



Shaping GREAT experiences



Q4 2020 results presentation

February 3, 2021

Henric Andersson, CEO

Glen Instone, CFO

2020 - delivering on our strategy and financial targets

Growth

+6%* (target: market +2ppts)

EBIT
margin

10.7%* (target: >10%)

Capital
efficiency
(OWC / sales)

24.4% (target: ≤ 25%)

- Several years of transforming and strengthening the Group
- Advancing our positions in 2020 – delivering on all financial targets
- Strong business momentum continues into the start of 2021. Good demand in combination with low market inventory levels
- COVID-19 situation - high readiness. Focus on health and safety

Continued strong sales growth in Q4



NET SALES
SEK **6,683**m (6,408)
GROWTH*
+13%

- Strong growth in all key categories and regions
- Supported by prolonged season and stay-at-home trend



OPERATING INCOME*
SEK **-129**m (-310)
IMPROVEMENT
SEK **181**m

- Operating income improved by SEK 181m in Q4 and grew 15% for 2020
- Strong growth and Improved product mix
- Good production levels



DIRECT OPERATING
CASH FLOW (2020),
SEK **6,071** m (3,849)

- Good working capital management
- Strong financial position, Net debt -43%
- BoD will propose a dividend of SEK 2.40 (2.25)

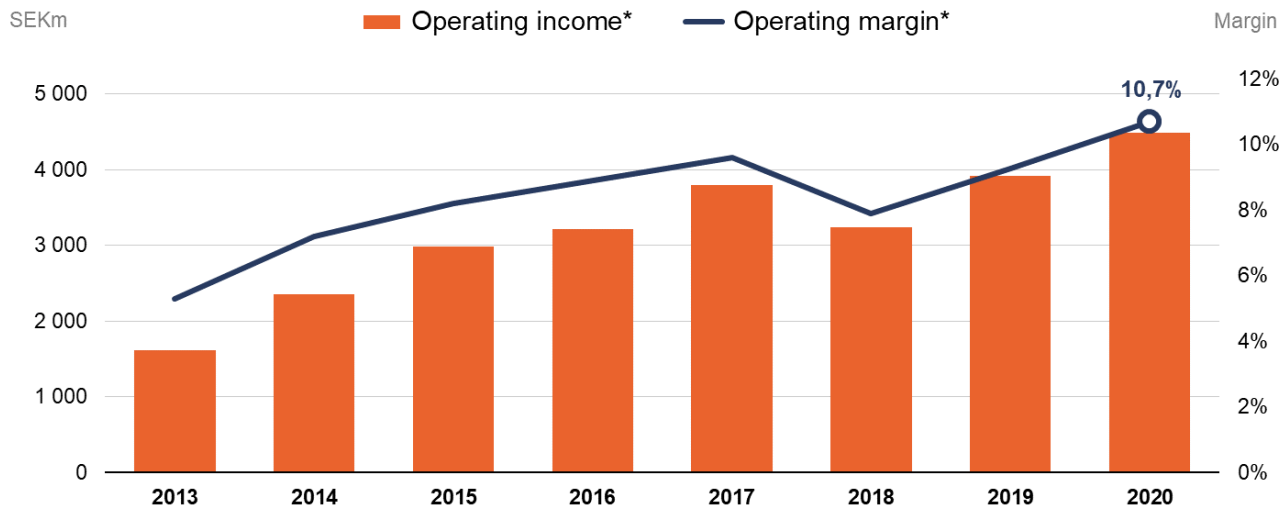


ROBOTICS AND BATTERY
17% of
Group sales (R12)

- Increasing customer demand for robotics & battery solutions
- Strengthened market positions during the year

*Adjusted for changes in exchange rates. Operating income excluding items affecting comparability.

