

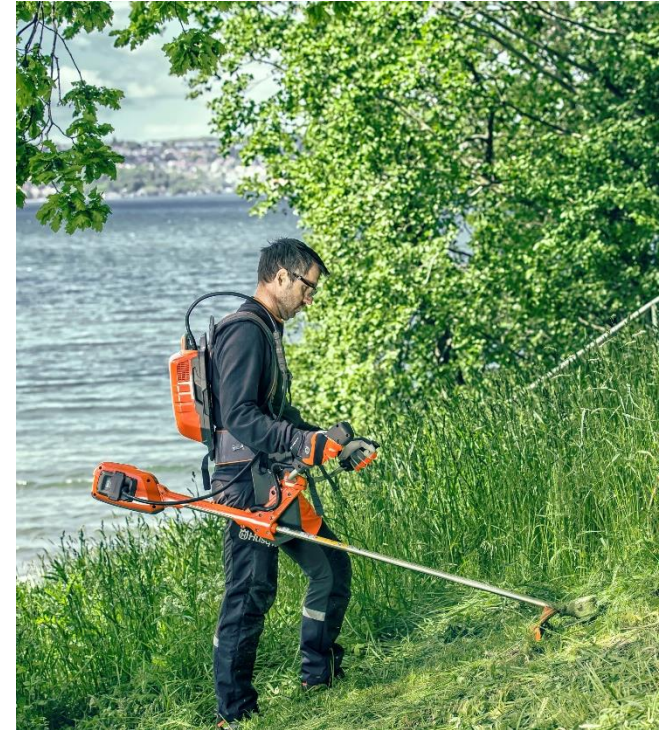


# Q3 2016 results presentation

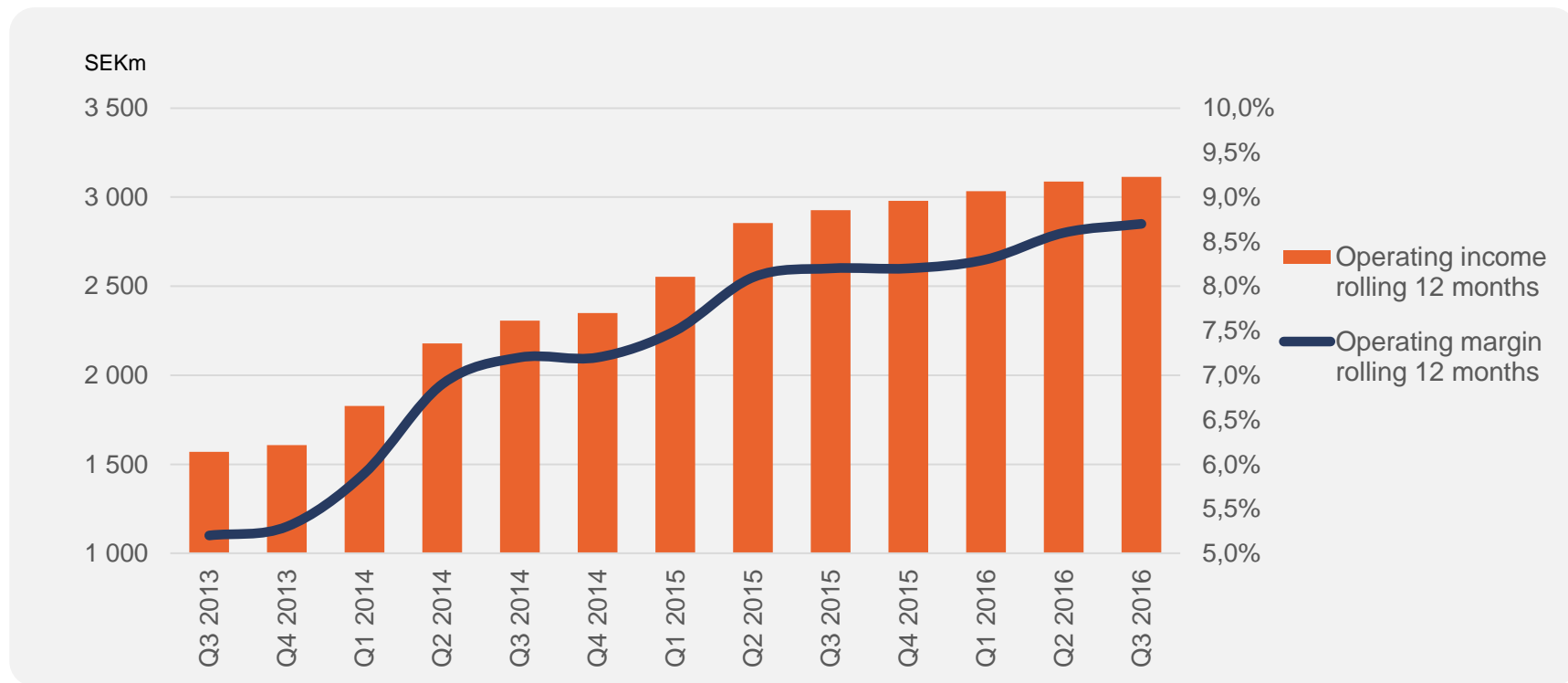
2016-10-20

# Group summary, Q3 2016

- Continued trend of improved performance in Q3 driven by operational improvements
  - Operating income up 6% to SEK 431m
  - Operating margin increased 0.4 p.p. to 5.9%
- Higher year-to-date EBIT despite SEK ~450m of unfavorable currency impact and additional costs for profitable growth activities
- Strong season for prioritized growth areas such as robotic mowers, other battery powered products and the Smart Garden concept
- New financial targets reflecting increased focus on profitable growth



# Group results development rolling 12



# Financial highlights Q3 2016, Group

SEKm	Q3 2016	Q3 2015	% change, Q		Jan-Sep 2016	Jan-Sep 2015	% change, 9M		LTM <sup>2</sup>	FY 2015
			As reported	Adjusted <sup>1</sup>			As reported	Adjusted <sup>1</sup>		
Net sales	7 349	7 307	1	-1	30 214	30 498	-1	0	35 886	36 170
Gross margin, %	31,2	28,4	-	-	31,1	29,1	-	-	29,8	28,1
Operating income	431	405	6	2	3 326	3 192	4	5	2 961	2 827
Excl. items affecting comparability	431	405	6	2	3 326	3 192	4	5	3 114	2 980
Operating margin, %	5,9	5,5	-	-	11,0	10,5	-	-	8,3	7,8
Excl. items affecting comparability, %	5,9	5,5	-	-	11,0	10,5	-	-	8,7	8,2

