

Q1 2014 Results presentation

Summary Q1 2014

- Strong first quarter volume and demand for forest and garden
 - Favorable weather in Europe
 - Retail inventory stock-up in North America
- Accelerated Improvement Program delivering according to plan
 - Direct material cost reductions
 - Sales in prioritized product areas
 - Turn around U.S.
- Profitable growth for Construction
- Operating income for the Group up 31% to SEK 903m (688)
- Continued working capital focus supporting improved net debt/equity ratio



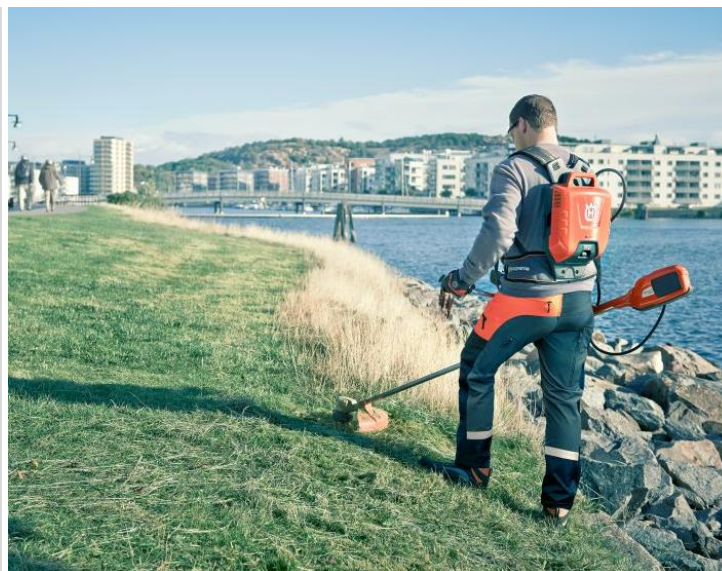
Financial highlights, Group

SEKm	Q1 2014	Q1 2013	% change, Q1		LTM ²	FY 2013
			As reported	Adjusted ¹		
Net sales, Group	9,685	9,024	7	7	30,968	30,307
Gross margin	26.3	25.2	-	-	26.8	26.5
EBIT	903	688	31	30	1,823	1,608
EBIT margin, %	9.3	7.6	-	-	5.9	5.3

¹ Adjusted for currency translation effects and items affecting comparability. ² Last 12 months.

Q1 2014

- Sales increased 7% (FX adjusted)
 - + Higher for all business areas
- EBIT rose 31%, margin improved 1.7pp
 - + Volume increase and mix improvement
 - + Direct material costs
 - Unfavorable FX impact of SEK -45m
- Improved solvency ratios



Europe & Asia/Pacific

SEKm			% change, Q1		LTM ²	FY 2013
	Q1 2014	Q1 2013	As reported	Adjusted ¹		
Net sales	4,334	4,085	6	5	14,985	14,736
EBIT	669	550	22	19	1,607	1,488
<i>EBIT margin, %</i>	15.4	13.5	-	-	10.7	10.1

¹ Adjusted for currency translation effects and items affecting comparability. ² Last 12 months.

Q1 2014

- Sales increased 5% (FX adjusted)
 - + Dealer channel
 - + Robotic mowers, watering products, pro hand-held
 - + Demand supported by an early spring
- EBIT rose 22% and margin improved 1.9pp
 - + Higher volume, favorable product and sales channel mix
 - + Reduction of direct material costs



Americas

SEKm			% change, Q1		LTM ²	FY 2013
	Q1 2014	Q1 2013	As reported	Adjusted ¹		
Net sales	4,569	4,233	8	9	12,907	12,571
EBIT	218	142	54	61	106	30
<i>EBIT margin, %</i>	4.8	3.3	-	-	0.8	0.2

¹ Adjusted for currency translation effects and items affecting comparability. ² Last 12 months.