Building a stronger Husqvarna Group



Delivering on our strategy:

- Accelerating investments into attractive segments
- Consumer Brands exits of SEK ~4.5bn since 2018
- Cost savings and efficiencies

**Excluding items affecting comparability.*

Husqvarna Division



Q4: Net sales +19%*, Operating income improved SEK 189m*

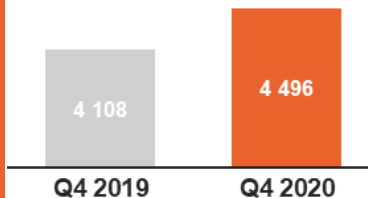
- Strong growth in all key regions, and categories, particularly for robotics & battery and handheld products
- Strengthened market positions
- Prolonged season

2020: Net sales +5%*, Operating margin at 10.1%*

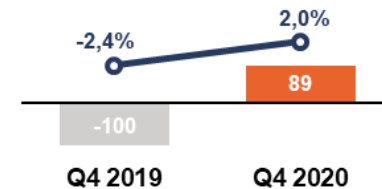
- Weak initial start of season due to Covid-19, then markets rapidly improved
- Good growth in robotics & battery
- Temporary cost avoidance activities

Q4 2020 (SEKm)

Net sales

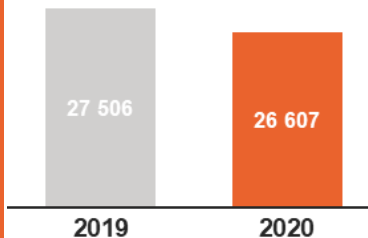


Operating income, excl IAC

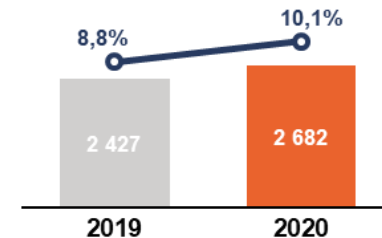


January – December (SEKm)

Net sales



Operating income, excl. IAC



* Net sales growth adjusted for exits and FX, excluding items affecting comparability.

Gardena Division

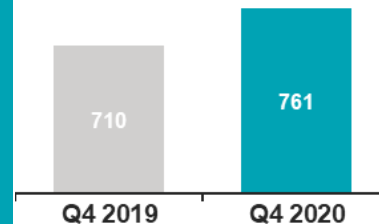


Q4: Net sales +13%*, Operating income improved SEK 54m

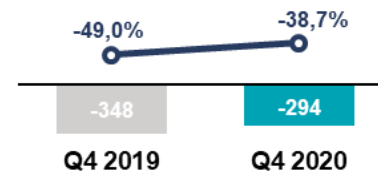
- Strong growth in key product categories – particularly good growth for watering and hand tools. Strong growth in online sales
- Prolonged season

Q4 2020 (SEKm)

Net sales



Operating income, excl. IAC

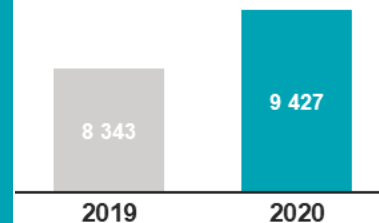


2020: Net sales +17%*, Operating margin at 15.2%

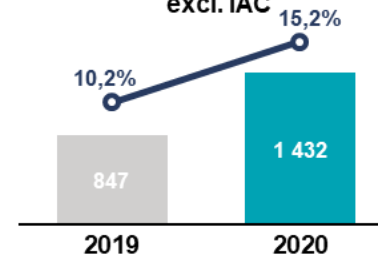
- Strong growth in all regions
- Good contribution from recent product launches and innovations
- Temporary cost avoidance activities

January – December (SEKm)

Net sales



Operating income, excl. IAC



* Net sales growth adjusted for FX and exits of Consumer Brands business.