<sup>1</sup> Adjusted for currency translation effects. <sup>2</sup> Last twelve months rolling

- Divisions in profitable growth mode\* grew 2.1% Q3 and 4.7% YTD
- Higher operating income
  - Favorable mix and efficiency improvements
  - Costs for profitable growth initiatives
  - Unfavorable FX impact
- Gross and EBIT margin improvement



# Husqvarna Division Q3 2016

SEK <sup>m</sup>	Q3 2016	Q3 2015	% change, Q		Jan-Sep 2016	Jan-Sep 2015	% change, 9M		LTM <sup>2</sup>	FY 2015
			As reported	Adjusted <sup>1</sup>			As reported	Adjusted <sup>1</sup>		
Net sales	3 752	3 519	7	5	14 930	14 588	2	4	17 966	17 624
Operating income	368	321	14	11	2 243	2 219	1	1	2 257	2 233
Excl. items affecting comparability	368	321	14	11	2 243	2 219	1	1	2 308	2 284
Operating margin, %	9,8	9,1	-	-	15,0	15,2	-	-	12,6	12,7
Excl. items affecting comparability, %	9,8	9,1	-	-	15,0	15,2	-	-	12,8	13,0

<sup>1</sup> Adjusted for currency translation effects. <sup>2</sup> Last twelve months rolling

- Growth driven by European market
- Launch of X-cut saw-chain in select markets
- Higher EBIT and margin coming from the higher sales volume and efficiency improvements
  - Higher cost level due to profitable growth initiatives
- Currency impact remains unfavorable



