

# Q1 2017 results presentation

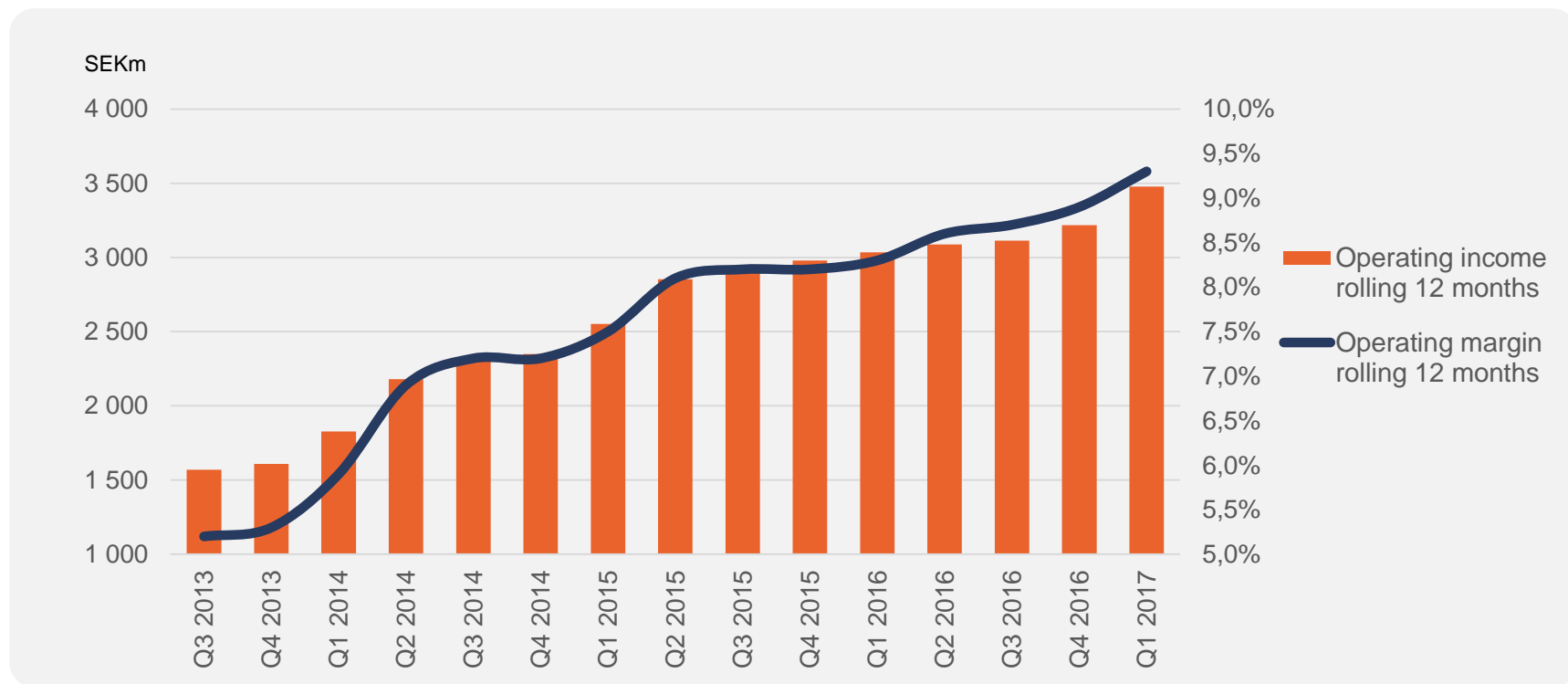
2017-04-21

# Group summary Q1 2017

- Good start of the year with particularly strong pre-season sales in Europe
- Profitable growth impacting income and margin positively
- Continued investments in profitable growth initiatives
- Build-up of concrete surface & floor leadership position through acquisitions



