

Q4 2014 results presentation

Summary Q4 2014

- Continued trend of improved performance*
- Seasonal operating loss* declined to SEK -230m (-308)
 - EBIT increase driven by higher gross margin
 - Americas main driver of improvement by business area
 - Negative currency impact of SEK -81m
- Full-year operating income* up 47% to SEK 2,358m (1,608)
 - EBIT margin improved by 1.9 p.p. to 7.2%
 - EPS, excl. impairment increased with 74% to SEK 2.78 (1,60)
- Non-recurring impairment charge of SEK -767m
- Board proposes dividend of SEK 1.65 (1.50) per share
- New organization and reported divisions as of January 1



* Excluding non-recurring impairment

Financial highlights, Group

SEKm	Q4 2014	Q4 2013	% change, Q4		Jan-Dec 2014	Jan-Dec 2013	% change, 12M	
			As reported	Adjusted ¹			As reported	Adjusted ¹
Net sales	5,323	4,707	13	6	32,838	30,307	8	6
Gross margin	27.0	25.1	-	-	28.5	26.5	-	-
EBIT	-997	-308	n/a	n/a	1,591	1,608	-1	-1
EBIT, excl. impairment	-230	-308	25	29	2,358	1,608	47	46
EBIT margin, %	-18.7	-6.5	-	-	4.8	5.3	-	-
EBIT margin excl. impairment, %	-4.3	-6.5	-	-	7.2	5.3	-	-

¹ Adjusted for currency translation effects and items affecting comparability.

Q4 2014

- Sales increased 6% (FX adjusted)
- Gross margin increased 1.9 p.p.
- Seasonal operating loss reduced to SEK -230m* (-308)
 - Sales volume impact and A.I.P. driven material cost reductions and productivity
 - FX impact negative SEK -81m
- EBIT margin improved 2.2 p.p.*



Europe & Asia/Pacific

SEKm	Q4 2014	Q4 2013	% change, Q4		Jan-Dec 2014	Jan-Dec 2013	% change, 12M	
			As reported	Adjusted ¹			As reported	Adjusted ¹
Net sales	2,418	2,294	5	3	15,824	14,736	7	5
EBIT	-175	-147	-19	-13	1,904	1,488	28	26
<i>EBIT margin, %</i>	-7.2	-6.4	-	-	12.0	10.1	-	-

¹ Adjusted for currency translation effects and items affecting comparability.

Q4 2014

- Sales increased 3% (FX adjusted)
- Unfavorable weather leading to decline in e.g. snow throwers and other winter products in Europe
- Increase in Asia/Pacific region
- Seasonal operating loss amounted to SEK -175m (-147)
 - Sales volume impact and material cost reductions
 - Negative EBIT impact of SEK -57m due to FX



Americas

SEKm	Q4 2014	Q4 2013	% change, Q4		Jan-Dec 2014	Jan-Dec 2013	% change, 12M	
			As reported	Adjusted ¹			As reported	Adjusted ¹
Net sales	2,099	1,717	22	9	13,675	12,571	9	7
EBIT	-43	-146	70	73	340	30	n/a	n/a
<i>EBIT margin, %</i>	-2.1	-8.5	-	-	2.5	0.2	-	-

¹ Adjusted for currency translation effects and items affecting comparability.

Q4 2014

- Sales increased 9% (FX adjusted)
- Seasonal operating loss reduced to SEK -43m (-146)
 - Positive sales volume impact in all regions and channels
 - Productivity and material cost improvements
 - FX impact SEK -23m
- EBIT margin improved 6.4 p.p.

Full-year 2014

- EBIT margin improved to 2.5% from 0.2%



Construction

SEKm	Q4 2014	Q4 2013	% change, Q4		Jan-Dec 2014	Jan-Dec 2013	% change, 12M	
			As reported	Adjusted ¹			As reported	Adjusted ¹
Net sales	806	696	16	7	3,339	3,000	11	8
EBIT	49	45	7	-4	356	277	28	24
<i>EBIT margin, %</i>	6.0	6.5	-	-	10.7	9.2	-	-

¹ Adjusted for currency translation effects and items affecting comparability.

