

# YEAR END REPORT 2019

Stockholm, February 4, 2020



## Kai Wärn, President and CEO:

“The seasonally small fourth quarter was characterized by a mixed market development. In Europe, sales developed positively, whereas in the US, sales were negatively impacted by trade partners continuing to reduce their inventories. In total, net sales decreased by 2% adjusted for currency effects and the exited Consumer Brands business. Operating income in the fourth quarter amounted to SEK -310m (-282), excluding items affecting comparability. The result was primarily impacted by significantly decreased manufacturing levels, which resulted in under absorption, as well as negative product mix effects. However, partly compensated by a net positive impact from an asset sale and write downs.

For the full-year 2019 Group net sales increased by 1%, adjusted for changes in exchange rates and the exited Consumer Brands business. Despite the challenging lawn and garden season during 2019, operating income increased by 21% or by SEK 674m to SEK 3,915m (3,241), representing an operating margin of 9.3% (7.9), excluding items affecting comparability. Direct operating cash flow improved to SEK 3,849m (1,336), driven by higher operating income and positive changes in working capital. The Board of Directors will propose a dividend for 2019 of SEK 2.25 (2.25) to the AGM.

Several important strategic steps were taken during 2019 supporting our journey of sustainable profitable growth. We presented an updated strategy building on a sharper focus on our end-customer segments and robotics and battery solutions, strengthening our winning core and growing our services and solutions business. We are proud to drive technology development exemplified by the introduction of the new Husqvarna EPOS technology to the market, providing robotic lawnmowing with virtual boundary technology.

For 2020, the top priority is to continue the trajectory towards sustainable profitable growth whilst finalizing exits of Consumer Brands business (SEK 2.2bn). We will drive strategic initiatives in all our divisions, enabled both through cost reductions from our efficiency measures and the restructuring activities announced in November 2019. The seasonal order situation and readiness are in line with the plans for the year. Based on the current status of information, we do not foresee any significant business disturbances related to the Corona virus outbreak, if component supply is normalized during next few weeks, whereas it might become material if they remain in March. In January, the Board of Directors appointed Henric Andersson as President and CEO, starting in April, 2020. I am pleased to hand over to Henric who has deep knowledge and experience of the business”.

## Fourth quarter 2019

- Net sales decreased 1% to SEK 6,408m (6,470), or decreased 5% if adjusted for changes in exchange rates. Net sales decreased by 2% when adjusted for exit of Consumer Brands business and changes in exchange rates.
- Operating income amounted to SEK -493m (-1,104) including items affecting comparability related to the additional restructuring announced in November 2019 of SEK -183m (-822). Excluding items affecting comparability the operating income amounted to SEK -310m (-282), which includes a net positive impact, from the sale of an asset and asset write downs, of approximately SEK 100m.
- Earnings per share after dilution amounted to SEK -0.67 (-1.61).

## January – December 2019

- Net sales amounted to SEK 42,277m (41,085), corresponding to a currency adjusted decrease of 2%. Net sales increased by 1% when adjusted for exit of Consumer Brands business and changes in exchange rates.
- Operating income amounted to SEK 3,690m (2,070) including items affecting comparability related to restructuring expenses of SEK -225m (-1,171). Excluding items affecting comparability the operating income amounted to SEK 3,915m (3,241), which includes a net positive impact, from the sale of an asset and asset write downs, of approximately SEK 60m (55).
- Earnings per share after dilution amounted to SEK 4.42 (2.12).
- Direct operating cash flow increased to SEK 3,849m (1,336).
- The Board of Directors will propose a dividend for 2019 of SEK 2.25 per share (2.25) to the AGM.

Group	Q4 2019	Q4 2018	Change, %	Jan-Dec 2019	Jan-Dec 2018	Change, %
Net sales	6,408	6,470	-1	42,277	41,085	3
Currency adjusted change, %	-5	0	-	-2	2	-
Operating income	-493	-1,104	55	3,690	2,070	78
Excl. items affecting comparability	-310	-282	-10	3,915	3,241	21
Operating margin, %	-7.7	-17.1	-	8.7	5.0	-
Excl. items affecting comparability	-4.8	-4.4	-	9.3	7.9	-
Income for the period	-387	-922	58	2,528	1,213	108
Earnings per share after dilution, SEK	-0.67	-1.61	58	4.42	2.12	108
<b>Net sales, Divisions</b>						
Husqvarna <sup>1</sup>	4,108	4,310	-5	27,506	27,156	1
Gardena <sup>1</sup>	710	746	-5	8,343	8,118	3
Construction	1,551	1,398	11	6,340	5,762	10
<b>Operating income, Divisions</b>						
Husqvarna <sup>1</sup>	-225	-626	64	2,260	1,228	84
Excl. items affecting comparability <sup>1</sup>	-100	-77	-30	2,427	2,106	15
Gardena <sup>1</sup>	-348	-498	30	847	425	99
Excl. items affecting comparability <sup>1</sup>	-348	-274	-27	847	651	30
Construction	106	71	49	779	672	16
Excl. items affecting comparability	163	115	42	836	716	17

<sup>1</sup> Restatement of 2018 amounts due to allocation of the Consumer Brands Division, refer to "Distribution of the Consumer Brands Division".

