

## Q1 2019 Results Presentation

April 24, 2019

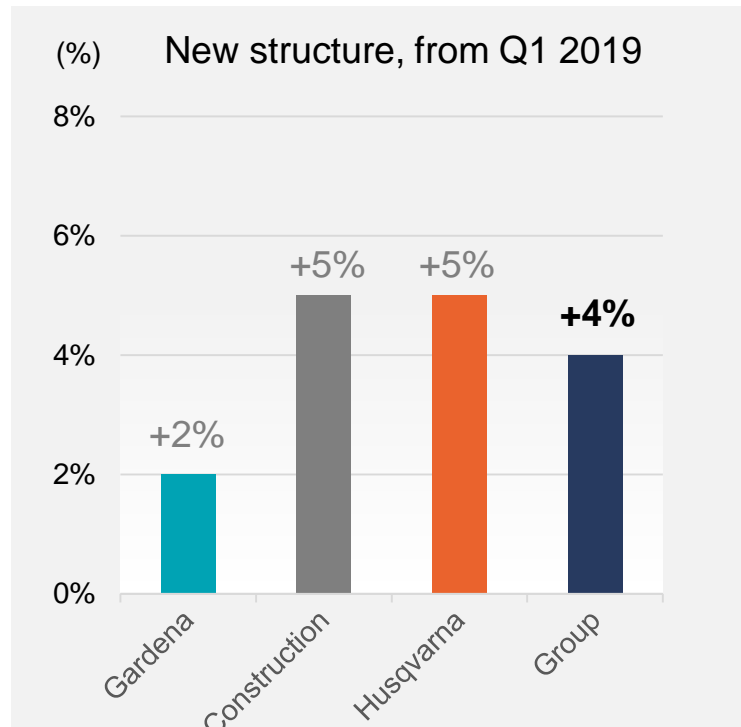
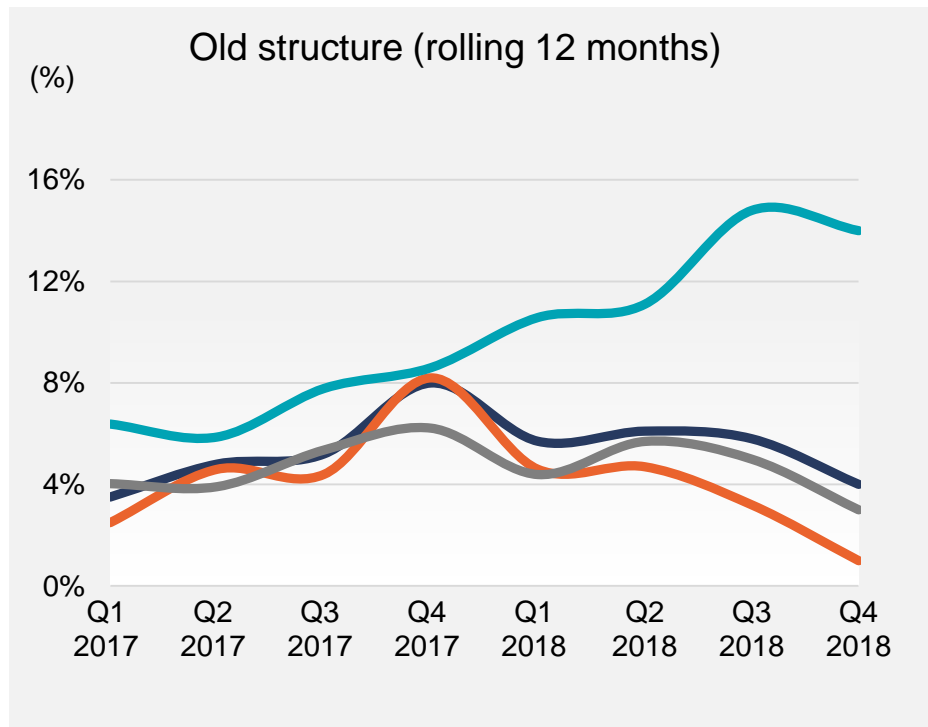
# Start of the year according to plan

- Net sales of +4%, despite Consumer Brands exit impact of -3% (FX adjusted)
  - All divisions delivered growth in core categories
- Operating income\* grew by 23%
  - Volume, product mix and price
  - Efficiency savings and restructuring on plan
  - Increased costs for raw materials and tariffs higher than positive currency effect
- Continue to invest in strategic initiatives and build on our strengths



