



Shaping GREAT experiences



Q3 2022 results presentation

October 21, 2022

Henric Andersson, CEO

Terry Burke, CFO

Organic growth in the quarter

- Double digit growth for robotic mowers
 - Good performance for professional chain saws
 - Gardena's volumes impacted by retailer destocking through the end of the gardening season
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- Accelerating our strategic transformation
 - Increasing investments in our value creation levers
 - Accelerating the petrol-to-battery shift
 - Future-proofing the organization and saving costs



Summary Q3 2022



NET SALES
SEK **12,206**m (10,180)
ORGANIC GROWTH
+1%

- Strong growth for robotic mowers
- Good growth for professional chainsaws
- Gardena's volumes materially impacted by retailer destocking



OPERATING INCOME
SEK **601**m (926)

- Results by enlarge impacted by lower volumes
- Negative currency effect
- Price increases offset higher raw materials and logistics costs



DIRECT OPERATING
CASH FLOW
SEK **338**m (1,764)

- Inventory stabilized, but still on high levels – focus on inventory management
- Net debt / EBITDA increased to 1.5x (0.6x)



ROBOTICS AND BATTERY
14% of Group (R12)

- Robotics sales recovery in Q3 (however a small quarter). High backlog remains
- Strong product line up for season 2023

Husqvarna Forest & Garden Division



Q3: Organic sales growth 9% Operating margin 7.2%

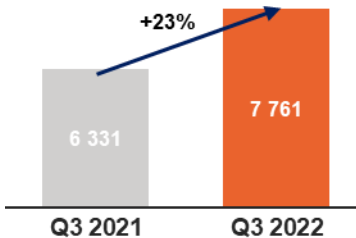
- Strong growth for robotic mowers, pro hand-held and ride-on mowers
- Price increases offsetting higher raw material and logistic costs
- Negative currency effect on operating income

9M: Organic sales growth -3% Operating margin 11.7%

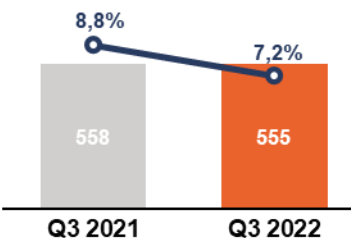
Product update:

- CEORA – progress above expectations
- Automower® NERA

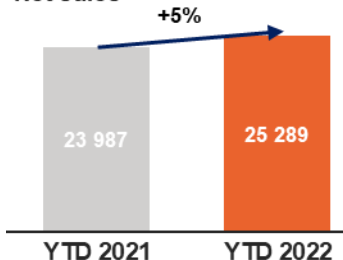
Net sales



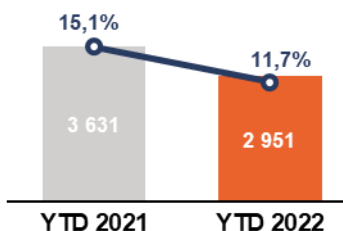
Operating income, excl IAC



Net sales



Operating income, excl. IAC



Note: Operating income excluding items affecting comparability

Gardena Division



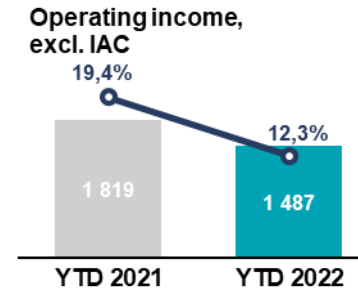
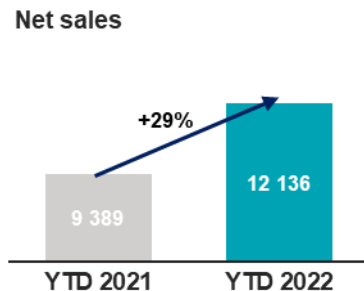
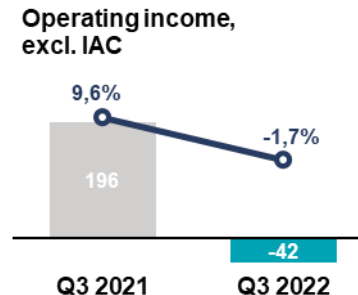
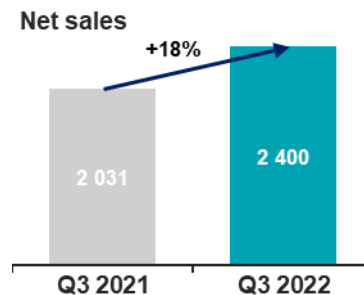
Q3: Organic sales growth -20% Operating margin -1.7%