## FOURTH QUARTER

### Net sales

Net sales for the fourth quarter decreased by 1% to SEK 6,408m (6,470) or by 5% when adjusted for changes in exchange rates. Net sales decreased by 2% when adjusted for exit of Consumer Brands business and changes in exchange rates. The market development in Europe was favorable, with good growth for robotic lawn mowers and battery products, while the market was weak in the US, particularly for the wheeled segment, as trade partners continued to lower their inventories.

### Operating income

Operating income for the fourth quarter amounted to SEK -310m (-282), excluding items affecting comparability. The lower result was primarily related to significantly decreased manufacturing levels, which resulted in under absorption, as well as negative product mix effects. There was a net positive impact amounting to approximately SEK 100m resulting from the sale of an asset as well as some asset write downs. Changes in exchange rates contributed positively with approximately SEK 30m compared to last year, excluding items affecting comparability.

### Financial items net

Financial items net amounted to SEK -131m (-124).

### Income after financial items

Income after financial items amounted to SEK -624m (-1,228).

### Taxes

Income tax amounted to SEK 237m (306).

### Earnings per share

Income for the period attributable to equity holders of the Parent Company amounted to SEK -388m (-922), corresponding to SEK -0.67 (-1.61) per share after dilution.

## JANUARY - DECEMBER

### Net sales

Net sales for January - December increased by 3% to SEK 42,277m (41,085) or decreased by 2% if adjusted for changes in exchange rates. Net sales increased by 1% when adjusted for exit of Consumer Brands business and changes in exchange rates.

### Operating income

Operating income for January - December increased by 21% to SEK 3,915m (3,241), excluding items affecting comparability, and the corresponding margin was 9.3% (7.9). The higher result was primarily related to price increases, restructuring and efficiency savings and was partly offset by continued investments in strategic growth initiatives as well as higher costs related to trade tariffs. There was a net positive impact, resulting from the sale of an asset as well as some asset write downs, amounting to approximately SEK 60m (55). Changes in exchange rates contributed positively with approximately SEK 350m compared to last year, excluding items affecting comparability.

### Financial items net

Financial items net amounted to SEK -568m (-509).

### Income after financial items

Income after financial items increased to SEK 3,122m (1,561).

### Taxes

Income tax amounted to SEK -594m (-348) corresponding to a tax rate of 19% (22).

### Earnings per share

Income for the period attributable to equity holders of the Parent Company increased to SEK 2,527m (1,212), corresponding to SEK 4.42 (2.12) per share after dilution.

## OPERATING CASH FLOW

Operating cash flow for January - December increased to SEK 2,676m (-248) and direct operating cash flow increased to SEK 3,849m (1,336). The increase was related to higher operating income and positive effects from changes in inventories and trade receivables and was partly offset by changes in payables.

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 negatively impacted by the pre-season production for the next year.

## FINANCIAL POSITION

Group equity as of December 31, 2019, excluding non-controlling interests, increased to SEK 17,281m (16,007), corresponding to SEK 30.2 (28.0) per share after dilution.

Net debt increased to SEK 11,315m (9,875). The increase is mainly due to an increase in lease liabilities (other interest-bearing liabilities) of approximately SEK 1,500m as a result 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 2,427m (1,943) other interest-bearing liabilities increased to SEK 11,786m (10,013), liquid funds and other interest-bearing assets increased to SEK 2,898m (2,081).

The net debt/EBITDA ratio, excluding items affecting comparability, increased to 1.9 (1.8). See definition on page 21. The equity/assets ratio was 41% (41).

## APPOINTMENT OF NEW PRESIDENT AND CEO

The Board of Directors of Husqvarna AB has appointed Henric Andersson to succeed Kai Wörn as the President & CEO of the Husqvarna Group effective as of April 2, 2020, following the closing of the 2020 AGM. Henric Andersson is currently President of the Construction Division of Husqvarna Group and has been a member of Group Management team since 2012 and worked in the Group for the last 22 years. He was born in 1973 and has a Master of Science degree in Industrial Engineering & Management from Linköping Institute of Technology.



## 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" on page 18.

### Husqvarna

SEKm	Q4 2019	Q4 2018 <sup>1</sup>	Change, %	Jan-Dec 2019	Jan-Dec 2018 <sup>1</sup>	Change, %
Net sales	4,108	4,310	-5	27,506	27,156	1
<i>Currency adjusted change, %</i>	-9	-2	-	-4	-2	-
Operating income	-225	-626	64	2,260	1,228	84
<i>Excl. items affecting comparability</i>	-100	-77	-30	2,427	2,106	15
Operating margin, %	-5.5	-14.5	-	8.2	4.5	-
<i>Excl. items affecting comparability</i>	-2.4	-1.8	-	8.8	7.8	-

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

Net sales for the Husqvarna Division decreased by 5% in the fourth quarter or by 9% when adjusted for changes in exchange rates. Net sales decreased by 5% when adjusted for exit of Consumer Brands business and changes in exchange rates. The market development in Europe was favorable while the market was weak in the US, particularly for the wheeled segment, as trade partners continued to reduce their inventories.

Operating income for the fourth quarter decreased to SEK -100m (-77), excluding items affecting comparability. Restructuring savings, efficiency measures and price increases contributed positively, but was offset by higher costs for tariffs and lower factory absorption. Changes in exchange rates had a positive impact of

approximately SEK 20m on operating income in the fourth quarter compared to last year, excluding items affecting comparability.

