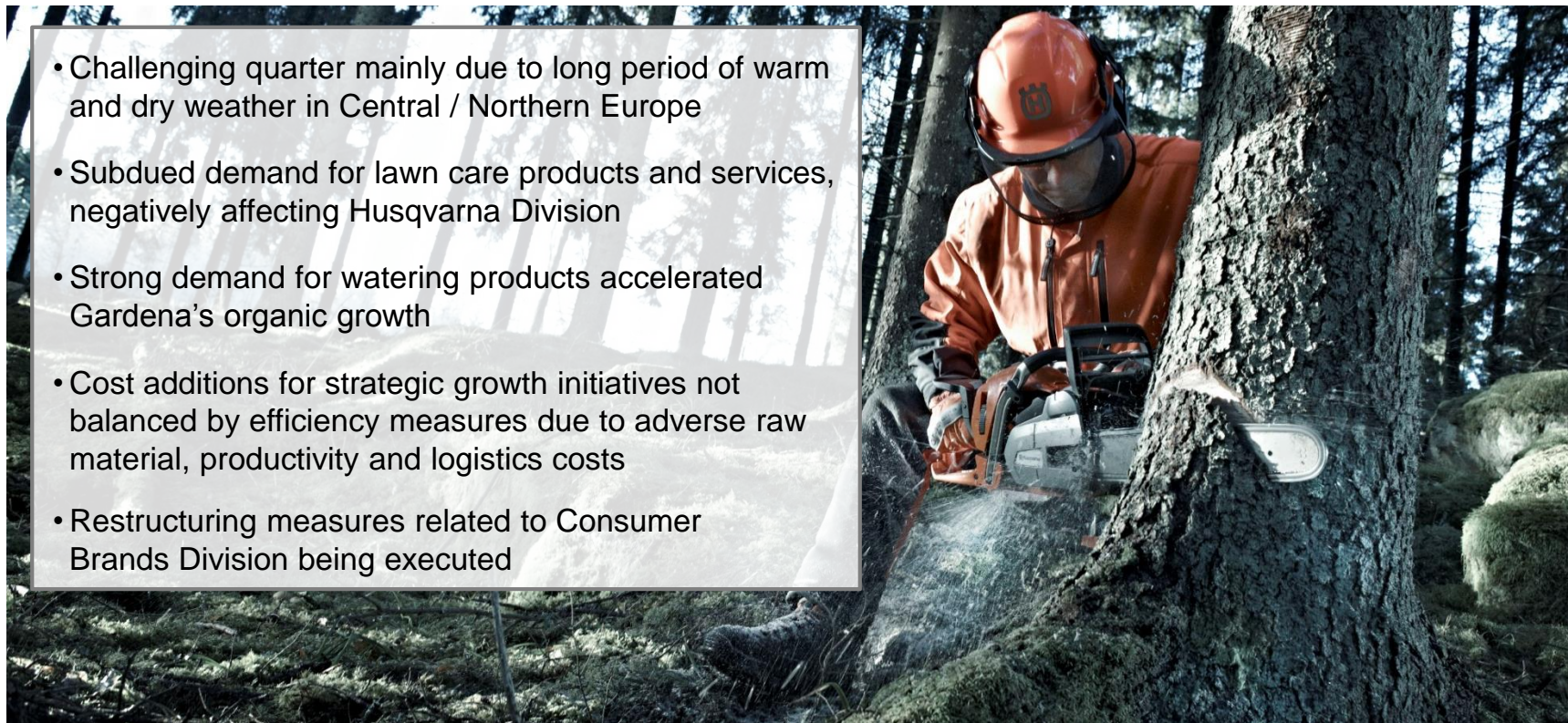


Q3 2018 results presentation

2018-10-19

Summary Q3 2018

- Challenging quarter mainly due to long period of warm and dry weather in Central / Northern Europe
- Subdued demand for lawn care products and services, negatively affecting Husqvarna Division
- Strong demand for watering products accelerated Gardena's organic growth
- Cost additions for strategic growth initiatives not balanced by efficiency measures due to adverse raw material, productivity and logistics costs
- Restructuring measures related to Consumer Brands Division being executed