- Retailer destocking through the end of the gardening season
- Significantly lower volumes impacting operating income
- Orbit contributed with 32% to sales, but EBIT-dilutive 4.7 pts
- Price increases compensated for higher raw materials and logistics costs

9M: Organic sales growth -7% Operating margin 12.3%

Product update:

- 2023 – extension of EcoLine and new micro drip range



Husqvarna Construction Division



Q3: organic sales growth -2% Operating margin 9.0%

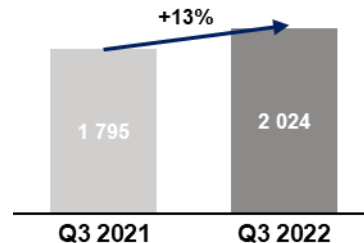
- Good performance for diamond tools. However, continued supply chain disturbances
- Lower volumes impacting operating income
- Price increases compensated for higher raw material and logistics costs

9M: organic sales growth 3% operating margin 11.8%

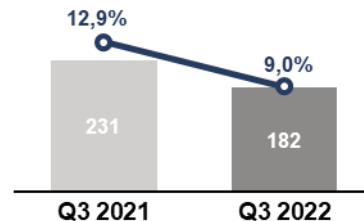
Product update:

- New products launched on PACE battery platform

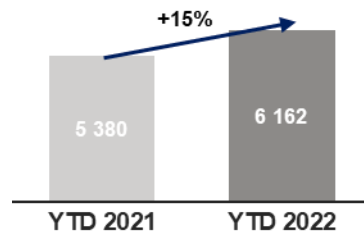
Net sales



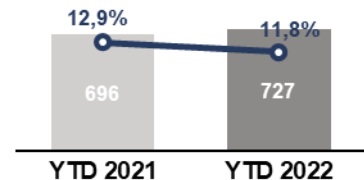
Operating income, excl. IAC



Net sales

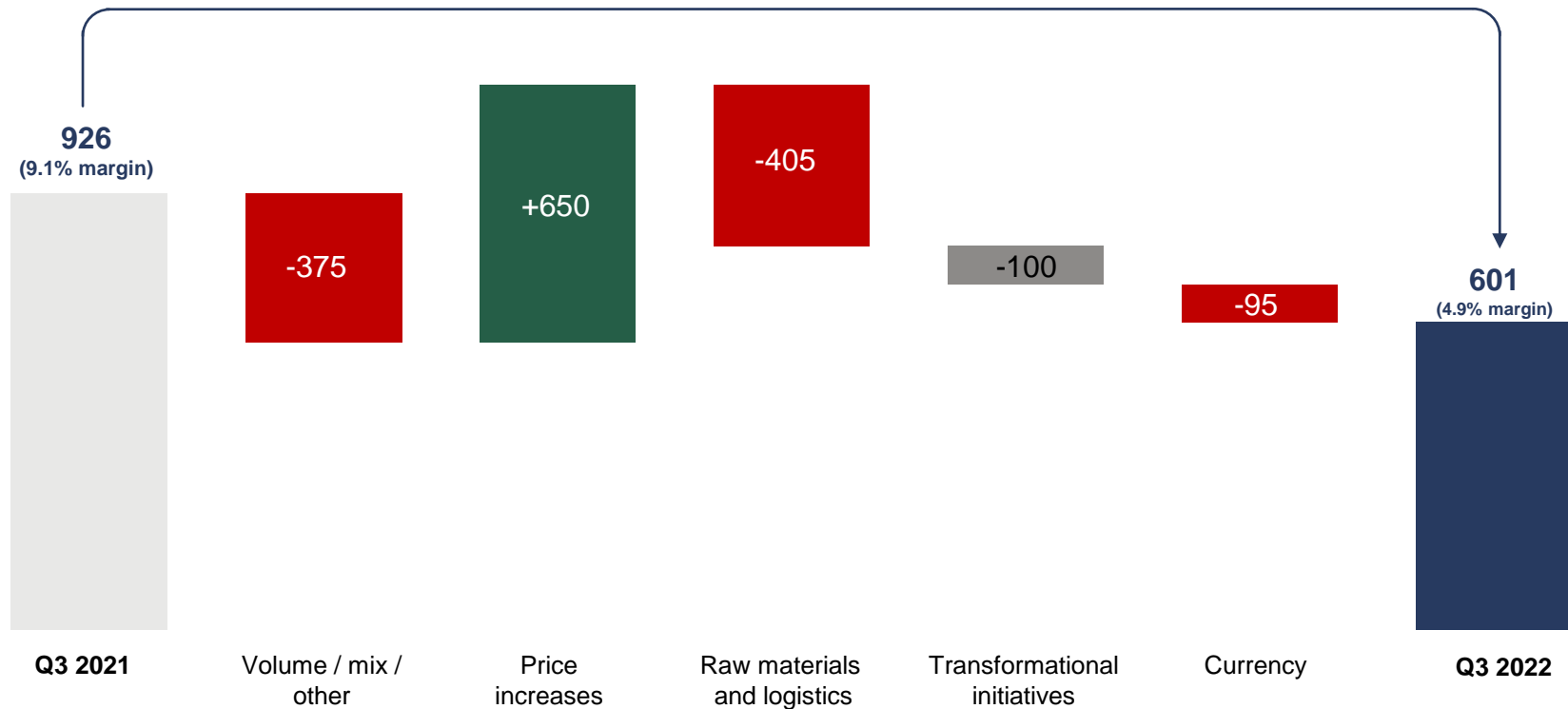


Operating income, excl. IAC

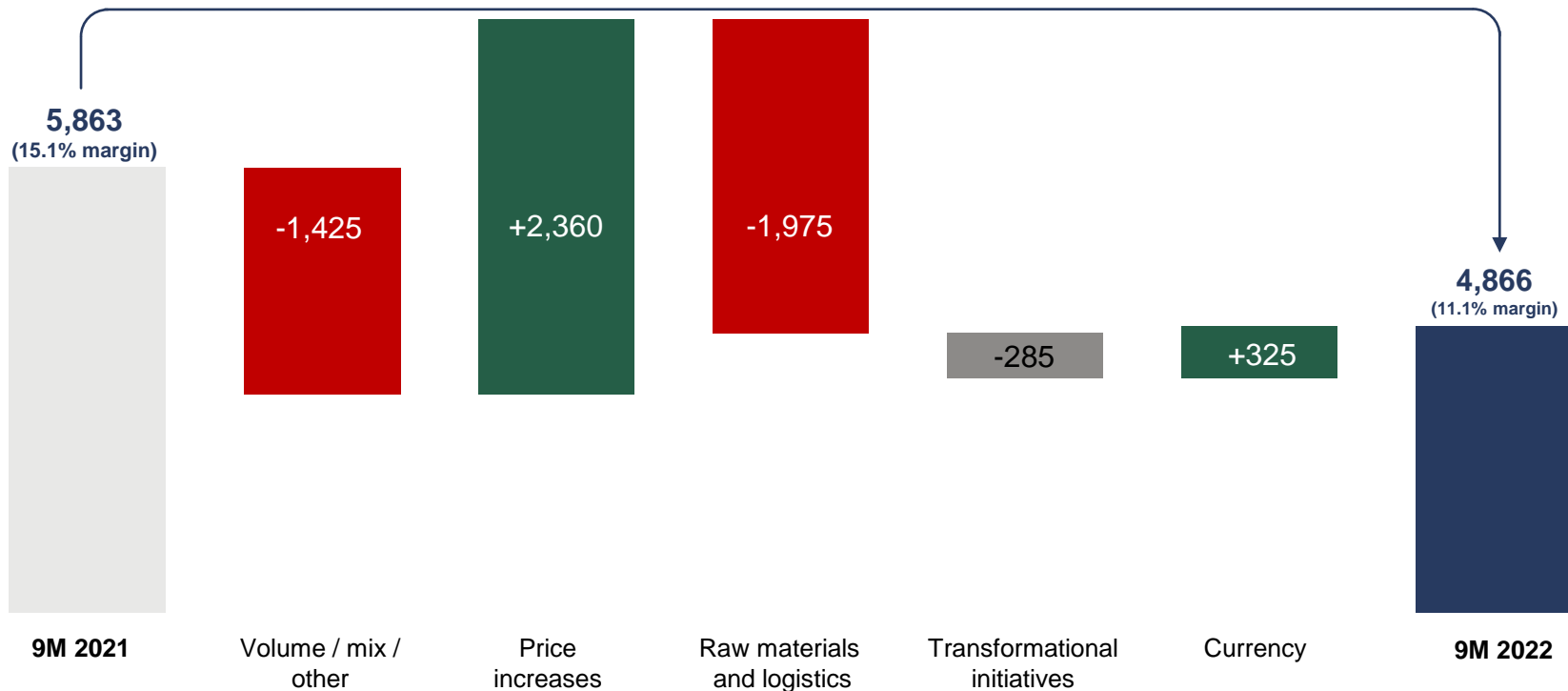


Note: Operating income excluding items affecting comparability

Q3 2022 EBIT bridge (excl. IAC)



9M 2022 EBIT bridge (excl. IAC)

