabilities	2,557	-	-	2,557
Borrowings	3,516	-	-	3,516
Lease liabilities	16	379	-	395
Derivatives	218	-	-	218
Other provisions	670	-	-	670
<b>Total current liabilities</b>	<b>11,744</b>	<b>379</b>	<b>167</b>	<b>12,290</b>
<b>Total equity and liabilities</b>	<b>38,607</b>	<b>1,502</b>	-	<b>40,109</b>

## PARENT COMPANY

### Income statement

SEKm	Q1 2019	Q1 2018	Jan-Dec 2018
Net sales	6,052	5,454	17,185
Cost of goods sold	-4,355	-3,948	-14,109
<b>Gross income</b>	<b>1,697</b>	<b>1,506</b>	<b>3,076</b>
Selling expense	-388	-317	-1,334
Administrative expense	-356	-295	-1,192
Other operating income/expense	-8	0	0
<b>Operating income</b>	<b>945</b>	<b>894</b>	<b>550</b>
Financial items, net	-600	-311	-965
<b>Income after financial items</b>	<b>345</b>	<b>583</b>	<b>-415</b>
Appropriations	-12	-6	337
<b>Income before taxes</b>	<b>333</b>	<b>577</b>	<b>-78</b>
Tax on profit for the year	-64	-130	133
<b>Income for the period</b>	<b>269</b>	<b>447</b>	<b>55</b>

### Balance sheet

SEKm	Mar. 31, 2019	Mar. 31, 2018	Mar. 31, 2018
Non-current assets	33,689	33,590	33,734
Current assets	14,562	11,864	10,437
<b>Total assets</b>	<b>48,251</b>	<b>45,454</b>	<b>44,171</b>
Equity	22,766	24,095	22,536
Untaxed reserves	794	806	794
Provisions	185	99	159
Non-current liabilities	5,864	6,392	5,810
Current liabilities	18,642	14,062	14,872
<b>Total equity and liabilities</b>	<b>48,251</b>	<b>45,454</b>	<b>44,171</b>

### Number of shares

	Outstanding A-shares	Outstanding B-shares	Re-purchased B-shares <sup>2</sup>	Total
<b>Number of shares as of December 31, 2018</b>	<b>112,437,551</b>	<b>459,235,811</b>	<b>4,670,416</b>	<b>576,343,778</b>
Conversion of A-shares into B-shares	-145,480	145,480	-	-
<b>Number of shares as of March 31, 2019<sup>1</sup></b>	<b>112,292,071</b>	<b>459,381,291</b>	<b>4,670,416</b>	<b>576,343,778</b>

<sup>1</sup>In April 2019, 808 A-shares were converted.

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



## Distribution of the Consumer Brands Division

(Dissolved as of January 1, 2019)

The Consumer Brands Division 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 consists of three divisions: Husqvarna, Gardena and Construction. A restatement of the segment reporting in the new structure is presented below and the comparative amounts have been restated accordingly in this report.

### 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
<b>Operating income</b>	<b>1,070</b>	<b>-26</b>	<b>1,044</b>	<b>1,201</b>	<b>-47</b>	<b>1,154</b>	<b>-19</b>	<b>-325</b>	<b>-344</b>
<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
<b>Net Assets</b>	<b>10,647</b>	<b>4,031</b>	<b>14,678</b>	<b>10,299</b>	<b>3,772</b>	<b>14,071</b>	<b>9,962</b>	<b>3,189</b>	<b>13,151</b>

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
<b>Operating income</b>	<b>-140</b>	<b>-486</b>	<b>-626</b>	<b>2,112</b>	<b>-884</b>	<b>1,228</b>
<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
<b>Net Assets</b>	<b>10,547</b>	<b>2,834</b>	<b>13,381</b>	<b>10,547</b>	<b>2,834</b>	<b>13,381</b>

SEKm	Q1 2017 <sup>1</sup>	Allocation of CBD	Q1 2017 restated	Q2 2017 <sup>1</sup>	Allocation of CBD	Q2 2017 restated	Q3 2017 <sup>1</sup>	Allocation of CBD	Q3 2017 restated
Net sales	6,136	3,102	9,238	6,164	2,703	8,867	3,669	1,262	4,931
<b>Operating income</b>	<b>1,032</b>	<b>22</b>	<b>1,054</b>	<b>1,180</b>	<b>70</b>	<b>1,250</b>	<b>388</b>	<b>-47</b>	<b>341</b>
Operating margin, %	16.8		11.4	19.1		14.1	10.6		6.9
Assets	14,883	6,184	21,067	13,470	4,788	18,258	12,018	4,337	16,355
Liabilities	4,776	1,744	6,520	4,224	1,464	5,688	3,395	980	4,375
<b>Net Assets</b>	<b>10,107</b>	<b>4,440</b>	<b>14,547</b>	<b>9,246</b>	<b>3,324</b>	<b>12,570</b>	<b>8,623</b>	<b>3,357</b>	<b>11,980</b>