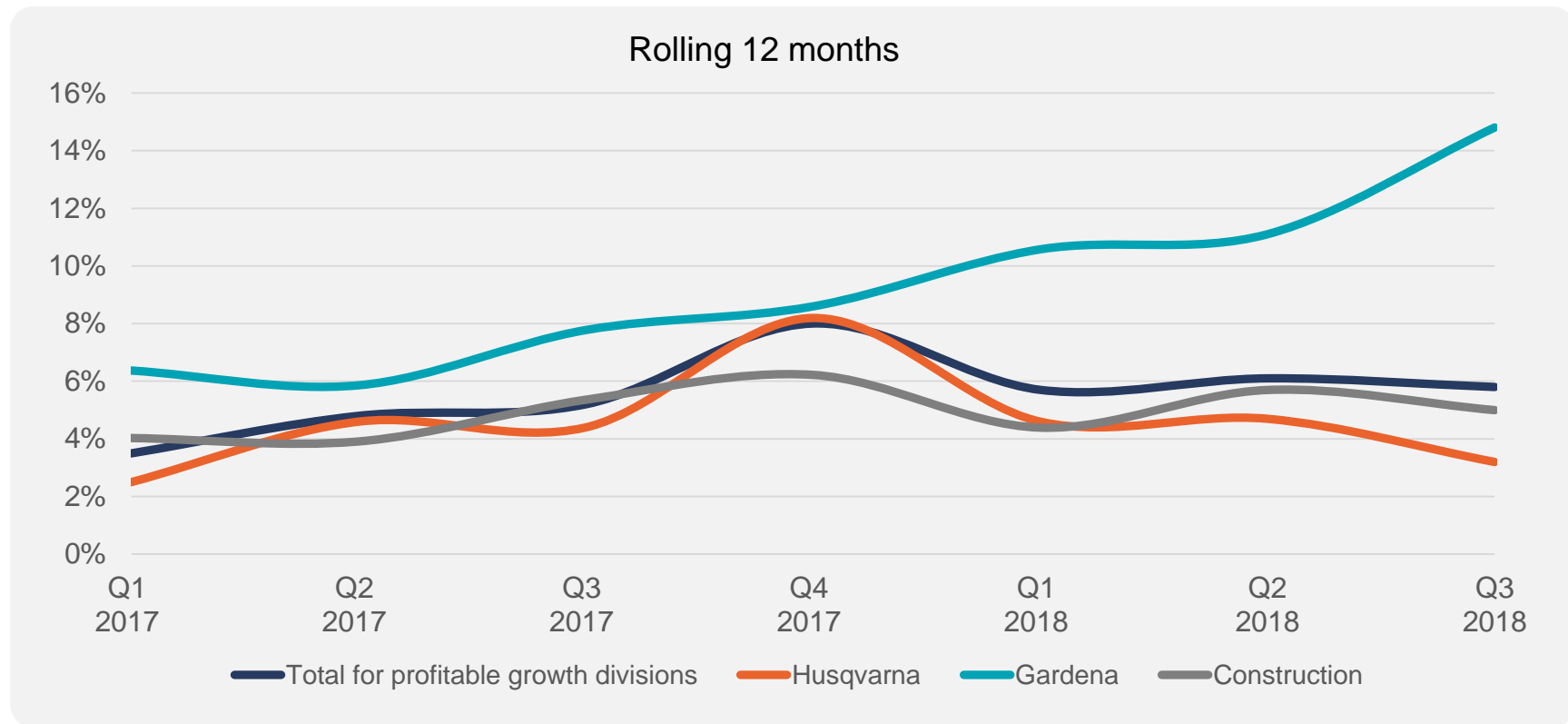


Restructuring

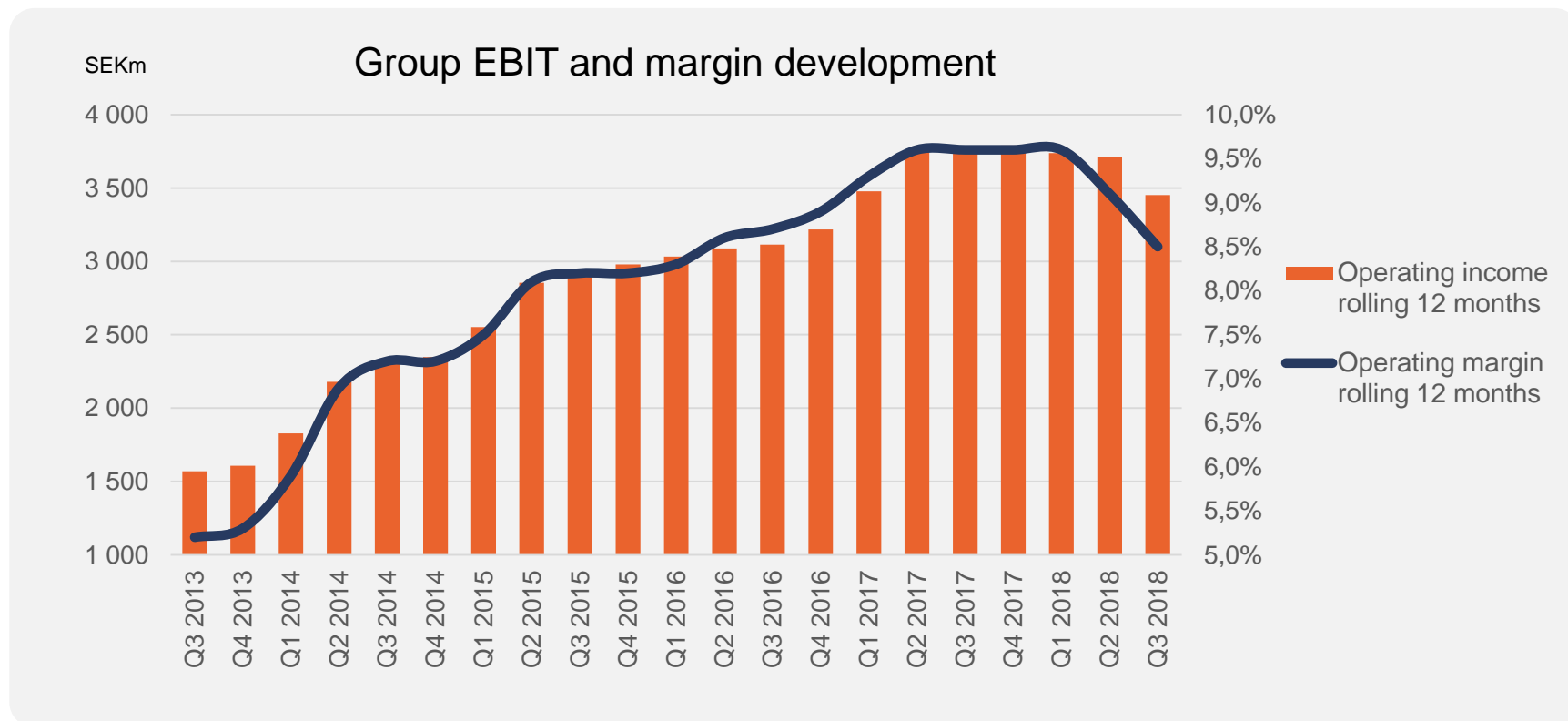
- A less complex Group, focused on the value creating businesses in Husqvarna, Gardena and Construction divisions
 - Consumer Brands Division dissolved into Husqvarna and Gardena divisions
 - SEK 2bn of low margin sales to be exited in 2019, an additional SEK 1 – 2bn in 2020
 - Restructuring measures being executed. Costs charged mainly in Q3 - Q4 2018
- Measures are margin accretive for the Group from the start of 2019. Annual savings of SEK 250m, full effect from 2020



Profitable growth divisions - organic growth



A temporary deviation in 2018 from the underlying trend of strong improvements



Financial highlights

SEKm	Q3 2018	Q3 2017	Change, %	Jan-Sep 2018	Jan-Sep 2017	Change, %	LTM ¹	FY 2017
Net sales	8,042	7,449	8	34,615	33,264	4	40,745	39,394
<i>Currency adjusted change, %</i>	1	4	-	2	7	-	-	7
Gross margin, %	21.8	29.1	-	27.7	29.6	-	27.6	29.1
Operating income, excl. items affecting comparability	225	433	-48	3,523	3,860	-9	3,453	3,790
<i>Operating margin excl. items affecting comparability, %</i>	-1.5	5.8	-	9.2	11.6	-	8,5	9.6

¹ Last twelve months.

