



# Shaping GREAT experiences



Full-year 2019 results presentation

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# Husqvarna Group – highlights

## Q4 - seasonally smallest quarter

- Mixed market development
- Significant reduced manufacturing levels, negative mix
- Partly compensated by net positive impact from asset sale/write downs
- Operating income\* of SEK -310m (-282)

## 2019 - best year ever despite a difficult forest and garden year

- Reinforced positions in core categories like robotics, watering and concrete floor and surfaces
- Operating income\* increased by 21% to SEK 3,915m (3,241) margin of 9.3% (7.9%)
- Direct operating cash flow improved to SEK 3,849m (1,336)

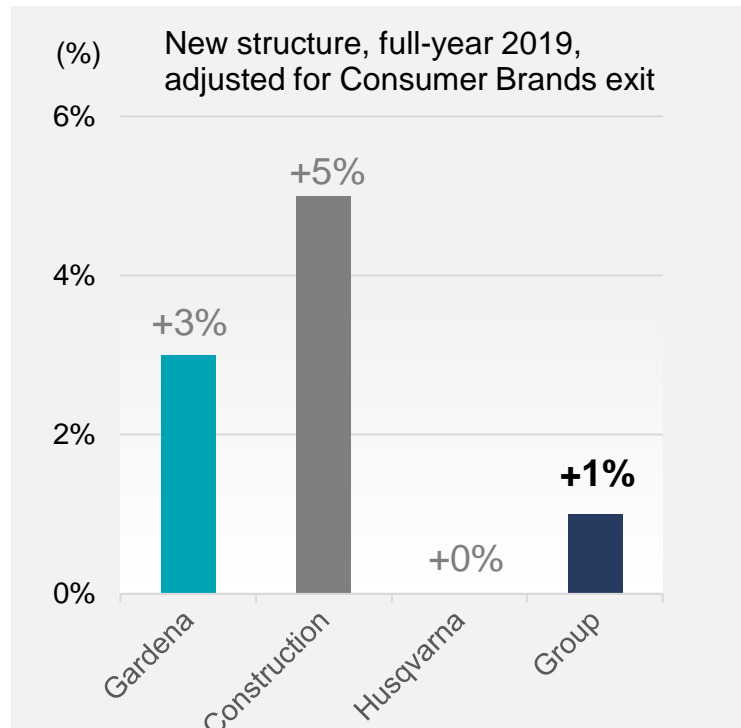
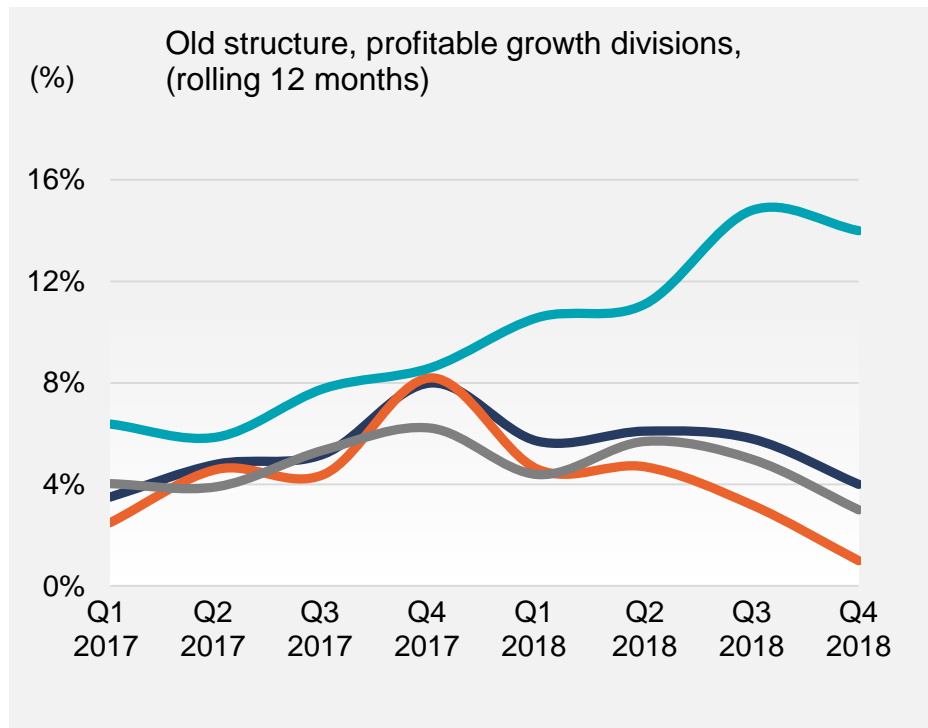
## Prepared for season 2020 ramp-up