\* Excluding items affecting comparability

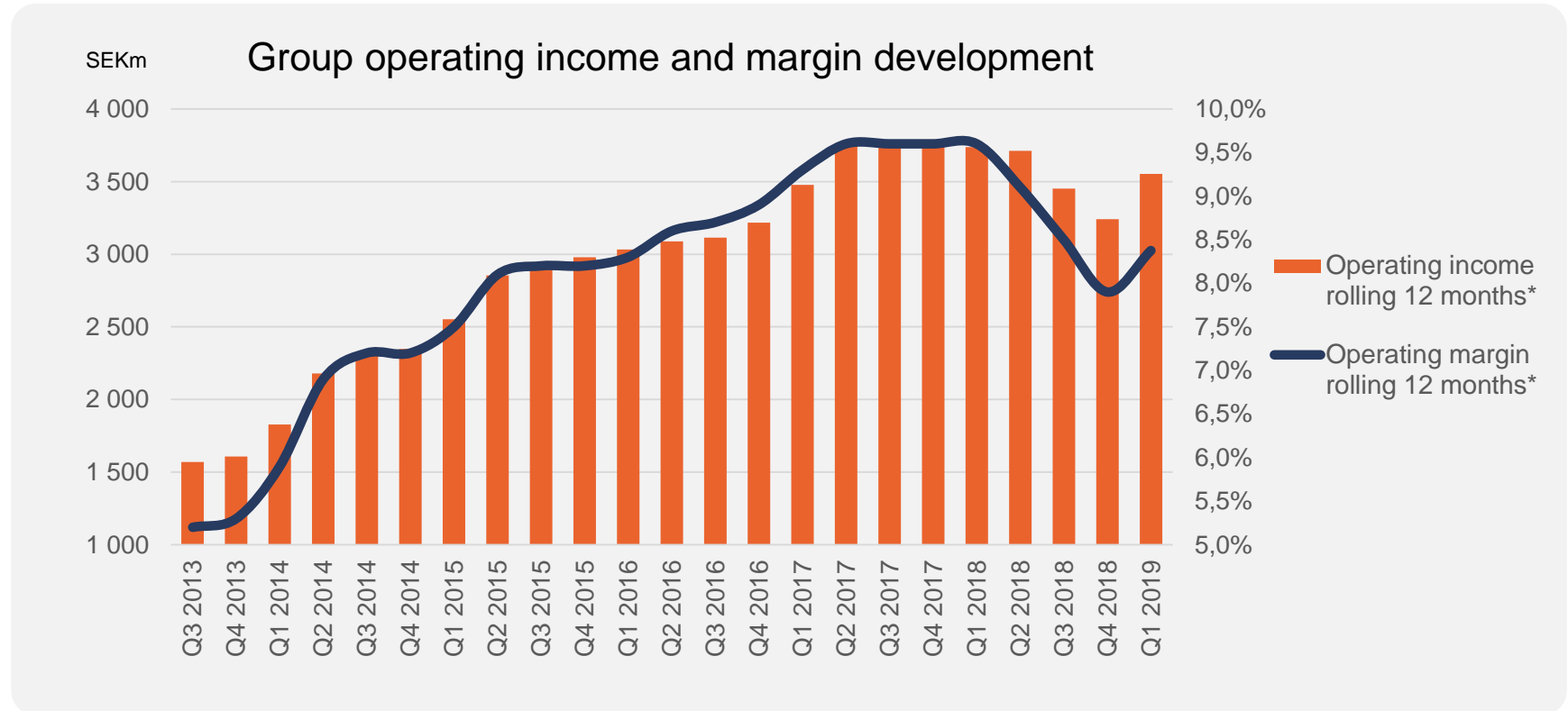
# Divisional growth development



■ Total   
 ■ Husqvarna   
 ■ Gardena   
 ■ Construction

Note: New divisional structure from 1 Jan 2019. Exit of Consumer Brands business impacted Q1 growth in Gardena by 4 ppts, Husqvarna by 4 ppts and Group by 3 ppts  
Organic growth for the Group was 4% in Q1 and 0% for Construction Division

