



Shaping GREAT experiences



Q3 2020 results presentation

October 20, 2020

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Record Q3 – strengthened our positions



NET SALES, SEK
9,570_m (8,429)
GROWTH*
+22%

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



OPERATING INCOME
997_m (414)
MARGIN
10.4% (4.9)

- Operating income grew 141% in Q3 and 9%* YTD
- Strong growth and Improved product mix
- Good cost control



DIRECT OPERATING
CASH FLOW (9M), SEK
6,255_m (3,772)

- Good inventory management
- Strong financial position, net debt -62%

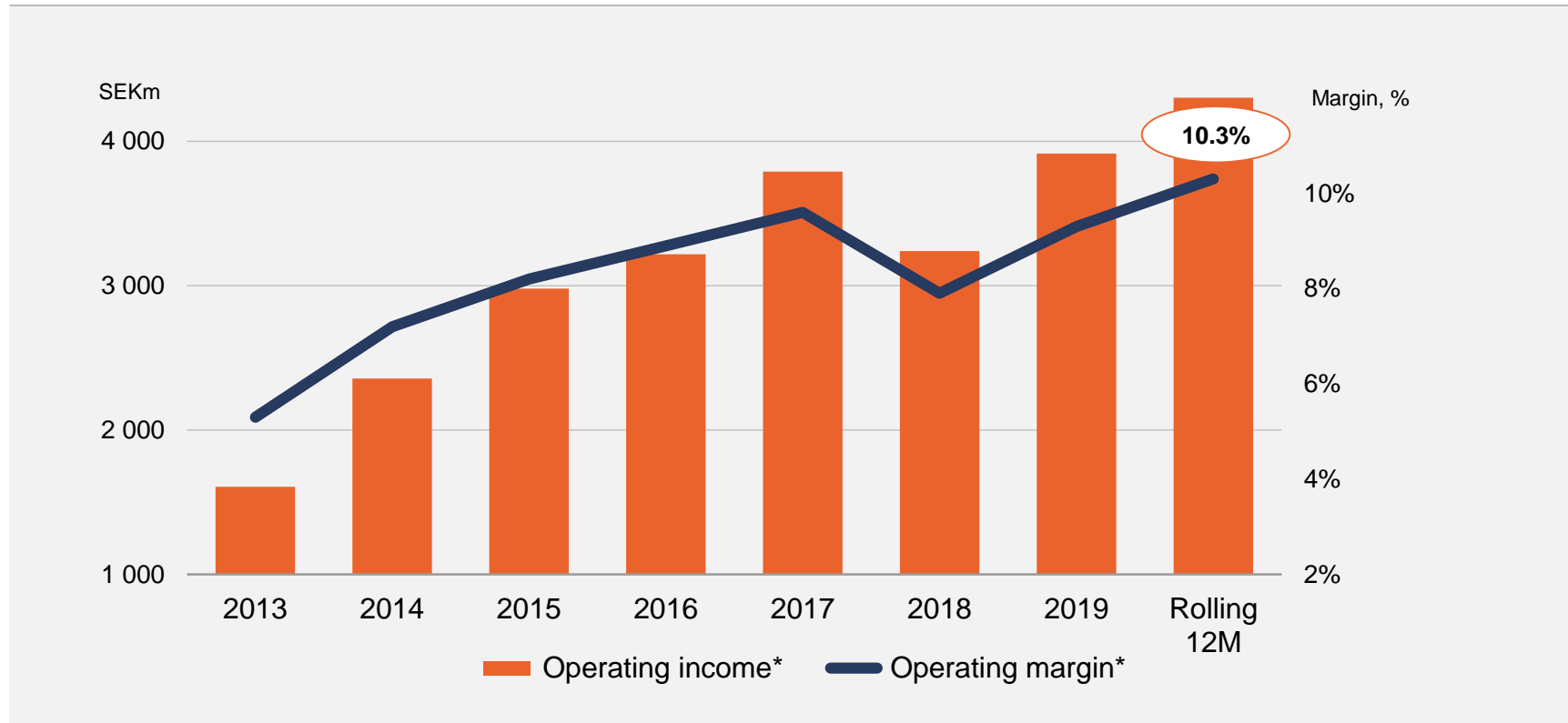


ROBOTICS AND BATTERY
16% of Group sales
(R12)

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

**Adjusted for exit of Consumer Brands business and changes in exchange rates. Operating income excluding items affecting comparability. Roundings - all items are stated in SEKm and, accordingly, rounding differences can occur.*

Reaching the >10% margin target



*Excluding items affecting comparability.