- Strong product and solution offering
- Continuing balance of strategic investments while delivering on restructuring and efficiency programs
- Finalize Consumer Brands exits (SEK 2.2bn) and restructuring



\*Excluding items affecting comparability

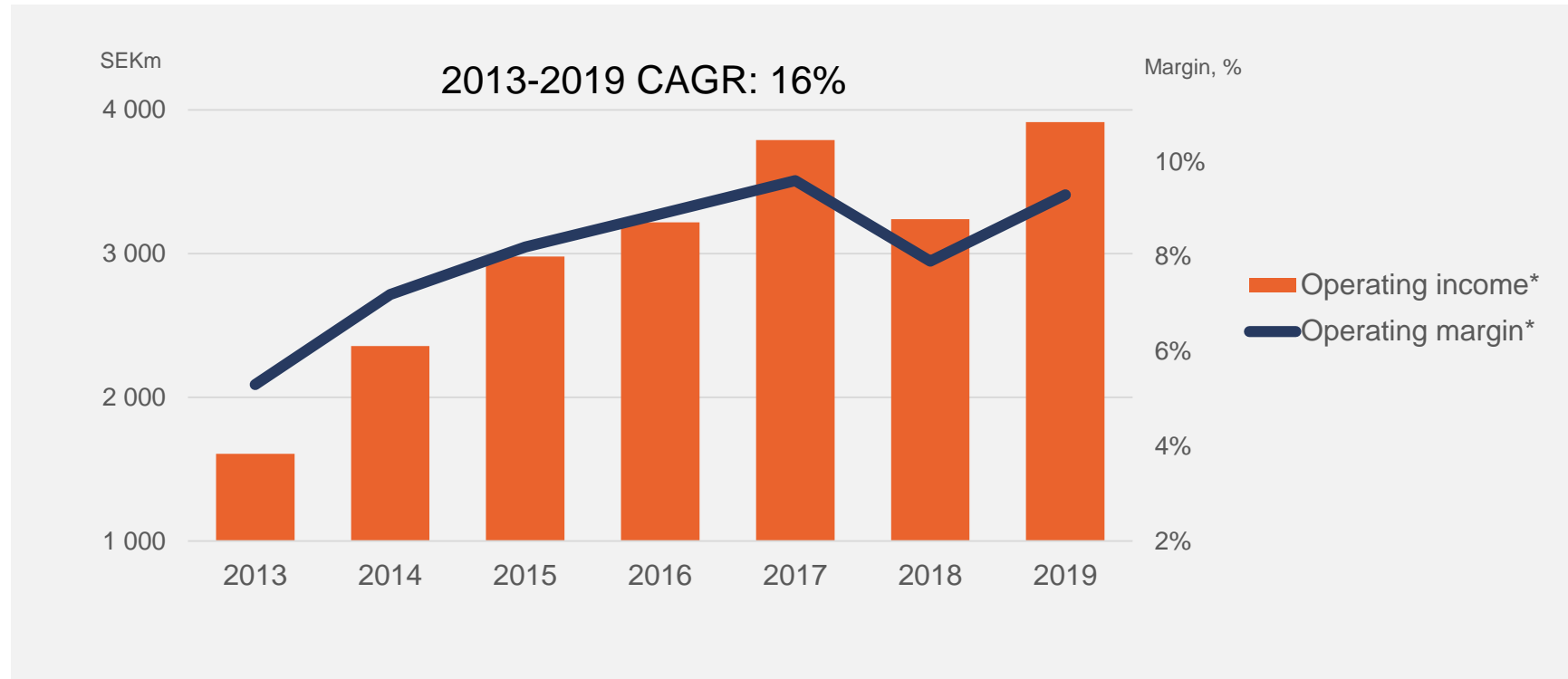
# Divisional sales growth development



■ Total   
 ■ Husqvarna   
 ■ Gardena   
 ■ Construction

Note: Currency adjusted. New divisional structure from 1 Jan 2019. Exit of Consumer Brands business impacted growth for the Group by 3 percentage points in 2019

