

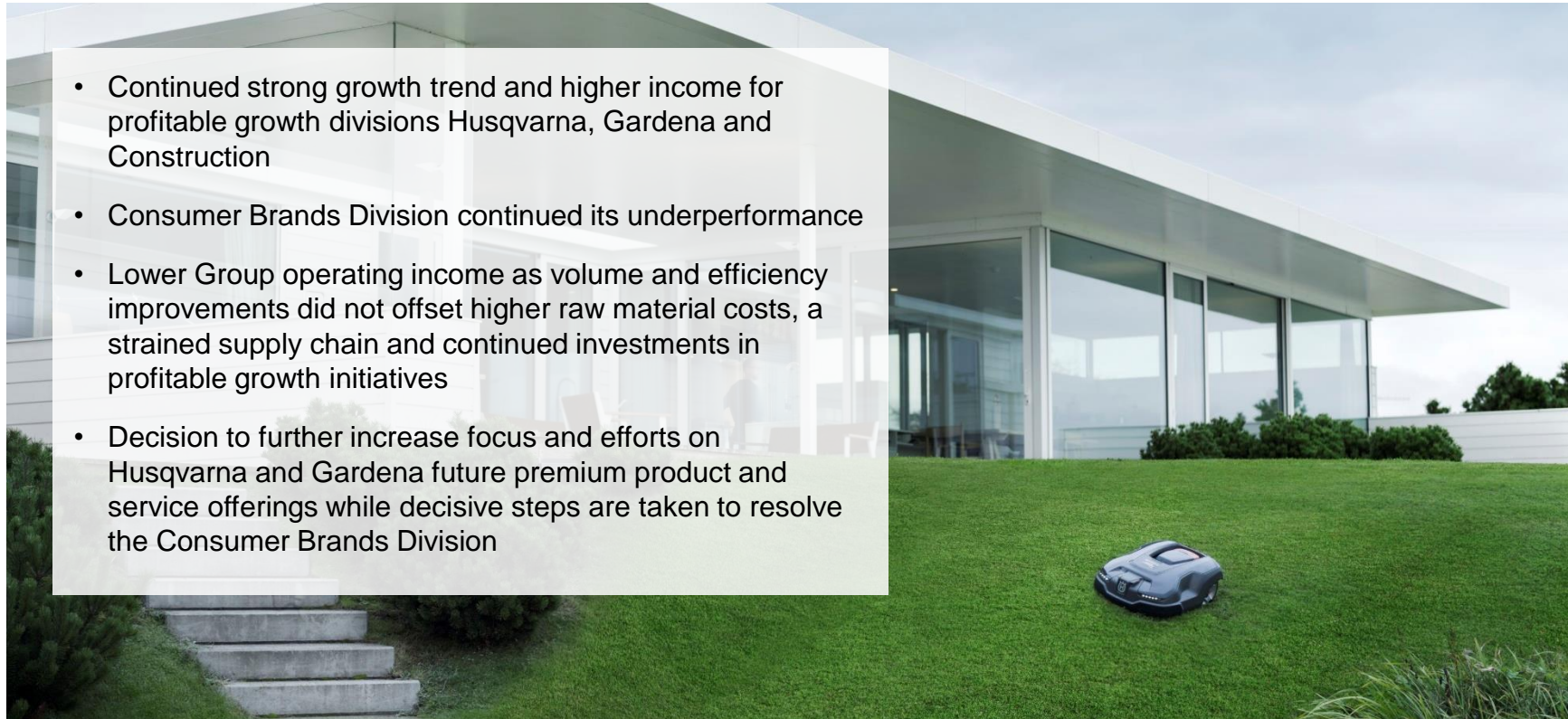


Q2 2018 results presentation

2018-07-17

Summary, second quarter 2018

- Continued strong growth trend and higher income for profitable growth divisions Husqvarna, Gardena and Construction
- Consumer Brands Division continued its underperformance
- Lower Group operating income as volume and efficiency improvements did not offset higher raw material costs, a strained supply chain and continued investments in profitable growth initiatives
- Decision to further increase focus and efforts on Husqvarna and Gardena future premium product and service offerings while decisive steps are taken to resolve the Consumer Brands Division