Construction Division



Q4 – Net sales decreased 2%*, Operating margin at 8.9%*

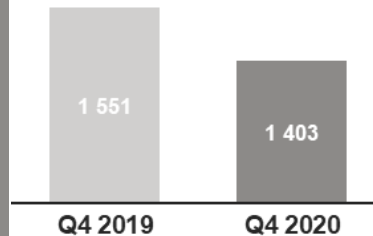
- Construction market affected by Covid-19 situation
- Favorable sales growth in Europe weaker quarter in North America
- Blastrac acquisition completed

2020 – Net sales decreased by 6%* Operating margin at 10.8%*

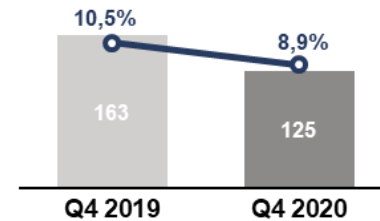
- Lower volumes and manufacturing levels
- Solid execution of temporary cost reduction activities
- Negative currency effects

Q4 2020 (SEKm)

Net sales

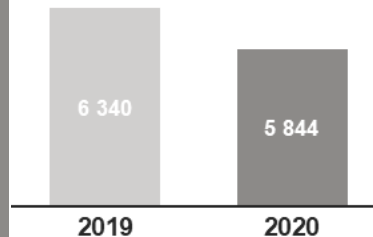


Operating income, excl. IAC

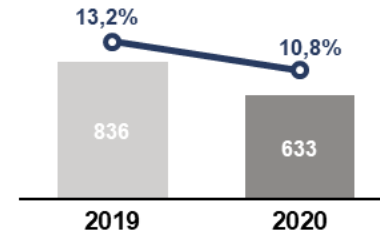


January – December (SEKm)

Net sales



Operating income, excl. IAC



* Net sales growth adjusted for FX. Excluding items affecting comparability.

Consolidated income statement

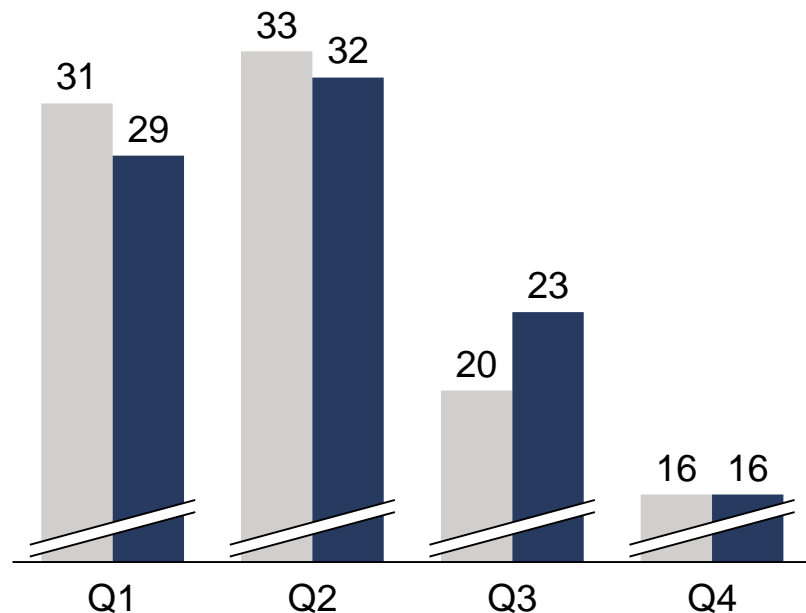
| SEKm | Q4 2020 | Q4 2019 | Jan-Dec 2020 | Jan-Dec 2019 |
|--------------------------------|--------------|--------------|-----------------|-----------------|
| Net sales | 6 683 | 6 408 | 41 943 | 42 277 |
| Cost of goods sold | -4 941 | -4 900 | -28 845 | -29 631 |
| Gross income | 1 742 | 1 507 | 13 097 | 12 646 |
| Gross margin, % | 26,1 | 23,5 | 31,2 | 29,9 |
| Selling expenses | -1 458 | -1 525 | -6 514 | -6 929 |
| Administrative expenses | -418 | -488 | -2 123 | -2 001 |
| Other operating income/expense | 4 | 196 | 23 | 197 |
| Operating income* | -129 | -310 | 4 484 | 3 915 |
| Operating margin, % | -1,9 | -4,8 | 10,7 | 9,3 |
| Items affecting comparability | -815 | -183 | -815 | -225 |
| Financial items, net | -74 | -131 | -339 | -568 |
| Income tax | 301 | 237 | -835 | -594 |
| Income for the period | -718 | -387 | 2 495 | 2 528 |
| EPS, after dilution, SEK | -1,3 | -0,7 | 4,4 | 4,4 |