# Delivering on our profitability improvement trajectory



\*Excluding items affecting comparability

# Husqvarna Division

SEKm	Q1 2019	Q1 2018	Change, %	Rolling 12 months	Jan–Dec 2018
Net sales	9,506	8,484	12	28,178	27,156
<i>Currency adjusted change, %</i>	5	-5	–	-	-2
Operating income*	1,228	1,044	18	2,290	2,106
<i>Operating margin*, %</i>	12.9	12.3	–	8.1	7.8

- Growth in all regions. Earlier sell-in in North America
- Exited Consumer Brands business impacted sales growth by -4 percentage points, currency adjusted
- Operating income\* grew by 18%:
  - Positive contribution from volume, price and savings from efficiency program and restructuring
  - Costs for raw materials/tariffs higher than currency contribution
  - Continued strategic initiatives



\*Excluding items affecting comparability

# Gardena Division

SEKm	Q1 2019	Q1 2018	Change, %	Rolling 12 months	Jan–Dec 2018
Net sales	2,630	2,483	6	8,265	8,118
<i>Currency adjusted change, %</i>	2	3	–	-	8
Operating income*	372	264	41	759	651
<i>Operating margin*, %</i>	14,1	10,6	–	9.2	8.0

- High sell-in volumes to trade partners - especially watering
- Exited Consumer Brands business impacted sales growth by -4 percentage points, currency adjusted
- Operating income grew by 41%:
  - Positive contribution by volume and price
  - Strong product mix
  - Restructuring and cost efficiency savings



\*Excluding items affecting comparability

# Construction Division

SEKm	Q1 2019	Q1 2018	Change, %	Rolling 12 months	Jan–Dec 2018
Net sales	1,494	1,328	13	5,928	5,762
<i>Currency adjusted change, %</i>	5	16	–	-	12
Operating income*	177	158	12	735	716
<i>Operating margin*, %</i>	11.8	11.9	–	12.4	12.4

- Currency adjusted net sales growth of 5%. Flat adjusted for acquisitions
  - Good growth in Europe and decrease in North America
- Operating income grew by 12%:
  - Positive contribution from volume and price, partly offset by unfavorable geography mix
  - Positive currency balancing costs for raw materials and tariffs
- Continued strategic initiatives and integration of acquisitions