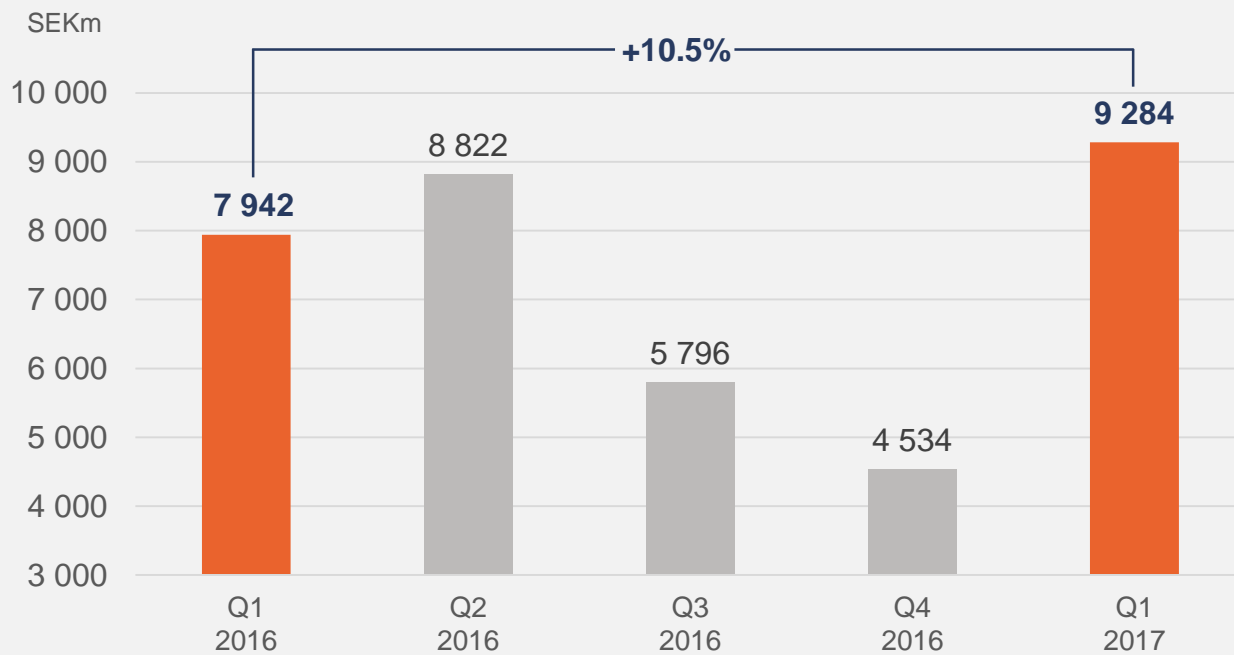
# Group results development



Figures refer to excluding items affecting comparability

# Profitable growth divisions

Net sales for Husqvarna, Gardena and Construction divisions





# Financial highlights, Group

| SEKm                               | Q1<br>2017 | Q1<br>2016 | Change,<br>% | LTM <sup>1</sup> | FY<br>2016 |
|------------------------------------|------------|------------|--------------|------------------|------------|
| Net sales                          | 12,746     | 11,361     | 12           | 37,367           | 35,982     |
| <i>Currency adjusted change, %</i> | 7          | 5          | -            | -                | 0          |
| <i>Gross margin, %</i>             | 29.8       | 27.8       | -            | 31.4             | 30.8       |
| Operating income                   | 1,425      | 1,166      | 22           | 3,477            | 3,218      |
| <i>Operating margin, %</i>         | 11.2       | 10.3       | -            | 9.3              | 8.9        |

<sup>1</sup> Last twelve months.

- Strong organic growth for all profitable growth divisions
- Favorable weather in continental Europe
- Positive mix impact
- Positive currency effect net of raw materials
- Earnings per share after dilution increase of 30%



# Husqvarna Division

| SEKm                               | Q1<br>2017 | Q1<br>2016 | Change,<br>% | LTM <sup>1</sup> | FY<br>2016 |
|------------------------------------|------------|------------|--------------|------------------|------------|
| Net sales                          | 6,372      | 5,457      | 17           | 18,875           | 17,960     |
| <i>Currency adjusted change, %</i> | 11         | 4          | -            | -                | 2          |
| Operating income                   | 1,047      | 844        | 24           | 2,520            | 2,317      |
| <i>Operating margin, %</i>         | 16.4       | 15.5       | -            | 13.4             | 12.9       |

<sup>1</sup> Last twelve months.

- 11% currency adjusted growth
- Strong sales development for robotic mowers, battery-powered products and traditional mowers
- Europe the best performing region, North America stable
- Volume, product mix and currency main drivers of income and margin improvement
- Investments in growth initiatives continue



# Gardena Division

| SEKm                               | Q1<br>2017 | Q1<br>2016 | Change,<br>% | LTM <sup>1</sup> | FY<br>2016 |
|------------------------------------|------------|------------|--------------|------------------|------------|
| Net sales                          | 1,715      | 1,518      | 13           | 5,230            | 5,033      |
| <i>Currency adjusted change, %</i> | 9          | 17         | -            | -                | 8          |
| Operating income                   | 251        | 226        | 11           | 620              | 595        |
| <i>Operating margin, %</i>         | 14.6       | 14.9       | -            | 11.9             | 11.8       |

<sup>1</sup> Last twelve months.

