

INTERIM REPORT JANUARY – MARCH 2020

Stockholm, April 24, 2020



Henric Andersson, President & CEO:

“After a good start to the quarter, the financial performance of the Group was negatively impacted by the rapid spread of the Covid-19 disease. The negative impacts initially related to supply chain disturbances but towards the end of the quarter the lockdown measures in many of our main markets had an increasing impact on our sales. In total our net sales decreased by 4% adjusted for currency effects and the exited Consumer Brands business. The decline was particularly visible in the Husqvarna and Construction Divisions whereas the Gardena Division had an adjusted net sales increase of 5%. Operating income in the first quarter amounted to SEK 1,424m (1,644), corresponding to a margin of 11.7% (12.0). Lower net sales and manufacturing volumes contributed negatively but was partly compensated by cost saving activities. I was very pleased that our focused actions to address working capital has resulted in a SEK 1.7bn improvement in our direct operating cash flow* to SEK -132m versus SEK -1,807m last year.

We are closely monitoring the Covid-19 situation. The health and safety of our employees and stakeholders is our highest priority. Governmental lockdown measures are having a fundamental negative impact on our industry and channel partners, ultimately impacting the demand for our solutions. We have a strong financial position and clear mitigating plans. We have already launched a number of cost reduction initiatives to proactively address the situation, such as planned working time reduction for approximately 30% of our employees, reduction of external costs and reduced travel as well as scaling back on some of our planned strategic initiatives. Currently, all our manufacturing and warehouse sites globally are in operation albeit at lower volumes. Actions are already in place to enable them to quickly ramp-up as the demand situation improves. In addition, our sites are also supporting society in general with production of parts for medical equipment in Europe and in the US.

It is an honor to be appointed President & CEO of the Husqvarna Group. Short-term, it will be a period of uncertainty and forceful decisions to manage the situation regarding Covid-19. We have a strong team in place and a clear plan ahead. Last year, we presented an updated business strategy building on a sharper focus on our end-customer segments, robotics and battery solutions, strengthening our winning core and expanding our services and solutions offering. This is the foundation for our long-term execution. I am convinced that we will continue to stand strong despite the current short-term challenges.”

January – March 2020

- Net sales decreased by 11% to SEK 12,208m (13,651), corresponding to a decrease of 14% when adjusted for changes in exchange rates*. Net sales decreased by 4% when adjusted for exit of Consumer Brands business and changes in exchange rates.
- Operating income amounted to SEK 1,424m (1,644), representing a margin of 11.7% (12.0).
- Earnings per share after dilution amounted to SEK 1.73 (1.99).
- Direct operating cash flow* improved to SEK -132m (-1,807).

Group	Q1 2020	Q1 2019	Change, %	Last 12 months*	Full-year 2019
Net sales	12,208	13,651	-11	40,834	42,277
Currency adjusted change*, %	-14	4	-	-	-2
Operating income	1,424	1,644	-13	3,470	3,690
Excl. items affecting comparability*	1,424	1,686	-16	3,653	3,915
Operating margin, %	11.7	12.0	-	8.5	8.7
Excl. items affecting comparability*	11.7	12.3	-	8.9	9.3
Income for the period	992	1,140	-13	2,380	2,528
Earnings per share after dilution, SEK	1.73	1.99	-13	4.16	4.42
Net sales, Divisions					
Husqvarna	8,001	9,506	-16	26,001	27,506
Gardena	2,708	2,630	3	8,421	8,343
Construction	1,487	1,494	0	6,333	6,340
Operating income, Divisions					
Husqvarna	972	1,186	-18	2,046	2,260
Excl. items affecting comparability*	972	1,228	-21	2,171	2,427
Gardena	398	372	7	873	847
Excl. items affecting comparability*	398	372	7	873	847
Construction	132	177	-25	734	779
Excl. items affecting comparability*	132	177	-25	791	836

*Alternative Performance Measure, refer to "Definitions".

FIRST QUARTER

Net sales

Net sales for the first quarter decreased by 11% to SEK 12,208m (13,651) or by 14% when adjusted for changes in exchange rates*. Net sales decreased by 4% when adjusted for exit of Consumer Brands business and changes in exchange rates. The market development was mixed, with significant lower volumes towards the very end of the quarter, due to the Covid-19 situation, whereby a number of countries are under lockdown.

