



Shaping GREAT experiences



Q1 2020 results presentation

April 24, 2020

Henric Andersson, CEO

Glen Instone, CFO

New President and CEO

Henric Andersson

- Over 20 years of experience in the Husqvarna Group; including Commercial lawn & garden, Construction Division, PMD and Technology Office etc.
- Part of Group Management team since 2012
- Master of Science degree in Industrial Engineering & Management



Q1 started as planned but was impacted by COVID-19



NET SALES
12,208m (13,651)
GROWTH*
-4%

- Initially supply-chain disturbances
- Accelerated impact on demand towards the very end of quarter



EBIT
1,424m (1,686**)
MARGIN
11.7% (12.3**)

- Affected by lower net sales
- Partly compensated by savings and efficiencies



DIRECT OPERATING
CASH FLOW
-132m (-1,807)

- Improved SEK 1.7bn
- Strong financial position



ROBOTICS AND BATTERY
15%
of Group sales

- Growing faster than average Group
- New models launched

*Adjusted for exit of Consumer Brands business and changes in exchange rates.

** Excluding items affecting comparability

COVID-19 effects

- Health and safety of employees and stakeholders are highest priority
- Governmental lockdown measures will have a fundamental negative impact on our industry and thus impacting the demand for our products and solutions
- All manufacturing sites open, but producing at lower levels and ready to ramp-up
- Cost reduction activities; work time reduction planned for 4,000 or 30% of workforce, cost savings and scaling back on strategic initiatives

Husqvarna Division

SEKm	Q1 2020	Q1 2019	Change, %	Rolling 12 months	Jan–Dec 2019
Net sales	8,001	9,506	-16	26,001	27,506
<i>Currency adjusted change, %</i>	-19	5	–	–	-4
Operating income*	972	1,228	-21	2,171	2,427
<i>Operating margin*, %</i>	12,2	12.9	–	8.3	8.8

Net sales decreased 7%, adjusted for exits and currency

- Weaker markets due to the Covid-19 situation
- Consumer Brands exits on plan

Operating income decreased 21%*

- Lower volumes
- Low production volumes
- Partly offset by efficiencies and savings



*Excluding items affecting comparability

Gardena Division

SEKm	Q1 2020	Q1 2019	Change, %	Rolling 12 months	Jan–Dec 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>Operating margin, %</i>	14.7	14.1	–	10.4	10.2

Strong Q1 sell in – reinforced brand, multichannel expansion and offering

- Net sales increased by 5%, adjusted for exits and currency
- Strong development in core markets
- Good growth in robotics and watering categories
- Weaker development in the end of the quarter

Operating income – growth, mix improvements and efficiencies

- Operating income grew by 7%
- Margin improved to 14.7% (14.1)



Construction Division

SEKm	Q1 2020	Q1 2019	Change, %	Rolling 12 months	Jan–Dec 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	791	836
<i>Operating margin*, %</i>	8.9	11.8	-	12.5	13.2

Net sales decreased 4% adjusted for currency effects

- Weaker market conditions towards the end of the quarter

Operating income decreased 25%

- Geographic mix effect, sales declined in high margin markets
- Negative product mix
- Positive currency effect