\*Excluding items affecting comparability

# Leading innovation – Automower® 435X AWD



reddot award 2019  
winner



# Husqvarna Construction Products at Bauma 2019



Husqvarna  
Fleet services™

New battery  
powered products

High levels of  
booth traffic

# Gardena is recognized as a prominent brand



reddot design award  
winner 2019

BEST  
BRANDS  
GERMANY  
2019



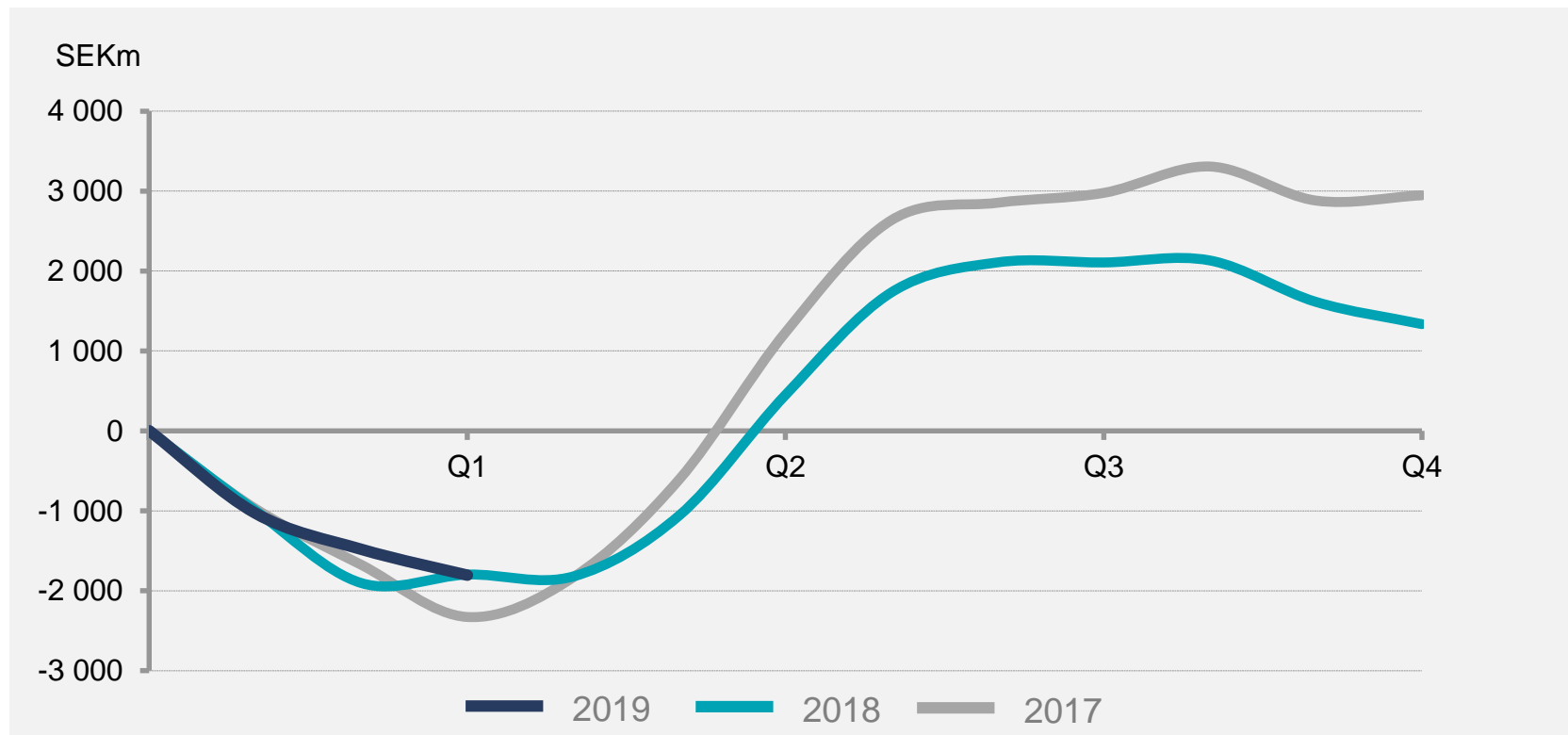
# Consolidated income statement

SEKm	Q1 2019	Q1 2018	Rolling 12 months	Jan-Dec 2018
Net sales	13 651	12 303	42 433	41 085
Cost of goods sold	-9 548	-8 756	-31 375	-30 583
<b>Gross income</b>	<b>4 103</b>	<b>3 547</b>	<b>11 058</b>	<b>10 502</b>
<b>Gross margin, %</b>	<b>30,1</b>	<b>28,8</b>	<b>26,1</b>	<b>25,6</b>
Selling expenses	-1 909	-1 667	-6 715	-6 473
Administrative expenses	-542	-506	-2 050	-2 014
Other operating income/expense	-8	-1	48	55
<b>SG&amp;A, % of net sales</b>	<b>18,0</b>	<b>17,7</b>	<b>20,5</b>	<b>20,5</b>
<b>Operating income*</b>	<b>1 686</b>	<b>1 373</b>	<b>3 554</b>	<b>3 241</b>
<b>Operating margin*, %</b>	<b>12,3</b>	<b>11,2</b>	<b>8,4</b>	<b>7,9</b>
Items affecting comparability	-42	0	-1 213	-1 171
Financial items, net	-160	-137	-532	-509
Income tax	-344	-296	-396	-348
<b>Income for the period</b>	<b>1 140</b>	<b>940</b>	<b>1 413</b>	<b>1 213</b>
Earnings per share, after dilution, SEK	1,99	1,64	2,47	2,12

\*Excluding items affecting comparability

- Gross margin +1.3 pts
  - Volume and price increases
  - Favorable product mix
  - Efficiency program and restructuring
- SG&A
  - Strategic initiatives
  - Currency effect
- Operating income\* grew by 23%
- Financial net
  - IFRS16 and higher interest rates
- Tax rate of 23% (24)

