

Q2 2016 results presentation

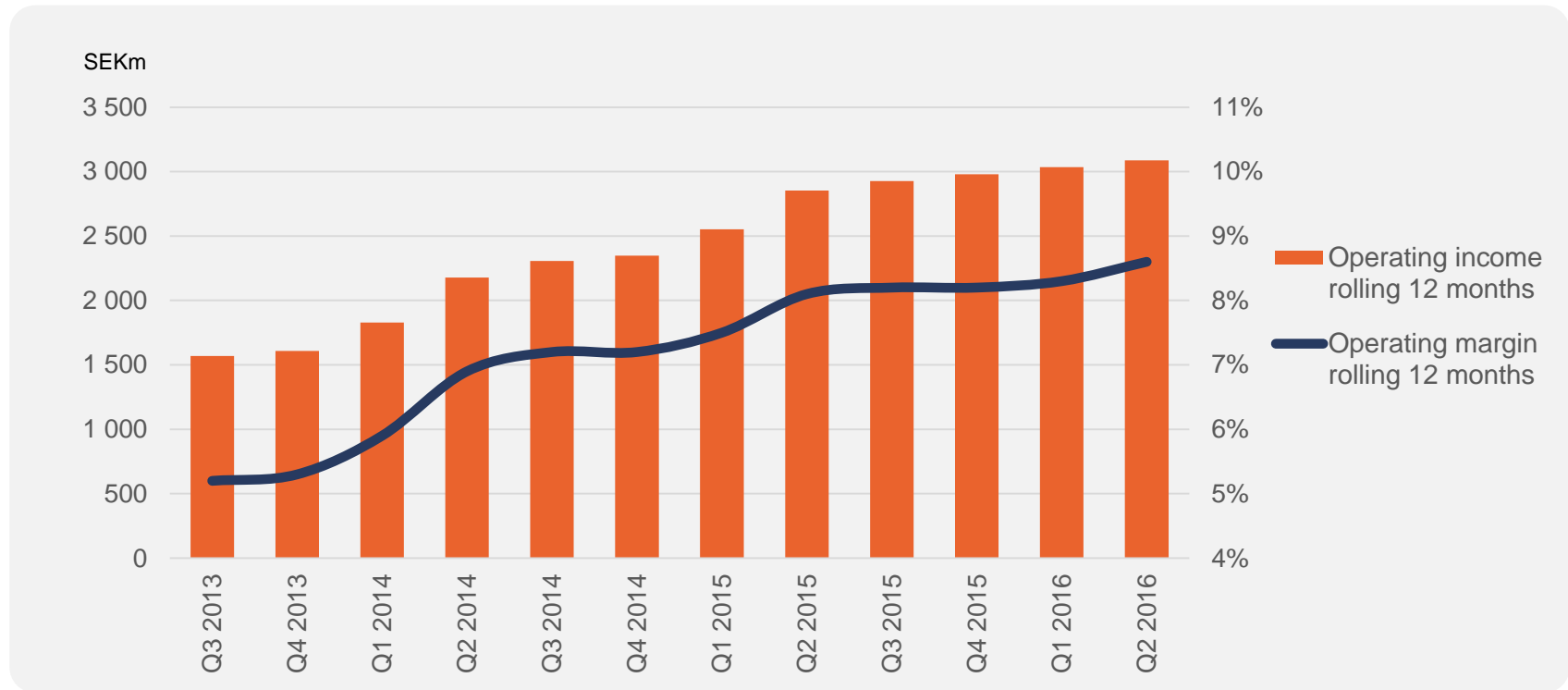
2016-07-15

Group summary, Q2 2016

- Continued trend of improved result and margin
- Consumer Brands' turn-around according to plan, however North America impacted by unfavorable weather
- Operational improvements on track, creating funds for growth investments and mitigating currency impact
- Operating income rose to SEK 1,729m (1,675), incl. negative currency impact of SEK -170m
- Improved operating cash flow and lower net debt



Group results development rolling 12



Figures refer to excluding items affecting comparability

Financial highlights Q2 2016, Group

SEKm	Q2 2016	Q2 2015	% change, Q		Jan-Jun 2016	Jan-Jun 2015	% change, 6M		LTM ²	FY 2015
			As reported	Adjusted ¹			As reported	Adjusted ¹		
Net sales	11 504	12 263	-6	-4	22 865	23 191	-1	1	35 844	36 170
Gross margin, %	34,2	31,1	-	-	31,0	29,3	-	-	29,2	28,1
Operating income	1 729	1 675	3	5	2 895	2 787	4	5	2 935	2 827
Excl. items affecting comparability	1 729	1 675	3	5	2 895	2 787	4	5	3 088	2 980
Operating margin, %	15,0	13,7	-	-	12,7	12,0	-	-	8,2	7,8
Excl. items affecting comparability, %	15,0	13,7	-	-	12,7	12,0	-	-	8,6	8,2