*Excluding items affecting comparability

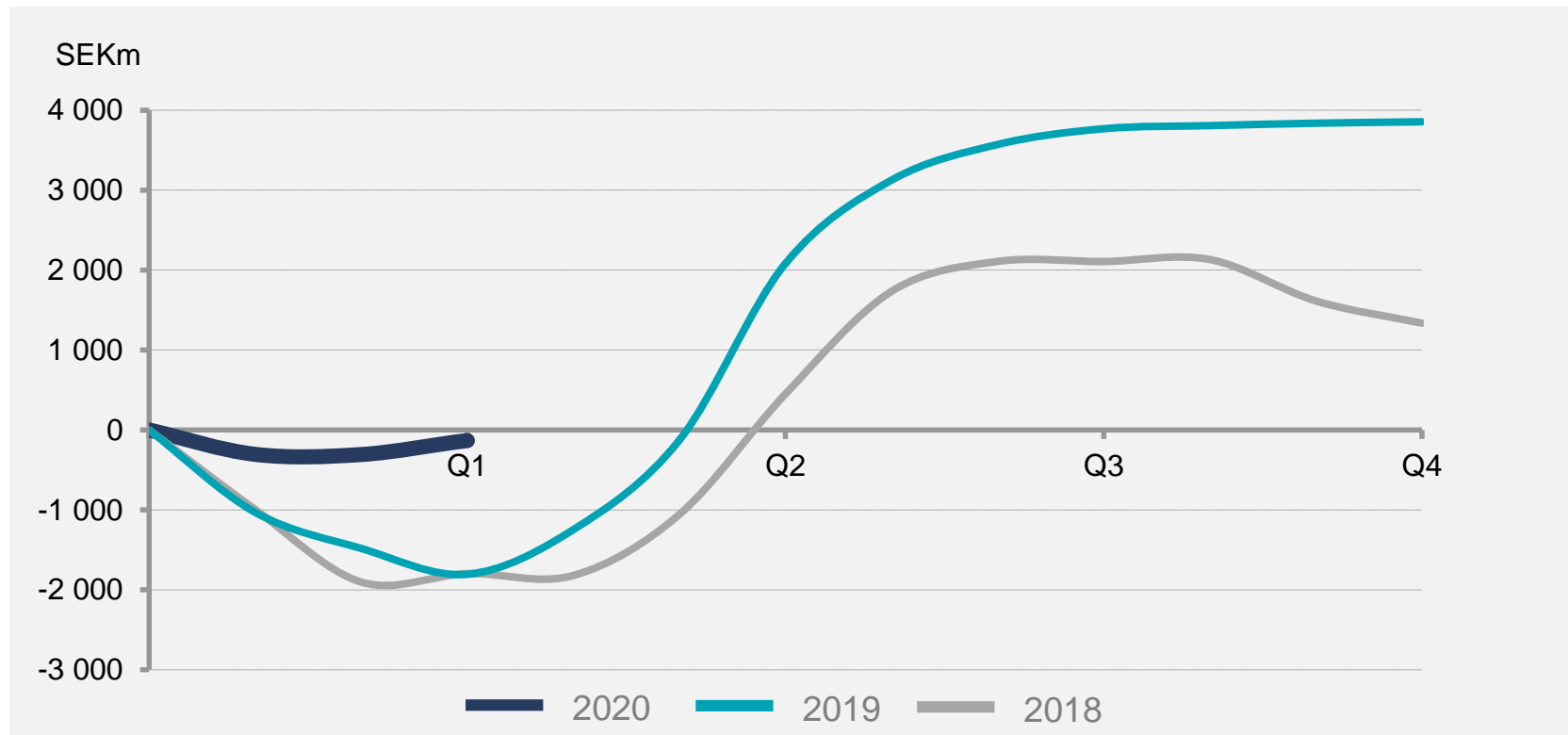
Consolidated income statement

SEKm	Q1 2020	Q1 2019	Rolling 12 months	Full-year 2019
Net sales	12 208	13 651	40 834	42 277
Cost of goods sold	-8 401	-9 506	-28 526	-29 631
Gross income*	3 807	4 145	12 308	12 646
Gross margin*, %	31,2	30,4	30,1	29,9
Selling expenses	-1 868	-1 909	-6 887	-6 928
Administrative expenses	-528	-542	-1 986	-2 000
Other operating income/expense	12	-8	217	197
Operating income*	1 424	1 686	3 653	3 915
Operating margin*, %	11,7	12,3	8,9	9,3
Items affecting comparability	0	-42	-183	-225
Financial items, net	-109	-160	-517	-568
Income tax	-323	-344	-573	-594
Income for the period	992	1 140	2 380	2 528
Earnings per share, after dilution, SEK	1,73	1,99	4,16	4,42