Operating income

Operating income for the first quarter amounted to SEK 1,424m (1,644). The decrease was primarily related to lower net sales and manufacturing levels and partly offset by cost saving activities. Changes in exchange rates contributed positively with approximately SEK 45m compared to last year.

Financial items net

Financial items net amounted to SEK -109m (-160). The decrease is mainly related to lower interest rates and currency effects.

Income after financial items

Income after financial items amounted to SEK 1,315m (1,484).

Taxes

Income tax amounted to SEK -323m (-344).

Earnings per share

Income for the period attributable to equity holders of the Parent Company amounted to SEK 992m (1,140), corresponding to SEK 1.73 (1.99) per share after dilution.

OPERATING CASH FLOW

Operating cash flow* for January - March increased to SEK 410m (-1,440) and direct operating cash flow* increased to SEK -132m (-1,807). The increase was related to positive effects from changes in inventories and trade receivables, 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 (this year mitigated by exits of Consumer Brands business), 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 March 31, 2020, excluding non-controlling interests, increased to SEK 18,736m (17,248), corresponding to SEK 32.7 (30.1) per share after dilution.

Net debt decreased to SEK 11,629m (13,548). The decrease is mainly related to strong operating cash flow. The net pension liability increased to SEK 2,605m (2,045), mainly due to decreased discount rates. Other interest-bearing liabilities decreased to SEK 12,497m (13,704) and liquid funds and other interest-bearing assets increased to SEK 3,473m (2,201).

After the end of the first quarter, additional financing of SEK 2.5bn, maturing 2021 and beyond, was secured in order to further strengthen the Group's liquidity. In addition, the Group has an unutilized revolving credit facility of SEK 5bn. The net debt/EBITDA ratio, excluding items affecting comparability*, increased to 2.1 (1.9). The equity/assets ratio was 40% (37).

EFFECTS OF COVID-19

Husqvarna Group is closely monitoring the Covid-19 situation, which is changing rapidly and involves a high level of uncertainty. Governmental lockdown measures are having a fundamental negative impact on the industry and channel partners, ultimately impacting the demand for the Group's solutions. Currently, all manufacturing and warehouse sites are in operation albeit at lower volumes. Actions are in place to enable them to quickly ramp-up as the demand situation improves. Cost reduction initiatives have been launched to proactively address the situation, such as reduction of working time, travel and external costs as scaling back on some of the planned strategic initiatives.

PERFORMANCE BY BUSINESS SEGMENTS

Husqvarna

SEKm	Q1 2020	Q1 2019	Change, %	Last 12 months*	Full-year 2019
Net sales	8,001	9,506	-16	26,001	27,506
<i>Currency adjusted change*, %</i>	-19	5	-	-	-4
Operating income	972	1,186	-18	2,046	2,260
<i>Excl. items affecting comparability*</i>	972	1,228	-21	2,171	2,427
Operating margin, %	12.2	12.5	-	7.9	8.2
<i>Excl. items affecting comparability*</i>	12.2	12.9	-	8.3	8.8

*Alternative Performance Measure, refer to "Definitions".

Net sales for the Husqvarna Division decreased by 16% in the first quarter or by 19% when adjusted for changes in exchange rates*. Net sales decreased by 7% when adjusted for exit of Consumer Brands business and changes in exchange rates. The market development was weak, with lower demand towards the end of the quarter due to the situation with Covid-19, especially for the wheeled segment.

Operating income for the first quarter decreased to SEK 972m (1,186). Restructuring savings and efficiency measures contributed positively, but were offset by lower net sales and manufacturing levels. Changes in exchange rates had a positive impact of approximately SEK 20m on operating income compared to last year.

Gardena

SEKm	Q1 2020	Q1 2019	Change, %	Last 12 months*	Full-year 2019
Net sales	2,708	2,630	3	8,421	8,343
<i>Currency adjusted change*, %</i>	0	2	-	-	0
Operating income	398	372	7	873	847
<i>Excl. items affecting comparability*</i>	398	372	7	873	847
Operating margin, %	14.7	14.1	-	10.4	10.2
<i>Excl. items affecting comparability*</i>	14.7	14.1	-	10.4	10.2

*Alternative Performance Measure, refer to "Definitions".

