

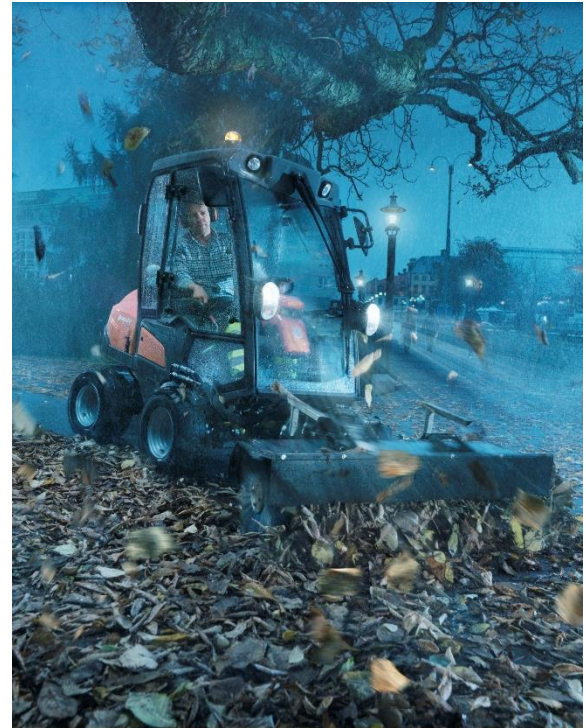


# Q4 2016 results presentation

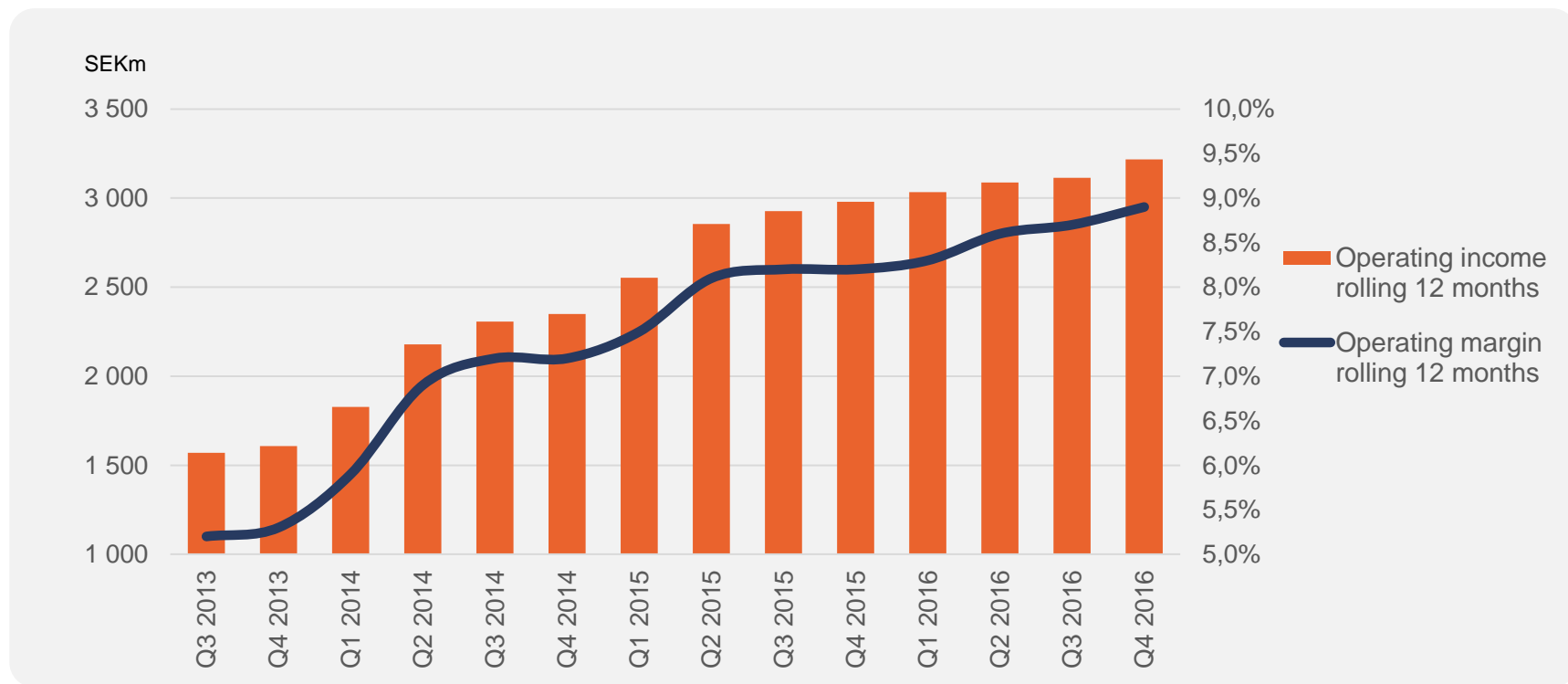
2017-02-09

# Group summary

- Seasonal operating loss reduced to half in Q4
- Full-year EBIT and margin improvement, despite
  - Currency headwind
  - Step-change in investments in growth activities
- Consumer Brands Division reached full-year milestone of break-even result
- The three Divisions in profitable growth grew full-year sales ~3%
- Board proposes dividend for 2016 to be increased to SEK 1.95 (1.65) per share



# Group results development



# Financial highlights, Group

SEKm	Q4 2016	Q4 2015	% change, Q		Jan-Dec 2016	Jan-Dec 2015	% change, 12M	
			As reported	Adjusted <sup>1</sup>			As reported	Adjusted <sup>1</sup>
Net sales	5,768	5,672	2	-3	35,982	36,170	-1	0
<i>Gross margin excl. items affecting comparability, %</i>	29.6	25.2	-	-	30.8	28.5	-	-
Operating income excl. items affecting comparability	-108	-212	49	45	3,218	2,980	8	8
<i>Operating margin excl. items affecting comparability, %</i>	-1.9	-3.7	-	-	8.9	8.2	-	-
Operating income	-108	-365	70	69	3,218	2,827	14	14
<i>Operating margin, %</i>	-1.9	-6.4	-	-	8.9	7.8	-	-

<sup>1</sup> Adjusted for currency translation effects.

- Seasonal operating loss reduced to half in Q4\*
  - Cost and efficiency improvements
- Late start to winter season
- Strong full-year performance given challenge of FX headwind and costs additions for profitable growth initiatives
