

Q1 2018 results presentation

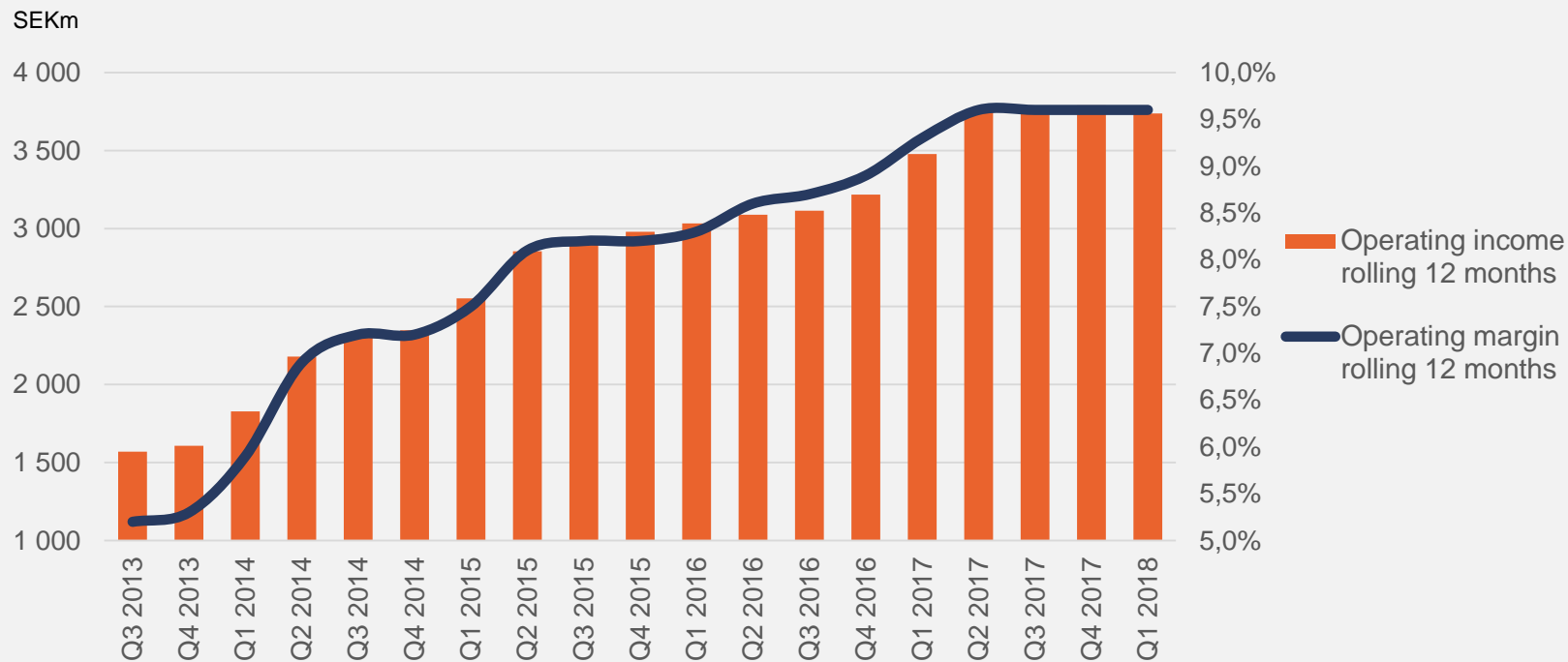
2018-04-24

Summary Q1 2018

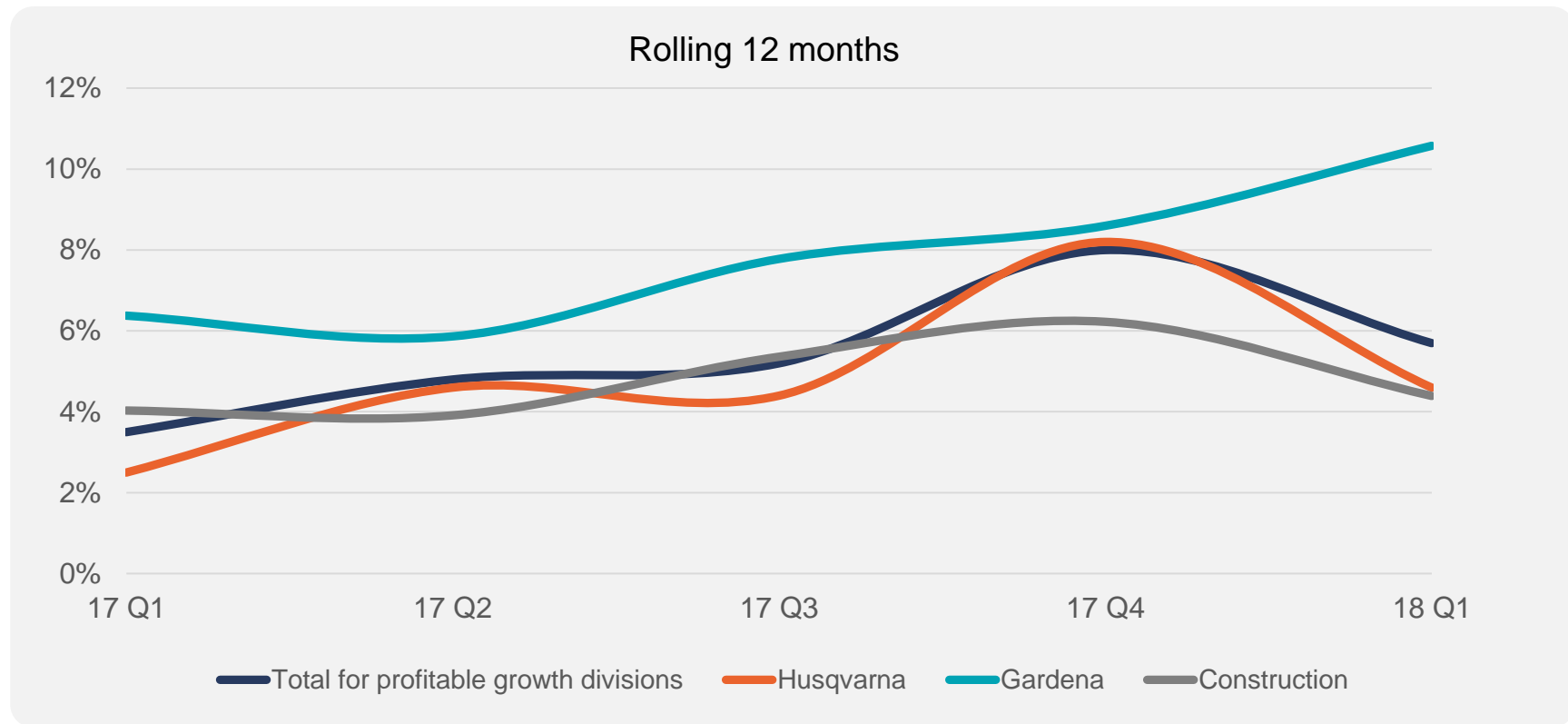
- Profitable growth divisions continue their improvement trajectory
 - *Higher earnings and margin in parallel to continued growth investments*
- Delayed start of the season due to the cold weather in both Europe and North America
- Challenging year for Consumer Brands Division
- Group operating margin remains on a high level



Group results development



Profitable growth divisions - organic growth



Financial highlights, Group Q1

SEKm	Q1 2018	Q1 2017	Change, %	LTM ¹	FY 2017
Net sales	12,303	12,746	-3	38,951	39,394
<i>Currency adjusted change, %</i>	-1	7	-	-	7
Gross margin, %	28.8	27.6	-	29.5	29.1
Operating income	1,373	1,425	-4	3,738	3,790
<i>Operating margin, %</i>	11.2	11.2	-	9.6	9.6

¹ Last twelve months.