*Excluding items affecting comparability

- Gross margin +0.8 ppts* in Q1
 - Consumer brands exits
 - Lower manufacturing volumes
 - Positive FX
- SG&A
 - Restructuring
 - Cost efficiencies
 - Negative FX
- Operating margin* at 11.7% (12.3)
- Lower interest rates and FX effects reduced net financial items

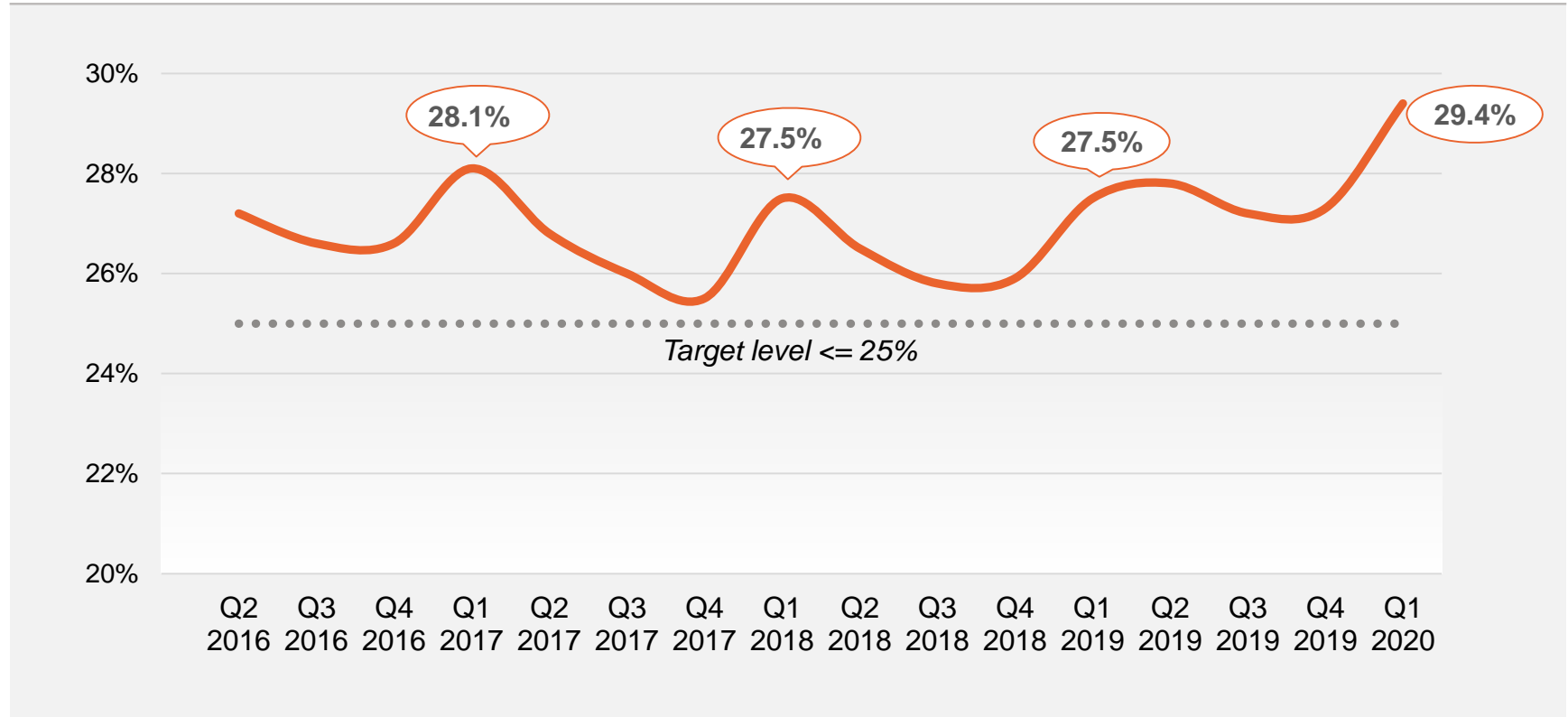
Direct operating cash flow improved by SEK 1.7bn