  - Gross margin and EBIT margin improvement



\* Excluding Q4 2015 items affecting comparability

# Husqvarna Division

SEKm			% change, Q				% change, 12M	
	Q4	Q4	As		Jan-Dec	Jan-Dec	As	
	2016	2015	reported	Adjusted <sup>1</sup>	2016	2015	reported	Adjusted <sup>1</sup>
Net sales	3,030	3,036	0	-5	17,960	17,624	2	2
Operating income	74	14	n/a	n/a	2,317	2,233	4	3
Excl. items affecting comparability	74	65	15	-9	2,317	2,284	1	1
Operating margin, %	2.4	0.5	-	-	12.9	12.7	-	-
Excl. items affecting comparability, %	2.4	2.1	-	-	12.9	13.0	-	-

<sup>1</sup> Adjusted for currency translation effects.

- Stable Q4 sales in Europe, offset by decrease in North America
- Higher Q4 operating income and margin
  - Efficiency, favorable mix and FX
  - Profitable growth initiatives adding costs
- *Solid full-year development in light of SEK -250m currency and costs for growth investments*
- Successful launches and growth of cordless products





# Gardena Division

SEKm			% change, Q				% change, 12M	
	Q4	Q4	As		Jan-Dec	Jan-Dec	As	
	2016	2015	reported	Adjusted <sup>1</sup>	2016	2015	reported	Adjusted <sup>1</sup>
Net sales	518	495	5	-1	5,033	4,669	8	8
Operating income	-130	-128	-2	2	595	586	2	2
Excl. items affecting comparability	-130	-123	-6	-3	595	591	1	1
Operating margin, %	-25.2	-25.9	-	-	11.8	12.5	-	-
Excl. items affecting comparability, %	-25.2	-24.8	-	-	11.8	12.7	-	-

<sup>1</sup> Adjusted for currency translation effects.