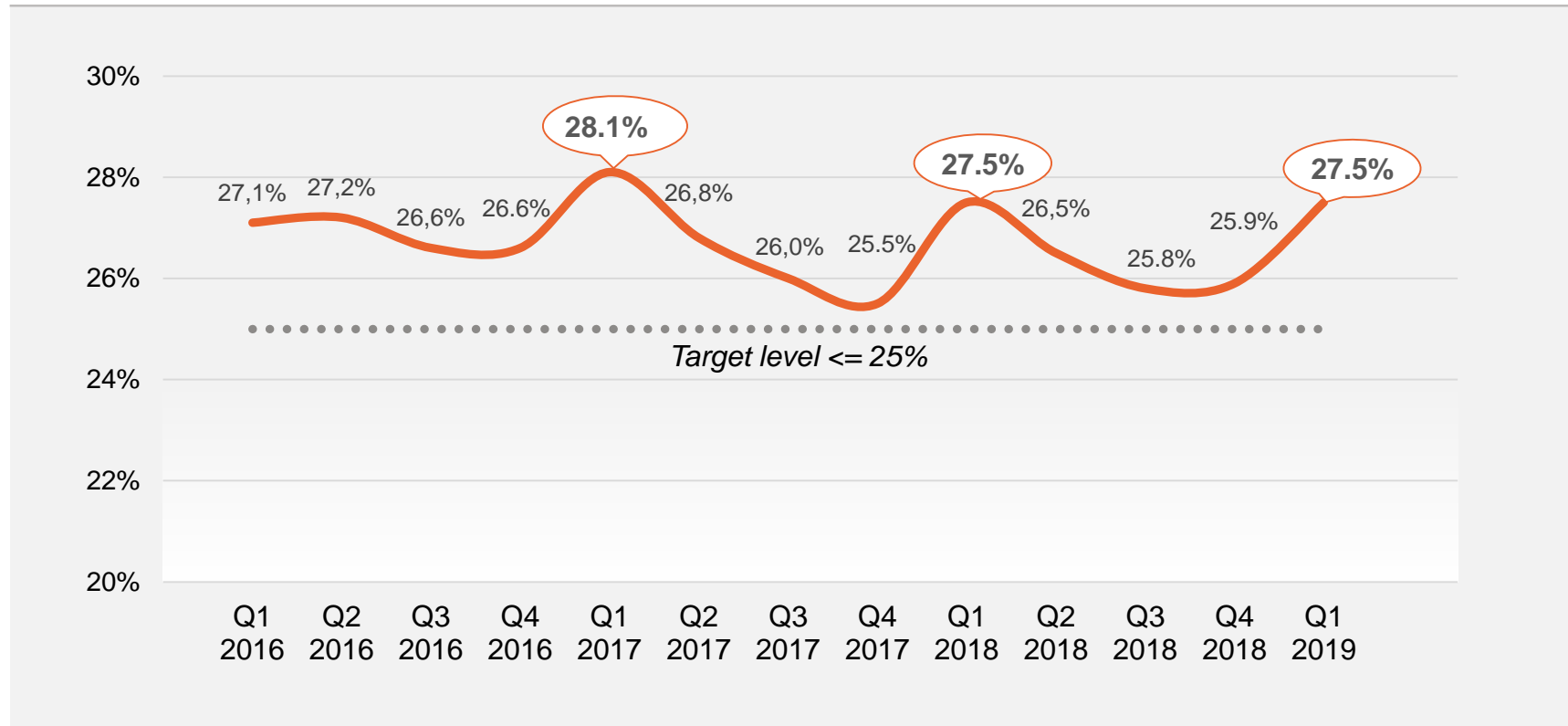
# Direct operating cash flow (accumulated)