## Gardena

SEKm	Q4 2019	Q4 2018 <sup>1</sup>	Change, %	Jan-Dec 2019	Jan-Dec 2018 <sup>1</sup>	Change, %
Net sales	710	746	-5	8,343	8,118	3
<i>Currency adjusted change, %</i>	-8	-2	-	0	8	-
Operating income	-348	-498	30	847	425	99
<i>Excl. items affecting comparability</i>	-348	-274	-27	847	651	30
Operating margin, %	-49.0	-66.8	-	10.2	5.2	-
<i>Excl. items affecting comparability</i>	-49.0	-36.7	-	10.2	8.0	-

<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 decreased by 5% in the fourth quarter and by 8% if adjusted for changes in exchange rates. Net sales decreased by 2% when adjusted for exit of Consumer Brands business and changes in exchange rates.

Operating income for the fourth quarter decreased to SEK -348m (-274), excluding items affecting comparability, mainly as a result of lower volumes. That was partly offset by restructuring savings and efficiencies. Changes in exchange rates had a negative impact of approximately SEK -15m on operating income in the fourth quarter compared to last year, excluding items affecting comparability.

## Construction

SEKm	Q4 2019	Q4 2018	Change, %	Jan-Dec 2019	Jan-Dec 2018	Change, %
Net sales	1,551	1,398	11	6,340	5,762	10
<i>Currency adjusted change, %</i>	7	8	-	5	12	-
Operating income	106	71	49	779	672	16
<i>Excl. items affecting comparability</i>	163	115	42	836	716	17
Operating margin, %	6.8	5.0	-	12.3	11.7	-
<i>Excl. items affecting comparability</i>	10.5	8.2	-	13.2	12.4	-

Net sales in the Construction Division increased by 11% in the fourth quarter and by 7%, adjusted for changes in exchange rates. This was driven by good growth especially in North America.

Operating income for the fourth quarter increased to SEK 163m (115), excluding items affecting comparability, driven by net sales growth, efficiencies and price increases. Changes in exchange rates had a positive impact of approximately SEK 25m on operating income in the fourth quarter compared to last year, excluding items affecting comparability.

## CONVERSION OF SHARES

According to the Company's articles of association, owners of A-shares have the right to have such shares converted to B-shares. Conversion reduces the total number of votes in the Company. 200 shares were converted in the fourth quarter and in January 2020, another 30 A-shares were converted to B-shares at the request of shareholders. The total number of registered shares in the company at December 31, 2019 amounted to 576,343,778 of which 112,015,629 were A-shares and 464,328,149 were B-shares. The total number of votes amounted to 158,448,443.9.

## PARENT COMPANY

Net sales for January – December 2019 for the Parent Company, Husqvarna AB, amounted to SEK 17,838m (17,185), of which SEK 13,983m (13,612) referred to sales to Group companies and SEK 3,855m (3,573) to external customers.

Income after financial items increased to SEK 8,512m (-415), mainly due to Group internal transactions. Income for the period increased to SEK 8,530m (55). Investments in property, plant and equipment and intangible assets amounted to SEK 1,208m (1,303). Cash and cash equivalents amounted to SEK 650m (165) at the end of the quarter. Undistributed earnings in the Parent Company amounted to SEK 27,351m (20,334).

## RESTRUCTURING OF THE CONSUMER BRANDS DIVISION

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

Restructuring measures were implemented 2018-2019 with a total cost of some SEK 1.2 billion before tax, of which some 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 has resulted in annual savings of around SEK 250m with full effect from 2020. The lower business volume will also reduce the net working capital need in the Group by up to SEK 1 billion over the coming years. In 2019 the Group exited net sales of SEK 1.4 billion.

## ADDITIONAL RESTRUCTURING INITIATIVES

In November 2019 additional efficiency initiatives were launched. The initiatives are expected to deliver annual cost savings of SEK 150m, of which the majority will be realized in 2020 and the remainder in 2021. Restructuring costs for the initiatives are expected to amount to about SEK 200m, whereof SEK 183m were charged to the result in the fourth quarter of 2019. In 2020, the group plan to exit about SEK 2.2 billion of low gross margin business that previously was within the Consumer Brands Division.

## FINANCIAL TARGETS PRESENTED AT CAPITAL MARKETS DAY

A Capital Markets Day was held on September 17, 2019. Financial targets was presented and as from 2020 the Group's three financial targets are:

- Annual net sales growth of 4-5%, defined as 2 percentage points above market growth (historically 2-3%).
- An operating margin above 10%.
- Operating working capital in relation to net sales of a maximum of 25%.

## GROUP MANAGEMENT CHANGES

Pavel Hajman, Senior Vice President Operations Development, assumed the additional role as CIO (Chief Information Officer) effective October 11, 2019. Pavel Hajman replaces Hillevi Agranius, who left Husqvarna Group on October 11 for an external opportunity.

## ACQUISITION OF POWER TROWEL BUSINESS

Husqvarna Group's Construction Division has acquired the Concrete Power Trowel business from Wacker Neuson Group. The acquisition included all the product, R&D and manufacturing assets relating to walk-behind and ride-on concrete power trowels. Sales in the power trowel segment (acquired assets) in 2018 amounted to about SEK 150m.