- Decline in sales due to late start of gardening season and scale-back of a major account in Consumer Brands
- Gross-margin improvement continue
- Positive FX offset by raw material price increases
- Operating income slightly below prior year
- Improved cash flow and reduced net debt



Husqvarna Division Q1 2018

SEKm	Q1 2018	Q1 2017	Change, %	LTM ¹	FY 2017
Net sales	6,049	6,136	-1	19,122	19,209
<i>Currency adjusted change, %</i>	0	11	-	-	8
Operating income	1,070	1,032	4	2,765	2,727
<i>Operating margin, %</i>	17.7	16.8	-	14.5	14.2

¹ Last twelve months.

- Late spring delayed start of gardening season
- Some growth in Europe offset by decline in U.S
- Continued growth for robotic lawn mowers and other battery-powered products
- Improved operating income and margin
 - Favorable mix, positive FX
 - Additional costs for profitable growth investments



Gardena Division Q1

SEKm	Q1 2018	Q1 2017	Change, %	LTM¹	FY 2017
Net sales	2,059	1,715	20	5,974	5,630
<i>Currency adjusted change, %</i>	15	9	-	-	9
Operating income	301	251	20	756	706
<i>Operating margin, %</i>	14.6	14.6	-	12.7	12.5

¹ Last twelve months.

- Solid sell-in ahead of season
- Good growth across all product categories, new products received well by market
- Continued geo-expansion/market penetration and fill-up of online channel
- Additional profitable growth investments



Consumer Brands Division Q1

SEKm	Q1 2018	Q1 2017	Change, %	LTM ¹	FY 2016
Net sales	2,859	3,697	-23	8,695	9,533
<i>Currency adjusted change, %</i>	-17	-4	-	-	-1
Operating income	-63	68	n/a	-183	-52
<i>Operating margin, %</i>	-2.2	1.8	-	-2.1	-0.5

¹ Last twelve months.

- Lower sales
 - Scale-back of a major U.S. retail account in 2018
 - Late start of the season
- Operating income impacted by raw material price increases, lower sales and manufacturing volumes
- Difficult to compensate for raw material by pricing during season
- Footprint efficiency improvements continue



Construction Division Q1

SEKm	Q1 2018	Q1 2017	Change, %	LTM ¹	FY 2017
Net sales	1,328	1,197	11	5,146	5,015
<i>Currency adjusted change, %</i>	16	18	-	-	21
Operating income	158	141	12	666	649
<i>Operating margin, %</i>	11.9	11.8	-	12.9	12.9

¹ Last twelve months.

- 16% currency adjusted sales growth whereof 4% organic
- Positive development in Europe whereas North America was impacted by delayed renovation project starts
- Good underlying momentum, particularly for dust & slurry
- Acquisition of Atlas Copco's Light Compaction & Concrete Equipment business included as of February 1