Husqvarna Division

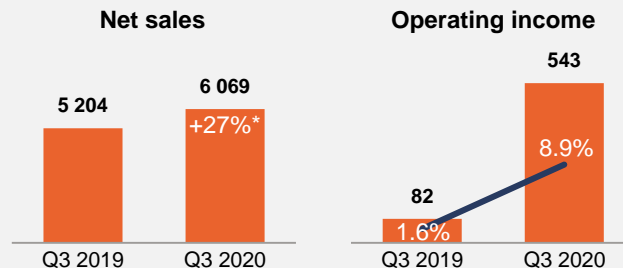
Q3 - net sales increased 27%*, operating margin at 8.9%

- Strong growth in all key regions, particularly for robotic & battery solutions
- Strengthened market positions
- Prolonged season

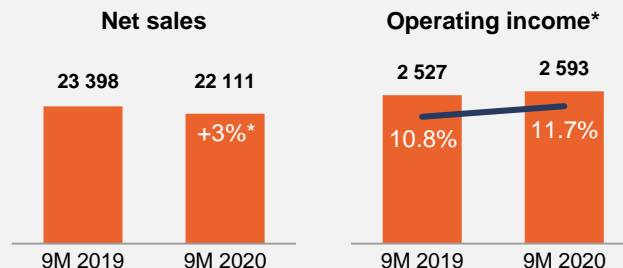
YTD – net sales +3%*, operating margin at 11.7%

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

Q3 2020 (SEKm)



January – September (SEKm)



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

Gardena Division

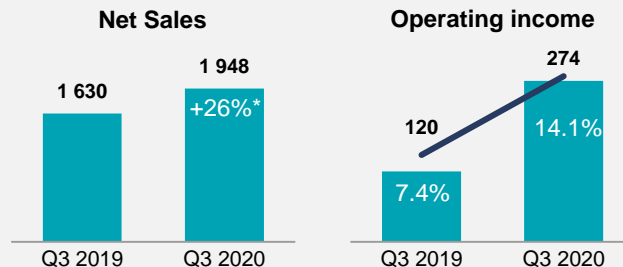
Q3 - net sales increased by 26%*, operating margin at 14.1%

- Strong growth in all regions and key product categories – benefit from stay-at-home trend
- Particularly good growth for watering and hand tools. Strong growth in online sales

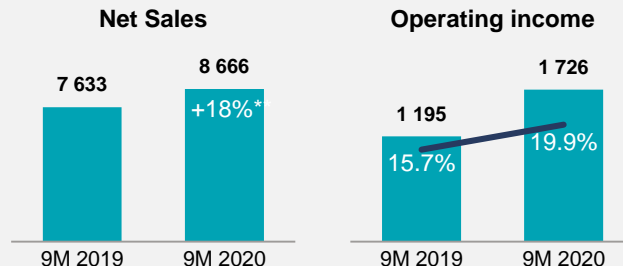
YTD – net sales increased by 18%*, operating margin at 19.9%

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

Q3 2020 (SEKm)



January – September (SEKm)



* Net sales growth adjusted for exits and FX.

Construction Division

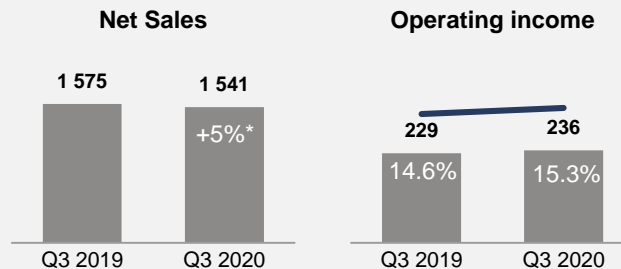
**Q3 - net sales increased by 5%*,
operating margin at 15.3%**

- Clearly improved market situation
- Favorable sales growth in North America and Asia-Pacific, also positive in Europe
- Weak market in Middle East