# Gardena Division Q3 2016

SEK <sup>m</sup>	Q3 2016	Q3 2015	% change, Q		Jan-Sep 2016	Jan-Sep 2015	% change, 9M		LTM <sup>2</sup>	FY 2015
			As reported	Adjusted <sup>1</sup>			As reported	Adjusted <sup>1</sup>		
Net sales	1 002	1 060	-5	-6	4 515	4 174	8	9	5 010	4 669
Operating income	50	113	-56	-56	725	714	2	2	597	586
Excl. items affecting comparability	50	113	-56	-56	725	714	2	2	602	591
Operating margin, %	5,0	10,7	-	-	16,1	17,1	-	-	11,9	12,5
Excl. items affecting comparability, %	5,0	10,7	-	-	16,1	17,1	-	-	12,0	12,7

<sup>1</sup> Adjusted for currency translation effects. <sup>2</sup> Last twelve months rolling

- Downturn in the quarter's net sales following prior year's Q3 favorable weather conditions
  - Year-to-date net sales are up 9%
- Successful launch of new hand tools range and innovative fruit collector
- Lower EBIT
  - Sales volume impact
  - Investments in profitable growth initiatives



# Consumer Brands Q3 2016

SEKm	Q3 2016	Q3 2015	% change, Q		Jan-Sep 2016	Jan-Sep 2015	% change, 9M		LTM <sup>2</sup>	FY 2015
			As reported	Adjusted <sup>1</sup>			As reported	Adjusted <sup>1</sup>		
Net sales	1 553	1 708	-9	-10	7 654	8 694	-12	-11	8 896	9 936
Operating income	-80	-119	33	32	131	48	n/a	n/a	-64	-147
Excl. items affecting comparability	-80	-119	33	32	131	48	n/a	n/a	-37	-120
Operating margin, %	-5,2	-7,0	-	-	1,7	0,6	-	-	-0,7	-1,5
Excl. items affecting comparability, %	-5,2	-7,0	-	-	1,7	0,6	-	-	-0,4	-1,2

<sup>1</sup> Adjusted for currency translation effects. <sup>2</sup> Last twelve months rolling

- Initial weak demand somewhat balanced by late rebound
- Improvements in EBIT and margin
  - Despite unfavorable currency impact and sales decline
- Turn-around progressing according to plan
  - Value before volume priority
  - Wide range of cost and efficiency measures

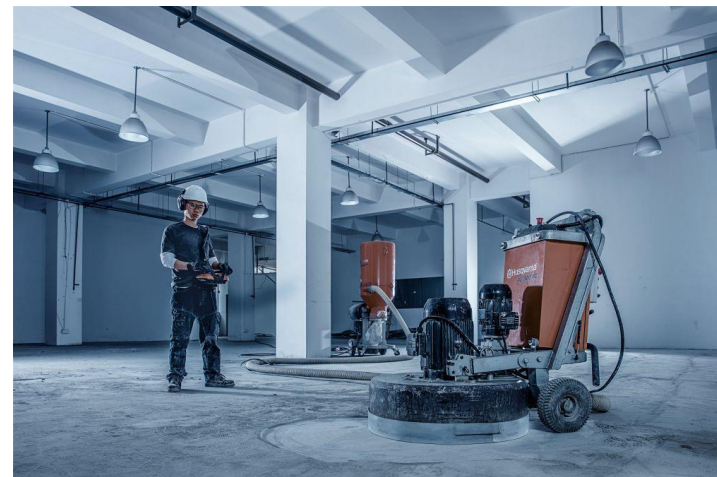


# Construction Division Q3 2016

SEKm	Q3 2016	Q3 2015	% change, Q		Jan-Sep 2016	Jan-Sep 2015	% change, 9M		LTM <sup>2</sup>	FY 2015
			As reported	Adjusted <sup>1</sup>			As reported	Adjusted <sup>1</sup>		
Net sales	1 042	1 020	2	1	3 115	3 042	2	3	4 014	3 941
Operating income	155	144	8	6	423	378	12	13	440	395
Excl. items affecting comparability	155	144	8	6	423	378	12	13	510	465
<i>Operating margin, %</i>	<i>14,9</i>	<i>14,1</i>	-	-	<i>13,6</i>	<i>12,4</i>	-	-	<i>11,0</i>	<i>10,0</i>
<i>Excl. items affecting comparability, %</i>	<i>14,9</i>	<i>14,1</i>	-	-	<i>13,6</i>	<i>12,4</i>	-	-	<i>12,7</i>	<i>11,8</i>