# Our profitability improvement trajectory since 2013



*\*Excluding items affecting comparability*

# Group financials

SEKm	Q4 2019	Q4 2018	Change, %	Jan–Dec 2019	Jan–Dec 2018	Change, %
Net sales	6,408	6,470	-1	42,277	41,085	3
<i>Currency adjusted change, %</i>	-5	0	–	-2	2	–
Gross margin*, %	23.5	26.0	–	29.9	28.2	–
Operating income*	-310	-282	neg	3,915	3,241	21
Operating margin*, %	-4.8	-4.4	–	9.3	7.9	–

## Fourth quarter:

- Net sales decreased 2% if adjusted for exited Consumer Brands business and FX
- Gross margin impacted by lower volumes, factory under-absorption and product mix

## Full-year 2019:

- Net sales increased by 1%, adjusted for exited Consumer Brands business and FX
- Operating income grew by 21%\* representing a margin of 9.3% (7.9)
  - Price increases, restructuring, efficiency savings and FX effects
  - Partly offset by higher costs for raw materials, tariffs and continued investments in strategic growth initiatives
  - Additional restructuring launched with impact in 2020



\*Excluding items affecting comparability

# Husqvarna Division

SEKm	Q4 2019	Q4 2018	Change, %	Jan–Dec 2019	Jan–Dec 2018	Change, %
Net sales	4,108	4,310	-5	27,506	27,156	1
<i>Currency adjusted change, %</i>	-9	-2	–	-4	-2	–
Operating income*	-100	-77	neg	2,427	2,106	15
<i>Operating margin*, %</i>	-2.4	-1.8	–	8.8	7.8	–

## Fourth quarter:

- Net sales decreased 5%, adjusted for exited Consumer Brands business and FX
  - Growth in Europe, but weak sales in the US as trade partners continued to reduce their inventories
  - Low production rates to reduce inventory - impacting absorption levels

## Full-year 2019:

- Net sales was flat adjusted for exited Consumer Brands business and FX
- Operating income increased 15%
  - Price increases, restructuring & efficiency savings, FX effects
  - Partly offset by higher costs for tariffs & raw materials and strategic growth initiatives



\*Excluding items affecting comparability

# Gardena Division

SEKm	Q4 2019	Q4 2018	Change, %	Jan–Dec 2019	Jan–Dec 2018	Change, %
Net sales	710	746	-5	8,343	8,118	3
<i>Currency adjusted change, %</i>	-8	-2	–	0	8	–
Operating income*	-348	-274	neg	847	651	30
<i>Operating margin*, %</i>	-49.0%	-36.7%	–	10.2	8.0	–

Fourth quarter (seasonally representing less than 10% of yearly sales):

- Gardening season ended normally vs. extended in prior year resulting in a net sales decrease of 2%, adjusted for exits and FX
- Operating income\* - lower volumes, mix and strategic investments

Record year 2019 – reinforced brand, multichannel expansion and offering

- Net sales increased by 3%, excluding exited Consumer Brands business and FX
- Strong increase in operating income\*: 30%, margin at 10.2%
  - Price and mix improvements
  - Restructuring and efficiency savings



\*Excluding items affecting comparability

# Construction Division

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*	163	115	42	836	716	17
<i>Operating margin*, %</i>	10.5	8.2	–	13.2	12.4	–

## Fourth quarter:

- Net sales increased 7% - good growth in North America
- Operating income\* increased by 42% vs. a weak reference last year and positive FX effects

## Full-year 2019:

- Net sales increased by 5%
- Operating income\* grew by 17%
  - Volume/price increases, efficiencies and currency effects
  - Successful integration of recent years' acquisitions