Net sales in the Gardena Division increased by 3% in the first quarter and was flat if adjusted for changes in exchange rates*. Net sales increased by 5% when adjusted for exit of Consumer Brands business and changes in exchange rates. The increase was related to strong sell-in volumes ahead of the gardening season in categories such as watering products and robotic lawn mowers, whereas the business slowed down towards the end of the quarter.

Operating income for the first quarter increased to SEK 398m (372), driven by net sales growth and efficiencies. Changes in exchange rates had a negative impact of approximately SEK 5m on operating income compared to last year.

Construction

SEKm	Q1 2020	Q1 2019	Change, %	Last 12 months*	Full-year 2019
Net sales	1,487	1,494	0	6,333	6,340
<i>Currency adjusted change*, %</i>	-4	5	-	-	5
Operating income	132	177	-25	734	779
<i>Excl. items affecting comparability*</i>	132	177	-25	791	836
Operating margin, %	8.9	11.8	-	11.6	12.3
<i>Excl. items affecting comparability*</i>	8.9	11.8	-	12.5	13.2

*Alternative Performance Measure, refer to "Definitions".

Net sales in the Construction Division were flat in the first quarter and decreased by 4%, adjusted for changes in exchange rates*. The decline was related to weak conditions in the main markets at the end of the quarter, given the situation with Covid-19.

Operating income for the first quarter decreased to SEK 132m (177), mainly as a result of the lower net sales as well as geographic and product mix effects. Changes in exchange rates had a positive impact of approximately SEK 30m on operating income compared to last year.

CONVERSION OF SHARES

According to the Company's articles of association, owners of A-shares have the right to have such shares converted to B-shares. Conversion reduces the total number of votes in the Company. 115,497 shares were converted in the first quarter. The total number of registered shares in the company at March 31, 2020 amounted to 576,343,778 of which 111,900,132 were A-shares and 464,443,646 were B-shares. The total number of votes amounted to 158,344,496.6.

PARENT COMPANY

Net sales for January – March 2020 for the Parent Company, Husqvarna AB, amounted to SEK 5,489m (6,052), of which SEK 4,532m (5,063) referred to sales to Group companies and SEK 957m (989) to external customers.

Income after financial items decreased to SEK -115m (345), mainly due to Group internal transactions. Income for the quarter decreased to SEK -104m (269). Investments in property, plant and equipment and intangible assets amounted to SEK 270m (238). Cash and cash equivalents amounted to SEK 1,000m (225) at the end of the quarter. Undistributed earnings in the Parent Company amounted to SEK 27,118m (20,492).

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 approximately SEK 1.2bn 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 have 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 1bn over the coming years. In 2019 the Group exited net sales of SEK 1.4bn related to Consumer Brands. In 2020, the Group plans to exit about SEK 2.2bn. Exits in the first quarter 2020 amounted to SEK 1.4bn.

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.

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 and was effective as of April 2, 2020. Previously, Henric Andersson was President of the Construction Division of Husqvarna Group and has been a member of the Group Management team since 2012 and has 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.

SUBSEQUENT EVENTS

Group management changes

Anders Ströby has been appointed interim President of the Construction Division, effective as of April 2, 2020. Anders has a long history with the company, having spent more than 30 years working with the Husqvarna brand. The recruitment process of the permanent Construction Division President has been initiated.

2020 Annual General Meeting postponed

Husqvarna AB's Board of Directors decided to postpone the Annual General Meeting (AGM), previously scheduled for April 2, 2020. This decision was made in light of the developing situation regarding the corona virus (Covid-19), as well as the rule announced by the Swedish government restricting public gatherings of more than 50 people. Husqvarna AB will publish a new invitation to the AGM no later than four weeks prior to a new date to be set by the Board. In accordance with existing legislation, the AGM must at the latest be held on June 30, 2020.

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.

The situation with Covid-19 can have a significant impact on Husqvarna Group operations, both in terms of difficulties of supply of raw materials and components and also effects on demand of Husqvarna Group's products and solutions (see paragraph Effects of Covid-19).