<sup>1</sup> Adjusted for currency translation effects. <sup>2</sup> Last twelve months rolling

- North American construction market remains the growth driver, however somewhat slower pace
- Continued weak global stone industry
- Surface preparation gaining further momentum through DTS acquisition
- Higher operating income and margin
  - Efficiency improvements
  - Profitable growth initiatives





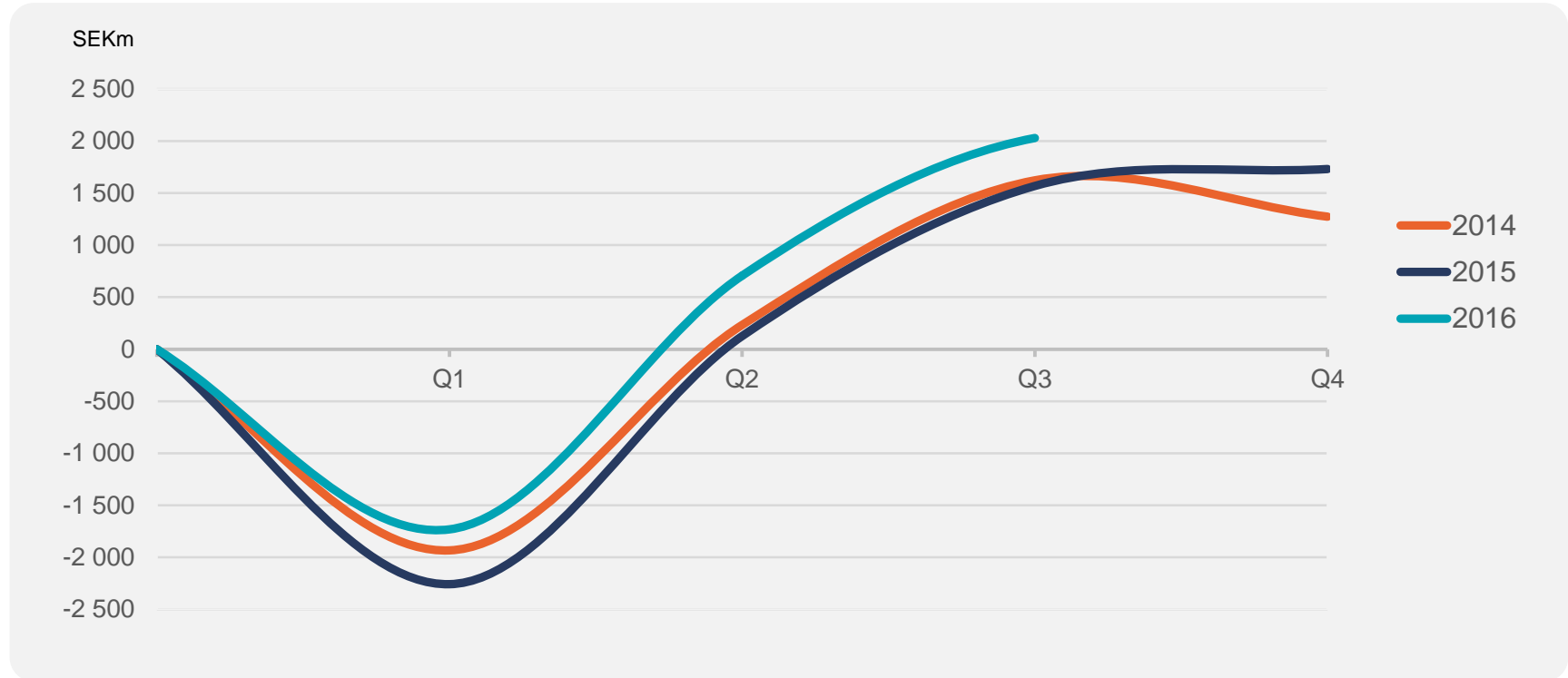
# Consolidated income statement

SEKm	Q3 2016	Q3 2015	Jan-Sep 2016	Jan-Sep 2015	FY 2015
Net sales	7 349	7 307	30 214	30 498	36 170
Cost of goods sold	-5 058	-5 232	-20 824	-21 630	-25 996
<b>Gross income</b>	<b>2 291</b>	<b>2 075</b>	<b>9 390</b>	<b>8 868</b>	<b>10 174</b>
<i>Gross margin, %</i>	31,2	28,4	31,1	29,1	28,1
Selling expenses	-1 438	-1 333	-4 787	-4 518	-5 833
Administrative expenses	-415	-350	-1 270	-1 171	-1 532
Other operating income/expense	-7	13	-7	13	18
<b>Operating income<sup>1</sup></b>	<b>431</b>	<b>405</b>	<b>3 326</b>	<b>3 192</b>	<b>2 827</b>
<i>Operating margin, %</i>	5,9	5,5	11,0	10,5	7,8
Whereof items affecting comparability	-	-	-	-	-153
<b>Operating income<sup>1</sup>, excl. items affecting comparability</b>	<b>431</b>	<b>405</b>	<b>3 326</b>	<b>3 192</b>	<b>2 980</b>
<i>Operating margin, % excl. items affecting comparability</i>	5,9	5,5	11,0	10,5	8,2
Financial items, net	-124	-83	-338	-277	-344
<b>Income after financial items</b>	<b>307</b>	<b>322</b>	<b>2 988</b>	<b>2 915</b>	<b>2 483</b>
<i>Margin, %</i>	4,2	4,4	9,9	9,6	6,9
Income tax	-102	-126	-763	-788	-595
<b>Income for the period</b>	<b>205</b>	<b>196</b>	<b>2 225</b>	<b>2 127</b>	<b>1 888</b>
Diluted earnings per share, SEK	0,36	0,34	3,87	3,69	3,28
<sup>1</sup> Of which depreciation, amortization and impairment	-305	-285	-860	-823	-1 153