¹ Adjusted for currency translation effects. ² Last twelve months rolling

- Lower sales due to decline in Consumer Brands North America
- Operational improvements delivering according to plan
- Operating income increased to SEK 1,729m (1,675)
 - Currency headwind around SEK -170m
- Improved margins
- Operating cash flow for first six months improved to SEK 707m (126)



Husqvarna Division Q2 2016

SEKm	Q2 2016	Q2 2015	% change, Q		Jan-Jun 2016	Jan-Jun 2015	% change, 6M		LTM ²	FY 2015
			As reported	Adjusted ¹			As reported	Adjusted ¹		
Net sales	5,721	5,727	0	3	11,178	11,069	1	3	17,733	17,624
Operating income	1,031	1,001	3	4	1,875	1,898	-1	0	2,210	2,233
Excl. items affecting comparability	1,031	1,001	3	4	1,875	1,898	-1	0	2,261	2,284
Operating margin, %	18.0	17.5	-	-	16.8	17.1	-	-	12.5	12.7
Excl. items affecting comparability, %	18.0	17.5	-	-	16.8	17.1	-	-	12.8	13.0

¹ Adjusted for currency translation effects. ² Last twelve months rolling

- Increased sales
 - Good growth in EMEA balancing weaker demand in North America
 - Continued strong growth for robotic mowers

- Operational improvements continue
 - Favorable volume and mix impact
 - Additional costs due to investments in growth initiatives
 - Negative currency impact around SEK -100m



Gardena Division Q2 2016

SEKm	Q2 2016	Q2 2015	% change, Q		Jan-Jun 2016	Jan-Jun 2015	% change, 6M		LTM ²	FY 2015
			As reported	Adjusted ¹			As reported	Adjusted ¹		
Net sales	1,995	1,795	11	13	3,513	3,114	13	15	5,068	4,669
Operating income	449	397	13	14	675	601	12	13	660	586
Excl. items affecting comparability	449	397	13	14	675	601	12	13	665	591
Operating margin, %	22.5	22.1	-	-	19.2	19.3	-	-	13.0	12.5
Excl. items affecting comparability, %	22.5	22.1	-	-	19.2	19.3	-	-	13.1	12.7

¹ Adjusted for currency translation effects. ² Last twelve months rolling

- Growth benefitted from channel expansion as well as new product introductions
- Good growth in robotic mowers and launch of Smart Garden concept
- Higher operating income and margin, partly offset by
 - Negative currency effects of around SEK -30m
 - Investments in growth initiatives



Consumer Brands Q2 2016

SEKm	Q2 2016	Q2 2015	% change, Q		Jan-Jun 2016	Jan-Jun 2015	% change, 6M		LTM ²	FY 2015
			As reported	Adjusted ¹			As reported	Adjusted ¹		
Net sales	2,682	3,643	-26	-24	6,101	6,986	-13	-11	9,051	9,936
Operating income	147	178	-17	-12	211	167	26	40	-103	-147
Excl. items affecting comparability	147	178	-17	-12	211	167	26	40	-76	-120
Operating margin, %	5.5	4.9	-	-	3.5	2.4	-	-	-1.1	-1.5
Excl. items affecting comparability, %	5.5	4.9	-	-	3.5	2.4	-	-	-0.8	-1.2

¹ Adjusted for currency translation effects. ² Last twelve months rolling

- Sharp decline in sales
 - Lower demand due to unfavorable weather during peak season in North America
 - Value before revenue strategy
- Turnaround activities proceeding according to plan
- Operating income affected by the lower sales volume and negative currency effects of around SEK -65m
- Operating margin improved to 5.5% (4.9)