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 2019 which is available at www.husqvarnagroup.com/ir.

ACCOUNTING PRINCIPLES

This interim report has been prepared in accordance with IAS 34, Interim financial reporting and the Swedish Annual Accounts Act. The financial statement of the Parent Company has been prepared in accordance with the Swedish Annual Accounts Act, chapter 9 and the Swedish Financial Reporting Board's standard RFR 2 Accounting for Legal Entities.

The accounting policies adopted are consistent with those presented in the Annual Report of 2019, which is available at www.husqvarnagroup.com/ir.

AUDITORS' REVIEW

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

Stockholm, April 24, 2020

Henric Andersson
President & CEO

Consolidated income statement

SEKm	Q1 2020	Q1 2019	Full-year 2019
Net sales	12,208	13,651	42,277
Cost of goods sold	-8,401	-9,548	-29,748
Gross income	3,807	4,103	12,529
<i>Gross margin, %</i>	31.2	30.1	29.6
Selling expenses	-1,868	-1,909	-6,985
Administrative expenses	-528	-542	-2,051
Other operating income/expense	12	-8	197
Operating income	1,424	1,644	3,690
<i>Operating margin, %</i>	11.7	12.0	8.7
Financial items, net	-109	-160	-568
Income after financial items	1,315	1,484	3,122
<i>Margin, %</i>	10.8	10.9	7.4
Income tax	-323	-344	-594
Income for the period	992	1,140	2,528
Income for the period attributable to:			
Equity holders of the Parent Company	992	1,140	2,527
Non-controlling interest	0	0	1
Earnings per share:			
Before dilution, SEK	1.73	1.99	4.42
After dilution, SEK	1.73	1.99	4.42
Average number of shares outstanding:			
Before dilution, millions	572.2	571.7	572.0
After dilution, millions	572.6	572.3	572.2

Key data	Q1 2020	Q1 2019	Full-year 2019
<i>Net sales growth, %</i>	-11	11	3
Operating income, SEKm	1,424	1,644	3,690
<i>Excl. items affecting comparability*</i>	1,424	1,686	3,915
<i>Operating margin, %</i>	11.7	12.0	8.7
<i>Excl. items affecting comparability*</i>	11.7	12.3	9.3
Average number of employees	12,568	13,587	12,708

EBITDA*	Q1 2020	Q1 2019	Full-year 2019
Operating income	1,424	1,644	3,690
Reversal of depreciation, amortization and impairment	545	494	2,089
EBITDA*	1,970	2,138	5,779
<i>Excl. items affecting comparability*</i>	1,970	2,180	5,996
<i>EBITDA margin, %</i>	16.1	15.7	13.7
<i>Excl. items affecting comparability*</i>	16.1	16.0	14.2

*Alternative Performance Measure, refer to "Definitions".

Consolidated comprehensive income statement

SEKm	Q1 2020	Q1 2019	Full-year 2019
Income for the period	992	1,140	2,528
Other comprehensive income			
<i>Items that will not be reclassified to the income statement:</i>			
Remeasurements on defined benefit pension plans, net of tax	-59	-62	-302
Total items that will not be reclassified to the income statement, net of tax	-59	-62	-302
<i>Items that may be reclassified to the income statement:</i>			
Currency translation differences	1,344	661	916
Net investment hedge, net of tax	-769	-406	-525
Cash flow hedges, net of tax	-33	-101	-79
Total items that may be reclassified to the income statement, net of tax	542	154	312
Other comprehensive income, net of tax	483	92	10
Total comprehensive income for the period	1,475	1,232	2,538
Total comprehensive income attributable to:			
Equity holders of the Parent Company	1,475	1,232	2,537
Non-controlling interest	0	0	1