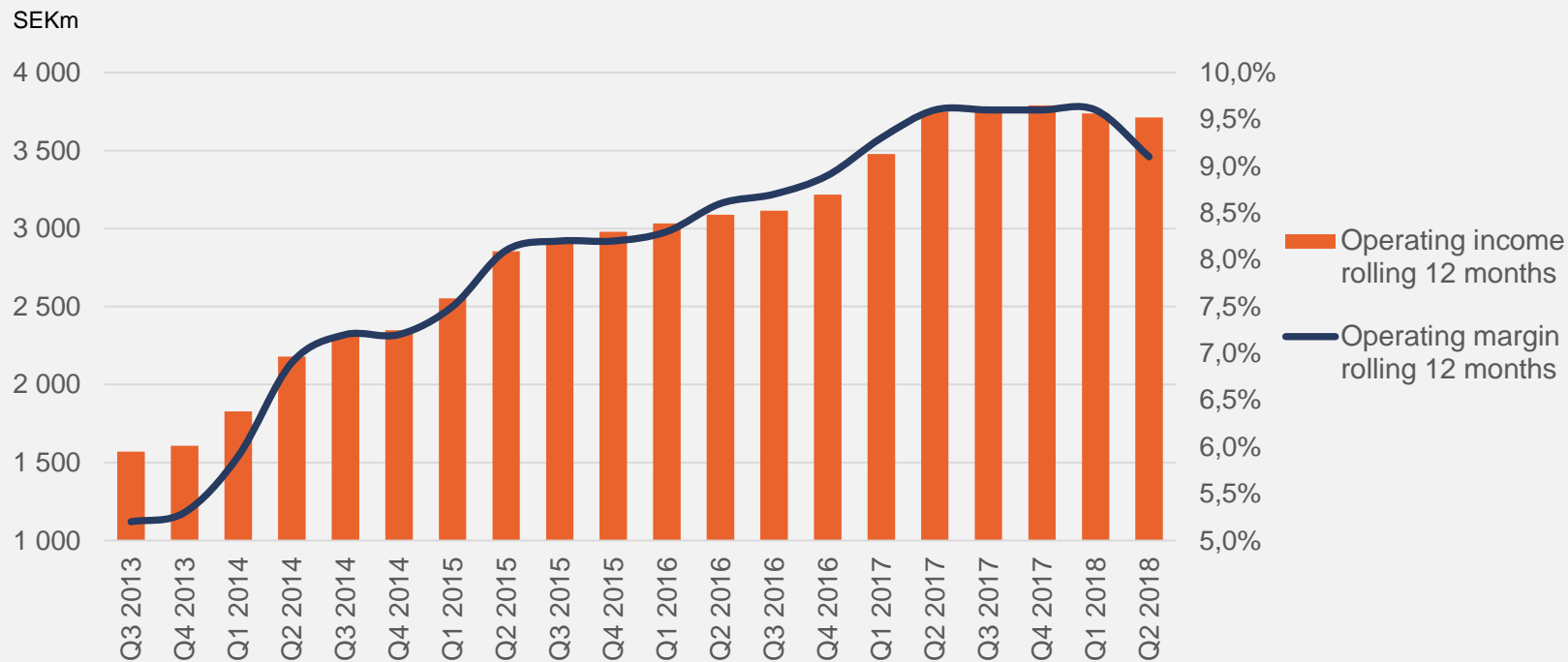


Increased focus on Husqvarna and Gardena, restructuring of Consumer Brands

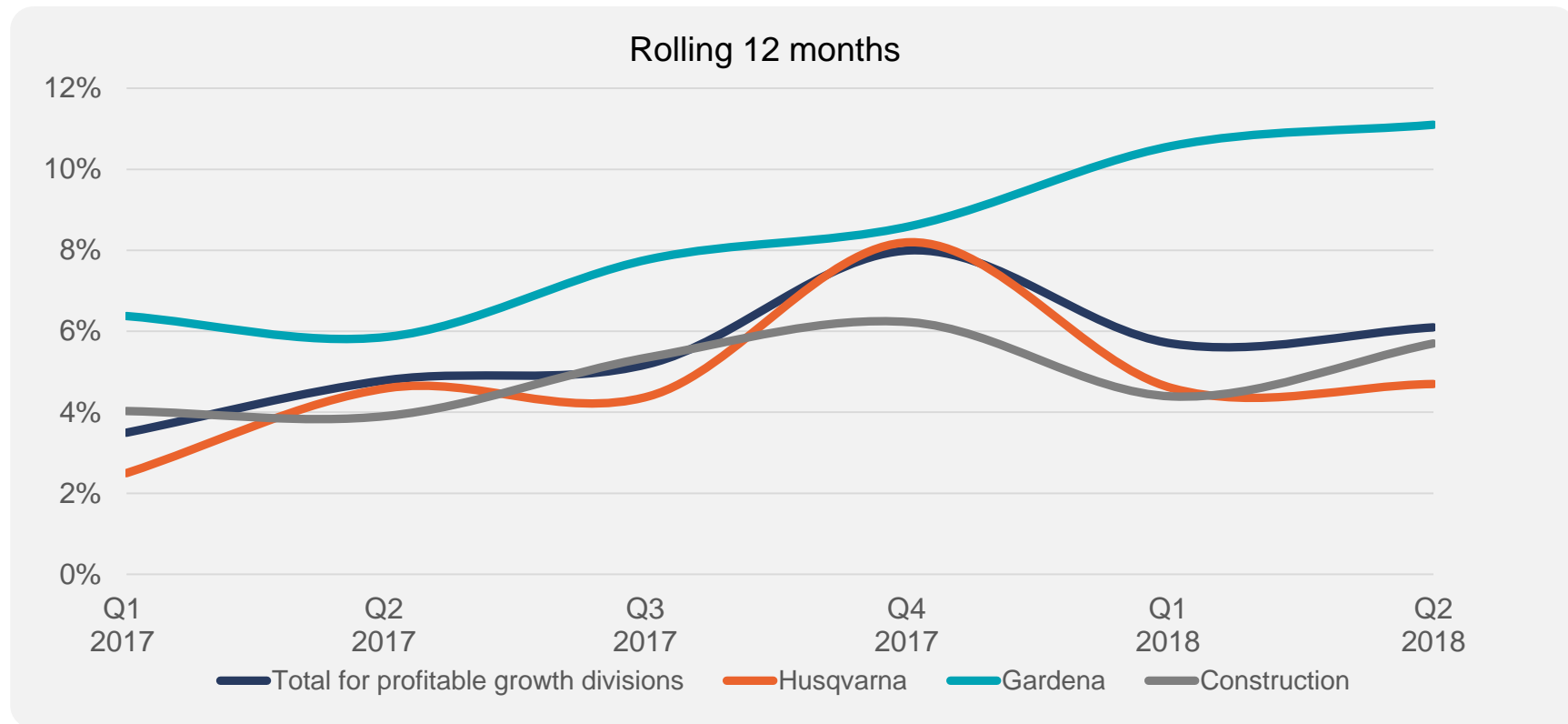
- Future focus to be concentrated on Husqvarna and Gardena brands, resulting in
 - Relocation of resources towards offerings with greatest future customer value and potential for growth and profitability at the same time
 - Providing lower complexity
- Two step exit of certain non-core low/opening price point consumer product segments and brands
 - First step in 2019 close to SEK 2bn net sales impact, second step 2020 under review
- Consequently, the remainder of Consumer Brands Division will be dissolved
 - North American operation into the Husqvarna Division
 - European/Asian operation into the Gardena Division
- Associated impacts on supply chain, brand portfolio, one-off cash and non-cash impact etc, are being reviewed



Group results development



Profitable growth divisions - organic growth



Financial highlights

SEKm	Q2 2018	Q2 2017	Change, %	Jan-Jun 2018	Jan-Jun 2017	Change, %	LTM ¹	FY 2017
Net sales	14,270	13,069	9	26,573	25,815	3	40,152	39,394
<i>Currency adjusted change, %</i>	7	8	-	3	8	-	-	7
<i>Gross margin, %</i>	30.1	31.8	-	29.5	29.7	-	29.0	29.1
Operating income	1,925	2,002	-4	3,298	3,427	-4	3,661	3,790
<i>Operating margin, %</i>	13.5	15.3	-	12.4	13.3	-	9.1	9.6

¹ Last twelve months.