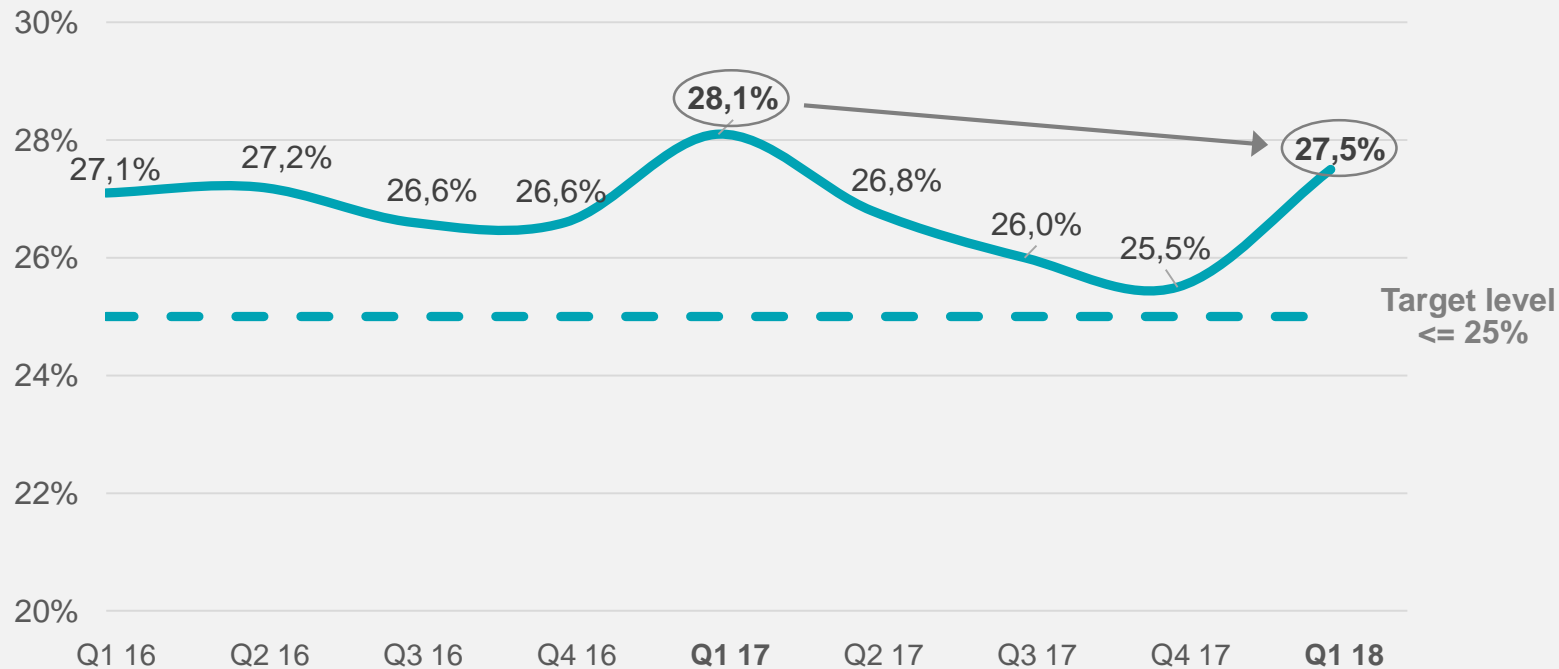
Consolidated income statement

SEKm	Q1 2018	Q1 2017	Full-year 2017
Net sales	12,303	12,746	39,394
Cost of goods sold	-8,756	-9,234	-27,922
Gross income	3,547	3,512	11,472
<i>Gross margin, %</i>	28.8	27.6	29.1
Selling expenses	-1,667	-1,600	-5,870
Administrative expenses	-506	-489	-1,879
Other operating income/expense	-1	2	67
Operating income ¹	1,373	1,425	3,790
<i>Operating margin, %</i>	11.2	11.2	9.6
Financial items, net	-137	-138	-500
Income after financial items	1,236	1,287	3,290
<i>Margin, %</i>	10.0	10.1	8.4
Income tax	-296	-299	-630
Income for the period	940	988	2,660
Earnings per share after dilution, SEK	1.64	1.72	4.62
¹ <i>Of which depreciation, amortization and impairment</i>	-343	-327	-1,315