Consolidated balance sheet

SEKm	Mar. 31, 2020	Mar. 31, 2019	Dec 31, 2019
Assets			
Property, plant and equipment	7,002	6,253	6,794
Right of use assets	1,531	1,643	1,585
Goodwill	7,700	7,252	7,338
Other intangible assets	5,858	5,591	5,629
Investments in associated companies	33	-	33
Derivatives	5	6	1
Other non-current assets	729	615	669
Deferred tax assets	1,833	1,621	1,690
Total non-current assets	24,691	22,981	23,739
Inventories	11,179	11,721	10,858
Trade receivables	6,764	8,797	3,620
Derivatives	605	293	592
Tax receivables	275	652	250
Other current assets	956	1,248	1,011
Cash and cash equivalents	2,446	1,514	1,911
Total current assets	22,225	24,225	18,242
Total assets	46,915	47,206	41,981
Equity and liabilities			
Equity attributable to equity holders of the Parent Company	18,736	17,248	17,281
Non-controlling interests	2	2	2
Total equity	18,739	17,250	17,283
Borrowings	7,152	6,079	7,047
Lease liabilities	1,260	1,339	1,304
Derivatives	82	43	55
Deferred tax liabilities	1,762	1,648	1,732
Provisions for pensions and other post-employment benefits	2,815	2,225	2,622
Other provisions	656	687	610
Total non-current liabilities	13,725	12,021	13,370
Trade payables	5,618	6,629	4,099
Tax liabilities	394	501	269
Other liabilities	3,693	3,707	2,995
Borrowings	2,628	5,326	2,694
Lease liabilities	446	406	457
Derivatives	930	511	229
Other provisions	741	855	585
Total current liabilities	14,451	17,935	11,328
Total equity and liabilities	46,915	47,206	41,981
Key data			
	Mar. 31, 2020	Mar. 31, 2019	Dec 31, 2019
Operating working capital, SEKm	12,324	13,889	10,379
Operating working capital / net sales*, %	29.4	27.5	27.3
Return on capital employed, %	13.2	8.5	12.9
Excl. items affecting comparability*, %	14.4	12.8	14.1
Return on equity, %	13.5	8.4	14.7
Excl. items affecting comparability*, %	14.2	13.7	15.5
Capital turn-over rate, times	1.4	1.6	1.5
Equity/assets ratio, %	40	37	41
Equity per share after dilution, SEK	32.7	30.1	30.2
Net debt*			
SEKm	Mar. 31, 2020	Mar. 31, 2019	Dec 31, 2019
Net pension liability	2,605	2,045	2,427
Other interest-bearing liabilities	12,497	13,704	11,786
Less: Liquid funds and other interest-bearing assets	-3,473	-2,201	-2,898
Net debt*	11,629	13,548	11,315
Net debt/equity ratio	0.62	0.79	0.65
Net debt/EBITDA excl. Items affecting comparability*	2.1	1.9	1.9

*Alternative Performance Measure, refer to "Definitions".

Consolidated cash flow statement

SEKm	Q1 2020	Q1 2019	Full-year 2019
Cash flow from operations			
Operating income	1,424	1,644	3,690
Non cash items	751	749	2,359
<i>Cash items</i>			
Paid restructuring expenses	-82	-66	-272
Net financial items, received/paid	-104	-172	-490
Taxes paid	-134	-455	-811
Cash flow from operations, excluding change in operating assets and liabilities	1,855	1,700	4,476
Change in operating assets and liabilities			
Change in inventories	35	-342	627
Change in trade receivables	-3,038	-5,045	114
Change in trade payables	1,343	1,878	-656
Change in other operating assets/liabilities	657	847	347
Cash flow from operating assets and liabilities	-1,003	-2,662	432
Cash flow from operations	852	-962	4,908
Investments			
Acquisitions and divestments of subsidiaries/operations and divestments of property, plant and equipment	7	5	349
Investments in property, plant and equipment and intangible assets	-442	-478	-2,232
Investments and divestments of financial assets	-1	-	-56
Cash flow from investments	-436	-473	-1,939
Cash flow from operations and investments	416	-1,435	2,969
Financing			
Dividend paid to shareholders	-	-	-1,287
Dividend paid to non-controlling interests	-	-	-1
Other financing activities	88	1,558	-1,159
Cash flow from financing	88	1,558	-2,447
Total cash flow	504	123	522
Cash and cash equivalents at the beginning of the period	1,911	1,346	1,346
Exchange rate differences referring to cash and cash equivalents	31	45	43
Cash and cash equivalents at the end of the period	2,446	1,514	1,911
Operating cash flow*			
SEKm	Q1 2020	Q1 2019	Full-year 2019
Cash flow from operations and investments	416	-1,435	2,969
Acquisitions and divestments of subsidiaries/operations and divestments of property, plant and equipment	-7	-5	-349
Investments and divestments of financial assets	1	-	56
Operating cash flow*	410	-1,440	2,676
Direct operating cash flow*			
SEKm	Q1 2020	Q1 2019	Full-year 2019
EBITDA excl. items affecting comparability*	1,970	2,180	5,996
Change in inventories	35	-342	627
Change in trade receivables	-3,038	-5,045	114
Change in trade payables	1,343	1,878	-656
Investments in property, plant and equipment and intangible assets	-442	-478	-2,232
Direct operating cash flow*	-132	-1,807	3,849