- Lower demand for lawn care products due to warm and dry weather in Europe
- Prolonged season and higher demand for watering products
- EBIT and margin affected by
 - Cost additions for strategic growth initiatives not balanced by efficiency measures due to adverse raw material, productivity and logistics costs



Husqvarna Division

SEKm	Q3 2018	Q3 2017	Change, %	Jan-Sep 2018	Jan-Sep 2017	Change, %	LTM ¹	FY 2017
Net sales	3,689	3,669	1	16,457	15,969	3	19,697	19,209
<i>Currency adjusted change, %</i>	-5	2	-	1	7	-	-	8
Operating income, excl. items affecting comparability	47	388	-88	2,318	2,600	-11	2,445	2,727
<i>Operating margin excl. items affecting comparability, %</i>	1.3	10.6	-	14.1	16.3	-	12.4	14.2

¹ Last twelve months.

- Subdued demand for lawn care products and services in Northern Europe due to long period of warm and dry weather
- Continued growth in North America, mainly in wheeled products
- EBIT and margin affected by
 - Lower sales volume
 - A negative product, parts and geography mix
 - Cost additions for strategic growth initiatives not balanced by efficiency measures due to adverse raw material, productivity and logistics costs



A step change in innovation for robotic lawn mowers

Husqvarna Automower® 535 All-Wheel-Drive



Gardena Division

SEKm	Q3 2018	Q3 2017	Change, %	Jan-Sep 2018	Jan-Sep 2017	Change, %	LTM ¹	FY 2017
Net sales	1,368	1,033	32	6,197	5,074	22	6,753	5,630
<i>Currency adjusted change, %</i>	23	3	-	16	9	-	-	9
Operating income	113	62	82	999	878	14	827	706
<i>Operating margin, %</i>	8.2	6.0	-	16.1	17.3	-	12.2	12.5

¹ Last twelve months.

- Solid execution of growth strategy, further accelerated by favorable weather and an extended season in Central Europe
- Good growth mainly for watering products
- Operating income almost doubled
- Favorable sales volume and product mix impact, partly offset by higher distribution costs and additional profitable growth investments



Consumer Brands Division

SEKm	Q3 2018	Q3 2017	Change, %	Jan-Sep 2018	Jan-Sep 2017	Change, %	LTM ¹	FY 2017
Net sales	1,522	1,484	3	7,564	8,418	-10	8,679	9,533
<i>Currency adjusted change, %</i>	-6	-5	-	-9	1	-	-	-1
Operating income, excl. items affecting comparability	-109	-97	n/a	-209	57	n/a	-318	-52
<i>Operating margin, excl. items affecting comparability, %</i>	-7.2	-6.5	-	-2.8	0.7	-	-3.7	-0.5

¹ Last twelve months.

- Lower sales, reflecting the scale-back of a major U.S. retail account in 2018
- Operating income negatively impacted by raw material price increases, lower sales and manufacturing volumes, partly offset by favorable product mix



Construction Division

SEKm	Q3 2018	Q3 2017	Change, %	Jan-Sep 2018	Jan-Sep 2017	Change, %	LTM¹	FY 2017
Net sales	1,446	1,260	15	4,364	3,798	15	5,581	5,015
<i>Currency adjusted change, %</i>	7	25	-	13	19	-	-	21
Operating income	192	143	34	601	517	16	733	649
<i>Operating margin, %</i>	13.3	11.4	-	13.8	13.6	-	13.1	12.9

¹ Last twelve months.

- 7% currency adjusted sales growth, whereof -1% organic
- Positive development in Europe, whereas organic sales in North America decreased partly due to warehouse restructuring (now finalized)
- Positive volume and FX impact, offset mainly by unfavorable mix, higher raw material and distribution costs
- Prior year Q3 includes integration cost SEK 47m