Q4 2014

- Sales increased 7% (FX adjusted)
- Strong development in particularly U.S., while Brazil and France weaker
- Operating income rose to SEK 49m (45)
 - Sales volume impact and favorable mix
 - Investments in R&D and sales resources
 - FX impact SEK -2m



Restatement of 2014 into new divisions

Husqvarna



- 47% of Group sales
- Sales: SEK 15,449m
- EBIT: SEK 2,016m
- Margin: 13.0%

Gardena



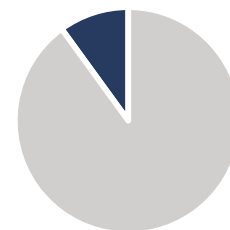
- 13% of Group sales
- Sales: SEK 4,212m
- EBIT SEK 382m
- Margin: 9.1%

Consumer Brands



- 30% of Group sales
- Sales SEK 9,838m
- EBIT SEK -154m
- Margin: -1.6%

Construction

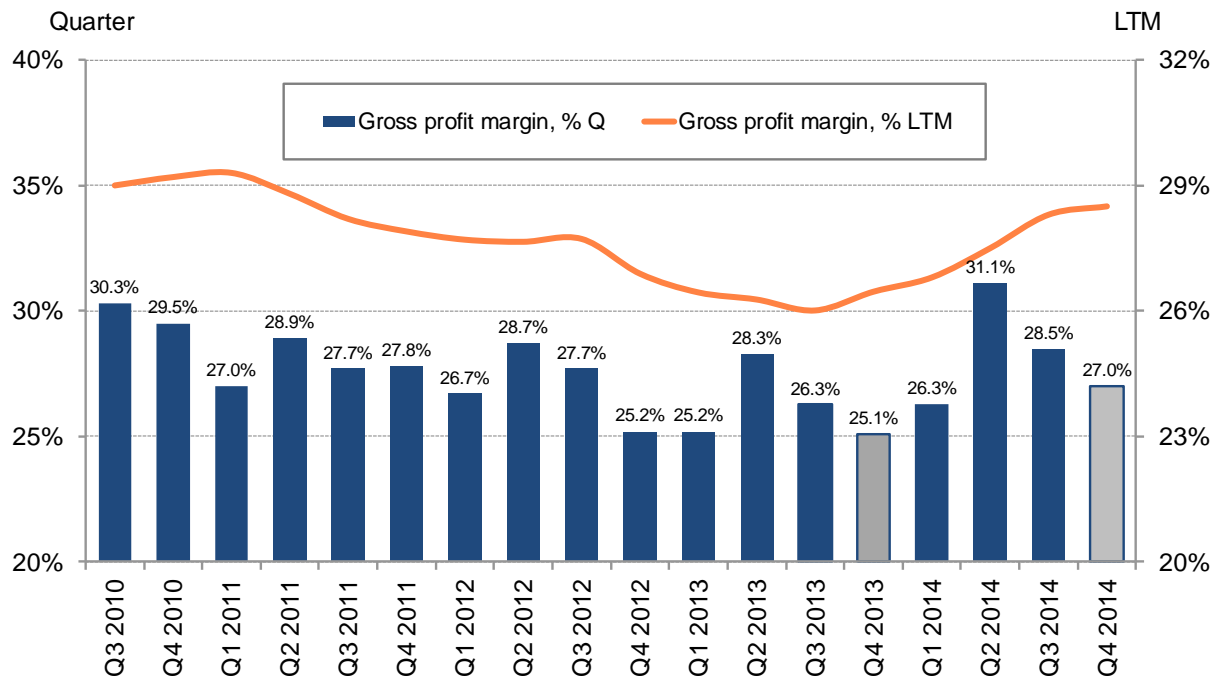


- 10% of Group sales
- Sales: SEK 3,339m
- EBIT: SEK 356m
- Margin: 10.7%

Consolidated income statement

SEKm	Q4 2014	Q4 2013	Jan-Dec 2014	Jan-Dec 2013
Net sales	5,323	4,707	32,838	30,307
Cost of goods sold	-3,886	-3,525	-23,478	-22,288
Gross operating income	1,437	1,182	9,360	8,019
<i>Margin, %</i>	<i>27.0</i>	<i>25.1</i>	<i>28.5</i>	<i>26.5</i>
Selling expense	-1,282	-1,150	-5,626	-5,148
Administrative expense	-388	-341	-1,392	-1,260
Other operating income/expense	3	1	16	-3
Impairment of goodwill	-767	-	-767	-
Operating income¹	-997	-308	1,591	1,608
<i>Margin, %</i>	<i>-18.7</i>	<i>-6.5</i>	<i>4.8</i>	<i>5.3</i>
Financial items, net	-49	-125	-325	-428
Income after financial items	-1,046	-433	1,266	1,180
<i>Margin, %</i>	<i>-19.7</i>	<i>-9.2</i>	<i>3.9</i>	<i>3.9</i>