\*Excluding items affecting comparability



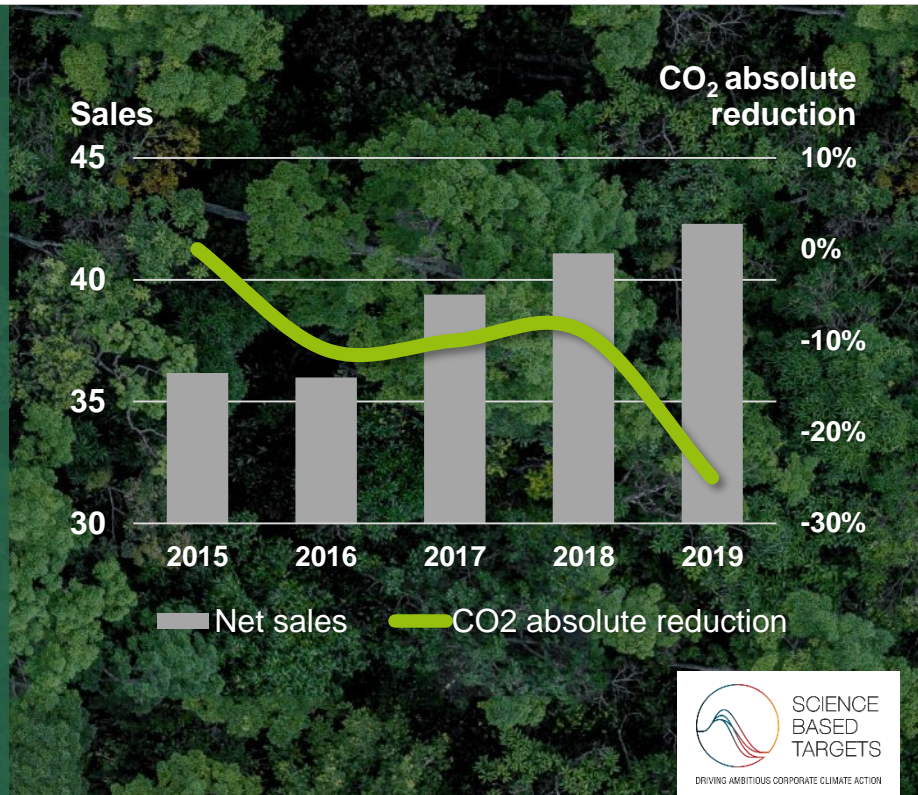
# Sustainovate - decoupling CO<sub>2</sub> emissions from growth

25% absolute CO<sub>2</sub> emissions reduction from product use since 2015

## Continue to

Innovate, expand and promote our portfolio of battery, robotics and connected products

New Sustainovate targets to be launched in March



# Strong portfolio with new launches for 2020

## Select product launches



AquaBloom



Pro battery



EPOS™



Power trowels



Automower® 305



Hybrid rider

## New and enhanced digital offerings

### myGarden

- Plant Library
- Garden task planner
- Tutorials
- Inspirational content feed
- Personal favorites
- Booking of gardening services



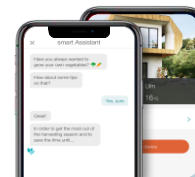
### Husqvarna AMC

- Statistics
- User interface
- Spare purchases



### GARDENA smart system

- smart Assistant (chat bot)
- smart Schedule Optimizer
- Advise for protecting nocturnal animals