Consolidated income statement

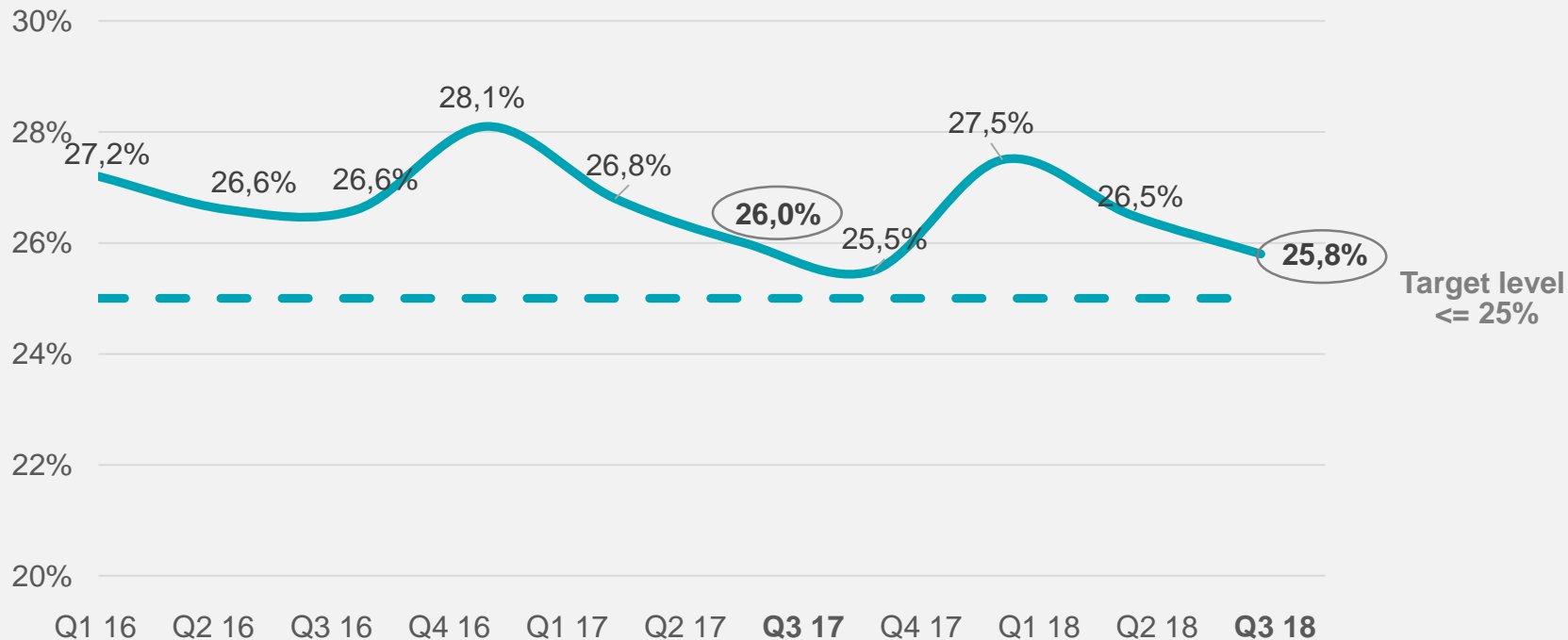
SEKm	Q3 2018	Q3 2017	Jan-Sep 2018	Jan-Sep 2017	Full-year 2017
Net sales	8,042	7,449	34,615	33,264	39,394
Cost of goods sold	-5,982	-5,282	24,719	-23,434	-27,922
Gross income	2,060	2,167	9,896	9,830	11,472
<i>Gross margin, %</i>	25.6	29.1	28.6	29.6	29.1
Selling expenses	-1,449	-1,251	-4,954	-4,545	-5,870
Administrative expenses	-386	-484	-1,462	-1,431	-1,879
Other operating income/expense	0	1	43	6	67
Operating income , excl. Items affecting comparability	225	433	3,523	3,860	3,790
<i>Operating margin, %, excl. Items affecting comparability</i>	2.8	5.8	10.2	11.6	9.6
Items affecting comparability	-349		-349		
Operating income¹	-124	433	3,174	3,860	3,790
<i>Operating margin, %</i>	-1.5	5.8	9.2	11.6	9.6
Financial items, net	-118	-104	-385	-365	-500
Income after financial items	-242	329	2,789	3,495	3,290
<i>Margin, %</i>	-3.0	4.4	8.1	10.5	8.4
Income tax	57	-119	-654	-896	-630
Income for the period	-185	210	2,135	2,599	2,660
Earnings per share after dilution, SEK	-0.32	0.37	3.73	4.52	4.62
¹ <i>Of which depreciation, amortization and impairment</i>	501	309	1,222	984	1,315