- Gross margin +2.6 ppts* in Q4
 - Improved product mix / price
 - Efficiencies and savings
 - Negative currency effect
- SG&A
 - Temporary cost avoidance
 - Positive currency effect
 - Strategic initiatives
- Operating income at SEK -129m (-310)
- Items excluding comparability of SEK -815m (-183)
- Reduced net financial items - lower interest rates and lower debt levels in USD
- Tax rate of 25% for the year

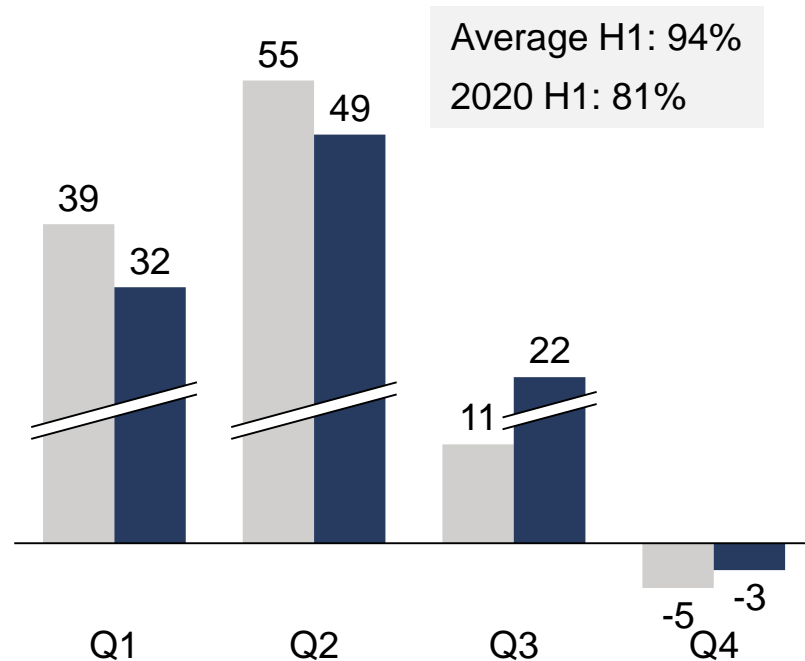
*Excluding items affecting comparability