- Good demand in Q2 following the late spring
- Volume and efficiency improvement did not manage to offset higher raw material costs and a strained supply chain
- Continued investments in profitable growth initiatives
- Favorable currency impact
- Operating income slightly below prior year



Husqvarna Division

SEKm	Q2 2018	Q2 2017	Change, %	Jan-Jun 2018	Jan-Jun 2017	As reported	LTM ¹	FY 2017
Net sales	6,719	6,164	9	12,768	12,300	4	19,677	19,209
<i>Currency adjusted change, %</i>	6	5	-	3	8	-	-	8
Operating income	1,201	1,180	2	2,271	2,212	3	2,786	2,727
<i>Operating margin, %</i>	17.9	19.1	-	17.8	18.0	-	14.2	14.2

¹ Last twelve months.

- Growth in Europe and the U.S. following the late start of the season
- Continued growth for robotic lawn mowers and other battery-powered products
- Slightly higher operating income, however margin lower
 - Volume growth impacted positively while product mix and costs for investments in profitable growth initiatives impacted negatively
 - Favorable currency impact



Gardena Division

SEKm	Q2 2018	Q2 2017	Change, %	Jan-Jun 2018	Jan-Jun 2017	As reported	LTM ¹	FY 2017
Net sales	2,770	2,326	19	4,829	4,041	20	6,418	5,630
<i>Currency adjusted change, %</i>	12	11	-	14	10	-	-	9
Operating income	585	565	4	886	816	9	776	706
<i>Operating margin, %</i>	21.1	24.3	-	18.3	20.2	-	12.1	12.5

¹ Last twelve months.

- Favorable warm and dry weather for watering products
- Geographic expansion and new products continue to yield strong sales growth
- Slightly higher operating income, but lower margin compared to the strong Q2 prior year
 - Sales volume impact partly offset by geography and product mix, a strained supply chain and investments in growth initiatives
 - Favorable currency impact



Consumer Brands Division

SEKm	Q2 2018	Q2 2017	Change, %	Jan-Jun 2018	Jan-Jun 2017	Change, %	LTM¹	FY 2016
Net sales	3,183	3,237	-2	6,042	6,934	-13	8,641	9,533
<i>Currency adjusted change, %</i>	-2	9	-	-10	2	-	-	-1
Operating income	-37	86	n/a	-100	154	n/a	-306	-52
<i>Operating margin, %</i>	-1.1	2.7	-	-1.7	2.2	-	-3.5	-0.5

¹ Last twelve months.

- Sales slightly lower, despite scale-back of a major U.S. retail account in 2018
- Operating income impacted by raw material price increases and a continued challenging U.S. retail market environment
- Announcement to restructure Consumer Brands and dissolve it into Husqvarna and Gardena divisions
 - Reported as separate division until year-end



Construction Division

SEKm	Q2 2018	Q2 2017	Change, %	Jan-Jun 2018	Jan-Jun 2017	Change, %	LTM ¹	FY 2017
Net sales	1,590	1,341	19	2,918	2,538	15	5,395	5,015
<i>Currency adjusted change, %</i>	16	16	-	16	17	-	-	21
Operating income	251	233	8	409	374	9	684	649
<i>Operating margin, %</i>	15.8	17.4	-	14.0	14.7	-	12.7	12.9

¹ Last twelve months.

- 16% currency adjusted growth, whereof 8% organic
- Good development in all regions, particularly for dust & slurry
- Favorable sales volume impact, partly offset by unfavorable mix as well as costs for finalizing the integration of the Light Compaction and Concrete Equipment business acquired in February