Consolidated balance sheet

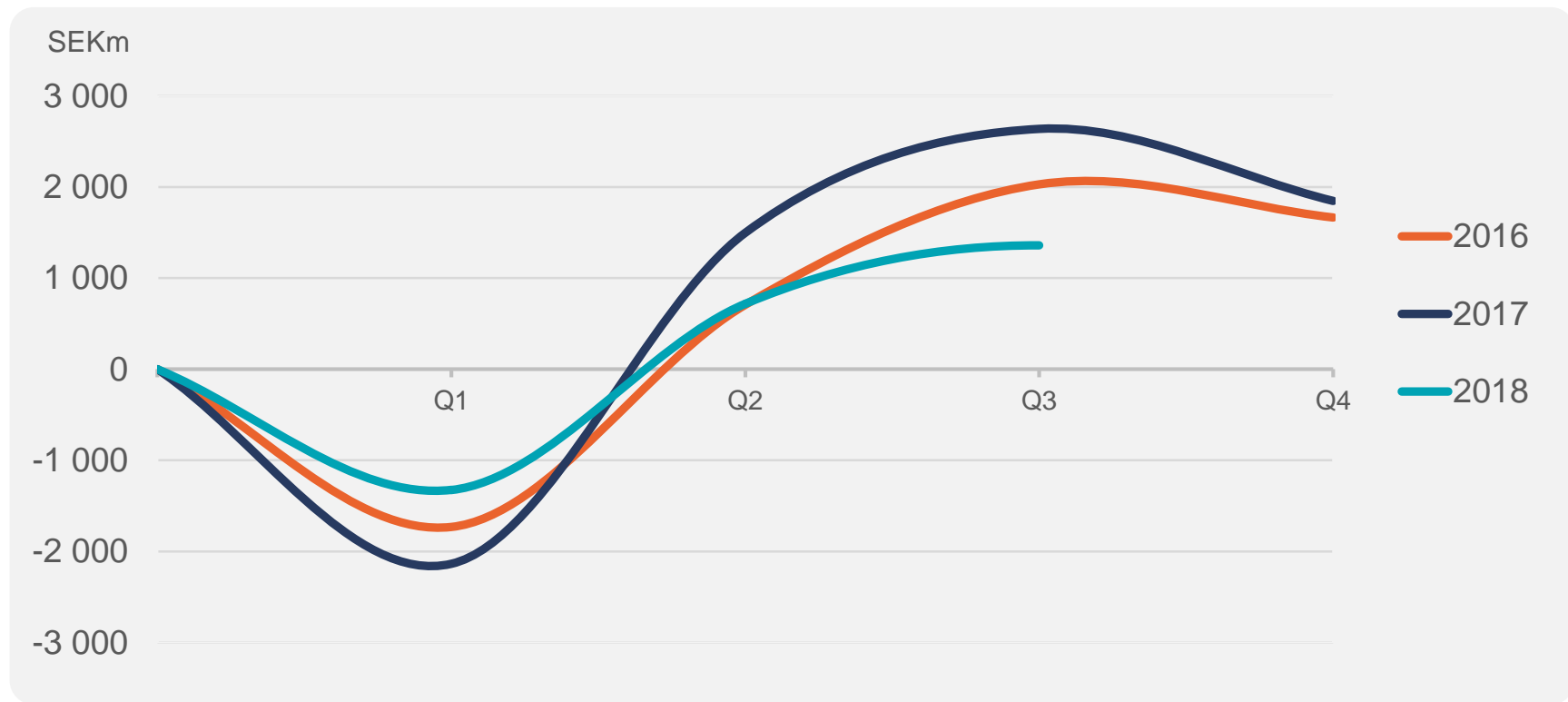
SEKm	Sep. 30, 2018	Sep. 30, 2017	Dec. 31, 2017
Non-current assets	20,747	18,662	19,291
Inventories	9,022	7,967	9,522
Trade receivables	4,709	4,391	3,407
Other current assets	1,425	897	1,008
Liquid funds	2,309	4,345	2,190
Total assets	38,212	36,262	35,418
Total equity	17,045	15,478	15,667
Interest-bearing liabilities	9,049	9,328	8,039
Provisions for pensions	1,947	1,838	1,818
Other provisions	3,001	3,025	2,994
Trade payables	3,624	3,143	4,098
Other current liabilities	3,546	3,450	2,802
Total equity and liabilities	38,212	36,262	35,418