2020 was a special year in terms of quarterly distribution

Net sales distribution by quarter

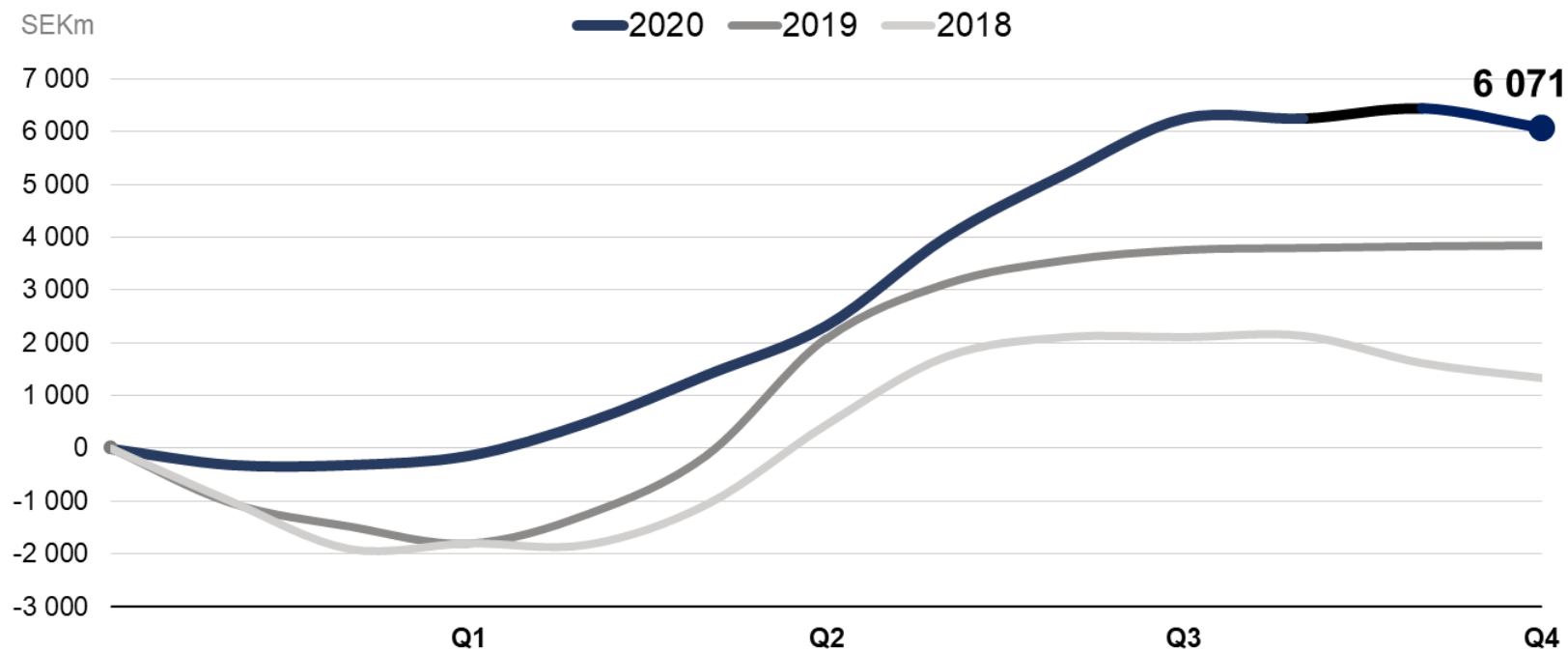


Operating Income distribution by quarter

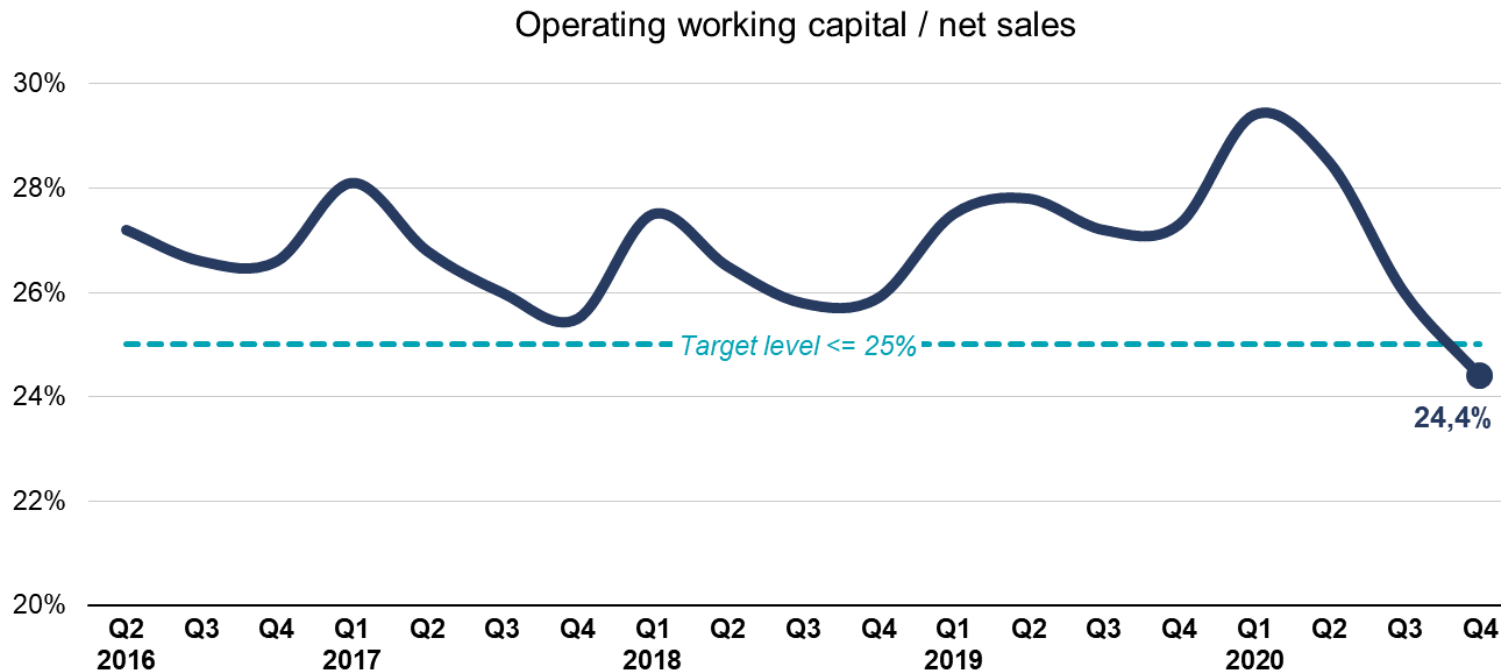


■ Average 2015 - 2019 ■ 2020

Record direct operating cash flow



Improved capital efficiency

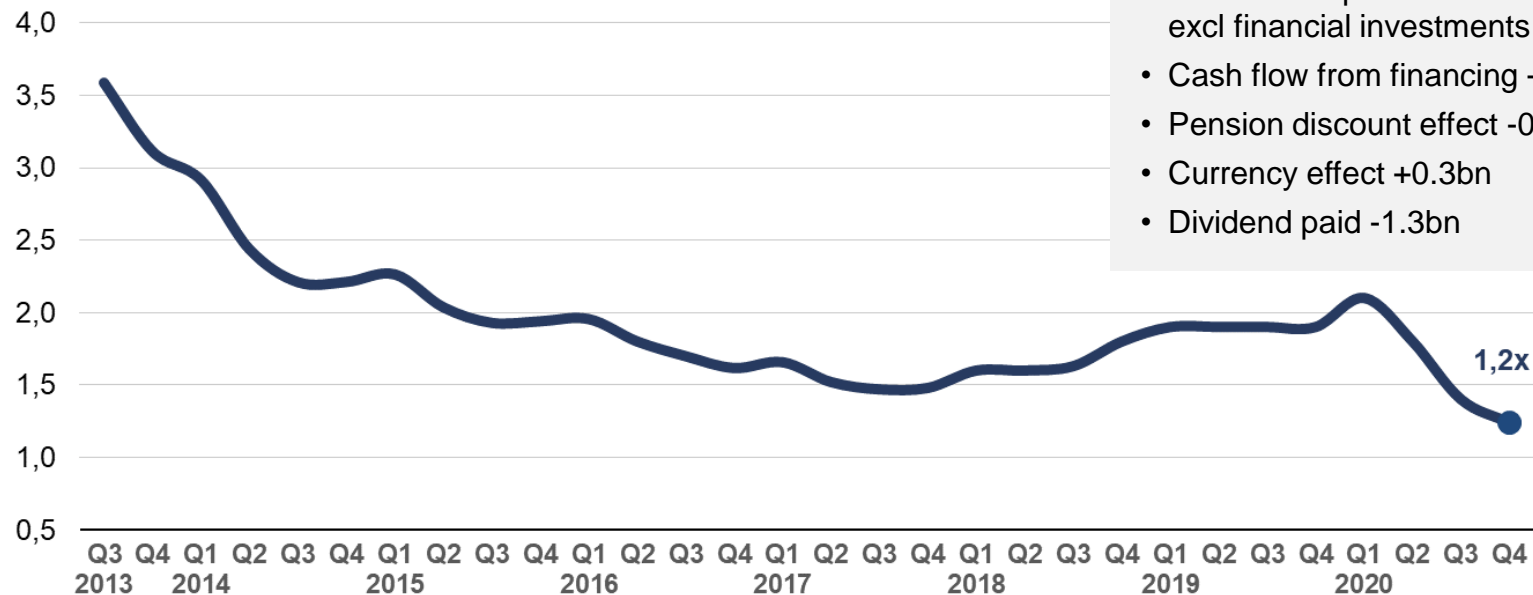


Consolidated balance sheet

| SEKm | December 31 2020 | December 31 2019 |
|-------------------------------------|---------------------|---------------------|