- 9% currency adjusted net sales growth
- Strong sales development for garden hand tools and robotic mowers
- Continued positive impact from expansion into new sales channels and geographies as well as new products
- Higher operating income, but margin impacted by continued investments into growth initiatives



# Consumer Brands Division

| SEKm                               | Q1<br>2017 | Q1<br>2016 | Change,<br>% | LTM <sup>1</sup> | FY<br>2016 |
|------------------------------------|------------|------------|--------------|------------------|------------|
| Net sales                          | 3,461      | 3,419      | 1            | 8,930            | 8,888      |
| <i>Currency adjusted change, %</i> | -4         | 2          | -            | -                | -10        |
| Operating income                   | 53         | 64         | -17          | -8               | 3          |
| <i>Operating margin, %</i>         | 1.5        | 1.9        | -            | -0.1             | 0.0        |

<sup>1</sup> Last twelve months.

- Slow start partially as a consequence of some U.S. retailers adjusting to a tighter just-in-time order scheduling leading to periodization effects into Q2
- Net sales increased in Europe
- Introduction of the McCulloch robotic lawn mower
- Continued cost and efficiency measures not offsetting the volume impact in Q1 from lower sales and a flattened seasonal production curve





# Construction Division

| SEKm                               | Q1<br>2017 | Q1<br>2016 | Change,<br>% | LTM <sup>1</sup> | FY<br>2016 |
|------------------------------------|------------|------------|--------------|------------------|------------|
| Net sales                          | 1,197      | 967        | 24           | 4,331            | 4,101      |
| <i>Currency adjusted change, %</i> | 18         | 6          | -            | -                | 4          |
| Operating income                   | 141        | 89         | 59           | 620              | 568        |
| <i>Operating margin, %</i>         | 11.8       | 9.2        | -            | 14.3             | 13.9       |

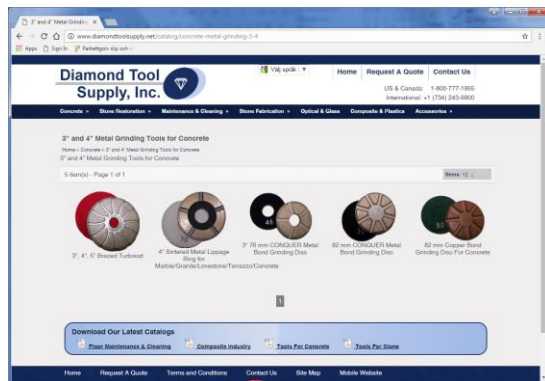
<sup>1</sup> Last twelve months.

- Continued organic growth of 9%
  - 18% increase including acquired Pullman Ermator
- Broad geographical and product category sales increases
- Higher operating income and margin
  - Higher sales volume and currency tailwind
  - Pullman Ermator impacted positively



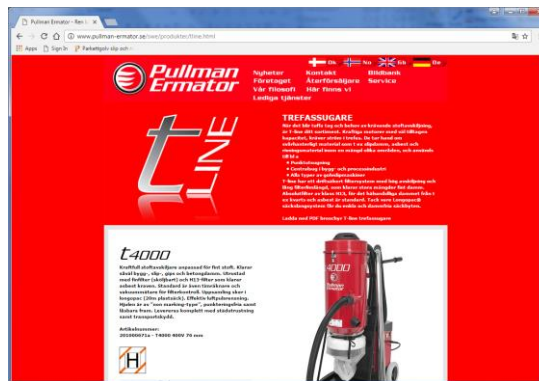
# Building market leadership in concrete surfaces and floor solutions

## DTS Net sales SEK ~50m



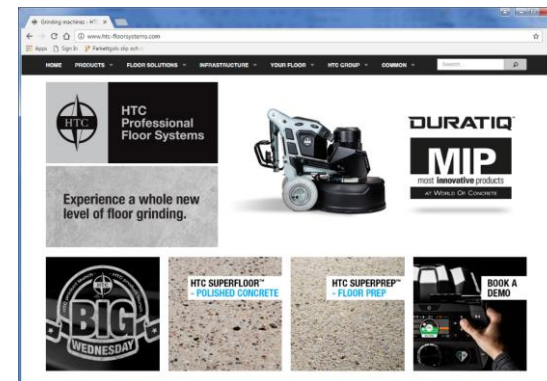
*Leading manufacturer of diamond tools for polishing and grinding of concrete, stone and terrazzo*