## 2020 ANNUAL GENERAL MEETING

The AGM of Husqvarna AB (publ) will be held in Jönköping, Sweden on April 2, 2020.

### Proposals to the AGM

The notification to the AGM 2020 will be available on the Group's website as of February 28, 2020. The full proposal to the AGM will be published on the Group's website no later than March 12, 2020.

Shareholders who wish to propose an item for the AGM agenda may do so by email to [board@husqvarnagroup.com](mailto:board@husqvarnagroup.com), or by post to Husqvarna AB, General Counsel, PO Box 7454, SE-103 92 Stockholm, no later than February 13, 2020.

## SUBSEQUENT EVENTS

### Dividend

The Board of Directors will propose a dividend for 2019 of SEK 2.25 (2.25) per share to the AGM, corresponding to a total dividend payment of SEK 1,287m (1,286) based on the number of outstanding shares at the end of 2019.

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 6, 2020 for the first payment and October 6, 2020, 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 the Brexit. 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 year-end report has not been subject to review by the auditors.

Stockholm, February 4, 2020

Kai Wörn  
**President and CEO**

## Consolidated income statement

SEKm	Q4 2019	Q4 2018	Jan-Dec 2019	Jan-Dec 2018
Net sales	6,408	6,470	42,277	41,085
Cost of goods sold	-4,976	-5,555	-29,748	-30,583
<b>Gross income</b>	<b>1,432</b>	<b>915</b>	<b>12,529</b>	<b>10,502</b>
Gross margin, %	22.3	14.1	29.6	25.6
Selling expenses	-1,582	-1,504	-6,985	-6,473
Administrative expenses	-539	-527	-2,051	-2,014
Other operating income/expense	196	12	197	55
<b>Operating income</b>	<b>-493</b>	<b>-1,104</b>	<b>3,690</b>	<b>2,070</b>
Operating margin, %	-7.7	-17.1	8.7	5.0
Financial items, net	-131	-124	-568	-509
<b>Income after financial items</b>	<b>-624</b>	<b>-1,228</b>	<b>3,122</b>	<b>1,561</b>
Margin, %	-9.7	-19.0	7.4	3.8
Income tax	237	306	-594	-348
<b>Income for the period</b>	<b>-387</b>	<b>-922</b>	<b>2,528</b>	<b>1,213</b>
Income for the period attributable to:				
Equity holders of the Parent Company	-388	-922	2,527	1,212
Non-controlling interest	1	0	1	1
Earnings per share:				
Before dilution, SEK	-0.67	-1.61	4.42	2.12
After dilution, SEK	-0.67	-1.61	4.42	2.12
Average number of shares outstanding:				
Before dilution, millions	572.2	571.7	572.0	571.5
After dilution, millions	572.4	572.4	572.2	572.3

Key data	Q4 2019	Q4 2018	Jan-Dec 2019	Jan-Dec 2018
Net sales growth, %	-1	6	3	4
Operating income, SEKm	-493	-1,104	3,690	2,070
Excl. items affecting comparability	-310	-282	3,915	3,241
Operating margin, %	-7.7	-17.1	8.7	5.0
Excl. items affecting comparability	-4.8	-4.4	9.3	7.9
Average number of employees	12,051	12,846	12,708	13,206

EBITDA SEKm	Q4 2019	Q4 2018	Jan-Dec 2019	Jan-Dec 2018
Operating income	-493	-1,104	3,690	2,070
Reversal of depreciation, amortization and impairment <sup>1</sup>	547	708	2,089	1,930
<b>EBITDA</b>	<b>54</b>	<b>-396</b>	<b>5,779</b>	<b>4,000</b>
Excl. items affecting comparability	229	108	5,996	4,710
EBITDA margin, %	0.8	-6.1	13.7	9.7
Excl. items affecting comparability	3.6	1.7	14.2	11.5

<sup>1</sup> "Reversal of depreciation, amortization and impairment" have increased with approximately SEK 100m per quarter, compared with last year, due to depreciation of right of use assets because of the adoption of "IFRS 16 Leases".



## Consolidated comprehensive income statement

SEKm	Q4 2019	Q4 2018	Jan-Dec 2019	Jan-Dec 2018
<b>Income for the period</b>	<b>-387</b>	<b>-922</b>	<b>2,528</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	49	-170	-302	-95
<b>Total items that will not be reclassified to the income statement, net of tax</b>	<b>49</b>	<b>-170</b>	<b>-302</b>	<b>-95</b>
<i>Items that may be reclassified to the income statement:</i>				
Currency translation differences	-845	69	916	1,206
Net investment hedge, net of tax	605	-65	-525	-826
Cash flow hedges, net of tax	86	52	-79	145
<b>Total items that may be reclassified to the income statement, net of tax</b>	<b>-154</b>	<b>56</b>	<b>312</b>	<b>525</b>
<b>Other comprehensive income, net of tax</b>	<b>-105</b>	<b>-114</b>	<b>10</b>	<b>430</b>
<b>Total comprehensive income for the period</b>	<b>-492</b>	<b>-1,036</b>	<b>2,538</b>	<b>1,643</b>
Total comprehensive income attributable to:				
Equity holders of the Parent Company	-492	-1,036	2,537	1,642
Non-controlling interest	0	0	1	1