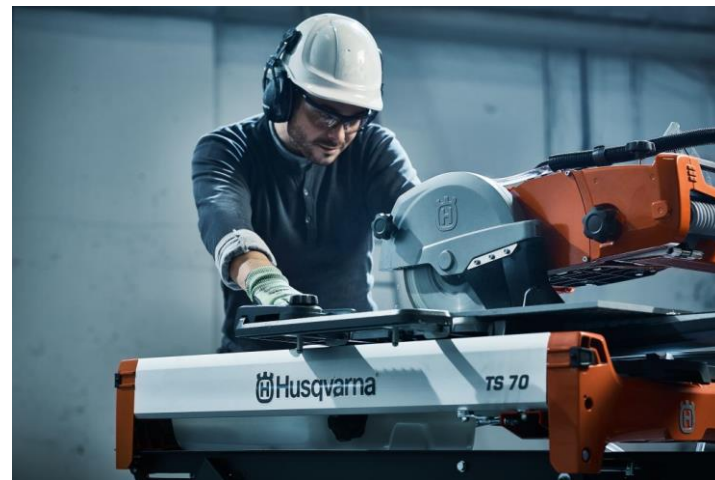


Construction Division Q2 2016

SEKm	Q2 2016	Q2 2015	% change, Q		Jan-Jun 2016	Jan-Jun 2015	% change, 6M		LTM ²	FY 2015
			As reported	Adjusted ¹			As reported	Adjusted ¹		
Net sales	1,106	1,098	1	4	2,073	2,022	3	5	3,992	3,941
Operating income	179	160	12	15	268	234	15	17	429	395
Excl. items affecting comparability	179	160	12	15	268	234	15	17	499	465
<i>Operating margin, %</i>	16.2	14.6	-	-	12.9	11.6	-	-	10.7	10.0
<i> Excl. items affecting comparability, %</i>	16.2	14.6	-	-	12.9	11.6	-	-	12.5	11.8

¹ Adjusted for currency translation effects. ² Last twelve months rolling

- Continued growth, driven primarily by the North American market
- Weakness in stone industry
- Increased operating income and margin
 - Higher sales volume
 - Positive currency effects
 - Negative impact from weakness in the stone industry