## Pullman Ermator Net sales SEK ~300m



*Market leader in solutions for dust and slurry management*

## HTC\* Net sales SEK ~380m



*World leader in floor grinding*

\* HTC acquisition expected to be finalized during the second quarter

# Consolidated income statement

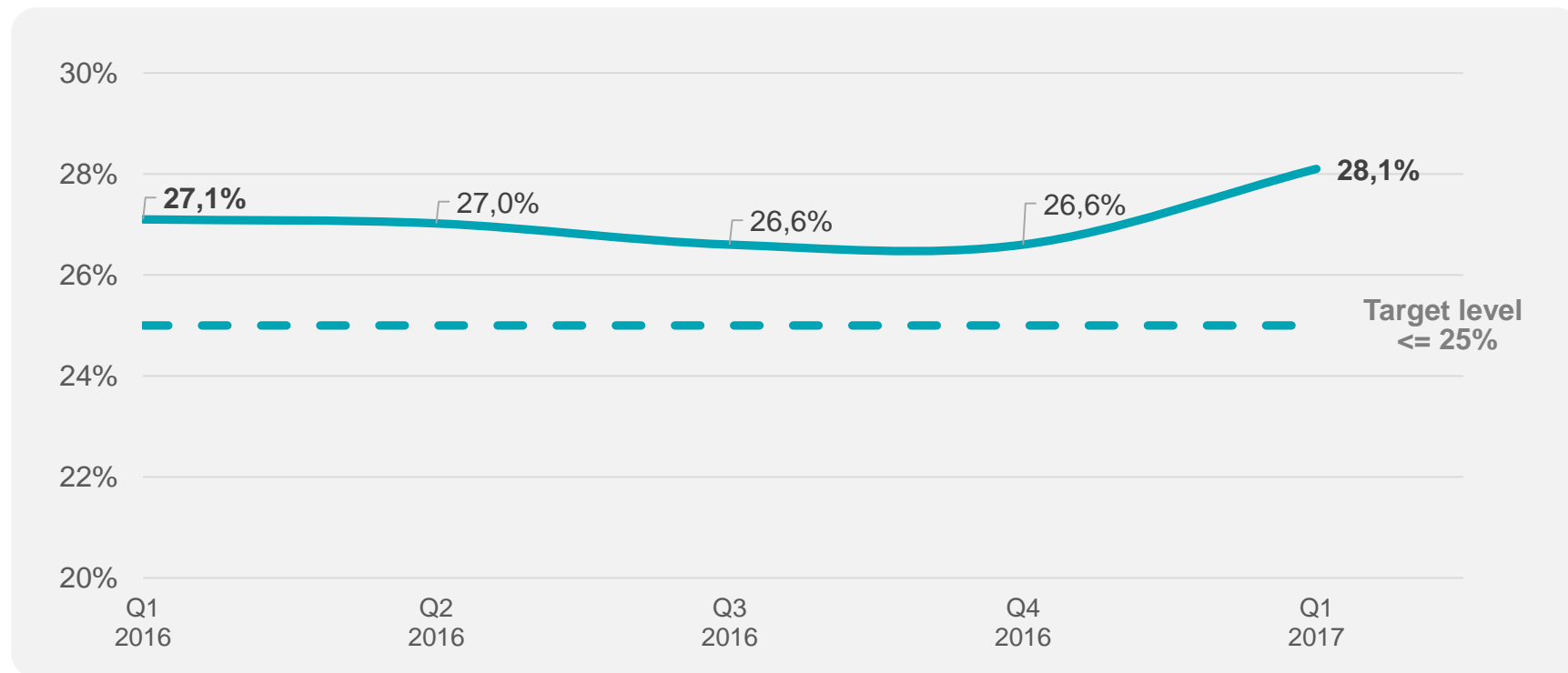
| SEKm  | Q1<br>2017   | Q1<br>2016   | FY<br>2016    |
|---|--------------|--------------|---------------|
| Net sales   | 12,746       | 11,361       | 35,982        |
| Cost of goods sold  | -8,950       | -8,199       | -24,886       |
| <b>Gross income</b>   | <b>3,796</b> | <b>3,162</b> | <b>11,096</b> |
| <i>Gross margin, %</i>  | 29.8         | 27.8         | 30.8          |
| Selling expenses  | -1,884       | -1,546       | -6,168        |
| Administrative expenses   | -489         | -451         | -1,707        |
| Other operating income/expense                                  | 2            | 1            | -3            |
| <b>Operating income<sup>1</sup></b>                             | <b>1,425</b> | <b>1,166</b> | <b>3,218</b>  |
| <i>Operating margin, %</i>                                      | 11.2         | 10.3         | 8.9           |
| Financial items, net  | -138         | -142         | -422          |
| <b>Income after financial items</b>                             | <b>1,287</b> | <b>1,024</b> | <b>2,796</b>  |
| <i>Margin, %</i>  | 10.1         | 9.0          | 7.8           |
| Income tax  | -299         | -263         | -692          |
| <b>Income for the period</b>                                    | <b>988</b>   | <b>761</b>   | <b>2,104</b>  |
| Earnings per share after dilution, SEK                          | 1.72         | 1.32         | 3.66          |
| <sup>1</sup> Of which depreciation, amortization and impairment | -327         | -280         | 1,164         |