## Consolidated balance sheet

SEKm	Dec. 31, 2019	Dec. 31, 2018
<b>Assets</b>		
Property, plant and equipment <sup>1</sup>	6,794	6,064
Right of use assets <sup>1</sup>	1,585	120
Goodwill	7,338	7,105
Other intangible assets	5,629	5,534
Investments in associated companies	33	-
Derivatives	1	0
Other non-current assets	669	592
Deferred tax assets	1,690	1,585
<b>Total non-current assets</b>	<b>23,739</b>	<b>21,000</b>
Inventories	10,858	11,067
Trade receivables	3,620	3,613
Derivatives	592	357
Tax receivables	250	218
Other current assets	1,011	1,006
Cash and cash equivalents	1,911	1,346
<b>Total current assets</b>	<b>18,242</b>	<b>17,607</b>
<b>Total assets</b>	<b>41,981</b>	<b>38,607</b>
<b>Equity and liabilities</b>		
Equity attributable to equity holders of the Parent Company	17,281	16,007
Non-controlling interests	2	2
<b>Total equity</b>	<b>17,283</b>	<b>16,009</b>
Borrowings <sup>1</sup>	7,047	6,038
Lease liabilities <sup>1</sup>	1,304	191
Derivatives	55	34
Deferred tax liabilities	1,732	1,794
Provisions for pensions and other post-employment benefits	2,622	2,101
Other provisions	610	696
<b>Total non-current liabilities</b>	<b>13,370</b>	<b>10,854</b>
Trade payables	4,099	4,622
Tax liabilities	269	145
Other liabilities	2,995	2,557
Borrowings <sup>1</sup>	2,694	3,516
Lease liabilities <sup>1</sup>	457	16
Derivatives	229	218
Other provisions	585	670
<b>Total current liabilities</b>	<b>11,328</b>	<b>11,744</b>
<b>Total equity and liabilities</b>	<b>41,981</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	Dec. 31, 2019	Dec. 31, 2018
Operating working capital, SEKm	10,379	10,058
<i>Operating working capital / net sales, %</i>	27.3	25.9
<i>Return on capital employed, %</i>	12.9	7.6
<i>Excl. items affecting comparability, %</i>	14.1	11.7
<i>Return on equity, %</i>	14.7	7.3
<i>Excl. items affecting comparability, %</i>	15.5	12.6
Capital turn-over rate, times	1.5	1.6
<i>Equity/assets ratio, %</i>	41	41
Equity per share after dilution, SEK	30.2	28.0

Net debt SEKm	Dec. 31, 2019	Dec. 31, 2018
Net pension liability	2,427	1,943
Other interest-bearing liabilities <sup>1</sup>	11,786	10,013
Less: Liquid funds and other interest-bearing assets	-2,898	-2,081
<b>Net debt</b>	<b>11,315</b>	<b>9,875</b>
Net debt/equity ratio	0.65	0.62
Net debt/EBITDA excl. Items affecting comparability	1.9	1.8

<sup>1</sup> Lease liabilities of SEK 1,761m is included within other interest-bearing liabilities, the lease liabilities have increased with approximately SEK 1,500m because of the adoption of IFRS 16. For further information refer to "New standards applicable from January 1, 2019".

## Consolidated cash flow statement

SEKm	Q4 2019	Q4 2018	Jan-Dec 2019	Jan-Dec 2018
<b>Cash flow from operations</b>				
Operating income	-493	-1,104	3,690	2,070
Non cash items	627	1,220	2,359	2,606
<i>Cash items</i>				
Paid restructuring expenses	-42	-44	-272	-62
Net financial items, received/paid	-102	-52	-490	-448
Taxes paid	-60	-217	-811	-970
<b>Cash flow from operations, excluding change in operating assets and liabilities</b>	<b>-70</b>	<b>-197</b>	<b>4,476</b>	<b>3,196</b>
<b>Change in operating assets and liabilities</b>				
Change in inventories	-1,022	-2,186	627	-1,366
Change in trade receivables	878	1,087	114	-69
Change in trade payables	704	976	-656	296
Change in other operating assets/liabilities	-371	-526	347	-70
<b>Cash flow from operating assets and liabilities</b>	<b>189</b>	<b>-649</b>	<b>432</b>	<b>-1,209</b>
<b>Cash flow from operations</b>	<b>119</b>	<b>-846</b>	<b>4,908</b>	<b>1,987</b>
<b>Investments</b>				
Acquisitions and divestments of subsidiaries/operations and divestments of property, plant and equipment	325	35	349	-237
Investments in property, plant and equipment and intangible assets	-711	-763	-2,232	-2,235
Investments and divestments of financial assets	-88	-2	-56	0
<b>Cash flow from investments</b>	<b>-474</b>	<b>-730</b>	<b>-1,939</b>	<b>-2,472</b>
<b>Cash flow from operations and investments</b>	<b>-355</b>	<b>-1,576</b>	<b>2,969</b>	<b>-485</b>
<b>Financing</b>				
Dividend paid to shareholders	-859	-858	-1,287	-1,286
Dividend paid to non-controlling interests	-	-	-1	-6
Other financing activities	1,540	1,804	-1,159	1,204
<b>Cash flow from financing</b>	<b>681</b>	<b>946</b>	<b>-2,447</b>	<b>-88</b>
<b>Total cash flow</b>	<b>326</b>	<b>-630</b>	<b>522</b>	<b>-573</b>
Cash and cash equivalents at the beginning of the period	1,623	1,957	1,346	1,872
Exchange rate differences referring to cash and cash equivalents	-38	19	43	47
<b>Cash and cash equivalents at the end of the period</b>	<b>1,911</b>	<b>1,346</b>	<b>1,911</b>	<b>1,346</b>