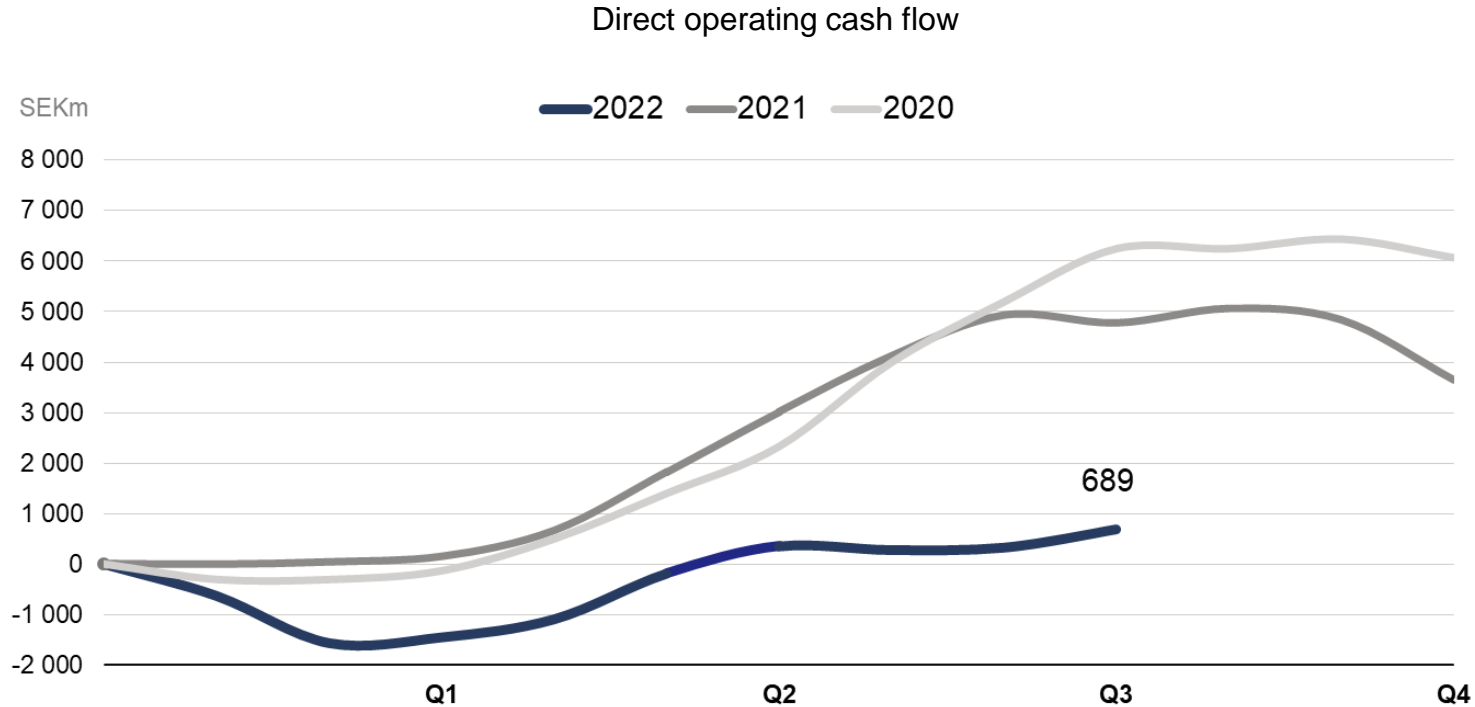


Consolidated balance sheet

SEKm	Sept 30, 2022	Sept 30, 2021	Dec 31, 2021
Non-current assets	30 837	22 710	28 571
Inventories	17 612	10 059	14 030
Trade receivables	6 896	5 030	4 310
Other current assets	2 658	1 331	1 801
Cash and cash equivalents	2 423	7 315	2 208
Total assets	60 426	46 444	50 920
Total equity	26 472	21 179	21 646
Borrowings	11 948	5 713	8 215
Lease liabilities	1 923	1 603	1 849
Provisions for pensions	1 631	2 247	2 192
Other provisions	1 538	1 763	1 512
Trade payables	6 843	5 123	6 990
Other current liabilities	10 070	8 815	8 515
Total equity and liabilities	60 426	46 444	50 920

- Solid financial position
- Stabilization of inventory levels
 - Currency effect
 - Acquisition of Orbit
 - Cost increase of input goods
 - Higher inventory levels driven by components and finished goods
 - Focus on inventory management