*Alternative Performance Measure, refer to "Definitions".

Change in Group equity

SEKm	Attributable to equity holders of the Parent Company	Non-controlling interests	Total equity
Opening balance January 1, 2019	16,007	2	16,009
Share-based payment	9	-	9
Total comprehensive income	1,232	-	1,232
Closing balance March 31, 2019	17,248	2	17,250
Opening balance January 1, 2020	17,281	2	17,283
Share-based payment	-20	-	-20
Total comprehensive income	1,475	-	1,475
Closing balance March 31, 2020	18,736	2	18,739

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 20, respectively, in the Annual Report 2019. 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, 2020		Mar. 31, 2019		Dec. 31, 2019	
	Book value	Fair value	Book value	Fair value	Book value	Fair value
<i>Non-current borrowings</i>						
Loans	7,152	7,399	6,079	6,029	7,046	6,966
Total non-current borrowings	7,152	7,399	6,079	6,029	7,046	6,966

Five-year overview, Group

	2019	2018	2017	2016	2015
Net sales, SEKm	42,277	41,085	39,394	35,982	36,170
Net sales growth, %	2.9	4.3	9.5	-0.5	10.1
Gross margin ¹ , %	29.6	25.6	29.1	30.8	28.1
Operating income, SEKm	3,690	2,070	3,790	3,218	2,827
Excl. items affecting comparability*, SEKm	3,915	3,241	3,790	3,218	2,980
Operating margin, %	8.7	5.0	9.6	8.9	7.8
Excl. items affecting comparability*, %	9.3	7.9	9.6	8.9	8.2
Return on capital employed, %	12.9	7.6	14.7	13.7	12.4
Excl. items affecting comparability*, %	14.1	11.7	14.7	13.7	13.1
Return on equity, %	14.7	7.3	17.4	15.2	14.6
Excl. items affecting comparability*, %	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 ² , 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

*Alternative Performance Measure, refer to "Definitions".

¹ 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.

² 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
Net sales, finished goods	2020	12,128				
	2019	13,575	13,708	8,347	6,277	41,907
	2018	12,248	14,184	7,964	6,401	40,797
Net sales, services, royalty and other	2020	81				
	2019	76	81	82	131	370
	2018	55	86	78	69	288
Net sales total	2020	12,208				
	2019	13,651	13,789	8,429	6,408	42,277
	2018	12,303	14,270	8,042	6,470	41,085
Operating income	2020	1,424				
	2019	1,644	2,125	414	-493	3,690
	2018	1,373	1,925	-124	-1,104	2,070
Operating margin, %	2020	11.7				
	2019	12.0	15.4	4.9	-7.7	8.7
	2018	11.2	13.5	-1.5	-17.1	5.0
Income for the period	2020	992				
	2019	1,140	1,506	269	-387	2,528
	2018	940	1,380	-185	-922	1,213
Earnings per share after dilution, SEK	2020	1.73				
	2019	1.99	2.63	0.47	-0.67	4.42
	2018	1.64	2.41	-0.32	-1.61	2.12

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

SEKm		Q1	Q2	Q3	Q4
Net sales	2020	40,834			
	2019	42,433	41,952	42,339	42,277
	2018	38,951	40,152	40,745	41,085
Operating income	2020	3,470			
<i>Excl. items affecting comparability*</i>	2020	3,653			
	2019	2,341	2,541	3,079	3,690
<i>Excl. items affecting comparability*</i>	2019	3,554	3,754	3,943	3,915
	2018	3,738	3,661	3,104	2,070
<i>Excl. items affecting comparability*</i>	2018	3,738	3,661	3,453	3,241
Operating margin, %	2020	8.5			
<i>Excl. items affecting comparability*</i>	2020	8.9			
	2019	5.5	6.1	7.3	8.7
<i>Excl. items affecting comparability*</i>	2019	8.4	8.9	9.3	9.3
	2018	9.6	9.1	7.6	5.0
<i>Excl. items affecting comparability*</i>	2018	9.6	9.1	8.5	7.9

*Alternative Performance Measure, refer to "Definitions".