## Operating cash flow

SEKm	Q4 2019	Q4 2018	Jan-Dec 2019	Jan-Dec 2018
Cash flow from operations and investments	-355	-1,576	2,969	-485
Acquisitions and divestments of subsidiaries/operations and divestments of property, plant and equipment	-325	-35	-349	237
Investments and divestments of financial assets	88	2	56	0
<b>Operating cash flow</b>	<b>-592</b>	<b>-1,609</b>	<b>2,676</b>	<b>-248</b>

## Direct operating cash flow

SEKm	Q4 2019	Q4 2018	Jan-Dec 2019	Jan-Dec 2018
EBITDA excl. items affecting comparability	229	108	5,996	4,710
Change in inventories	-1,022	-2,186	627	-1,366
Change in trade receivables	878	1,087	114	-69
Change in trade payables	704	976	-656	296
Investments in property, plant and equipment and intangible assets	-711	-763	-2,232	-2,235
<b>Direct operating cash flow</b>	<b>78</b>	<b>-778</b>	<b>3,849</b>	<b>1,336</b>

## 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	-2	-	-2
Dividend	-1,286	-1	-1,287
Total comprehensive income	1,642	1	1,643
<b>Closing balance December 31, 2018</b>	<b>16,007</b>	<b>2</b>	<b>16,009</b>
<b>Opening balance January 1, 2019</b>	<b>16,007</b>	<b>2</b>	<b>16,009</b>
Share-based payment	24	-	24
Dividend	-1,287	-1	-1,288
Total comprehensive income	2,537	1	2,538
<b>Closing balance December 31, 2019</b>	<b>17,281</b>	<b>2</b>	<b>17,283</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	Dec. 31, 2019		Dec. 31, 2018	
	Book value	Fair value	Book value	Fair value
<i>Non-current borrowings</i>				
Loans	7,046	6,966	6,038	6,026
<b>Total non-current borrowings</b>	<b>7,046</b>	<b>6,966</b>	<b>6,038</b>	<b>6,026</b>

## Five-year overview, Group

	2019	2018	2017	2016	2015
Net sales, SEKm	42,277	41,085	39,394	35,982	36,170
<i>Net sales growth, %</i>	2.9	4.3	9.5	-0.5	10.1
<i>Gross margin<sup>1</sup>, %</i>	29.6	25.6	29.1	30.8	28.1
Operating income, SEKm	3,690	2,070	3,790	3,218	2,827
<i>Excl. items affecting comparability, SEKm</i>	3,915	3,241	3,790	3,218	2,980
<i>Operating margin, %</i>	8.7	5.0	9.6	8.9	7.8
<i>Excl. items affecting comparability, %</i>	9.3	7.9	9.6	8.9	8.2
<i>Return on capital employed, %</i>	12.9	7.6	14.7	13.7	12.4
<i>Excl. items affecting comparability, %</i>	14.1	11.7	14.7	13.7	13.1
<i>Return on equity, %</i>	14.7	7.3	17.4	15.2	14.6
<i>Excl. items affecting comparability, %</i>	15.5	12.6	17.4	15.2	15.5
Capital turn-over rate, times	1.5	1.6	1.7	1.7	1.7
Operating cash flow <sup>2</sup> , SEKm	2,676	-248	1,847	1,666	1,732
Capital expenditure, SEKm	2,232	2,235	1,892	1,889	1,388
Average number of employees	12,708	13,206	13,252	12,704	13,572

<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).

## Net sales and income by quarter, Group

SEKm		Q1	Q2	Q3	Q4	Full-year
<b>Net sales, finished goods</b>	<b>2019</b>	13,575	13,708	8,347	<b>6,277</b>	41,907
	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>	76	81	82	<b>131</b>	370
	2018	55	86	78	69	288
	2017	12	11	12	13	48
<b>Net sales total</b>	<b>2019</b>	13,651	13,789	8,429	<b>6,408</b>	42,277
	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>	1,644	2,125	414	<b>-493</b>	3,690
	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>	12.0	15.4	4.9	<b>-7.7</b>	8.7
	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>	1,140	1,506	269	<b>-387</b>	2,528
	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>	1.99	2.63	0.47	<b>-0.67</b>	4.42
	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>	42,433	41,952	42,339	<b>42,277</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>	2,341	2,541	3,079	<b>3,690</b>
<i>Excl. items affecting comparability</i>	<b>2019</b>	3,554	3,754	3,943	<b>3,915</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>	5.5	6.1	7.3	<b>8.7</b>
<i>Excl. items affecting comparability</i>	<b>2019</b>	8.4	8.9	9.3	<b>9.3</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

## Items affecting comparability

SEKm		Q1	Q2	Q3	Q4	Full-year
Restructuring related expenses <sup>1</sup>	<b>2019</b>	-42	-	-	<b>-183</b>	<b>-225</b>
Restructuring related expenses <sup>1</sup>	2018	-	-	-349	-822	-1,171
No items	2017	-	-	-	-	-
No items	2016	-	-	-	-	-
Restructuring related expenses	2015	-	-	-	-153	-153