Q1 2014

- Sales increased 9% (FX adjusted)
 - + Retail channel inventory stock-up
 - + Double digit growth in dealer channel
- Continued profitability improvement
 - + Direct material cost reductions
 - + Sales channel mix
 - FX headwind SEK -36m
- Positive experiences of the new organization, based on retail and dealer profit centers



Construction

SEKm	% change, Q1				LTM ²	FY 2013
	Q1 2014	Q1 2013	As reported	Adjusted ¹		
Net sales	782	706	11	11	3,076	3,000
EBIT	77	46	69	70	308	277
<i>EBIT margin, %</i>	9.8	6.5	-	-	10.0	9.2

¹ Adjusted for currency translation effects and items affecting comparability. ² Last 12 months.

Q1 2014

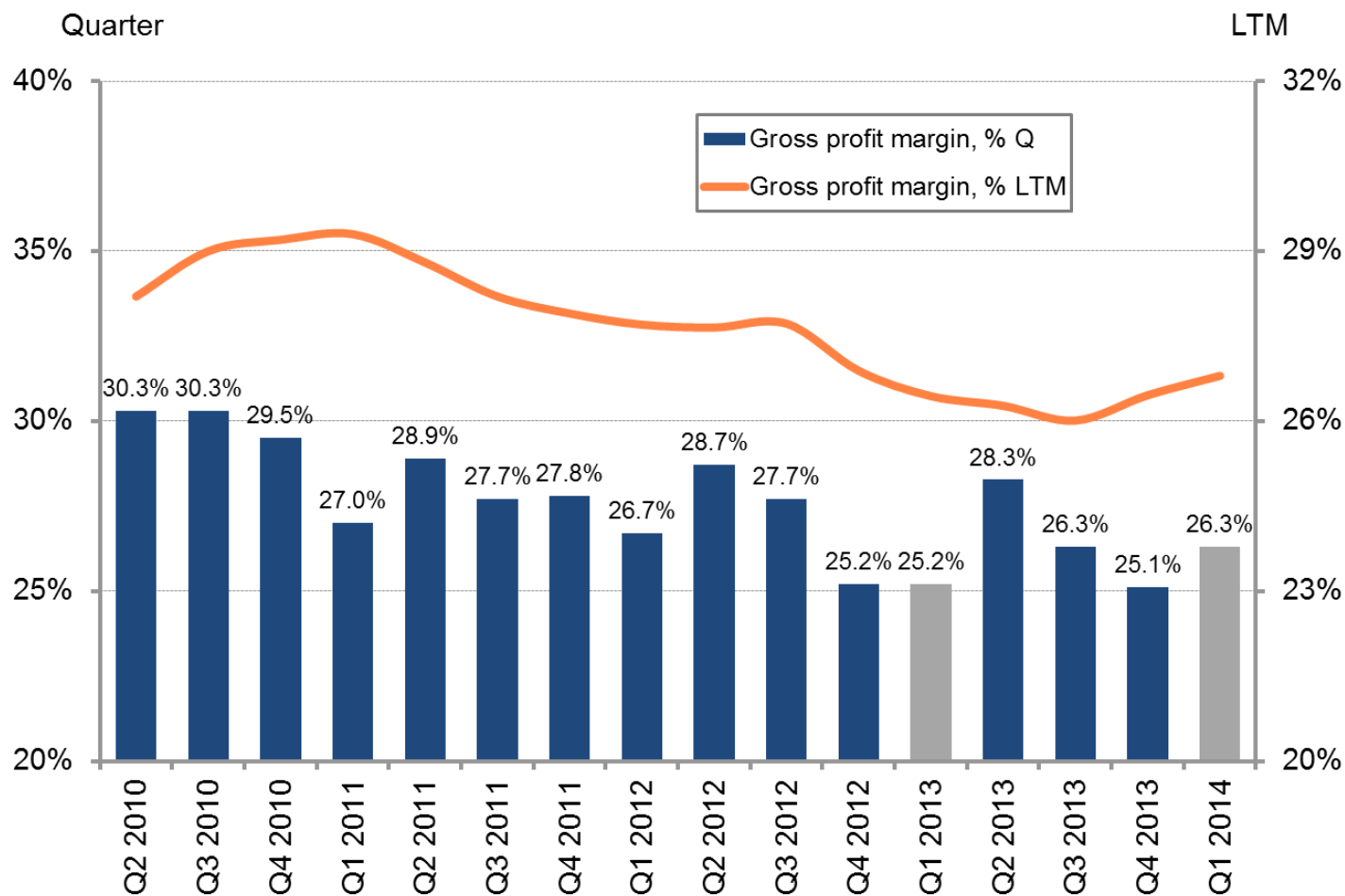
- Sales increased 11% (FX adjusted)
 - + Positive development in all regions
 - + Recovery in Southern Europe
- Strong EBIT and margin development
 - + Volume increase
 - + Fixed cost leverage
 - FX headwind SEK -13m