Continuous, but small improvements

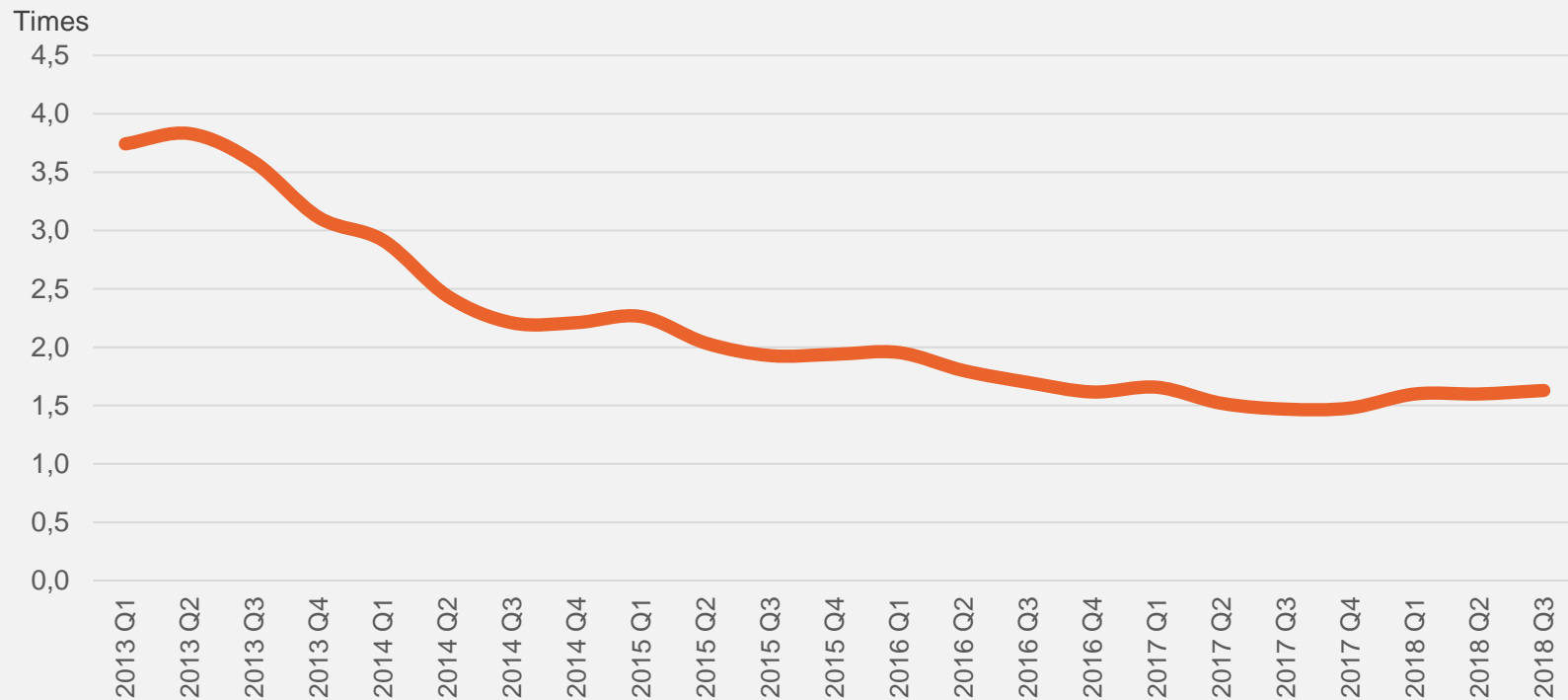
Operating working capital / net sales



Operating cash flow



Net debt / EBITDA



Key data, Group

	Q3 2018	Q3 2017	Jan-Sep 2018	Jan-Sep 2017	Full-year 2017
Net sales, SEKm	8,042	7,449	34,615	33,264	39,394
<i>Net sales growth, %</i>	8	1	4	10	9
<i>Gross margin, %</i>	21.8	31.7	27.7	29.6	29.1
<i>Operating income excl. items affecting comparability</i>	225	433	3,523	3,860	3,790
<i>Operating margin excl. items affecting comparability</i>	2.8	5.8	10.2	11.6	9.6
Operating working capital, SEKm	-	-	10,107	9,215	8,831
<i>Return on capital employed, %</i>	-	-	11.6	14.5	14.7
<i>Excl. items affecting comparability</i>	-	-	12.8	14.5	14.7
<i>Return on equity, %</i>	-	-	13.3	16.5	17.4
<i>Excl. items affecting comparability</i>	-	-	14.9	16.5	17.4
Earnings per share after dilution, SEK	-0.32	0.37	3.73	4.52	4.62
Capital turn-over rate, times	-	-	1.7	1.7	1.7
Operating cash flow, SEKm	634	1,132	1,361	2,629	1,847
Net debt/equity ratio	-	-	0.47	0.42	0.46
Capital expenditure, SEKm	-532	-411	-1,472	-1,147	-1,892
Average number of employees	12,752	12,818	13,321	13,520	13,252