SEKm	Q4 2017 <sup>1</sup>	Allocation of CBD	Q4 2017 restated	Full-year 2017 <sup>1</sup>	Allocation of CBD	Full-year 2017 restated
Net sales	3,240	945	4,185	19,209	8,012	27,221
<b>Operating income</b>	<b>127</b>	<b>-56</b>	<b>71</b>	<b>2,727</b>	<b>-11</b>	<b>2,716</b>
Operating margin, %	3.9		1.7	14.2		10.0
Assets	12,741	4,430	17,171	12,741	4,430	17,171
Liabilities	3,856	1,025	4,881	3,856	1,025	4,881
<b>Net Assets</b>	<b>8,885</b>	<b>3,405</b>	<b>12,290</b>	<b>8,885</b>	<b>3,405</b>	<b>12,290</b>

SEKm	Full-year 2015	Allocation of CBD	Full-year 2015 restated	Full-year 2016	Allocation of CBD	Full-year 2016 restated
Net sales	17,624	8,174	25,798	17,960	7,325	25,285
<b>Operating income</b>	<b>2,233</b>	<b>65</b>	<b>2,298</b>	<b>2,317</b>	<b>71</b>	<b>2,388</b>
<i>Excl. items affecting comparability*</i>	2,284	89	2,373	2,317	71	2,388
Operating margin, %	12.7		8.9	12.9		9.4
<i>Excl. items affecting comparability*</i>	13.0		9.2	12.9		9.4
Assets	10,917	4,135	15,052	12,317	4,947	17,264
Liabilities	3,021	1,091	4,112	3,642	1,414	5,056
<b>Net Assets</b>	<b>7,896</b>	<b>3,044</b>	<b>10,940</b>	<b>8,675</b>	<b>3,533</b>	<b>12,208</b>

\*Alternative Performance Measure, refer to "Definitions and alternative performance measures".

<sup>1</sup> Restatement due to reclassification of certain sales between segments, see note 27 in the Annual Report 2018.

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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
<b>Operating income</b>	<b>301</b>	<b>-37</b>	<b>264</b>	<b>585</b>	<b>10</b>	<b>595</b>	<b>113</b>	<b>-49</b>	<b>64</b>
<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
<b>Net Assets</b>	<b>6,937</b>	<b>955</b>	<b>7,892</b>	<b>7,074</b>	<b>914</b>	<b>7,988</b>	<b>6,614</b>	<b>874</b>	<b>7,488</b>

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
<b>Operating income</b>	<b>-213</b>	<b>-285</b>	<b>-498</b>	<b>786</b>	<b>-361</b>	<b>425</b>
<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
<b>Net Assets</b>	<b>6,965</b>	<b>671</b>	<b>7,636</b>	<b>6,965</b>	<b>671</b>	<b>7,636</b>

SEKm	Q1 2017	Allocation of CBD	Q1 2017 restated	Q2 2017	Allocation of CBD	Q2 2017 restated	Q3 2017	Allocation of CBD	Q3 2017 restated
Net sales	1,715	595	2,310	2,326	533	2,859	1,033	222	1,255
<b>Operating income</b>	<b>251</b>	<b>46</b>	<b>297</b>	<b>565</b>	<b>15</b>	<b>580</b>	<b>62</b>	<b>-50</b>	<b>12</b>
Operating margin, %	14.6		12.9	24.3		20.3	6.0		1.0
Assets	7,853	1,792	9,645	7,781	1,511	9,292	6,959	1,273	8,232
Liabilities	1,218	808	2,026	1,385	627	2,012	991	417	1,408
<b>Net Assets</b>	<b>6,635</b>	<b>984</b>	<b>7,619</b>	<b>6,396</b>	<b>884</b>	<b>7,280</b>	<b>5,968</b>	<b>856</b>	<b>6,824</b>

SEKm	Q4 2017	Allocation of CBD	Q4 2017 restated	Full-year 2017	Allocation of CBD	Full-year 2017 restated
Net sales	556	171	727	5,630	1,521	7,151
<b>Operating income</b>	<b>-172</b>	<b>-52</b>	<b>-224</b>	<b>706</b>	<b>-41</b>	<b>665</b>
Operating margin, %	-30.9		-30.8	12.5		9.3
Assets	7,430	1,341	8,771	7,430	1,341	8,771
Liabilities	1,034	433	1,467	1,034	433	1,467
<b>Net Assets</b>	<b>6,396</b>	<b>908</b>	<b>7,304</b>	<b>6,396</b>	<b>908</b>	<b>7,304</b>

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

\*Alternative Performance Measure, refer to "Definitions and alternative performance measures".

## DEFINITIONS AND 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.

### Direct operating cash flow

Direct operating cash flow is a measure of the cash generated by the Group's operating business. The measure is defined as EBITDA, excluding items affecting comparability, adjusted for change in trade payables, inventory and trade receivables and investments in property, plant and equipment and intangible assets. For a reconciliation of direct operating cash flow refer to the table below the cash flow statement.

### 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 the table below the income statement.

### 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 11. 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 11.

### 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 the table below the balance sheet.

### 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 table below the cash flow statement.

### Organic growth

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

For additional definitions refer to page 117 of the Group's Annual Report 2018.

## 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 April 24, 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 3393249#. The conference call will also be audio cast live on [www.husqvarnagroup.com/ir](http://www.husqvarnagroup.com/ir). A replay will be available later the same day.

## DATES FOR FINANCIAL REPORTS 2019

July 16	Interim report for January-June
October 22	Interim report for January-September

A Capital Markets Day will be held in Huskvarna, Sweden on September 17, 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 April 24, 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.