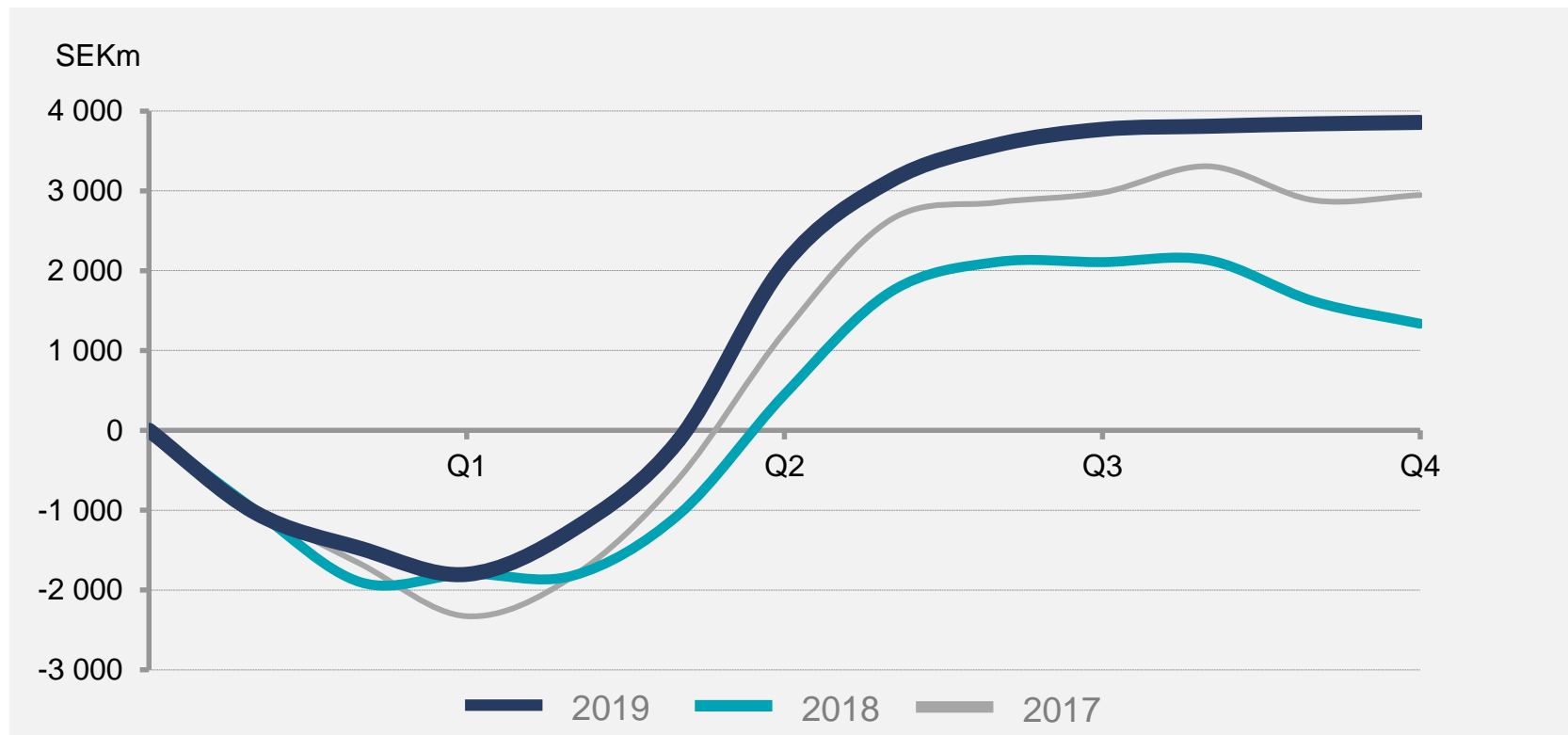
# Consolidated income statement

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	-4 901	-4 787	-29 631	-29 506
<b>Gross income*</b>	<b>1 507</b>	<b>1 683</b>	<b>12 646</b>	<b>11 579</b>
<b>Gross margin*, %</b>	<b>23,5</b>	<b>26,0</b>	<b>29,9</b>	<b>28,2</b>
Selling expenses	-1 525	-1 471	-6 928	-6 425
Administrative expenses	-488	-506	-2 000	-1 968
Other operating income/expense	196	12	197	55
<b>Operating income*</b>	<b>-310</b>	<b>-282</b>	<b>3 915</b>	<b>3 241</b>
<b>Operating margin*, %</b>	<b>-4,8</b>	<b>-4,4</b>	<b>9,3</b>	<b>7,9</b>
Items affecting comparability	-183	-822	-225	-1 171
Financial items, net	-131	-124	-568	-509
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>
Earnings per share, after dilution, SEK	-0,67	-1,61	4,42	2,12

\*Excluding items affecting comparability

- Gross margin -2.5 ppts\* in Q4
  - Lower volumes & product mix
  - Factory absorption
  - Strategic investments (mainly R&D)
  - Positive FX
- SG&A increased in Q4
  - Strategic investments
  - Negative FX
- Net positive impact of asset sale and asset write downs and other costs
  - Q4 2019: SEK ~ 100m
  - FY 2019: SEK ~ 60m (55)