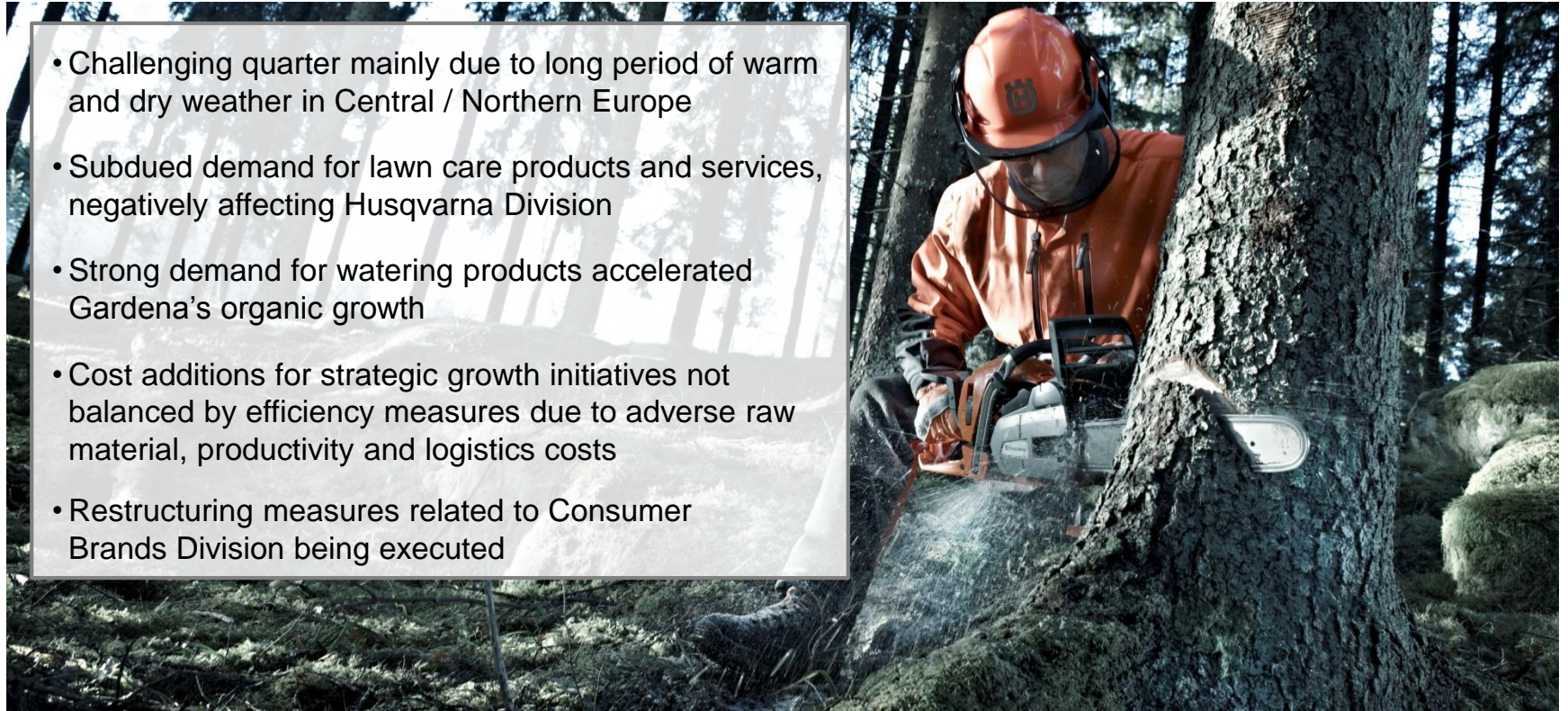
Key deliverables 2019

- Continued good organic sales growth (excl. exited sales)
- Pricing to compensate for raw material and tariffs cost increase
- Restore balance between cost efficiency program and strategic growth investments
- Restructuring of Consumer Brands to be accretive to the Group's financial performance

Supporting
10%
operating margin

Summary Q3 2018

- Challenging quarter mainly due to long period of warm and dry weather in Central / Northern Europe
- Subdued demand for lawn care products and services, negatively affecting Husqvarna Division
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**Husqvarna
Group**

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