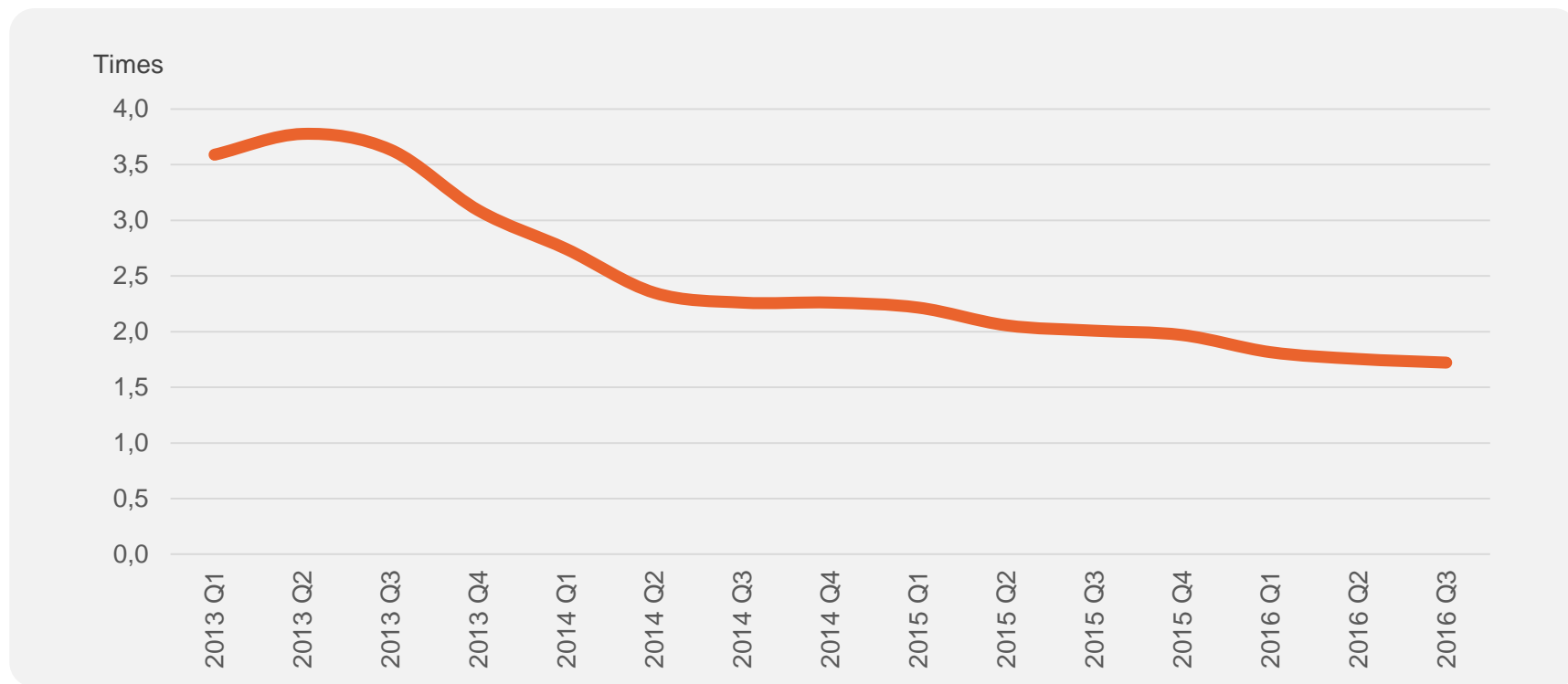
# Consolidated balance sheet

SEKm	Sep. 30 2016	Sep. 30 2015	Dec. 31 2015
Non-current assets	16 589	16 157	15 749
Inventories	7 659	7 188	7 874
Trade receivables	4 475	4 105	3 126
Other current assets	747	660	952
Liquid funds	3 357	2 231	1 968
<b>Total assets</b>	<b>32 827</b>	<b>30 341</b>	<b>29 669</b>
Total equity	14 242	13 229	13 061
Interest-bearing liabilities	7 770	7 151	6 952
Provisions for pensions	2 068	1 746	1 425
Other provisions	3 211	2 736	2 953
Trade payables	2 771	2 659	3 077
Other current liabilities	2 765	2 820	2 201
<b>Total equity and liabilities</b>	<b>32 827</b>	<b>30 341</b>	<b>29 669</b>

# Operating cash flow



# Net debt / EBITDA rolling 12 months



# Key data, Group

	Q3 2016	Q3 2015	Jan-Sep 2016	Jan-Sep 2015	Full-year 2015
Net sales, SEKm	7 349	7 307	30 214	30 498	36 170
<i>Net sales growth, %</i>	0,6	7,7	-1,0	10,8	10,1
Gross margin, %	31,2	28,4	31,1	29,1	28,1
Operating income, SEKm	431	405	3 326	3 192	2 827
<i>Excl. items affecting comparability</i>	431	405	3 326	3 192	2 980
Operating margin, %	5,9	5,5	11,0	10,5	7,8
<i>Excl. items affecting comparability</i>	5,9	5,5	11,0	10,5	8,2
Operating working capital, SEKm	-	-	9 363	8 634	7 923
Return on capital employed, %	-	-	13,0	9,6	12,4
<i>Excl. items affecting comparability</i>	-	-	14,8	12,8	13,1
Return on equity, %	-	-	14,6	9,1	14,6
<i>Excl. items affecting comparability</i>	-	-	15,4	14,4	15,5
Earnings per share after dilution, SEK	0,36	0,34	3,87	3,69	3,28
Capital turn-over rate, times	-	-	1,7	1,7	1,7
Operating cash flow, SEKm	1 323	1 443	2 030	1 569	1 732
Net debt/equity ratio	-	-	0,45	0,50	0,49
Capital expenditure, SEKm	419	339	1 051	947	1 388
Average number of employees	11 668	12 473	12 961	13 886	13 572

# Profitable growth is our next step

- Significant profitability improvement delivered
- Customer focused and empowered organization
  - Three Divisions in profitable growth mode
  - Consumer Brands builds a profitable core
- Profitable growth initiatives launched and financed by efficiency improvements
- Accelerating innovation for future leadership

... then expansion  
& profitable growth



Profitability first...