# Consolidated balance sheet

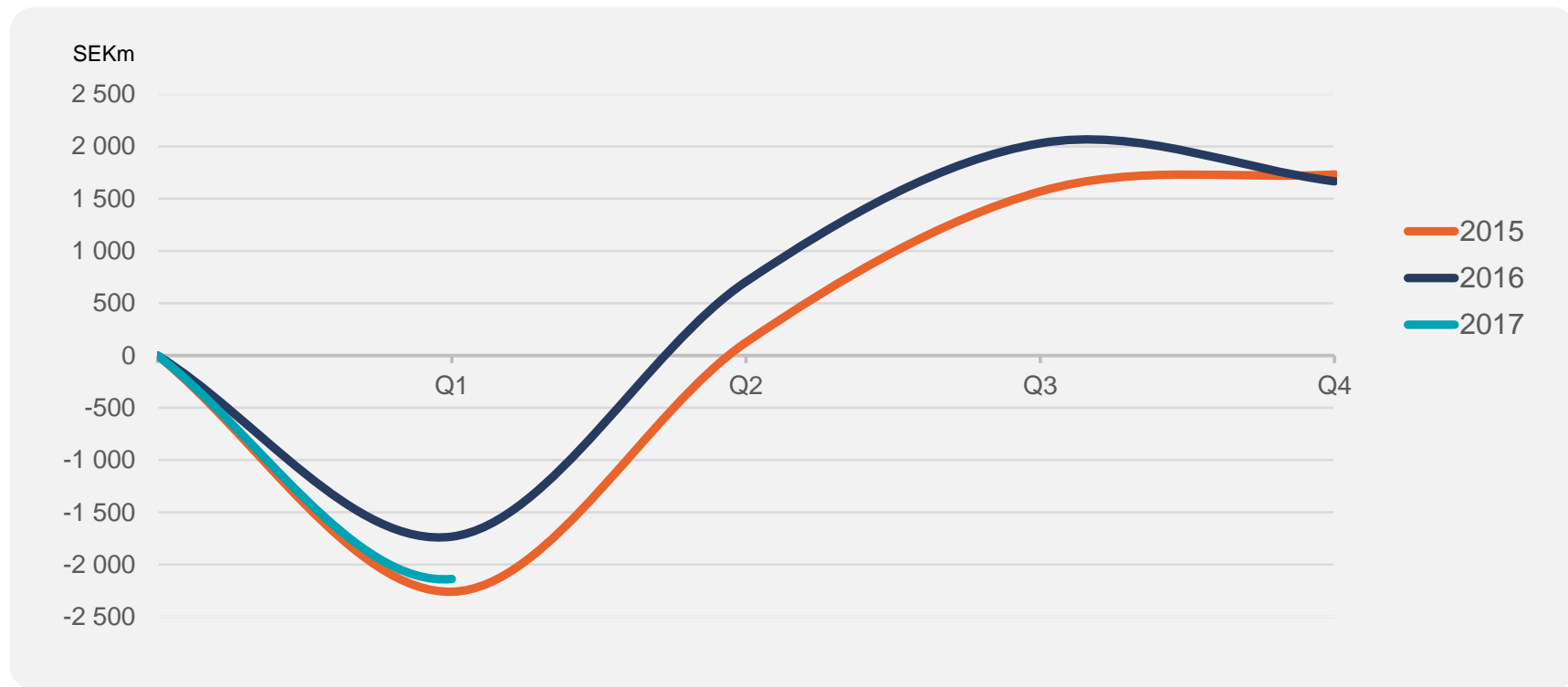
| SEKm                                | Mar. 31,<br>2017 | Mar. 31,<br>2016 | Dec. 31,<br>2016 |
|-------------------------------------|------------------|------------------|------------------|
| Non-current assets                  | 18,085           | 15,675           | 17,169           |
| Inventories                         | 9,252            | 8,331            | 9,225            |
| Trade receivables                   | 8,727            | 7,766            | 3,290            |
| Other current assets                | 1,053            | 1,120            | 1,004            |
| Liquid funds                        | 2,233            | 2,114            | 2,290            |
| <b>Total assets</b>                 | <b>39,350</b>    | <b>35,006</b>    | <b>32,978</b>    |
| Total equity                        | 15,403           | 13,665           | 14,365           |
| Interest-bearing liabilities        | 10,297           | 8,816            | 7,396            |
| Provisions for pensions             | 1,768            | 1,580            | 1,759            |
| Other provisions                    | 3,173            | 3,017            | 2,983            |
| Trade payables                      | 5,418            | 5,110            | 3,752            |
| Other current liabilities           | 3,291            | 2,818            | 2,723            |
| <b>Total equity and liabilities</b> | <b>39,350</b>    | <b>35,006</b>    | <b>32,978</b>    |