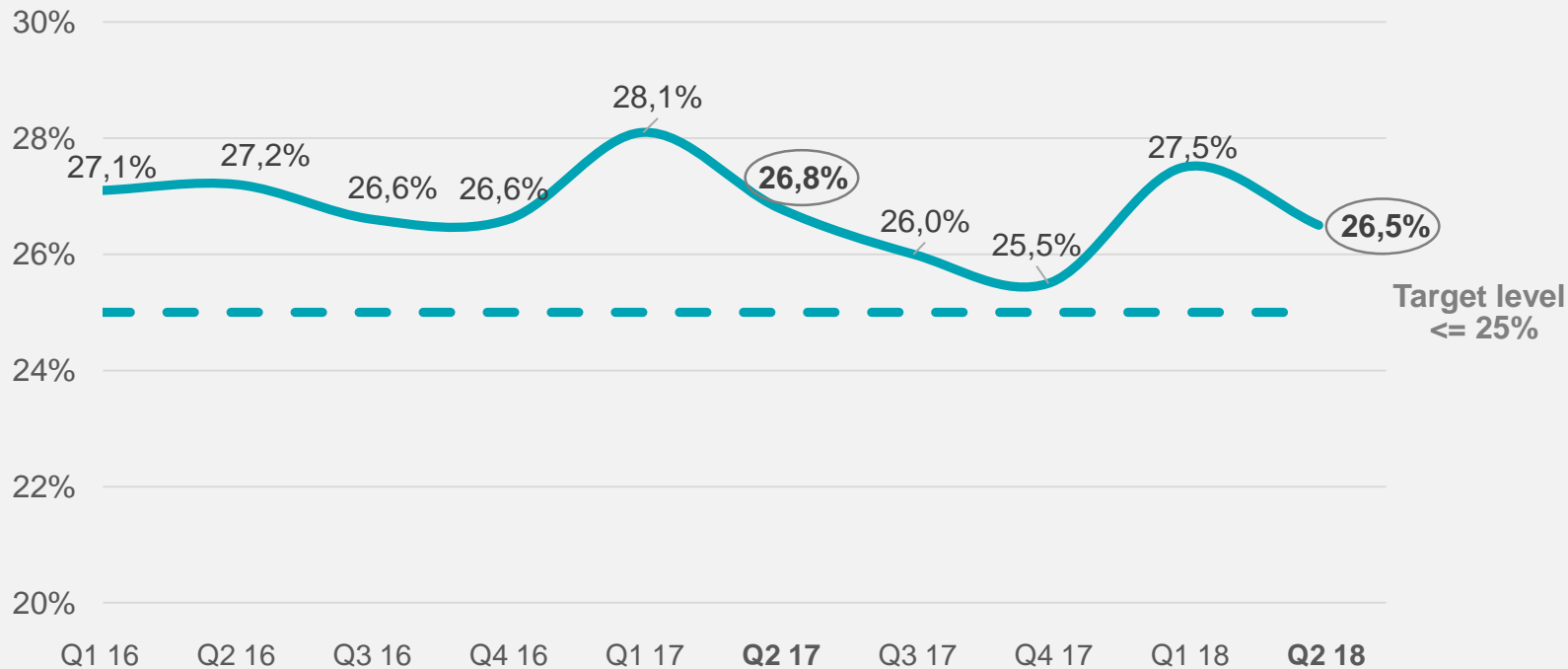
Consolidated income statement

SEKm	Q2 2018	Q2 2017	Jan-Jun 2018	Jan-Jun 2017	Full-year 2017
Net sales	14,270	13,069	26,573	25,815	39,394
Cost of goods sold	-9,981	-8,918	-18,737	-18,152	-27,922
Gross income	4,289	4,151	7,836	7,663	11,472
<i>Gross margin, %</i>	30.1	31.8	29.5	29.7	29.1
Selling expenses	-1,838	-1,694	-3,505	-3,294	-5,870
Administrative expenses	-570	-458	-1,076	-947	-1,879
Other operating income/expense	44	3	43	5	67
Operating income ¹	1,925	2,002	3,298	3,427	3,790
<i>Operating margin, %</i>	13.5	15.3	12.4	13.3	9.6
Financial items, net	-130	-123	-267	-261	-500
Income after financial items	1,795	1,879	3,031	3,166	3,290
<i>Margin, %</i>	12.6	14.4	11.4	12.3	8.4
Income tax	-415	-478	-711	-777	-630
Income for the period	1,380	1,401	2,320	2,389	2,660
Earnings per share after dilution, SEK	2.41	2.43	4.05	4.15	4.62
¹ <i>Of which depreciation, amortization and impairment</i>	378	348	721	675	1,315