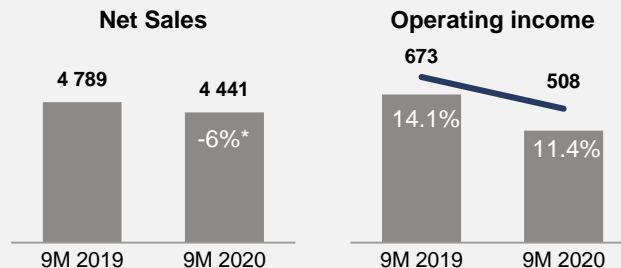
**YTD – net sales decreased by 6%*
operating margin at 11.4%**

- Lower volumes and manufacturing levels
- Solid execution of temporary cost reduction activities
- Favorable product mix

Q3 2020 (SEKm)



January – September (SEKm)



* Net sales growth adjusted for FX.

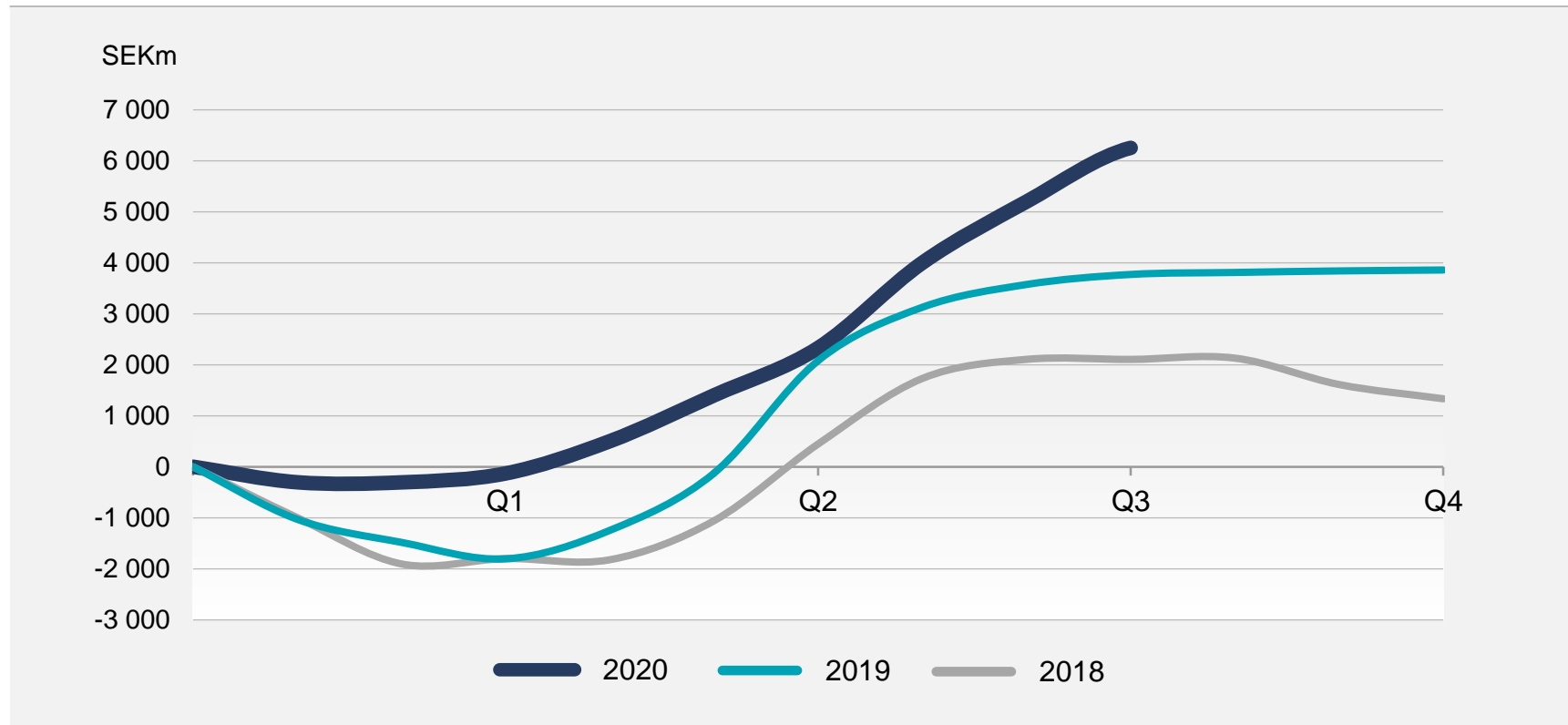
Consolidated income statement*

SEKm	Q3 2020	Q3 2019	Jan-Sept 2020	Jan-Sept 2019	Rolling 12 months
Net sales	9 570	8 429	35 260	35 869	41 667
Cost of goods sold	-6 641	-6 048	-23 905	-24 730	-28 804
Gross income	2 929	2 381	11 355	11 139	12 863