- Stable Q4 net sales and operating income
- Q4 operating income impacted by continued investments in profitable growth initiatives
- Strong full-year sales development, up 8%
  - Geographic / channel expansion and many new products, incl. smart garden system, robotic mowers, hand tool range, fruit collector
  - Income impacted by costs for growth initiatives and currency headwind



# Jeff Hohler, President Consumer Brands

Comments on key developments 2016-17

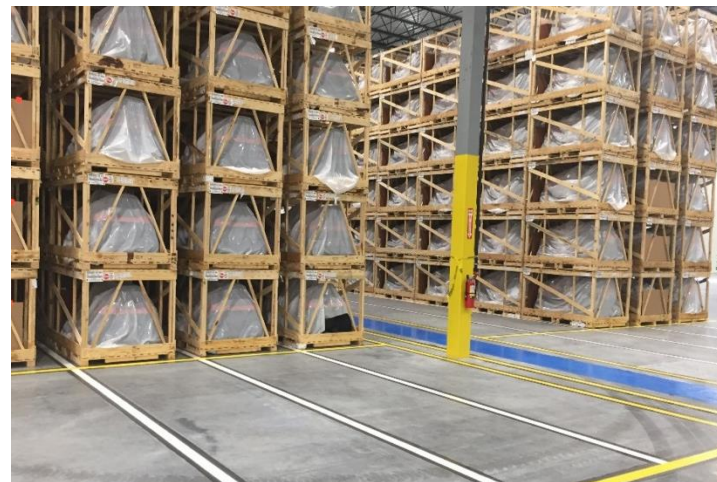


# Consumer Brands

SEKm	Q4 2016	Q4 2015	% change, Q		Jan-Dec 2016	Jan-Dec 2015	% change, 12M	
			As reported	Adjusted <sup>1</sup>			As reported	Adjusted <sup>1</sup>
			Net sales	1,234			1,242	-1
Operating income	-128	-195	35	36	3	-147	n/a	n/a
Excl. items affecting comparability	-128	-168	24	25	3	-120	n/a	n/a
Operating margin, %	-10.3	-15.7	-	-	0.0	-1.5	-	-
Excl. items affecting comparability, %	-10.3	-13.6	-	-	0.0	-1.2	-	-

<sup>1</sup> Adjusted for currency translation effects.

- *Full-year mile-stone of break-even result reached, despite unfavorable FX and sales decline*
- Value over volume priority now finalized
- Good pace of operating income and margin recovery
  - Operational improvements yield results
  - New automated warehouse inaugurated in Orangeburg
  - Earlier start of preseason production supporting operational excellence going forward





# Construction Division

SEKm	Q4 2016	Q4 2015	% change, Q		Jan-Dec 2016	Jan-Dec 2015	% change, 12M	
			As reported	Adjusted <sup>1</sup>			As reported	Adjusted <sup>1</sup>
			Net sales	986			899	10
Operating income	145	17	n/a	n/a	568	395	44	44
Excl. items affecting comparability	145	87	66	60	568	465	22	22
Operating margin, %	14.7	1.9	-	-	13.9	10.0	-	-
Excl. items affecting comparability, %	14.7	9.7	-	-	13.9	11.8	-	-

<sup>1</sup> Adjusted for currency translation effects.

- Q4 Sales growth driven by North America
  - But continued weak global stone business
- Q4 operating income and margin leverage on the higher sales and currency tailwind
  - Favorable non-recurring item related to pensions of SEK 25m included
- *Solid full-year profitable growth trend*



# Acquisition of Pullman Ermator

- Strategic intent to grow the Construction Division
- An excellent strategic fit for us
  - Product range
  - Sales synergies
- Pullman Ermator:
  - Market leader in high performance dust and slurry solutions for light construction
  - Dust extractor systems, dry/wet vacuums, air scrubbers
  - Market and product leadership reflected in strong financials