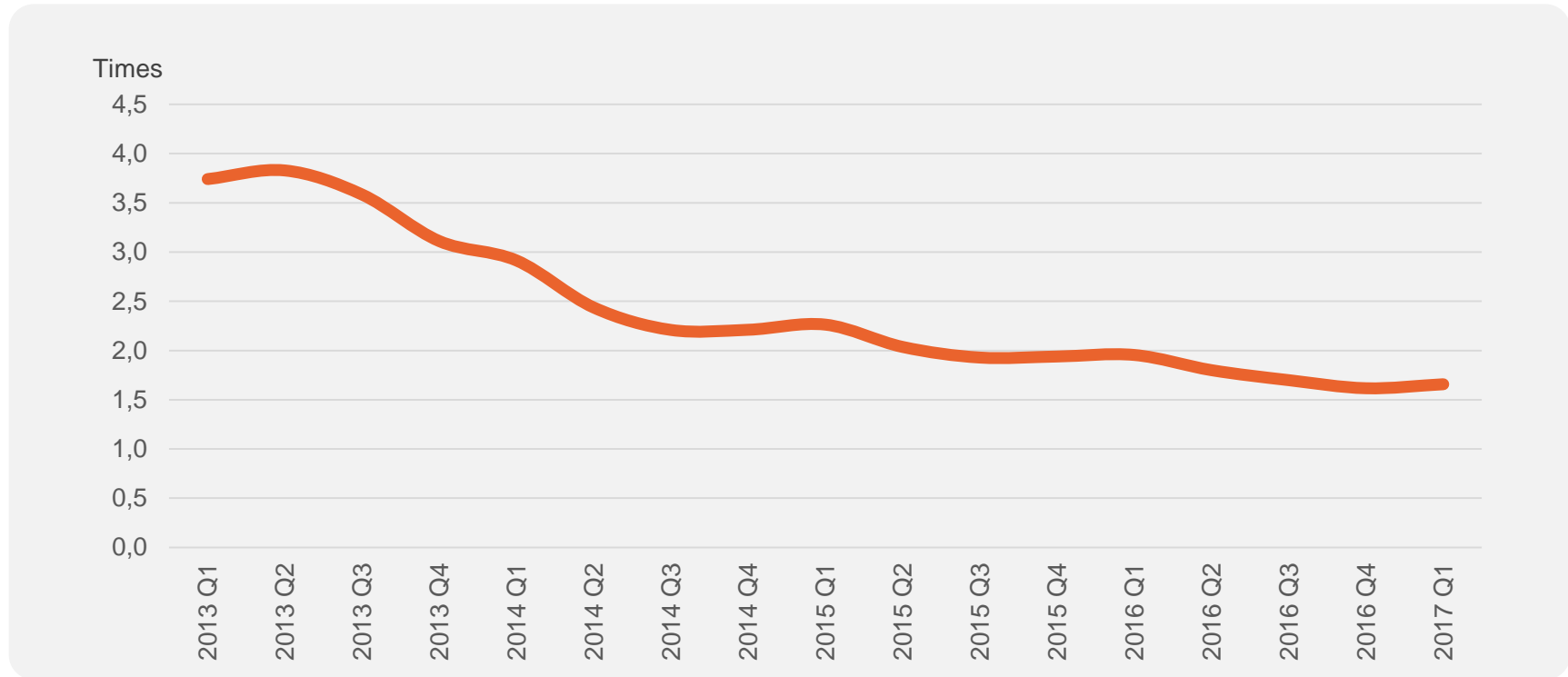
# Operating working capital / net sales



# Operating cash flow



# Net debt / EBITDA last 12 months rolling



# Key data, Group

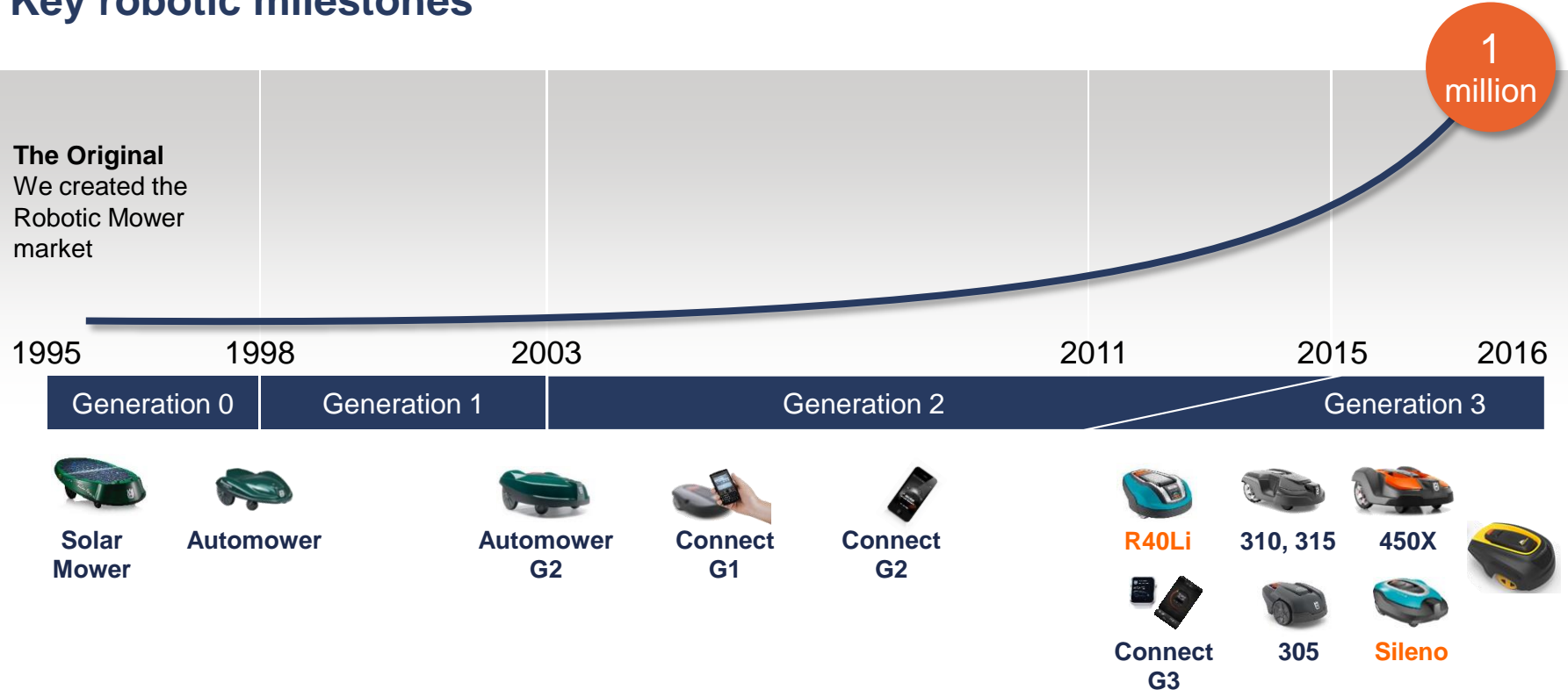
|  | Q1<br>2017 | Q1<br>2016 | Full-year<br>2016 |
|--|------------|------------|-------------------|
| Net sales, SEKm                            | 12,746     | 11,361     | 35,982            |
| <i>Net sales growth, %</i>                 | 12         | 4          | -1                |
| <i>Gross margin, %</i>                     | 29.8       | 27.8       | 30.8              |
| Operating income, SEKm                     | 1,425      | 1,166      | 3,218             |
| <i>Operating margin, %</i>                 | 11.2       | 10.3       | 8.9               |
| Operating working capital, SEKm            | 12,561     | 10,987     | 8,763             |
| <i>Return on capital employed, %</i>       | 14.2       | 12.7       | 13.7              |
| <i>Excl. items affecting comparability</i> | 14.2       | 13.3       | 13.7              |
| <i>Return on equity, %</i>                 | 16.3       | 14.2       | 15.2              |
| Earnings per share after dilution, SEK     | 1.72       | 1.32       | 3.66              |
| Capital turn-over rate, times              | 1.7        | 1.8        | 1.7               |
| Operating cash flow, SEKm                  | -2,137     | -1,737     | 1,666             |
| Net debt/equity ratio                      | 0.64       | 0.60       | 0.48              |
| Capital expenditure, SEKm                  | 344        | 311        | 1,889             |
| Average number of employees                | 13,947     | 14,170     | 12,704            |