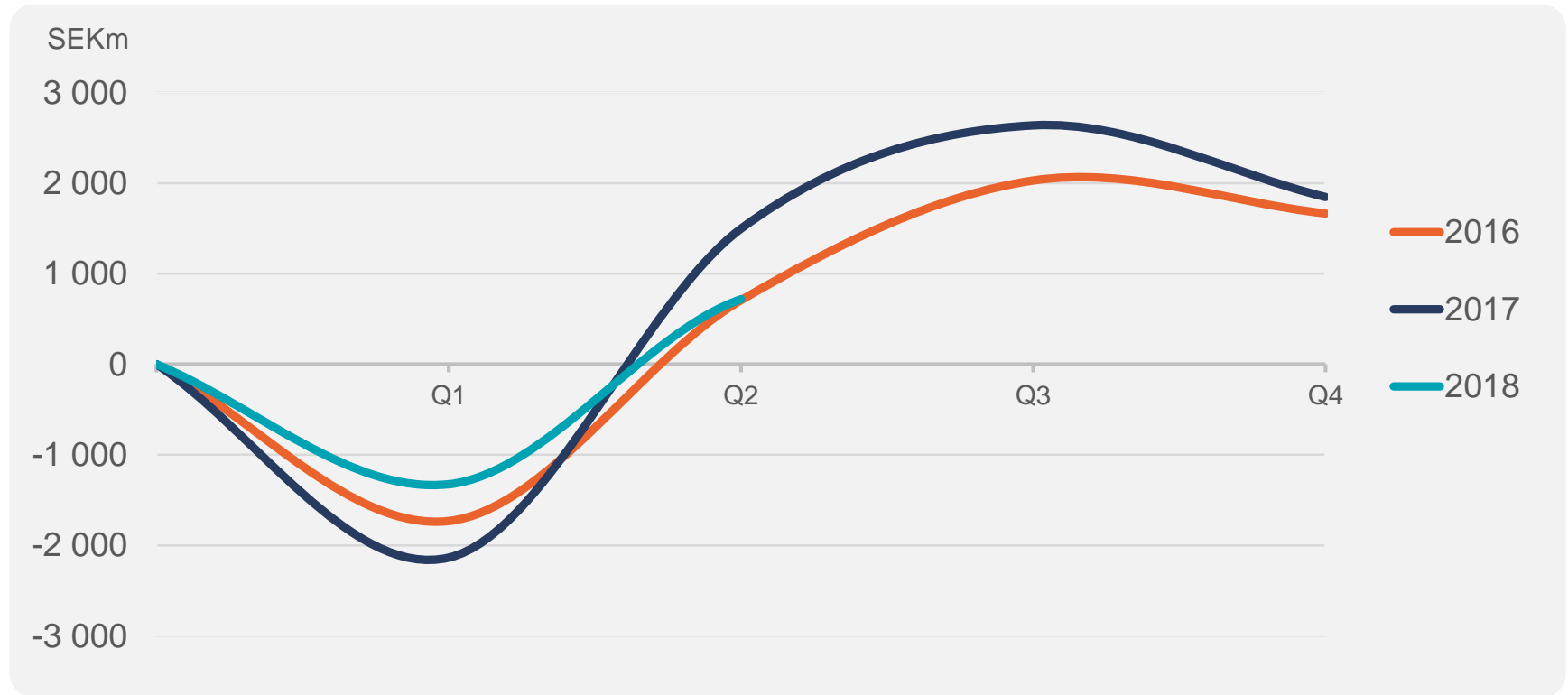
Consolidated balance sheet

SEKm	June 30, 2018	June 30, 2017	Dec. 31, 2017
Non-current assets	20,754	18,504	19,291
Inventories	9,434	8,116	9,522
Trade receivables	8,107	7,149	3,407
Other current assets	913	923	1,008
Liquid funds	3,226	3,255	2,190
Total assets	42,434	37,947	35,418
Total equity	17,278	15,523	15,667
Interest-bearing liabilities	9,861	9,056	8,039
Provisions for pensions	1,874	1,841	1,818
Other provisions	2,946	3,232	2,994
Trade payables	5,472	4,497	4,098
Other current liabilities	5,003	3,798	2,802
Total equity and liabilities	42,434	37,947	35,418