| Non-current assets | 22 269 | 23 739 |
| Inventories | 9 734 | 10 858 |
| Trade receivables | 3 259 | 3 620 |
| Other current assets | 2 103 | 1 854 |
| Cash and short term investments | 6 151 | 1 911 |
| Total assets | 43 517 | 41 981 |
| Total equity | 17 062 | 17 283 |
| Borrowings | 9 536 | 9 741 |
| Lease liabilities | 1 367 | 1 761 |
| Provisions for pensions | 2 637 | 2 622 |
| Other provisions | 1 651 | 1 195 |
| Trade payables | 4 815 | 4 099 |
| Other current liabilities | 6 449 | 5 279 |
| Total equity and liabilities | 43 517 | 41 981 |

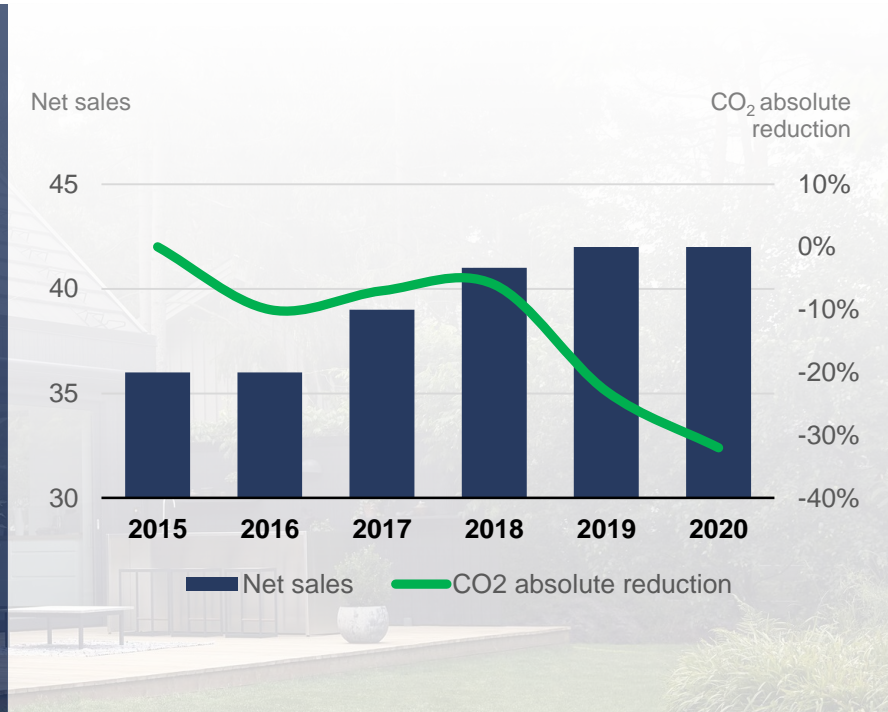
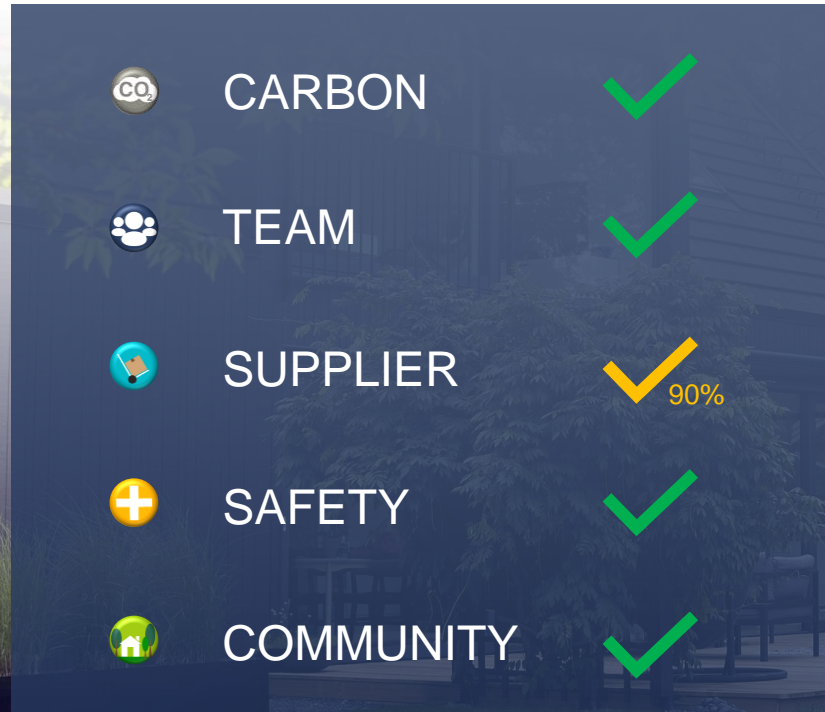
- Continued good inventory management despite pre-build going into next season
- Good management of trade receivables supported by geo mix
- High production levels in quarter impacting trade payables
- Solid cash and short-term investments position of SEK 6.2bn
- Undrawn revolving credit facilities of SEK 5 bn