*Note: excluding items affecting comparability*

# Further potential for capital efficiency

## Operating working capital / net sales

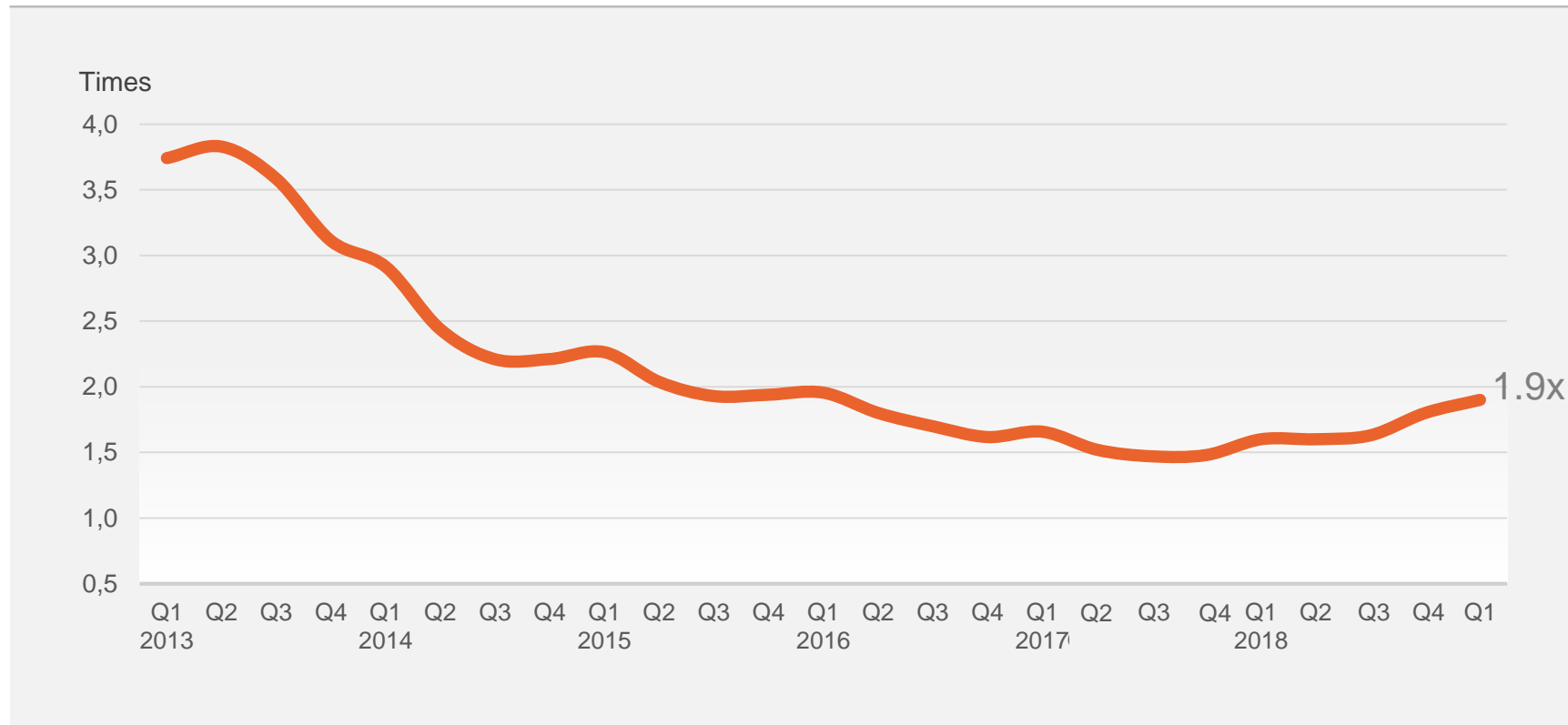


# Consolidated balance sheet

SEKm	March 31 2019	March 31 2018	December 31 2018
Non-current assets	22 981	20 244	21 000
Inventories	11 721	10 302	11 067
Trade receivables	8 797	8 037	3 613
Other current assets	2 193	1 251	1 581
Liquid funds	1 514	2 426	1 346
<b>Total assets</b>	<b>47 206</b>	<b>42 260</b>	<b>38 607</b>
Total equity	17 250	16 980	16 009
Interest-bearing liabilities	11 959	10 269	9 806
Lease liabilities	1 745	203	207
Provisions for pensions	2 225	1 813	2 101
Other provisions	3 190	3 166	3 160
Trade payables	6 629	6 096	4 622
Other current liabilities	4 208	3 733	2 702
<b>Total equity and liabilities</b>	<b>47 206</b>	<b>42 260</b>	<b>38 607</b>

- Trade receivables increase driven by net sales growth
- High inventory levels
  - Seasonal build-up and exchange rate effect
  - Increase of robotic lawn mower inventory to lower Brexit risk
- Net debt of SEK 13,5bn (9,2)
  - IFRS 16 effect of SEK +1.5bn
  - Exchange rate effect and financing
  - Dividend

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



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

# Our priorities in 2019

Execute on the key levers in the margin improvement trajectory

Continue to:

- ➔ Build on our brand strengths
- ➔ Bring tech innovations to market
- ➔ Invest in strategic initiatives to secure leadership positions





# Capital Markets Day 2019 – welcome!





**Husqvarna  
Group**

# Thank you!

Next report is out 16 July



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