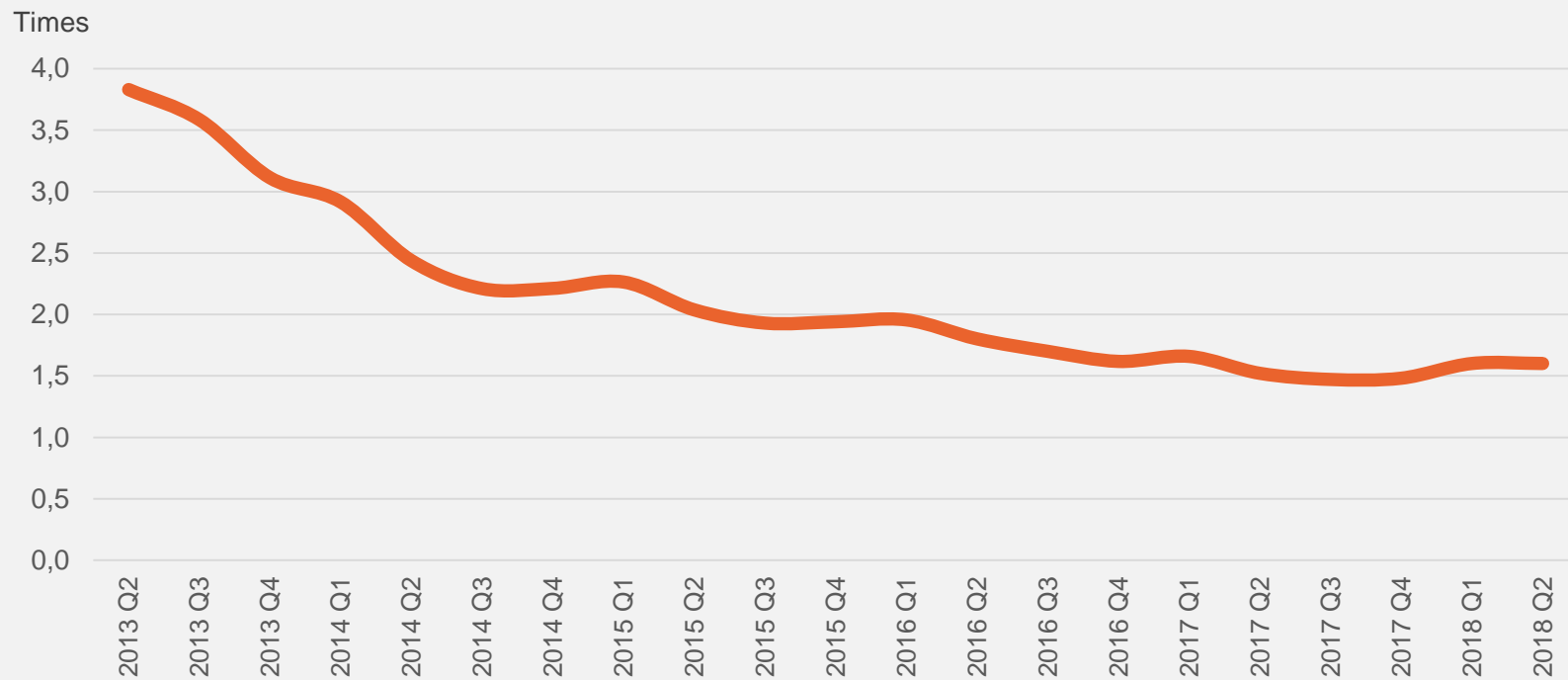
Operating working capital / net sales



Operating cash flow



Net debt / EBITDA

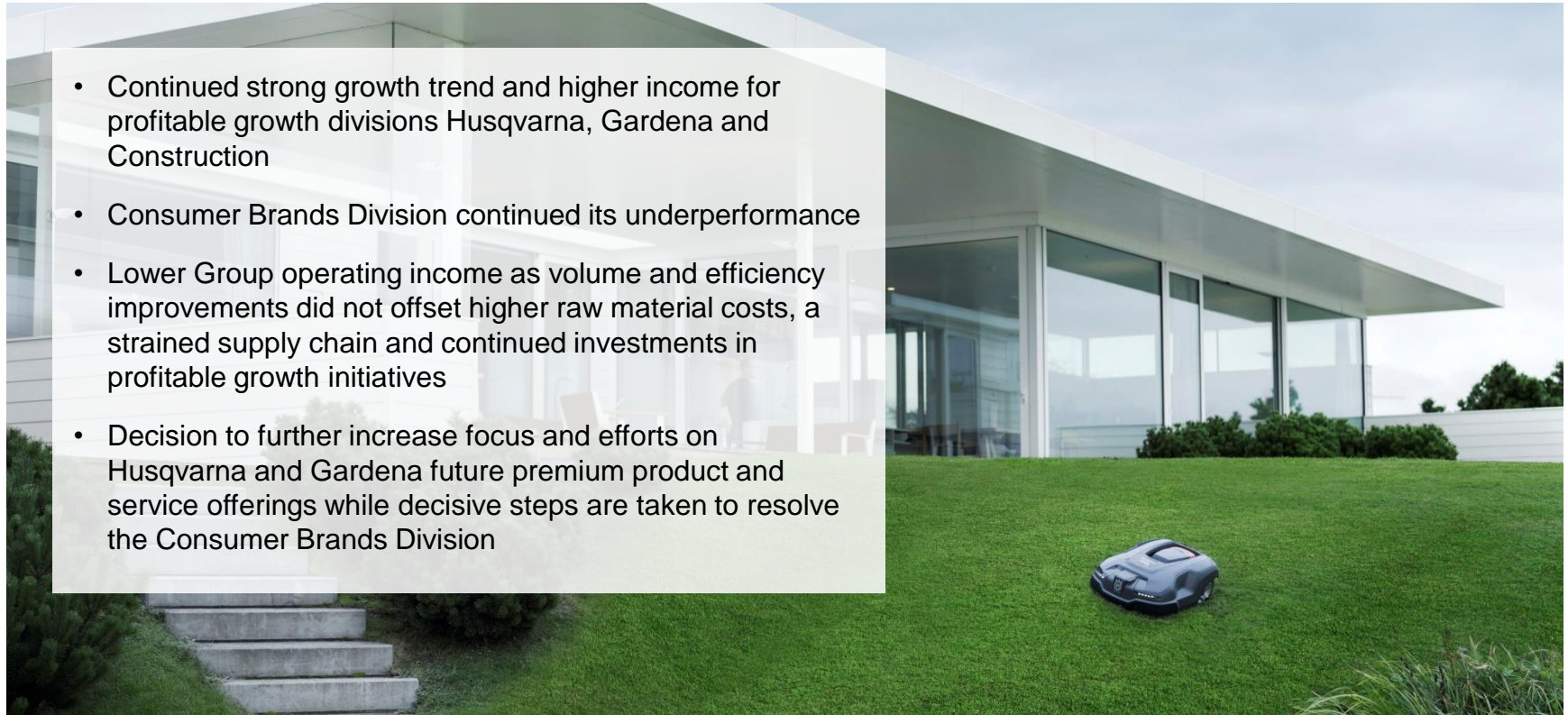


Key data, Group

	Q2 2018	Q2 2017	Jan-Jun 2018	Jan-Jun 2017	Full-year 2017
Net sales, SEKm	14,270	13,069	26,573	25,815	39,394
<i>Net sales growth, %</i>	9	14	3	13	9
<i>Gross margin, %</i>	30.1	31.8	29.5	29.7	29.1
Operating income, SEKm	1,925	2,002	3,298	3,427	3,790
<i>Operating margin, %</i>	13.5	15.3	12.4	13.3	9.6
Operating working capital, SEKm	-	-	12,069	10,768	8,831
<i>Return on capital employed, %</i>	-	-	13.4	15.1	14.7
<i>Return on equity, %</i>	-	-	16.0	16.8	17.4
Earnings per share after dilution, SEK	2.41	2.43	4.05	4.15	4.62
Capital turn-over rate, times	-	-	1.7	1.7	1.7
Operating cash flow, SEKm	2,059	3,634	733	1,497	1,847
Net debt/equity ratio	-	-	0.51	0.49	0.46
Capital expenditure, SEKm	-501	-392	-940	-736	-1,892
Average number of employees	13,943	13,618	13,672	13,770	13,252

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**Husqvarna
Group**

www.husqvarnagroup.com