Gross margin, %	30,6	28,2	32,2	31,1	30,9
Selling expenses	-1 400	-1 542	-5 057	-5 403	-6 582
Administrative expenses	-537	-420	-1 705	-1 512	-2 194
Other operating income/expense	5	-4	19	1	215
Operating income	997	414	4 613	4 225	4 302
Operating margin, %	10,4	4,9	13,1	11,8	10,3
Items affecting comparability	0	0	0	-42	-183
Financial items, net	-79	-123	-265	-437	-396
Income tax	-266	-22	-1 136	-832	-898
Income for the period	653	269	3 211	2 915	2 825
EPS, after dilution, SEK	1,14	0,47	5,61	5,09	4,94

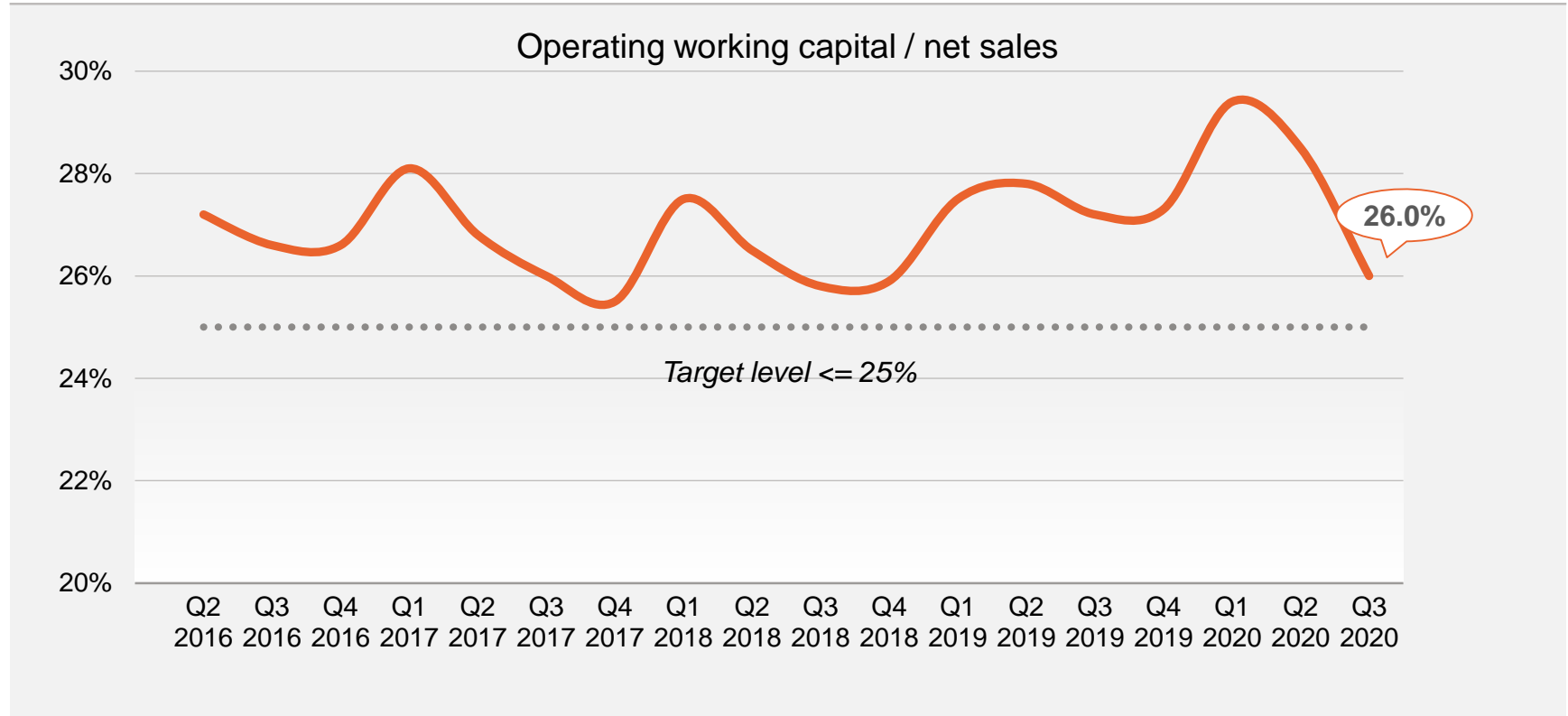
*Excluding items affecting comparability