Note: excluding items affecting comparability

Slowdown impacting our Capital efficiency

Operating working capital / net sales

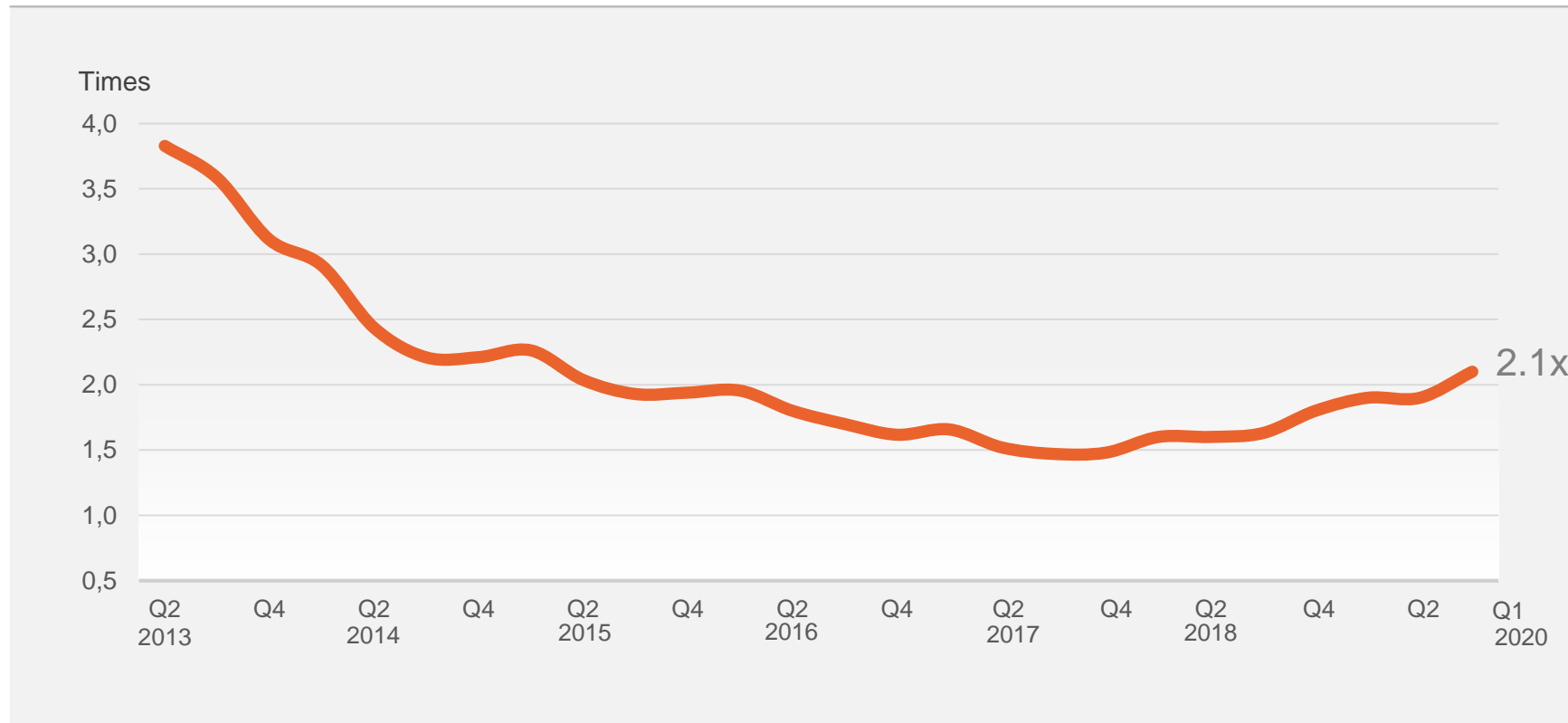


Consolidated balance sheet

SEKm	March 31 2020	March 31 2019	December 31 2019
Non-current assets	24 691	22 981	23 739
Inventories	11 179	11 721	10 858
Trade receivables	6 764	8 797	3 620
Other current assets	1 836	2 193	1 853
Liquid funds	2 446	1 514	1 911
Total assets	46 915	47 206	41 981
Total equity	18 739	17 250	17 283
Interest-bearing liabilities	10 792	11 959	10 025
Lease liabilities	1 706	1 745	1 761
Provisions for pensions	2 815	2 225	2 622
Other provisions	3 158	3 190	2 927
Trade payables	5 618	6 629	4 099
Other current liabilities	4 087	4 208	3 264
Total equity and liabilities	46 915	47 206	41 981

- Lower inventory levels compared to last year, lower pre-build. SEK ~1bn improvement when including FX effects
- Receivables and payables decreased
- Net debt of SEK -11,6bn (-13,5)
 - Cash from operations +4.8bn
 - Cash flow from financing -0.9bn
 - Currency effect -0.3bn
 - Dividend paid -1.3bn
 - Pension liability -0.4bn
- Financing of SEK 2.5bn secured after Q1. Undrawn RCF of SEK 5 bn.

Net debt / EBITDA (based on average net debt)



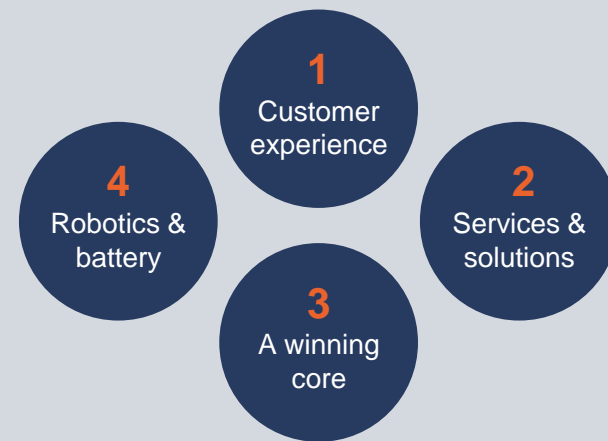
Average net debt / rolling 12 months EBITDA, excl. items affecting comparability

Strategy execution