Income tax	110	129	-435	-264
Income for the period	-936	-304	831	916
Basic earnings per share, SEK	-1.63	-0.53	1.44	1.60
Diluted earnings per share, SEK	-1.63	-0.53	1.44	1.60
¹ Of which depreciation, amortization and impairment	-1,027	-240	-1,734	-978

Gross margin development



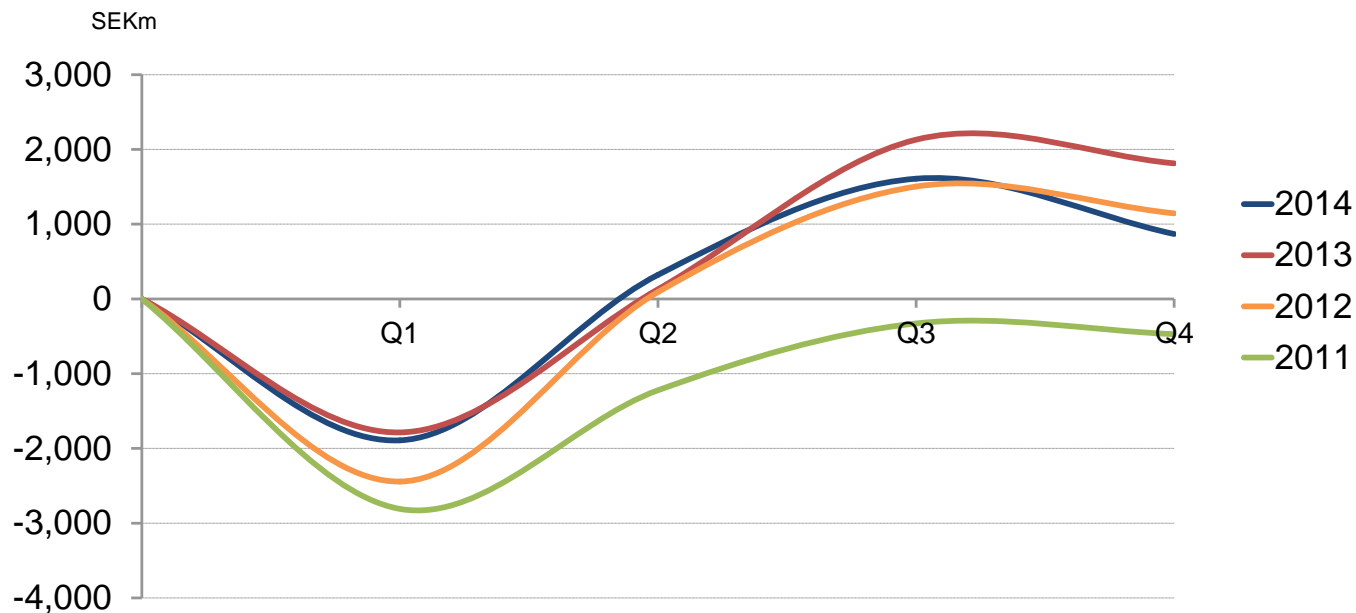
Impairment of goodwill

- Husqvarna Group established a new organization for its forest and garden operations, which was fully effective as of January 1, 2015.
- The impairment test has in previous years been performed on geographical segments (Europe & Asia/Pacific and Americas), with the conclusion that the recoverable amount exceeded the carrying amount of the net assets.
- The cash generating units as of January 1 are the new divisions Husqvarna, Gardena, Consumer Brands and Construction. Hence impairment test has been performed on all of these.
- Impairment test shows that the Gardena division cannot defend the carrying amount of its net assets, resulting in an impairment of goodwill of SEK -767m which has been charged to the Group's result for the fourth quarter 2014.
 - A sensitivity of 10 percent higher discount rate, 10 percent decreased cash flow, and 1 percent lower sales growth together with a 0.5% reduction of operating margin, has been applied
- The impairment is a Group charge, included in Group common cost, and does not impact the business area reporting.