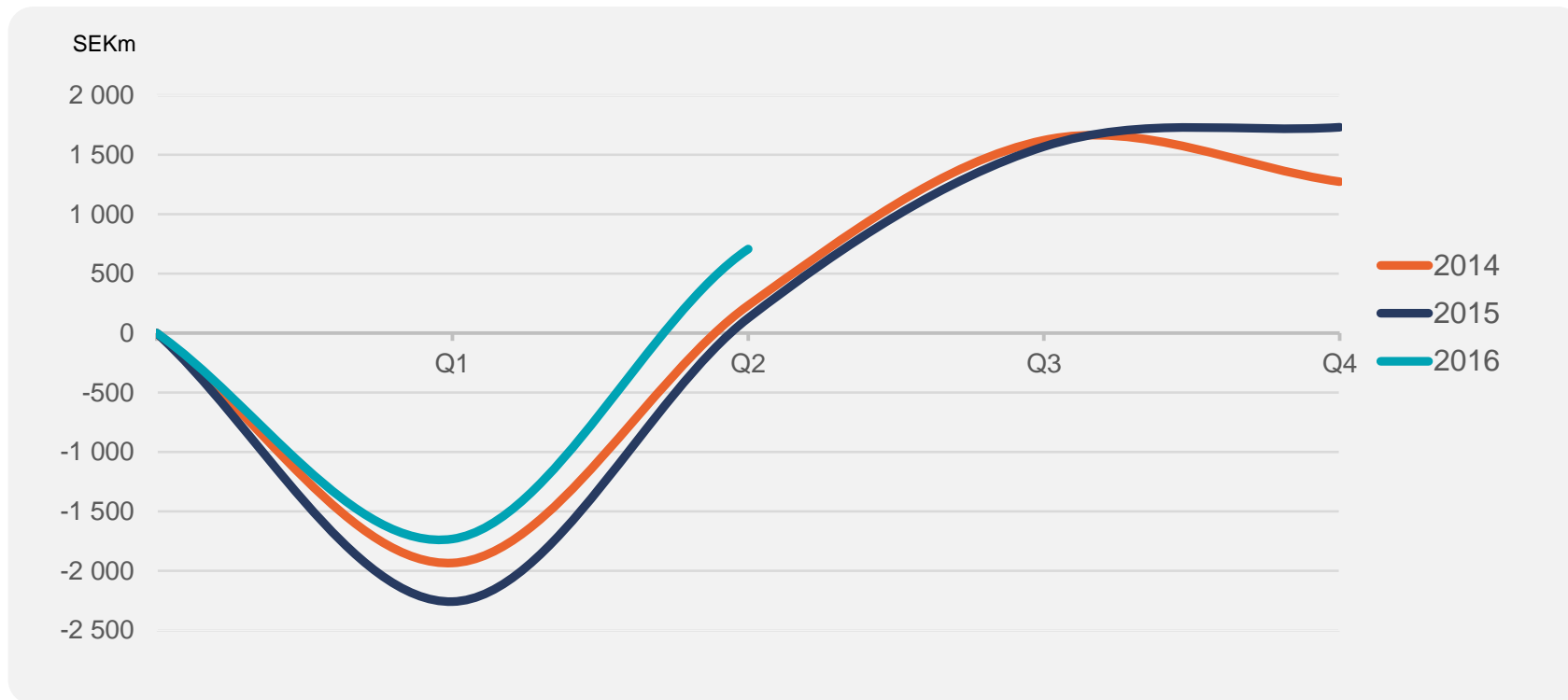
Consolidated income statement

SEKm	Q2 2016	Q2 2015	Jan-Jun 2016	Jan-Jun 2015	FY 2015
Net sales	11,504	12,263	22,865	23,191	36,170
Cost of goods sold	-7,567	-8,446	-15,766	-16,398	-25,996
Gross income	3,937	3,817	7,099	6,793	10,174
<i>Gross margin, %</i>	34.2	31.1	31.0	29.3	28.1
Selling expenses	-1,803	-1,718	-3,349	-3,185	-5,833
Administrative expenses	-404	-424	-855	-821	-1,532
Other operating income/expense	-1	0	0	0	18
Operating income¹	1,729	1,675	2,895	2,787	2,827
<i>Operating margin, %</i>	15.0	13.7	12.7	12.0	7.8
Whereof items affecting comparability	-	-	-	-	-153
Operating income¹, excl. items affecting comparability	1,729	1,675	2,895	2,787	2,980
<i>Operating margin, % excl. items affecting comparability</i>	15.0	13.7	12.7	12.0	8.2
Financial items, net	-72	-139	-214	-194	-344
Income after financial items	1,657	1,536	2,681	2,593	2,483
<i>Margin, %</i>	14.4	12.5	11.7	11.2	6.9
Income tax	-398	-393	-661	-662	-595
Income for the period	1,259	1,143	2,020	1,931	1,888
Diluted earnings per share, SEK	2.19	1.98	3.51	3.35	3.28
¹ <i>Of which depreciation, amortization and impairment</i>	275	277	555	538	1,153