**THE #1**  
BESTSELLER  
SINCE 1995

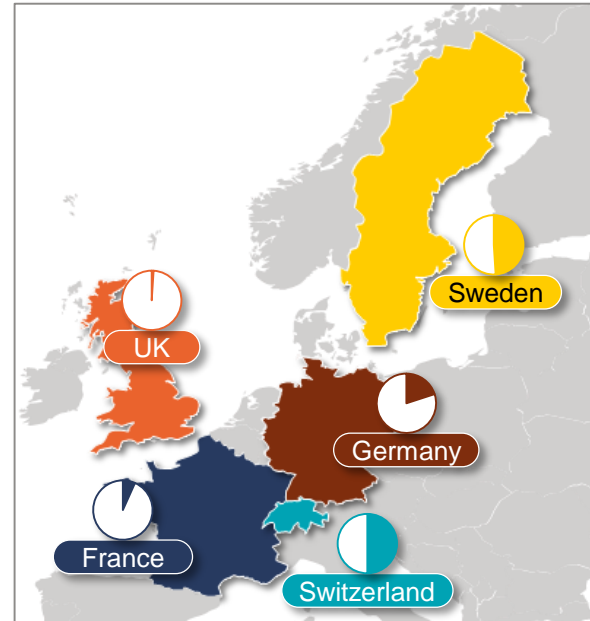
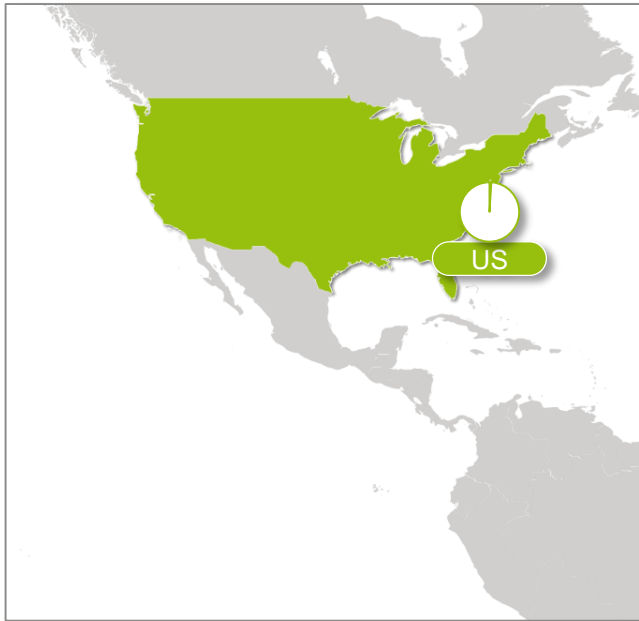
# Market leadership – 20 years of innovation

## Key robotic milestones



# Robotic mower market value penetration

## Robotic value share of total Lawn Mower market



# Market leadership

Brands that meet different customer needs and market segments

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**Husqvarna – the Original** claims the world-leading position and brand in robotics



**Gardena** drives the position as the garden enhancing robotic brand



**McCulloch** takes a position as the brand for the rapidly developing entry level of the market

# Celebration of battery range expansion

Range



+75%

2016

Q1 2017

Full high-end product range,  
limited consumer range

Expanded product range



# Group summary Q1 2017

- Good start of the year with particularly strong pre-season sales in Europe
- Profitable growth impacting income and margin positively
- Continued investments in profitable growth initiatives
- Build-up of concrete surface & floor leadership position through acquisitions

*We continue to invest in strategic growth initiatives along with efforts to improve efficiency*





**Husqvarna  
Group**

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