- Gross margin +2.4 ppts* in Q3
 - Improved product mix notably robotics & watering growth
 - Negative currency effect
- SG&A
 - Temporary cost avoidance
 - Efficiencies
 - Strategic initiatives
- Operating margin at 10.4% (4.9)
- Reduced net financial items - lower interest rates and lower debt levels in USD
- EPS up 143% in Q3

Record strong direct operating cash flow



Improved capital efficiency - good inventory & receivables management



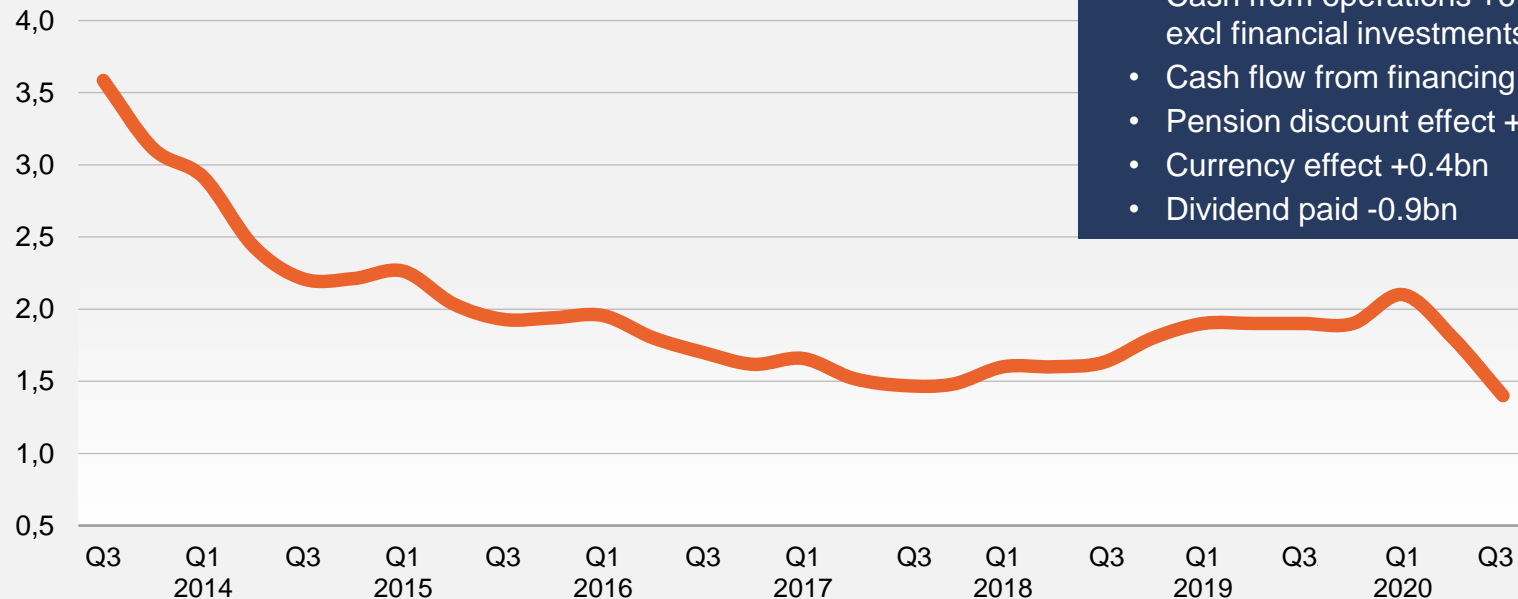
Consolidated balance sheet

SEKm	September 30 2020	September 30 2019	December 31 2019
Non-current assets	23 066	23 691	23 739
Inventories	8 002	10 108	10 858
Trade receivables	4 613	4 605	3 620
Other current assets	1 393	2 082	1 853
Cash and short term investments	9 063	1 623	1 911
Total assets	46 138	42 109	41 981
Total equity	19 750	17 769	17 283
Borrowings	10 148	8 841	10 025
Lease liabilities	1 482	1 668	1 761
Provisions for pensions	2 885	2 723	2 622
Other provisions	2 299	1 558	2 927
Trade payables	3 947	3 475	4 099
Other current liabilities	5 627	6 076	3 264
Total equity and liabilities	46 138	42 109	41 981

- Lower inventory levels compared to last year - a SEK ~2.1bn improvement. 5th consecutive quarter of inventory improvement
- Good management of trade receivables
- High production levels in quarter impacting trade payables
- Solid cash and short-term investments position of SEK 9.1bn
- Undrawn revolving credit facility of SEK 5 bn

Net debt / EBITDA (based on average net debt)

Times



Net debt of SEK -4.5bn (-11.6)

- Cash from operations +6.8bn; excl financial investments
- Cash flow from financing +0.5bn
- Pension discount effect +0.3bn
- Currency effect +0.4bn
- Dividend paid -0.9bn

1.4x

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

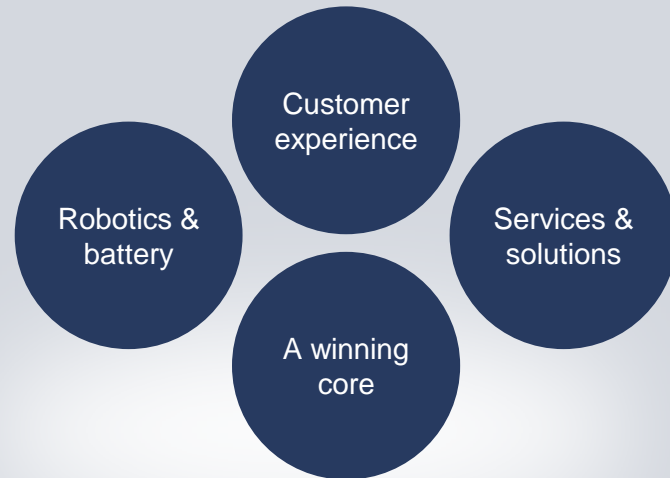