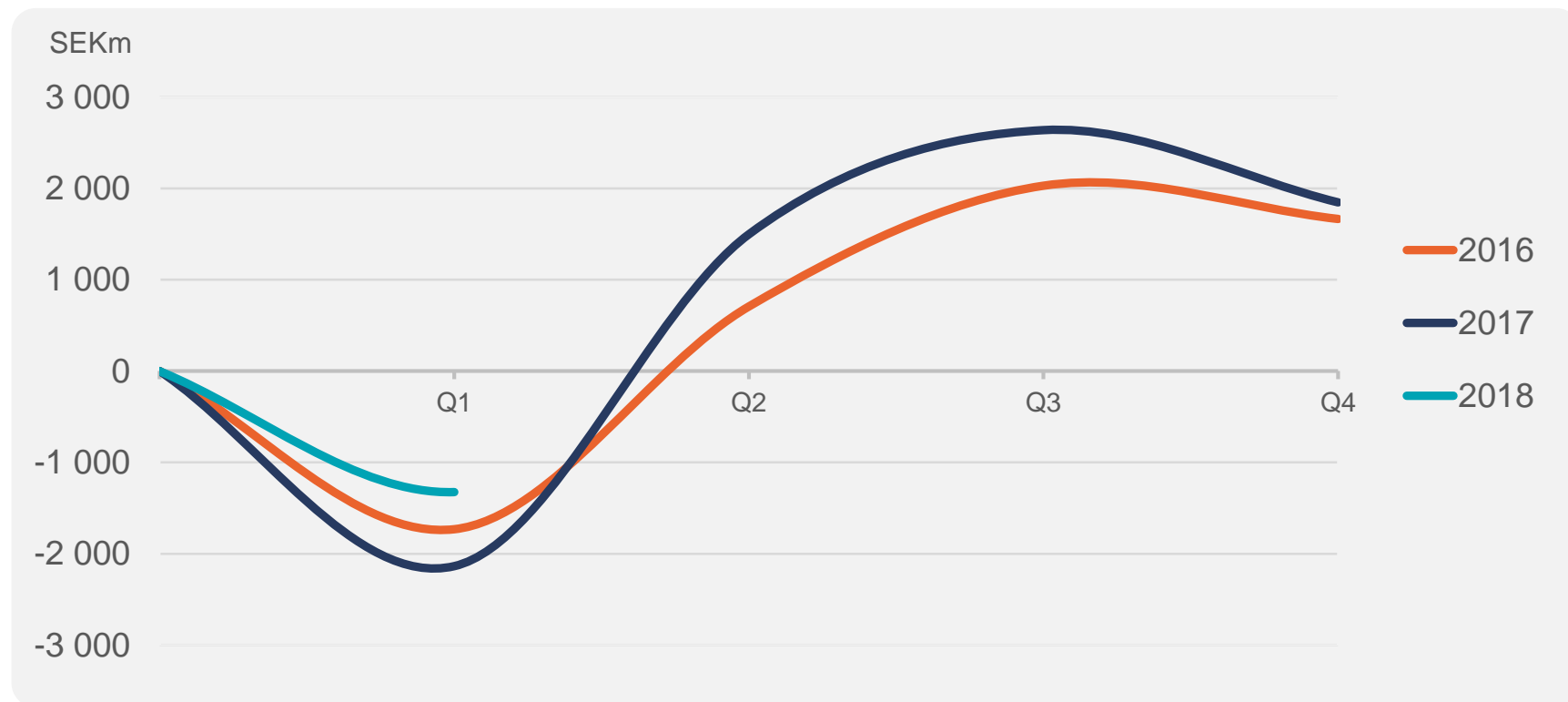
Consolidated balance sheet

SEKm	Mar. 31, 2018	Mar. 31, 2017	Dec. 31, 2017
Non-current assets	20,244	18,085	19,291
Inventories	10,302	9,252	9,522
Trade receivables	8,037	8,727	3,407
Other current assets	1,071	1,053	1,008
Liquid funds	2,606	2,233	2,190
Total assets	42,260	39,350	35,418
Total equity	16,980	15,403	15,667
Interest-bearing liabilities	10,472	10,297	8,039
Provisions for pensions	1,813	1,768	1,818
Other provisions	3,166	3,173	2,994
Trade payables	6,096	5,418	4,098
Other current liabilities	3,733	3,291	2,802
Total equity and liabilities	42,260	39,350	35,418