Items affecting comparability

SEKm		Q1	Q2	Q3	Q4	Full-year
Restructuring related expenses ¹	2020	-				
Restructuring related expenses ¹	2019	-42	-	-	-183	-225
Restructuring related expenses ¹	2018	-	-	-349	-822	-1,171

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

Restructuring related expenses SEKm	Q1 2020	Q1 2019	Full-year 2019
Restructuring provisions	-	-9	-213
Impairment of non-current assets	-	-	-8
Write down of inventory	-	-	-4
Other restructuring related expenses	-	-33	-
Total items affecting comparability	-	-42	-225

Classification in the income statement SEKm	Q1 2020	Q1 2019	Full-year 2019
Cost of goods sold	-	-42	-117
Selling expenses	-	-	-57
Administrative expenses	-	-	-51
Total items affecting comparability	-	-42	-225

Net sales (external) by segment

SEKm		Q1	Q2	Q3	Q4	Full-year
Husqvarna	2020	8,001				
	2019	9,506	8,688	5,204	4,108	27,506
	2018 ¹	8,484	9,347	5,015	4,310	27,156
Gardena	2020	2,708				
	2019	2,630	3,373	1,630	710	8,343
	2018 ¹	2,483	3,325	1,564	746	8,118
Construction	2020	1,487				
	2019	1,494	1,720	1,575	1,551	6,340
	2018	1,328	1,590	1,446	1,398	5,762
Group common costs ²	2020	13				
	2019	21	8	20	39	88
	2018	8	8	17	16	49
Total Group	2020	12,208				
	2019	13,651	13,789	8,429	6,408	42,277
	2018	12,303	14,270	8,042	6,470	41,085

¹ Restatement due to allocation of the Consumer Brands Division.

² Royalty income is included in Group common costs.

Operating income by segment

SEKm		Q1	Q2	Q3	Q4	Full-year
Husqvarna	2020	972				
	2019	1,186	1,217	82	-225	2,260
<i>Excl. items affecting comparability*</i>	2019	1,228	1,217	82	-100	2,427
	2018 ¹	1,044	1,154	-344	-626	1,228
<i>Excl. items affecting comparability*</i>	2018 ¹	1,044	1,154	-15	-77	2,106
Gardena	2020	398				
	2019	372	703	120	-348	847
	2018 ¹	264	595	64	-498	425
<i>Excl. items affecting comparability*</i>	2018 ¹	264	595	66	-274	651
Construction	2020	132				
	2019	177	267	229	106	779
<i>Excl. items affecting comparability*</i>	2019	177	267	229	163	836
	2018	158	251	192	71	672
<i>Excl. items affecting comparability*</i>	2018	158	251	192	115	716
Group common costs	2020	-78				
	2019	-91	-62	-17	-26	-196
<i>Excl. items affecting comparability*</i>	2019	-91	-62	-17	-25	-195
	2018	-93	-75	-36	-51	-255
<i>Excl. items affecting comparability*</i>	2018	-93	-75	-18	-46	-232
Total Group	2020	1,424				
	2019	1,644	2,125	414	-493	3,690
<i>Excl. items affecting comparability*</i>	2019	1,686	2,125	414	-310	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

*Alternative Performance Measure, refer to "Definitions".

¹ Restatement due to allocation of the Consumer Brands Division.