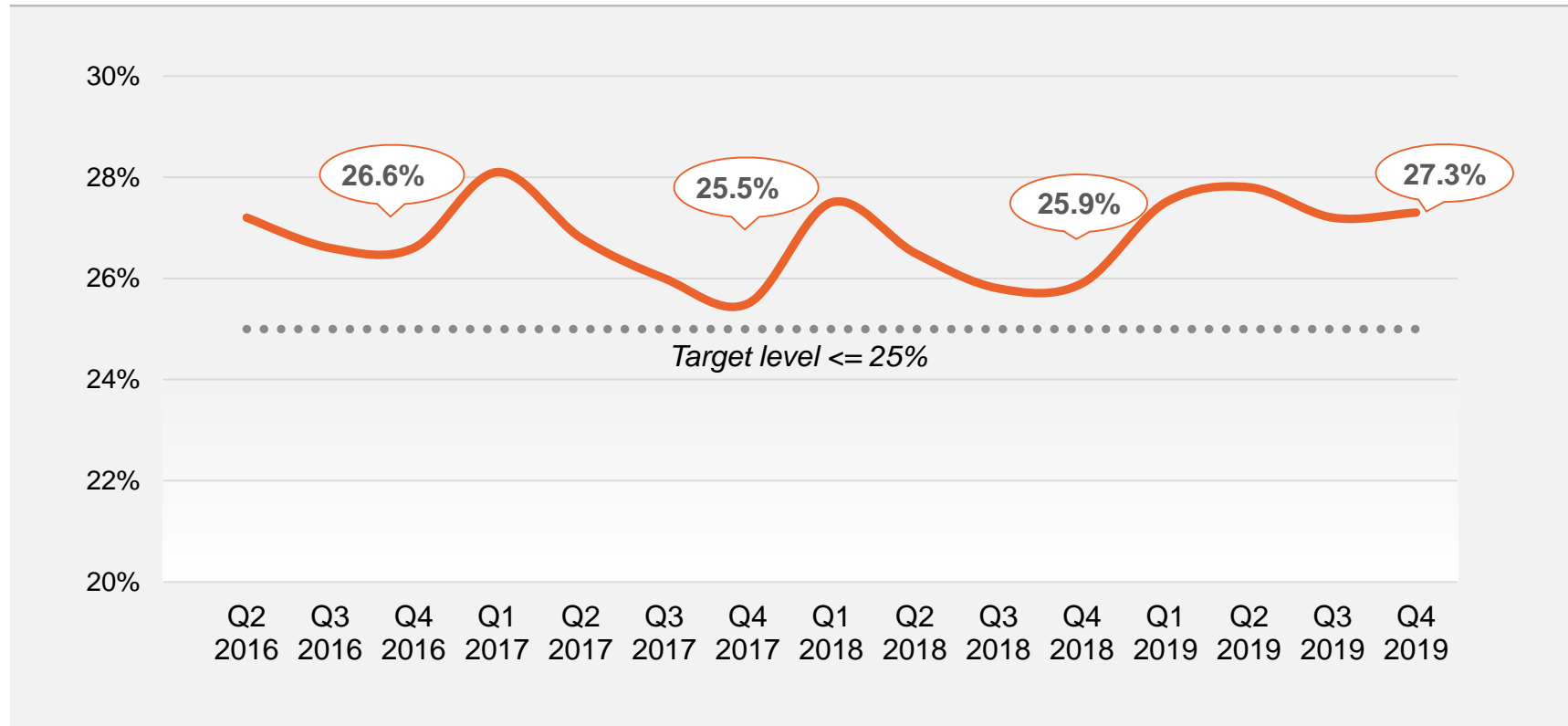
# Direct operating cash flow (accumulated)