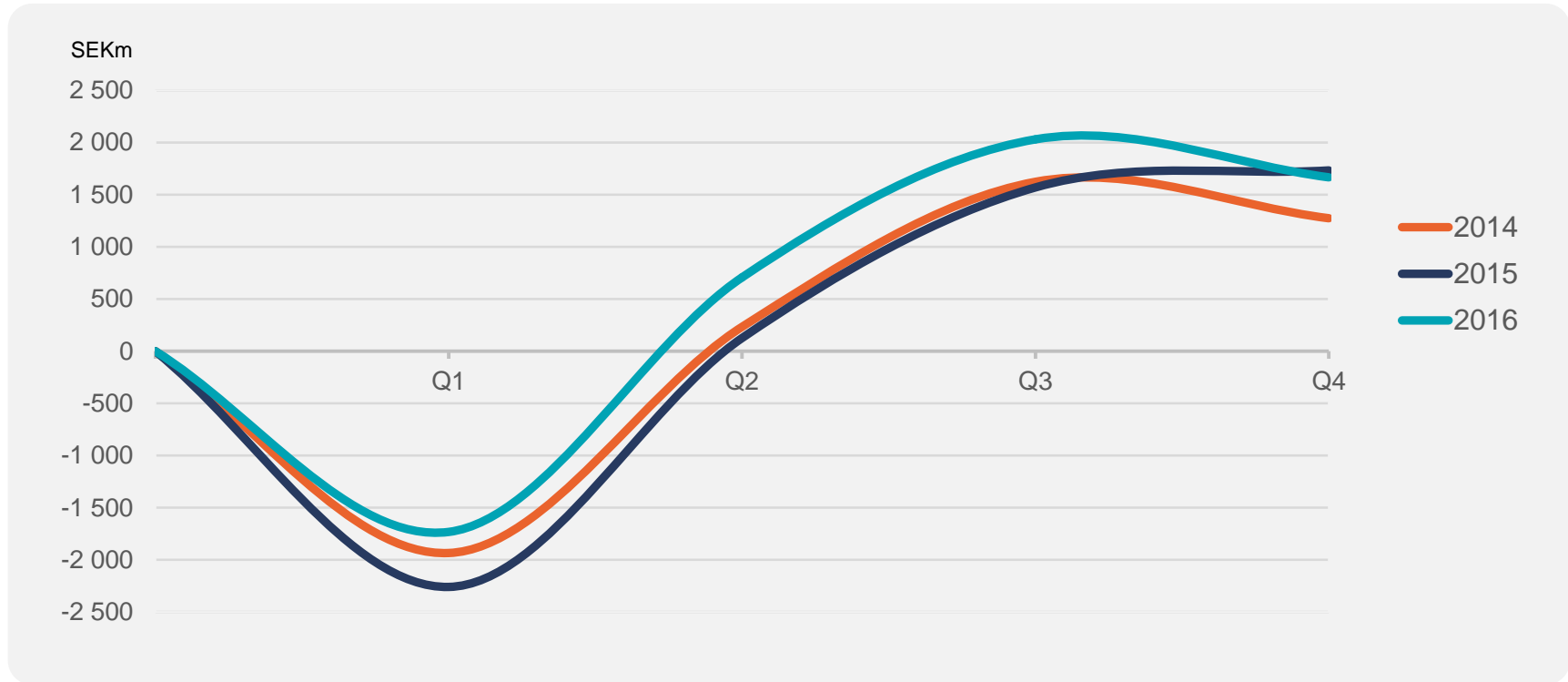
# Consolidated income statement

SEKm	Q4 2016	Q4 2015	Jan-Dec 2016	Jan-Dec 2015
Net sales	5,768	5,672	35,982	36,170
Cost of goods sold	-4,062	-4,244	-24,886	-25,874
<b>Gross income</b>	<b>1,706</b>	<b>1,428</b>	<b>11,096</b>	<b>10,296</b>
<i>Gross margin, %</i>	29.6	25.2	30.8	28.5
Selling expenses	-1,381	-1,290	-6,168	-5,808
Administrative expenses	-437	-355	-1,707	-1,526
Other operating income/expense	4	5	-3	18
<b>Operating income excluding items affecting comparability</b>	<b>-108</b>	<b>-212</b>	<b>3,218</b>	<b>2,980</b>
<i>Operating margin, %</i>	-1.9	-3.7	8.9	8.2
Items affecting comparability	-	-153	-	-153
<b>Operating income <sup>1</sup></b>	<b>-108</b>	<b>-365</b>	<b>3,218</b>	<b>2,827</b>
<i>Operating margin, %</i>	-1.9	-6.4	8.9	7.8
Financial items, net	-84	-67	-422	-344
<b>Income after financial items</b>	<b>-192</b>	<b>-432</b>	<b>2,796</b>	<b>2,483</b>
<i>Margin, %</i>	-3.3	-7.6	7.8	6.9
Income tax	71	193	-692	-595
<b>Income for the period</b>	<b>-121</b>	<b>-239</b>	<b>2,104</b>	<b>1,888</b>
Diluted earnings per share, SEK	-0.21	-0.42	3.66	3.28
<sup>1</sup> Of which depreciation, amortization and impairment	-304	-330	1,164	-1,153