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

Restructuring related expenses	Q4	Q4	Jan-Dec	Jan-Dec
SEKm	2019	2018	2019	2018
Restructuring provisions	-171	-329	-213	-382
Impairment of non-current assets	-8	-318	-8	-461
Write down of inventory	-4	-175	-4	-328
<b>Total items affecting comparability</b>	<b>-183</b>	<b>-822</b>	<b>-225</b>	<b>-1,171</b>
Classification in the income statement	Q4	Q4	Jan-Dec	Jan-Dec
SEKm	2019	2018	2019	2018
Cost of goods sold	-75	-768	-117	-1,077
Selling expenses	-57	-33	-57	-48
Administrative expenses	-51	-21	-51	-46
<b>Total items affecting comparability</b>	<b>-183</b>	<b>-822</b>	<b>-225</b>	<b>-1,171</b>

## Net sales (external) by segment

SEKm		Q1	Q2	Q3	Q4	Full-year
<b>Husqvarna</b>	<b>2019</b>	9,506	8,688	5,204	<b>4,108</b>	27,506
	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>	2,630	3,373	1,630	<b>710</b>	8,343
	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>	1,494	1,720	1,575	<b>1,551</b>	6,340
	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>	21	8	20	<b>39</b>	88
	2018	8	8	17	16	49
	2017	1	1	3	2	7
<b>Total Group</b>	<b>2019</b>	13,651	13,789	8,429	<b>6,408</b>	42,277
	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, refer to 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>	1,186	1,217	82	<b>-225</b>	2,260
<i>Excl. items affecting comparability</i>	<b>2019</b>	1,228	1,217	82	<b>-100</b>	2,427
	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>	372	703	120	<b>-348</b>	847
	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>	177	267	229	<b>106</b>	779
<i>Excl. items affecting comparability</i>	<b>2019</b>	177	267	229	<b>163</b>	836
	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>	-91	-62	-17	<b>-26</b>	-196
<i>Excl. items affecting comparability</i>	<b>2019</b>	-91	-62	-17	<b>-25</b>	-195
	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>	1,644	2,125	414	<b>-493</b>	3,690
<i>Excl. items affecting comparability</i>	<b>2019</b>	1,686	2,125	414	<b>-310</b>	3,915
	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

<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, refer to note 27 in the Annual Report 2018.

## Operating margin by segment

%		Q1	Q2	Q3	Q4	Full-year
<b>Husqvarna</b>	<b>2019</b>	12.5	14.0	1.6	<b>-5.5</b>	8.2
<i>Excl. items affecting comparability</i>	<b>2019</b>	12.9	14.0	1.6	<b>-2.4</b>	8.8
	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>	14.1	20.8	7.4	<b>-49.0</b>	10.2
	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>	11.8	15.5	14.6	<b>6.8</b>	12.3
<i>Excl. items affecting comparability</i>	<b>2019</b>	11.8	15.5	14.6	<b>10.5</b>	13.2
	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>	12.0	15.4	4.9	<b>-7.7</b>	8.7
<i>Excl. items affecting comparability</i>	<b>2019</b>	12.3	15.4	4.9	<b>-4.8</b>	9.3
	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

<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, refer to note 27 in the Annual Report 2018.

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

	Assets		Liabilities		Net Assets	
	Dec. 31, 2019	Dec. 31, 2018	Dec. 31, 2019	Dec. 31, 2018	Dec. 31, 2019	Dec. 31, 2018
<b>SEKm</b>						
Husqvarna <sup>2</sup>	20,080	18,701	4,709	5,320	15,371	13,381
Gardena <sup>2</sup>	9,835	9,398	2,102	1,762	7,733	7,636
Construction	6,988	6,451	1,155	1,085	5,833	5,366
Other <sup>3</sup>	1,952	1,818	2,324	2,317	-372	-499
<b>Total</b>	<b>38,855</b>	<b>36,368</b>	<b>10,290</b>	<b>10,484</b>	<b>28,565</b>	<b>25,884</b>

<sup>1</sup> Liquid assets, associates, 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 Group'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	Jan 1, 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>-</b>	<b>22,502</b>
<b>Total current assets</b>	<b>17,607</b>	<b>-</b>	<b>-</b>	<b>17,607</b>
<b>Total assets</b>	<b>38,607</b>	<b>1,502</b>	<b>-</b>	<b>40,109</b>
<b>Equity and liabilities</b>				
<b>Total equity</b>	<b>16,009</b>	<b>-</b>	<b>-</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>-</b>	<b>40,109</b>

## PARENT COMPANY

### Income statement

SEKm	Q4 2019	Q4 2018	Jan-Dec 2019	Jan-Dec 2018
Net sales	3,006	3,215	17,838	17,185
Cost of goods sold	-2,593	-2,971	-13,626	-14,109
<b>Gross income</b>	<b>413</b>	<b>244</b>	<b>4,212</b>	<b>3,076</b>
Selling expense	-334	-352	-1,449	-1,334
Administrative expense	-372	-342	-1,308	-1,192
Other operating income/expense	9	0	9	0
<b>Operating income</b>	<b>-284</b>	<b>-450</b>	<b>1,464</b>	<b>550</b>
Financial items, net	611	-442	7,048	-965
<b>Income after financial items</b>	<b>327</b>	<b>-892</b>	<b>8,512</b>	<b>-415</b>
Appropriations	155	374	110	337
<b>Income before taxes</b>	<b>482</b>	<b>-518</b>	<b>8,622</b>	<b>-78</b>
Tax on profit for the year	-115	63	-92	133
<b>Income for the period</b>	<b>367</b>	<b>-455</b>	<b>8,530</b>	<b>55</b>