Consolidated income statement

SEKm	Q1 2014	Q1 2013	Jan-Dec 2013
Net sales	9,685	9,024	30,307
Cost of goods sold	-7,133	-6,752	-22,288
Gross operating income	2,552	2,272	8,019
<i>Margin, %</i>	26.3	25.2	26.5
Selling expense	-1,324	-1,269	-5,148
Administrative expense	-325	-311	-1,260
Other operating income/expense	0	-4	-3
Operating income¹	903	688	1,608
<i>Margin, %</i>	9.3	7.6	5.3
Financial items, net	-96	-86	-428
Income after financial items	807	602	1,180
<i>Margin, %</i>	8.3	6.7	3.9
Income tax	-191	-135	-264
Income for the period	616	467	916
Basic earnings per share, SEK	1.07	0.81	1.60
Diluted earnings per share, SEK	1.07	0.81	1.60
¹ Of which depreciation, amortization and impairment	-231	-247	-978

Gross margin development

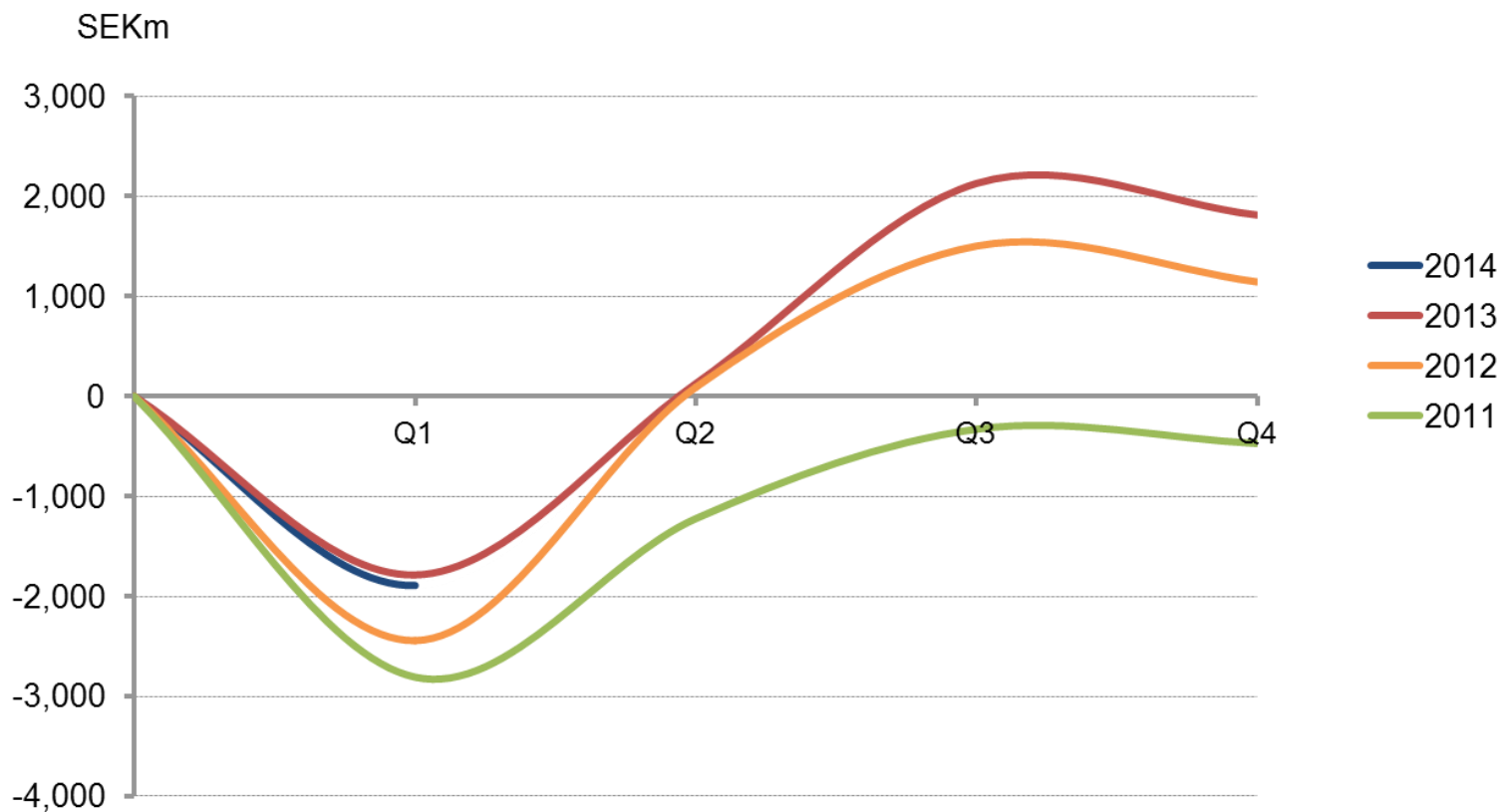


LTM = Last twelve months

Consolidated balance sheet

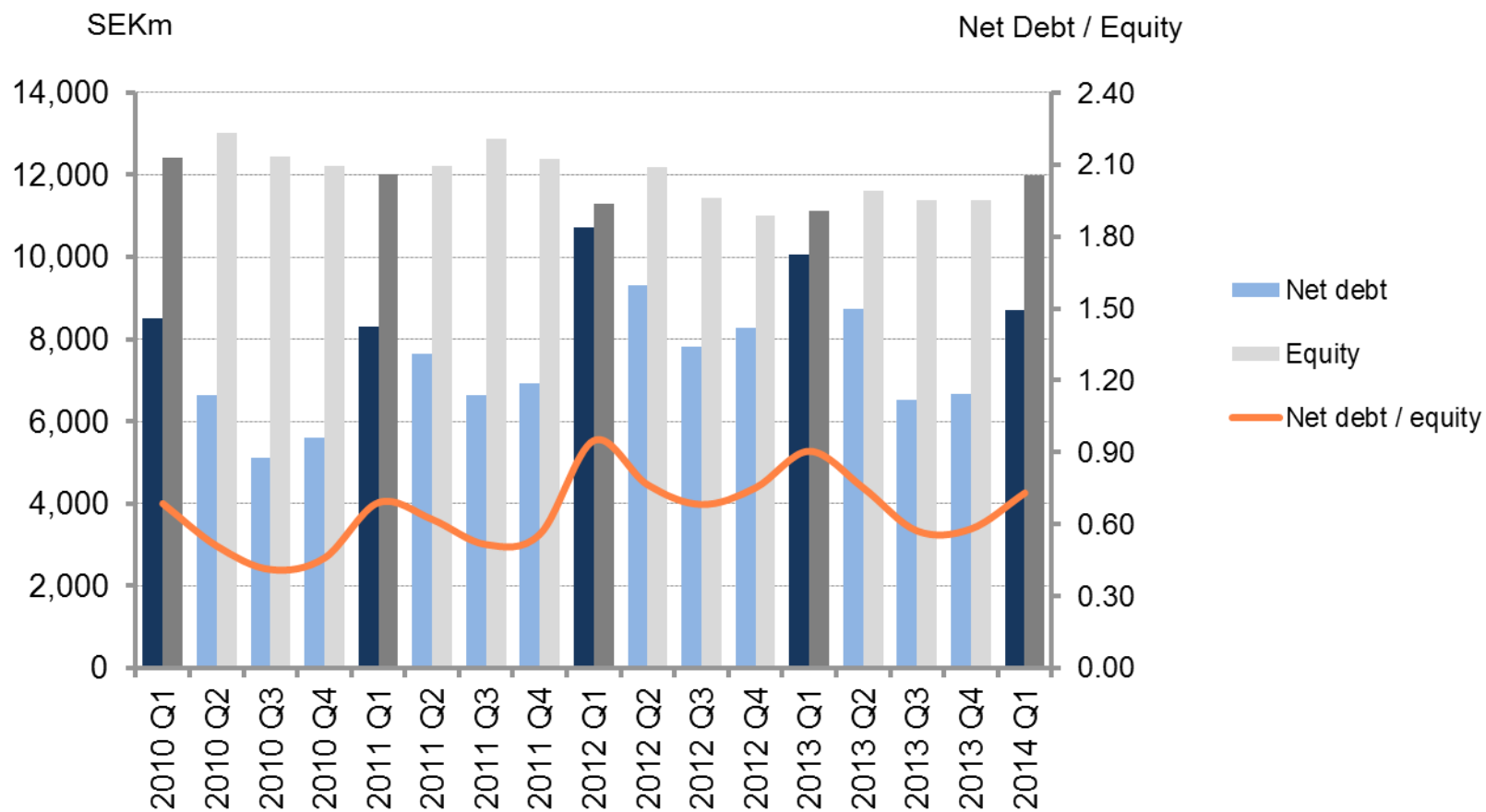
SEKm	31 Mar 2014	31 Mar 2013
Non-current assets	14,567	14,005
Inventories	7,507	8,306
Trade receivables	7,180	6,775
Other current assets	630	1,071
Liquid funds	1,755	1,412
Total assets	31,639	31,569
Total equity	11,994	11,116
Interest-bearing liabilities	9,096	10,043
Pension liabilities	1,357	1,422
Provisions	2,328	2,315
Trade payables	4,514	4,058
Other current liabilities	2,350	2,615
Total equity and liabilities	31,639	31,569