# Consolidated balance sheet

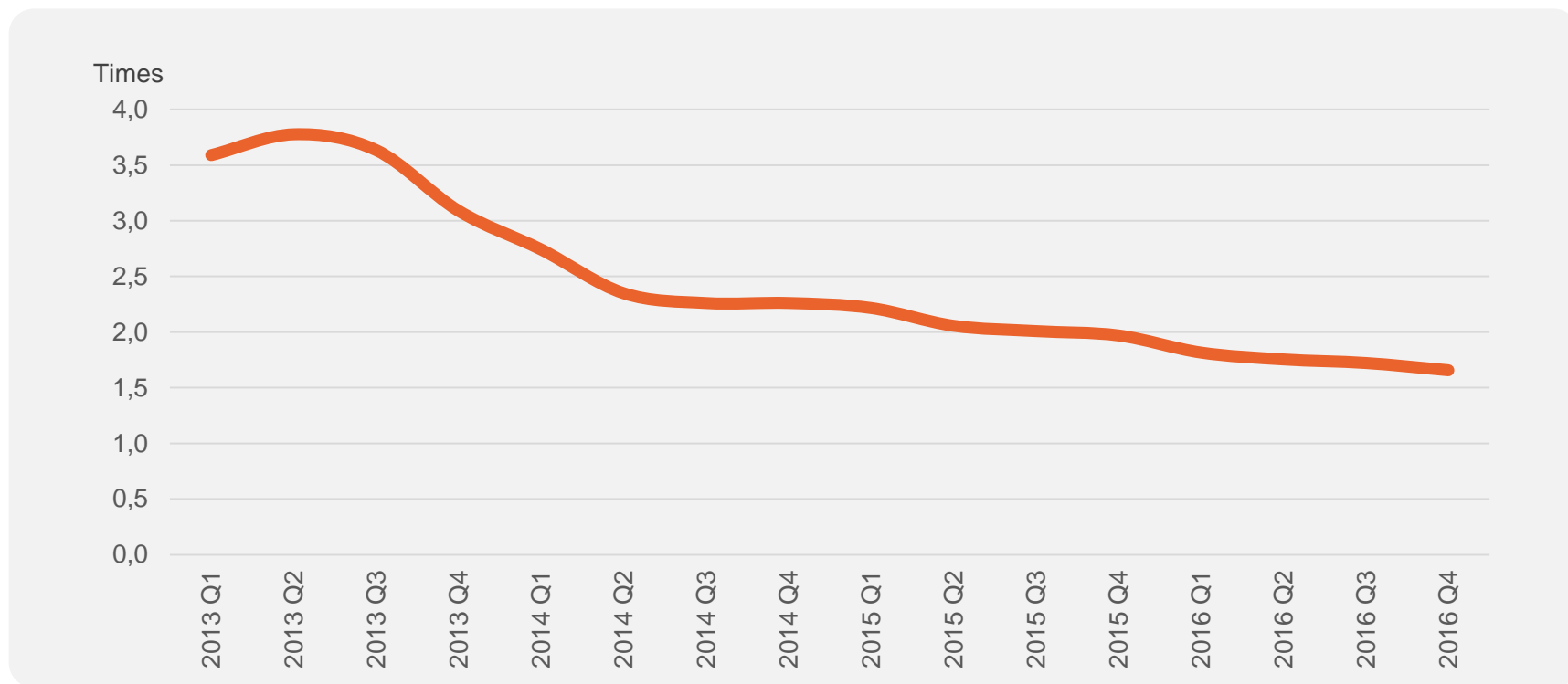
SEKm	Dec. 31 2016	Dec. 31 2015
Non-current assets	17,169	15,749
Inventories	9,225	7,874
Trade receivables	3,290	3,126
Other current assets	1,004	952
Liquid funds	2,290	1,968
<b>Total assets</b>	<b>32,978</b>	<b>29,669</b>
Total equity	14,365	13,061
Interest-bearing liabilities	7,396	6,952
Provisions for pensions	1,759	1,425
Other provisions	2,983	2,953
Trade payables	3,752	3,077
Other current liabilities	2,723	2,201
<b>Total equity and liabilities</b>	<b>32,978</b>	<b>29,669</b>

# Operating cash flow





# Net debt / EBITDA rolling 12 months



# Husqvarna assigned BBB rating by S&P

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- Standard & Poor's has assigned 'BBB/A-2' corporate credit ratings to Husqvarna.
- The stable outlook reflects the expectations that Husqvarna Group will at least maintain its current level of profitability, and continue to generate positive free operating cash flow over the cycle.