Operating margin by segment

%		Q1	Q2	Q3	Q4	Full-year
Husqvarna	2020	12.2				
	2019	12.5	14.0	1.6	-5.5	8.2
<i>Excl. items affecting comparability*</i>	2019	12.9	14.0	1.6	-2.4	8.8
	2018 ¹	12.3	12.3	-6.9	-14.5	4.5
<i>Excl. items affecting comparability*</i>	2018 ¹	12.3	12.3	-0.3	-1.8	7.8
Gardena	2020	14.7				
	2019	14.1	20.8	7.4	-49.0	10.2
	2018 ¹	10.6	17.9	4.1	-66.8	5.2
<i>Excl. items affecting comparability*</i>	2018 ¹	10.6	17.9	4.2	-36.7	8.0
Construction	2020	8.9				
	2019	11.8	15.5	14.6	6.8	12.3
<i>Excl. items affecting comparability*</i>	2019	11.8	15.5	14.6	10.5	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
Total Group	2020	11.7				
	2019	12.0	15.4	4.9	-7.7	8.7
<i>Excl. items affecting comparability*</i>	2019	12.3	15.4	4.9	-4.8	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

*Alternative Performance Measure, refer to "Definitions".

¹ Restatement due to allocation of the Consumer Brands Division.

Net assets by segment¹

SEKm	Assets		Liabilities		Net Assets	
	Mar. 31, 2020	Mar. 31, 2019	Mar. 31, 2020	Mar. 31, 2019	Mar. 31, 2020	Mar. 31, 2019
Husqvarna	23,769	24,180	6,732	7,522	17,037	16,658
Gardena	10,186	10,976	2,984	2,829	7,202	8,147
Construction	7,361	7,128	1,167	1,155	6,194	5,973
Other ²	1,917	2,539	1,982	2,521	-65	18
Total	43,233	44,823	12,865	14,027	30,368	30,796

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

² Other includes tax items, associates and Husqvarna Group's common group services such as Holding, Treasury and Risk Management.

PARENT COMPANY

Income statement

SEKm	Q1 2020	Q1 2019	Full-year 2019
Net sales	5,489	6,052	17,838
Cost of goods sold	-3,884	-4,355	-13,626
Gross income	1,605	1,697	4,212
Selling expense	-377	-388	-1,449
Administrative expense	-275	-356	-1,308
Other operating income/expense	0	-8	9
Operating income	953	945	1,464
Financial items, net	-1,068	-600	7,048
Income after financial items	-115	345	8,512
Appropriations	-14	-12	110
Income before taxes	-129	333	8,622
Tax on profit for the year	25	-64	-92
Income for the period	-104	269	8,530

Balance sheet

SEKm	Mar. 31, 2020	Mar. 31, 2019	Full-year 2019
Non-current assets	38,229	33,689	38,226
Current assets	13,451	14,562	9,987
Total assets	51,679	48,251	48,213
Equity	29,618	22,766	29,801
Untaxed reserves	794	794	794
Provisions	123	185	101
Non-current liabilities	7,005	5,864	6,881
Current liabilities	14,139	18,642	10,636
Total equity and liabilities	51,679	48,251	48,213

Number of shares

	Outstanding A-shares	Outstanding B-shares	Re-purchased B-shares ¹	Total
Number of shares as of December 31, 2019	112,015,629	460,186,985	4,141,164	576,343,778
<i>Conversion of A-shares into B-shares</i>	<i>-115,497</i>	<i>115,497</i>	<i>-</i>	<i>-</i>
Number of shares as of March 31, 2020¹	111,900,132	460,302,482	4,141,164	576,343,778

¹The 4,141,164 B-shares are entirely in a third party share swap agreement.

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.

Roundings

All items are stated in SEKm and, accordingly, rounding differences can occur.

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 in this report. 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 conference call, hosted by Henric Andersson, President & CEO, and Glen Instone, CFO, will be held at 10:00 CET on April 24, 2020. To participate, please dial +46 (0) 8 505 583 55 (Sweden) or +44 333 300 9273 (UK) ten minutes prior to the start of the conference. Conference ID: Husqvarna. The conference call will also be audio cast live on <https://husqvarna-group.creo.se/200424>. A replay will be available later the same day.

DATES FOR FINANCIAL REPORTS 2020

July 16 Interim report for January-June
October 20 Interim report for January-September

CONTACTS

- Glen Instone, CFO, Senior Vice President, Finance, IR & Communication
- 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, 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.