- Updated business strategy presented in 2019 is the base for long-term execution – with refinements and fine-tuning
- Continuing of transformation activities and strategic initiatives



“Above industry growth and margins”



Sustainovate
Operational & Commercial
excellence

New sustainability targets – Sustainovate 2025

CARBON



Reduce CO₂
emissions by

-35%

across our
value chain

CIRCULAR



Launch

50

circular
innovations

PEOPLE



Empower

5M

customers and
colleagues to make
sustainable choices

Strong portfolio with high performers and new introductions

Watering solutions



Watering Controls



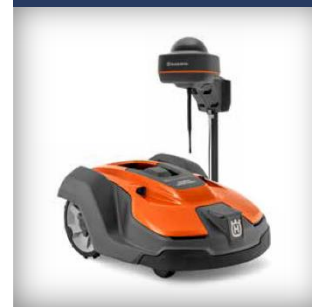
Robotic lawn mowers



Pro battery



EPOSTM



AquaBloom



GARDENA
smart system



Husqvarna AMC



X-cut chain



Power trowels

Husqvarna Group – summary

Q1 started as planned - but was impacted by the Covid-19 situation

- Initially, supply chain disturbances
- In the very end of the quarter, lockdown measures impacted sales
- All manufacturing sites open, but producing at lower levels and ready to ramp-up

Strong cash flow and cost control

- Direct operating cash flow improved SEK 1.7bn
- Cost reduction activities; work time reduction planned for 4,000 FTE's, additional cost savings, and scaling back on strategic initiatives

Execution of strategy

- Updated business strategy presented in 2019 is the base for long-term execution