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**S&P Global**  
Ratings

# Key data, Group

	<b>Q4 2016</b>	Q4 2015	<b>Jan-Dec 2016</b>	Jan-Dec 2015
Net sales, SEKm	5,768	5,672	35,982	36,170
<i>Net sales growth, %</i>	1.7	6.6	-0.5	10.1
<i>Gross margin, %</i>	29.6	23.0	30.8	28.1
Operating income, SEKm	-108	-365	3,218	2,827
<i>Excl. items affecting comparability</i>	-108	-212	3,218	2,980
<i>Operating margin, %</i>	-1.9	-6.4	8.9	7.8
<i>Excl. items affecting comparability</i>	-1.9	-3.7	8.9	8.2
Operating working capital, SEKm	-	-	8,763	7,923
<i>Return on capital employed, %</i>	-	-	13.7	12.4
<i>Excl. items affecting comparability</i>	-	-	13.7	13.1
<i>Return on equity, %</i>	-	-	15.2	14.6
Earnings per share after dilution, SEK	-0.21	-0.42	3.66	3.28
Capital turn-over rate, times	-	-	1.7	1.7
Operating cash flow, SEKm	-364	163	1,666	1,732
Net debt/equity ratio	-	-	0.48	0.49
Capital expenditure, SEKm	838	441	1,889	1,388
Average number of employees	11,923	12,560	12,704	13,572

# Ambitious CO<sub>2</sub> commitment approved by *Science Based Targets*



Our CO<sub>2</sub> reduction commitment is ambitious, measurable and independently approved by *Science Based Targets*

We will reduce CO<sub>2</sub> impact across the value chain:

## **Product use**

- Shift from petrol to battery products
- Innovative solutions for efficiency improvement of petrol driven products

## **Transportation**

- Production close to customer & direct distribution
- Efficient transportation by optimized packaging

## **Manufacturing**

- Waste reduction through a lean operating system
- Utilizing renewable electricity and/or own generated energy by solar panels

## **Sourcing**

- Embedding the TOP 150 suppliers into the Group's CO<sub>2</sub> program to ensure full value chain impact

< +2°C

*By 2100, the global warming must not exceed a 2°C temperature increase compared to pre-industrial level*

-33%

*By 2035, reduce absolute CO<sub>2</sub> emissions by 33%*

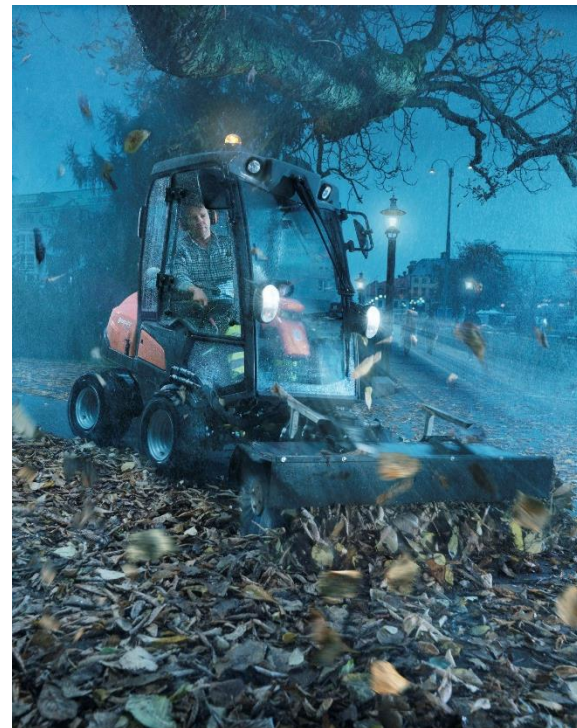
-10%

*By 2020, reduce CO<sub>2</sub> emissions intensity by 10%*

# Group summary

- Seasonal operating loss reduced to half in Q4
- Full-year EBIT and margin improvement despite
  - Currency headwind
  - Step-change in investments in growth activities
- Consumer Brands Division reaches full-year milestone of break-even result
- The three Divisions in profitable growth grew full-year sales ~3%
- Board proposes dividend for 2016 to be increased to SEK 1.95 (1.65) per share

*We expect to take another step forward in respect of our financial performance during 2017 and deliver on profitable growth*







**Husqvarna  
Group**

[www.husqvarnagroup.com](http://www.husqvarnagroup.com)