# Our definition of profitable growth

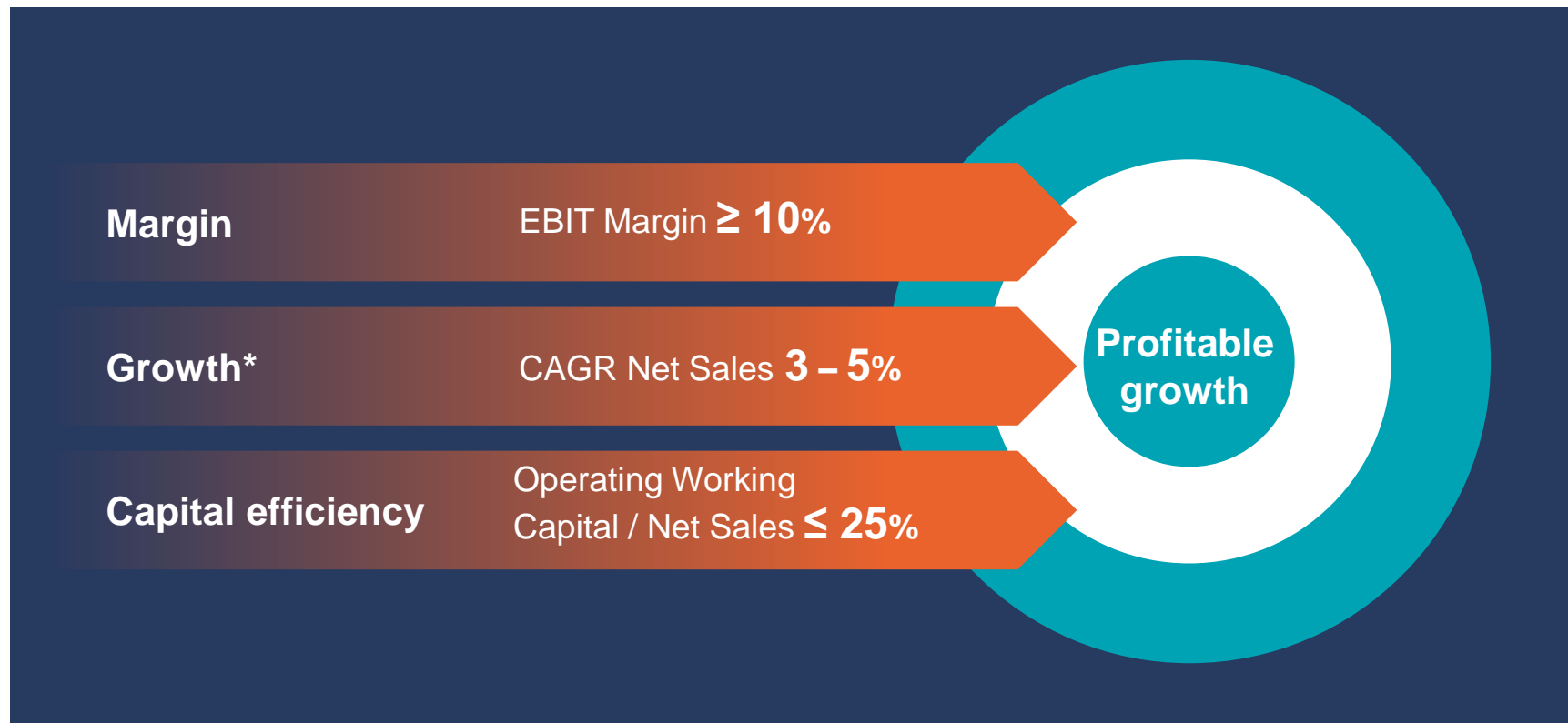
Continuous  
improvement  
of EBIT margin

Outgrowing the  
market with 1-2  
p.p. per year

Profitable  
Growth

# New financial targets

Average over the coming years from 2017



\* Excluding Consumer Brands Division





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