Operating cash flow



2014 YTD vs. 2013 YTD: Improvement in cash flow from operations, offset by lower cash flow from changes in working capital as receivables increased due to the higher sales volume

Net debt and equity



Key figures

	Q1 2014	Q1 2013	Jan-Dec 2013
Net sales, SEKm	9,685	9,024	30,307
Operating income, SEKm	903	688	1,608
Gross margin, %	26.3	25.2	26.5
Operating margin, %	9.3	7.6	5.3
Working capital, SEKm	7,353	8,349	4,885
Return on capital employed, %	8.6	6.5	7.7
Return on equity, %	9.3	7.5	8.1
Earnings per share, SEK	1.07	0.81	1.60
Capital-turnover rate, times	1.6	1.5	1.6
Operating cash flow, SEKm	-1,892	-1,786	1,813
Net debt/equity ratio	0.73	0.90	0.58
Capital expenditure, SEKm	293	203	1,078
Average number of employees	15,750	15,847	14,156

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Accelerated improvement program for 10% margin – Finalized 2015 with full impact 2016

1. Focus on core brands and profit pools
2. Dealer and retail business model differentiation
3. Further measures to turn-around U.S.
4. Operational Excellence
5. Emerging markets growth

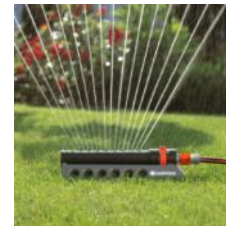
Core brands



Husqvarna®



Profit pools



Product leadership positions



P&A

Capital Markets Day; June 10, 2014

- Program starts at 10:00, concludes with dinner
- Location; Huskvarna, Sweden
- Topics will include
 - Accelerated Improvement Program for 10% margin by 2016
 - Longer term direction
- Product event
- Register at www.husqvarnagroup.com/en/cmd-2014





**Husqvarna
Group**

www.husqvarnagroup.com

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Important factors that may cause such a difference for Husqvarna include, but are not limited to: (i) the macroeconomic development, (ii) change in the competitive climate and (iii) change in interest rate level.

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