Net debt / EBITDA (based on average net debt)



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

Delivering on Sustainovate 2020



Embarking on Sustainovate 2025

CARBON



Reduce absolute CO₂ emissions by
35%
across our value chain

CIRCULAR



Launch
50
new circular innovations

PEOPLE



Empower
5 million
customers and colleagues
to make sustainable choices

Accelerating growth initiatives by SEK 250m (or +50%) per year

*"Focus on sustainable solutions with strong customer demand
and supporting the transition to a lower carbon footprint"*



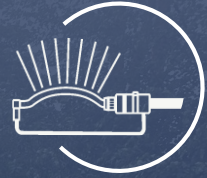
Robotics



Battery



Pro



Watering

- Go-to-market capabilities – including brands and commercial activities
- Step up in product development and R&D

On-track with increasing our competitiveness in supply chain and delivering on savings



Capacity expansion for battery powered solutions



Executing our optimization of handheld supply chain



Implementing a further decentralized organizational structure



Savings of SEK 500m, by 2023. One off costs of SEK 815m taken in Q4 (out of 880m)

Blastrac – adding to our leadership in surface preparation



Shot blasting

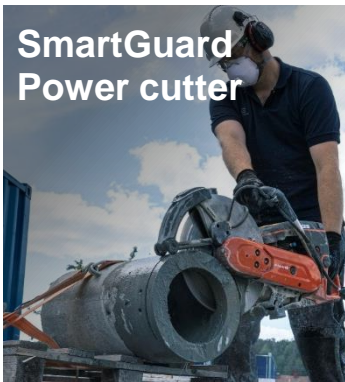
Scarifying



Scraping

New key launches for the season

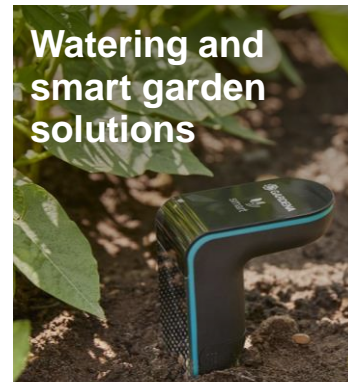
SmartGuard
Power cutter



New range
of robotic
lawnmowers



Watering and
smart garden
solutions



Rebranding
HTC to
Husqvarna



Introducing
CEORA



New 90CC
chain saw



A successful 2020 – delivering on our strategy

**Strong Q4 and
successful 2020**

**Financial targets
achieved**

**A stronger Group
created during last
years**

**Good start of 2021
with low market
inventory levels**

**Accelerated
strategic growth
initiatives**



Husqvarna
Group