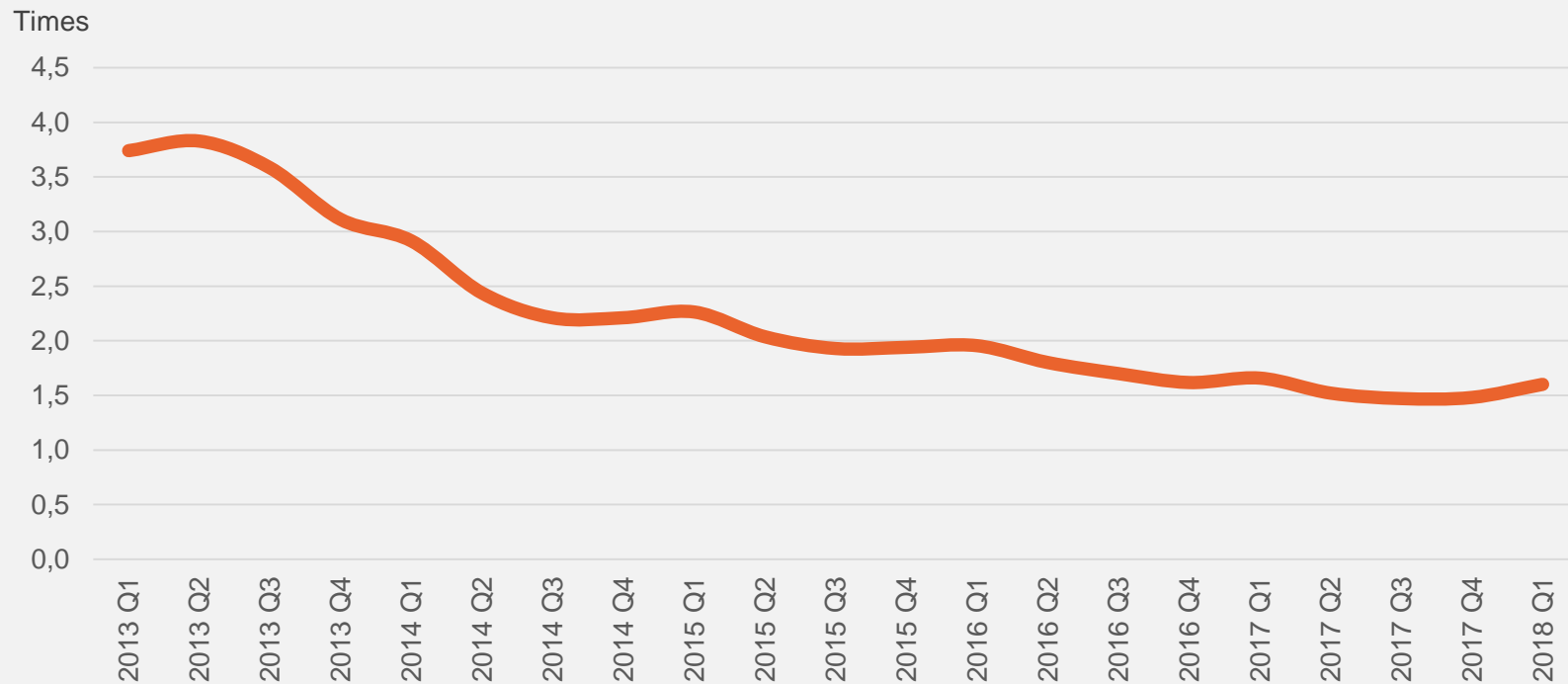
Operating working capital / net sales



Operating cash flow



Net debt / EBITDA



Key data, Group

	Q1 2018	Q1 2017	Full-year 2017
Net sales, SEKm	12,303	12,746	39,394
<i>Net sales growth, %</i>	-3	12	9
<i>Gross margin, %</i>	28.8	27.6	29.1
Operating income, SEKm	1,373	1,425	3,790
<i>Operating margin, %</i>	11.2	11.2	9.6
Operating working capital, SEKm	12,243	12,561	8,831
<i>Return on capital employed, %</i>	13.9	14.2	14.7
<i>Return on equity, %</i>	16.5	16.3	17.4
Earnings per share after dilution, SEK	1.64	1.72	4.62
Capital turn-over rate, times	1.6	1.7	1.7
Operating cash flow, SEKm	-1,326	-2,137	1,847
Net debt/equity ratio	0.54	0.64	0.46
Capital expenditure, SEKm	439	344	-1,892
Average number of employees	13,532	13,947	13,252

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**Husqvarna
Group**

www.husqvarnagroup.com