Dialing up our Group strategy

- Well prepared and positioned to execute on our growth initiatives
- Acceleration of vital key areas with strong and sustainable growth prospects, specifically in robotics, battery and watering including products for our professional segments



"Above industry growth and margins"

Sustainovate



**Operational &
commercial excellence**

Accelerating growth initiatives by SEK 250m per year

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



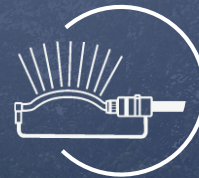
Robotics



Battery



Pro



Watering

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

Increasing our competitiveness

- Expand capacity for battery-based solutions and further optimize our supply chain for petrol hand held products
 - Increased level of automation
 - Final assembly closer to our customers
 - Streamlining and reduce fixed costs in component manufacturing
- Consolidate Construction's concrete surfaces and floors footprint
- Further decentralization of organizational structure



Positive EBIT effect from 2022

Financials	(MSEK)
Cost savings	+500
Cost additions, growth initiatives	-250
Net effect from 2023	+250

- Full financial effect from 2023, EBIT positive from 2022
- Global workforce reduction of 350 positions
- Increased capex from current reduced levels
- One-off costs: SEK 880m (of which SEK 500m cash items) majority charged in Q4 2020



Strengthened fundament to deliver on strategy

A record quarter

- Strong demand and increasing interest in lawn and garden care
- Strengthened market positions
- Reached the >10% margin target
- Strong cash flow

Strategy execution

- Dial-up of business strategy from 2019
- Step up of growth initiatives
- Increased competitiveness in supply chain
- Activities EBIT positive from 2022
- Execution focus





**Husqvarna
Group**