Note: excluding items affecting comparability

# Further potential for capital efficiency

## Operating working capital / net sales

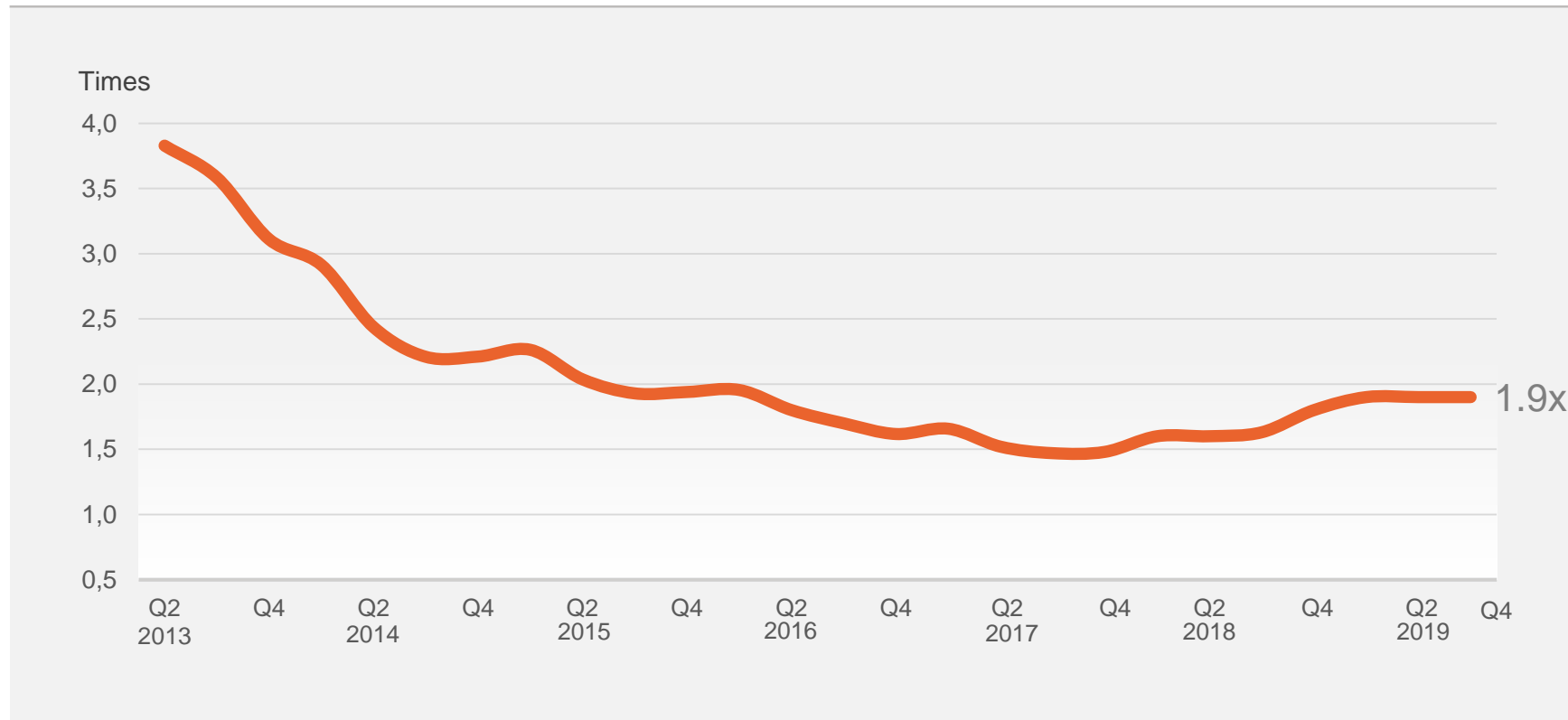


# Consolidated balance sheet

SEKm	December 31 2019	December 31 2018
Non-current assets	23 739	21 000
Inventories	10 858	11 067
Trade receivables	3 620	3 613
Other current assets	1 853	1 581
Liquid funds	1 911	1 346
<b>Total assets</b>	<b>41 981</b>	<b>38 607</b>
Total equity	17 283	16 009
Interest-bearing liabilities	10 025	9 806
Lease liabilities	1 761	207
Provisions for pensions	2 622	2 101
Other provisions	2 927	3 160
Trade payables	4 099	4 622
Other current liabilities	3 264	2 702
<b>Total equity and liabilities</b>	<b>41 981</b>	<b>38 607</b>