Cash flow – impacted by higher inventory levels

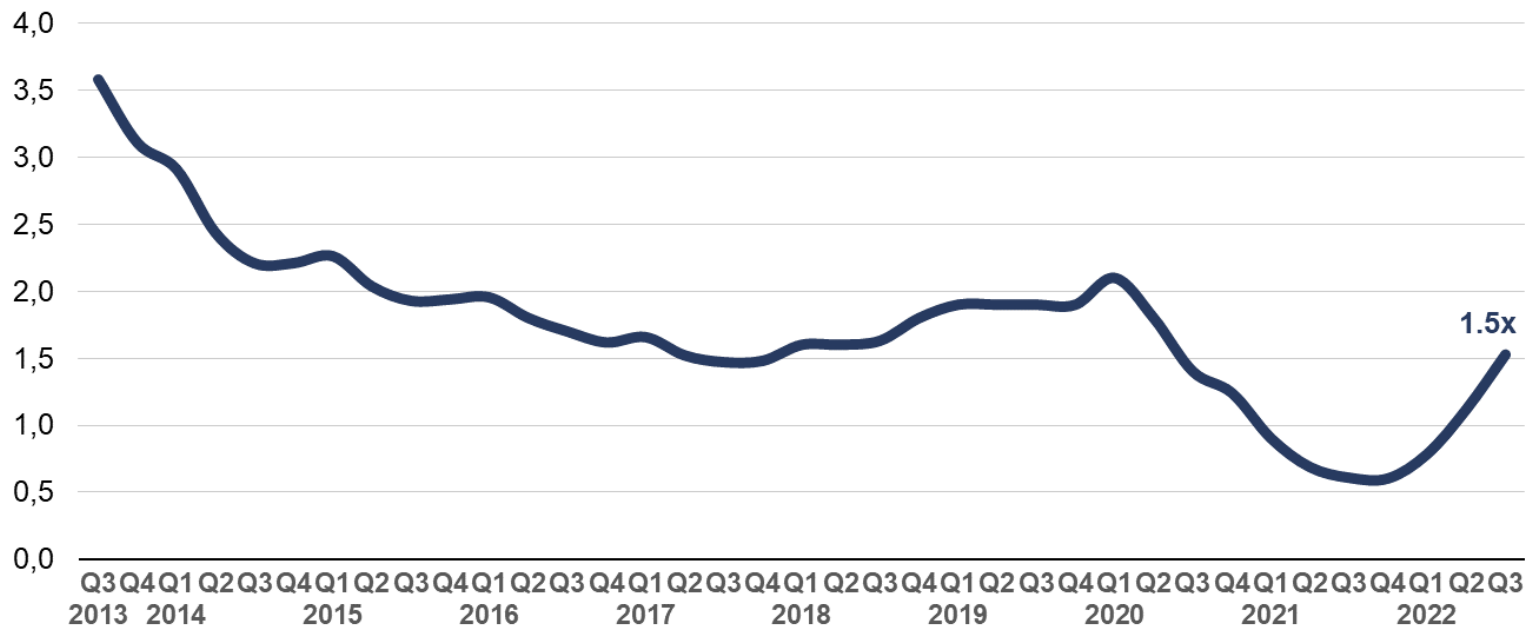


Capital efficiency ratio

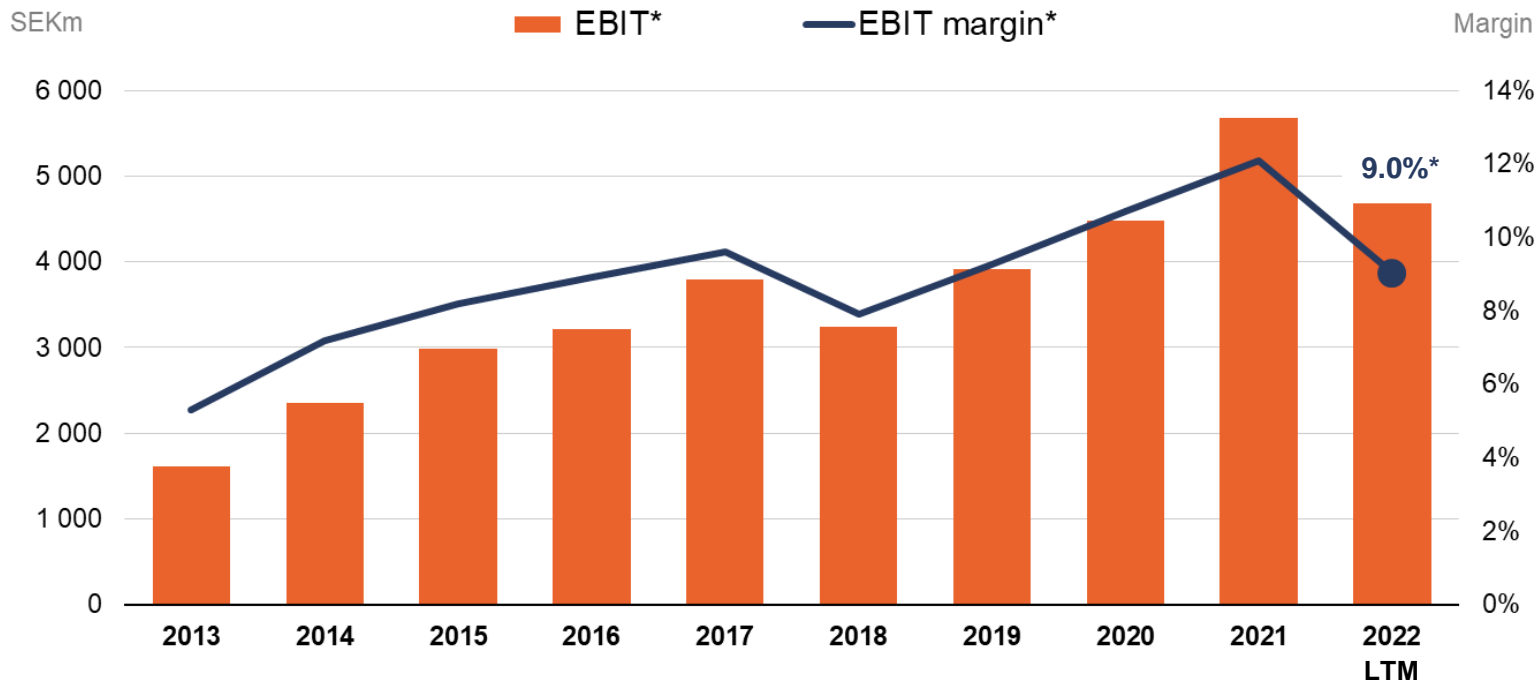
Operating working capital / net sales (LTM)



Net debt / EBITDA



Building a stronger Husqvarna Group



*Operating income excluding items affecting comparability

Investing an additional SEK 400m into our sustainable value creation levers (by 2025)



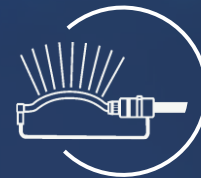
Robotic
mowers



Battery-
powered
products



Professional
solutions



Watering
products

Accelerating the petrol-to-battery shift, increasing organizational effectiveness and reducing cost