### Balance sheet

SEKm	Dec. 31, 2019	Dec. 31, 2018
Non-current assets	38,226	33,734
Current assets	9,987	10,437
<b>Total assets</b>	<b>48,213</b>	<b>44,171</b>
Equity	29,801	22,536
Untaxed reserves	794	794
Provisions	101	159
Non-current liabilities	6,881	5,810
Current liabilities	10,636	14,872
<b>Total equity and liabilities</b>	<b>48,213</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	-421,922	421,922	-	-
Shares allocated to 2016 LTI-program	-	529,252	-529,252	-
<b>Number of shares as of December 31, 2019<sup>1</sup></b>	<b>112,015,629</b>	<b>460,186,985</b>	<b>4,141,164</b>	<b>576,343,778</b>

<sup>1</sup>In January 2020, another 30 A-shares were converted.

<sup>2</sup>The 4,141,164 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>

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

## 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
<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>

## DEFINITIONS

This report includes financial measures as required by the financial reporting framework applicable to Husqvarna Group, which is based on IFRS. In addition, there are other measures (alternative performance measures) used by management and other stakeholders to analyze trends and performance of the Group's operations that cannot be directly read or derived from the financial statements. Husqvarna stakeholders should not consider these as substitutes, but rather as additions, to the financial reporting measures prepared in accordance with IFRS. Please note that the alternative performance measures as defined, may not be comparable to similarly titled measures used by other companies. Refer below for a list of definitions of all measures and indicators used, referred to and presented in this report.

### Computation of average amounts

In computation of key ratios where averages of capital balances are included, the average capital balances are based on the opening balance and all quarter-end closing balances included in the reporting period, i.e five quarters.

#### Growth measures

*Net sales adjusted for changes in exchange rates*  
Change in net sales adjusted for currency translation effects. Net sales are also 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.

#### *Net sales growth*

Change in net sales compared to previous period in percent.

#### *Organic growth*

Change in net sales, adjusted for acquisitions, divestments and currency translation effects.

#### Profitability measures

##### *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 table below the income statement.

##### *EBITDA margin*

EBITDA as a percentage of net sales.

##### *Gross margin*

Gross income as a percentage of net sales.

##### *Last twelve months (LTM)*

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

##### *Operating margin*

Operating income as a percentage of net sales.

##### *Return on capital employed*

Operating income plus financial income (last twelve months) as a percentage of average capital employed.

##### *Return on equity*

Net income attributable to equity holders of the Parent Company last twelve months as a percentage of average equity attributable to equity holders of the Parent Company.

#### Share-based measures

##### *Earnings per share, after dilution*

Net income attributable to equity holders of the Parent Company divided by the weighted average number of shares outstanding (net of treasury shares), after dilution.

##### *Equity per share, after dilution*

Equity attributable to equity holders of the Parent Company divided by the weighted average number of shares outstanding (net of treasury shares), after dilution.

#### Capital indicators

##### *Capital employed*

Total equity and liabilities less non-interest-bearing debt including deferred tax liabilities.

##### *Capital expenditure*

Investments in property, plant and equipment, right of use assets and intangible assets.

##### *Interest bearing liabilities*

Long-term and short-term borrowings, net pension liability and fair value derivative liabilities.

##### *Liquid funds*

Cash and cash equivalents, short-term investments and fair value derivative assets.

##### *Net assets*

Total assets excluding liquid funds and interest-bearing assets less operating liabilities, non-interest-bearing provisions and deferred tax liabilities.

##### *Net debt*

Net debt describes 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 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 table below the balance sheet.

*Operating working capital*

Inventories and trade receivables less trade payables.

**Capital measures**

*Equity/assets ratio*

Equity attributable to equity holders of the Parent Company as a percentage of total assets.

*Capital turnover rate*

Net sales last twelve months divided with average net assets.

*Net debt/EBITDA excl. items affecting comparability*

Average net debt in relation to EBITDA last twelve months, excluding items affecting comparability.

*Net debt/equity ratio*

Net debt in relation to total equity.

*Operating working capital/net sales*

Average operating working capital as a percentage of net sales last twelve months.

**Other measures**

*Direct operating cash flow*

Direct operating cash flow is a measure of the cash generated by the Groups 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.

*Items affecting comparability*

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

*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.

## 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 4, 2020. 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 4553429#. 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 2020

April 24	Interim report for January-March
July 16	Interim report for January-June
October 20	Interim report for January-September

The Group's Annual Report 2019 and the Sustainability Report 2019 will be available on [www.husqvarnagroup.com](http://www.husqvarnagroup.com) on March 12.

The Annual General Meeting will be held in Jönköping, Sweden on April 2, 2020.

## CONTACTS

- Glen Instone, CFO, Senior Vice President, Finance, IR & Communication, +46 72 716 5032
- 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 4, 2020.*

### 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.