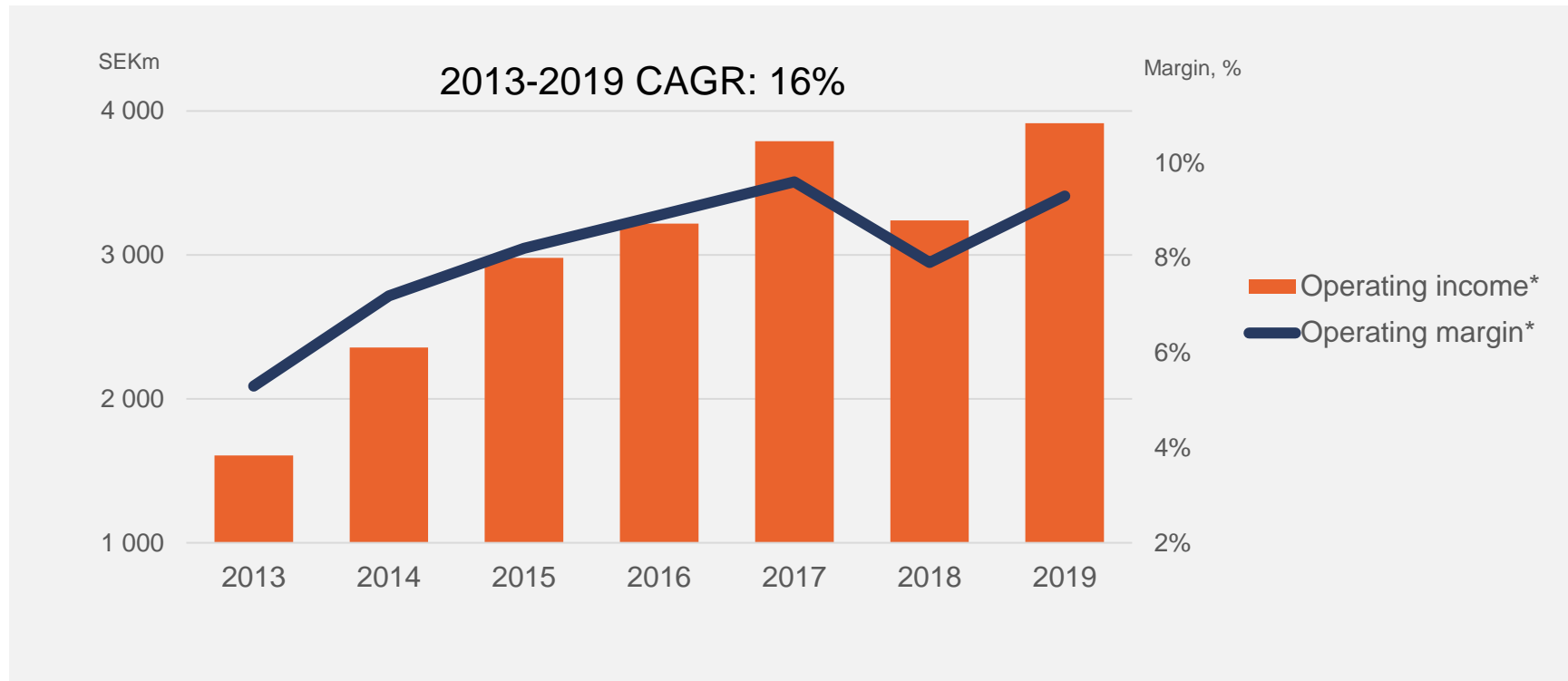
- Lower inventory levels compared to last year, SEK 600m cash flow effect
  - Lower pre-build (from end sept)
  - Partly offset by currency effects
- Receivables at same levels as last year. Payables decreased in line with lower volumes
- Net debt of SEK -11,3bn (-9,9)
  - Cash from operations +3.0bn
  - Cash flow from financing -1.3bn
  - IFRS 16 effect of SEK -1.5bn
  - Dividend paid -1.3bn
  - Pension liability -0.3bn

# Net debt / EBITDA (based on average net debt)



Average net debt / rolling 12 months EBITDA, excl. items affecting comparability

# Our profitability improvement trajectory since 2013



*\*Excluding items affecting comparability*



# Significant organizational and strategic transformation