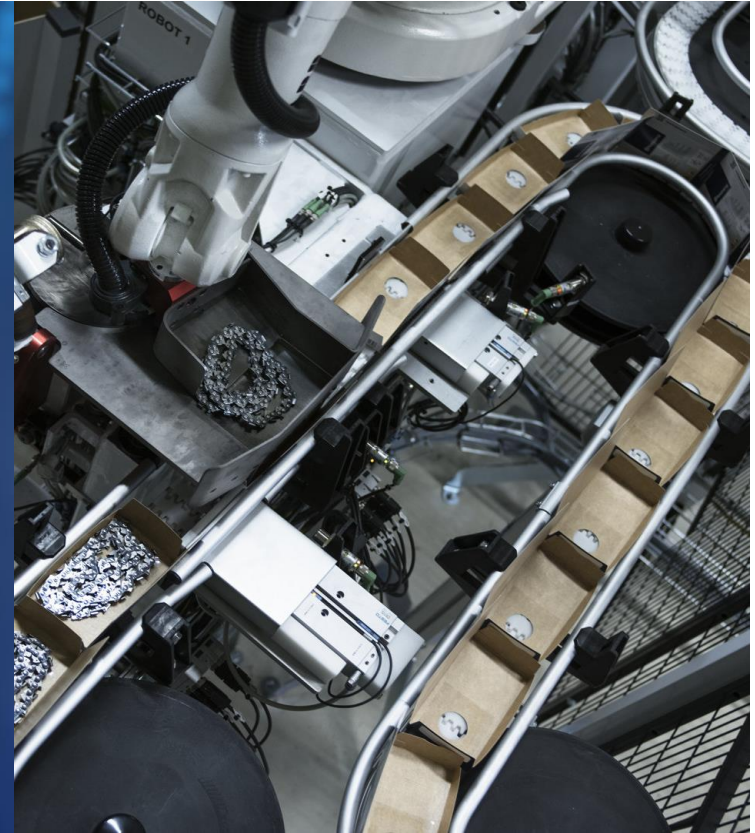


Accelerating the petrol-to-battery shift

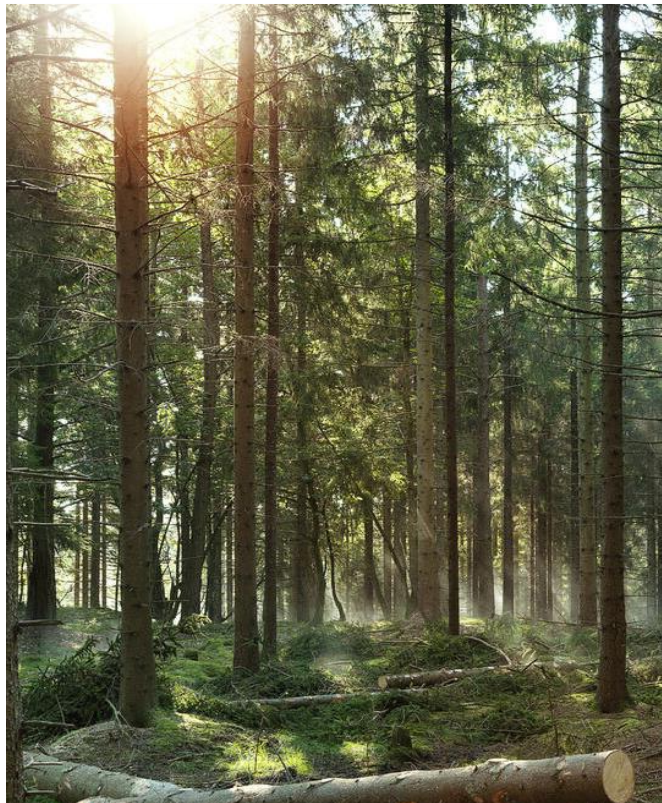
- Capacity expansion of battery products
- Reducing installed capacity of consumer petrol-powered products
- Proactively exit low-margin petrol-powered consumer products

Increasing organizational effectiveness

- Increase focus on value creation levers
- Enhance execution capability
- Fast track key capability shifts
- Lower cost



Positive EBIT effect from 2023



2025 - fully implemented	SEKm
Cost savings	+800
Transformational investments, ~50% of savings	~400
Net effect from 2025	+400

- One-off costs: SEK 2bn (of which SEK 0.9bn cash items), majority charged in Q4 2022
- Exit of sales representing SEK 2bn of petrol-powered consumer products from 2024 - accretive to operating margin
- Workforce reduction with 1,000 positions

Sustainovate 2025 targets



CARBON

Reduce absolute CO₂ emissions by -35%

-31%



CICRULAR

Launch 50 new circular innovations

8



PEOPLE

Empower 5 million people to make sustainable choices

563K

Summary – organic growth in the quarter

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**Husqvarna
Group**