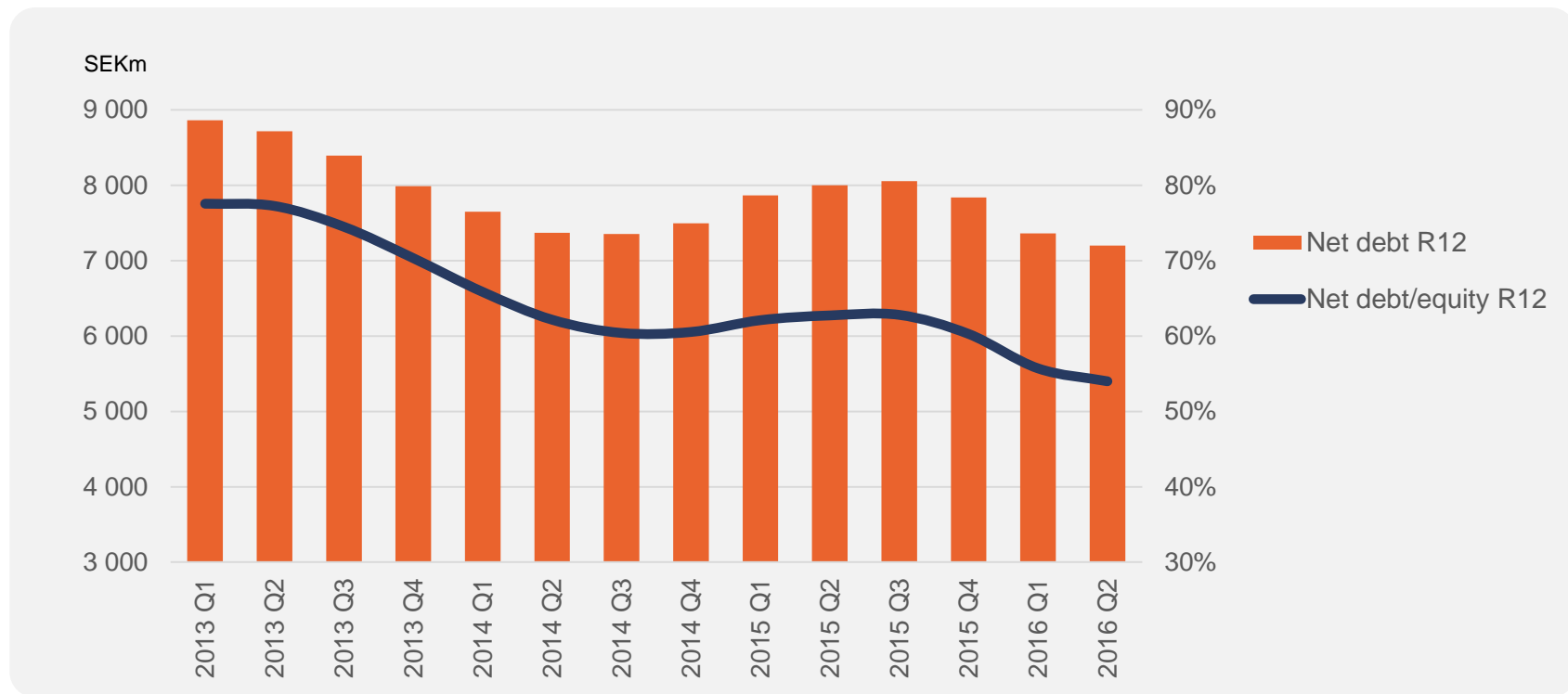
Consolidated balance sheet

SEKm	Jun. 30 2016	Jun. 30 2015	Dec. 31 2015
Non-current assets	16,221	15,867	15,749
Inventories	7,816	7,874	7,874
Trade receivables	6,845	6,688	3,126
Other current assets	730	591	952
Liquid funds	2,453	2,248	1,968
Total assets	34,065	33,268	29,669
Total equity	13,857	12,961	13,061
Interest-bearing liabilities	8,040	8,638	6,952
Provisions for pensions	1,951	1,756	1,425
Other provisions	3,237	2,816	2,953
Trade payables	3,886	4,103	3,077
Other current liabilities	3,094	2,994	2,201
Total equity and liabilities	34,065	33,268	29,669

Operating cash flow



Net debt / equity rolling 12 months



Key data, Group

	Q2 2016	Q2 2015	Jan-Jun 2016	Jan-Jun 2015	Full-year 2015
Net sales, SEKm	11,504	12,263	22,865	23,191	36,170
<i>Net sales growth, %</i>	-6	11	-1	12	10
<i>Gross margin, %</i>	34.2	31.1	31.0	29.3	28.1
Operating income, SEKm	1,729	1,675	2,895	2,787	2,827
<i>Excl. items affecting comparability</i>	1,729	1,675	2,895	2,787	2,980
<i>Operating margin, %</i>	15.0	13.7	12.7	12.0	7.8
<i>Excl. items affecting comparability</i>	15.0	13.7	12.7	12.0	8.2
Operating working capital, SEKm	-	-	10,775	10,459	7,923
<i>Return on capital employed, %</i>	-	-	13.0	9.6	12.4
<i>Excl. items affecting comparability</i>	-	-	13.6	12.8	13.1
<i>Return on equity, %</i>	-	-	14.8	9.2	14.6
<i>Excl. items affecting comparability</i>	-	-	15.6	14.7	15.5
Earnings per share after dilution, SEK	2.19	1.98	3.51	3.35	3.28
Capital turn-over rate, times	-	-	1.7	1.7	1.7
Operating cash flow, SEKm	2,444	2,385	707	126	1,732
Net debt/equity ratio	-	-	0.54	0.63	0.49
Capital expenditure, SEKm	321	365	632	608	1,388
Average number of employees	13,139	15,295	13,606	14,693	13,572

Group summary, Q2 2016

- Continued trend of improved result and margin
- Consumer Brands' turn-around according to plan, however North America impacted by unfavorable weather
- Operational improvements on track, creating funds for growth investments and mitigating currency impact
- Operating income rose to SEK 1,729m (1,675), incl. negative currency impact of SEK -170m
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The priority for the Group during the remainder of the year will be to offset the currency headwind and finance the profitable growth initiatives by operational improvements.



**Husqvarna
Group**

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