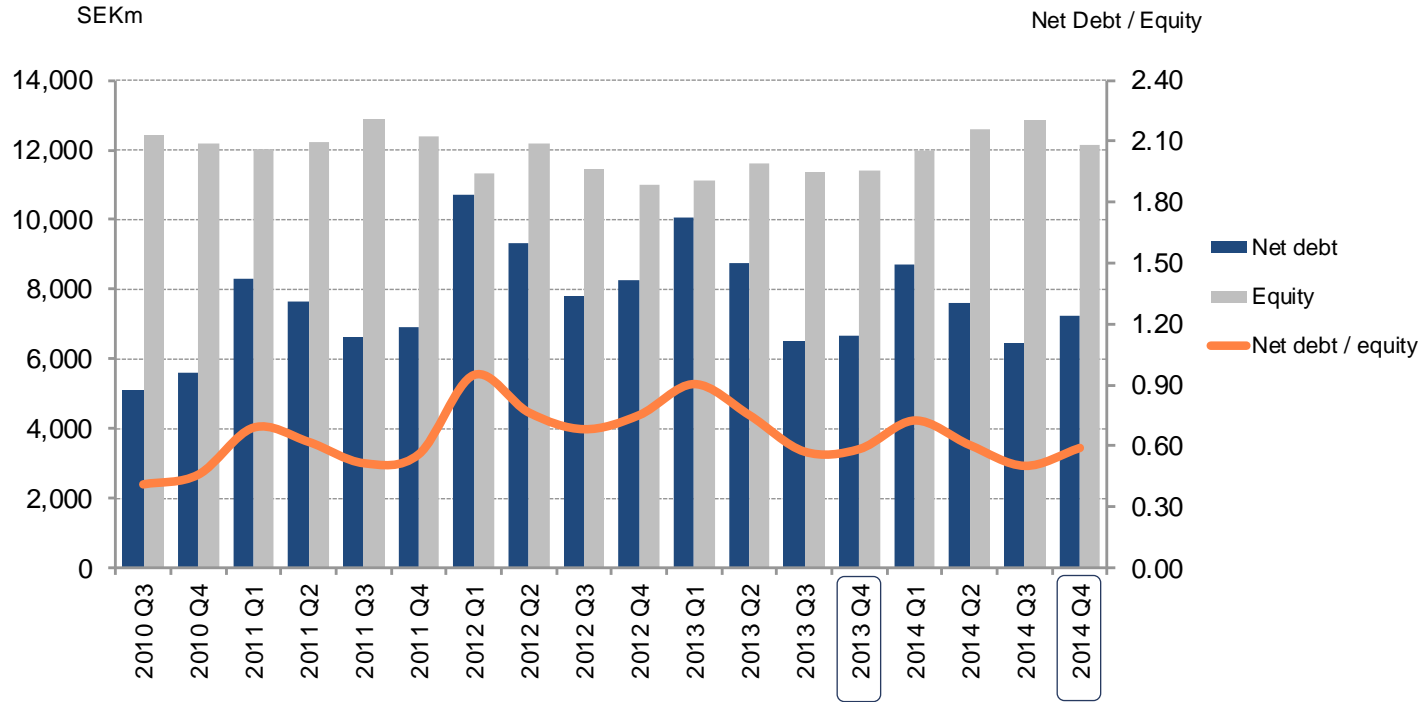
Consolidated balance sheet

SEKm	31 Dec 2014	31 Dec 2013
Non-current assets	15,671	14,367
Inventories	7,954	7,087
Trade receivables	2,898	2,816
Other current assets	716	608
Liquid funds	2,105	1,884
Total assets	29,344	26,762
Total equity	12,170	11,390
Interest-bearing liabilities	7,504	7,290
Pension liabilities	1,835	1,253
Provisions	2,550	2,262
Trade payables	3,154	2,838
Other current liabilities	2,131	1,729
Total equity and liabilities	29,344	26,762

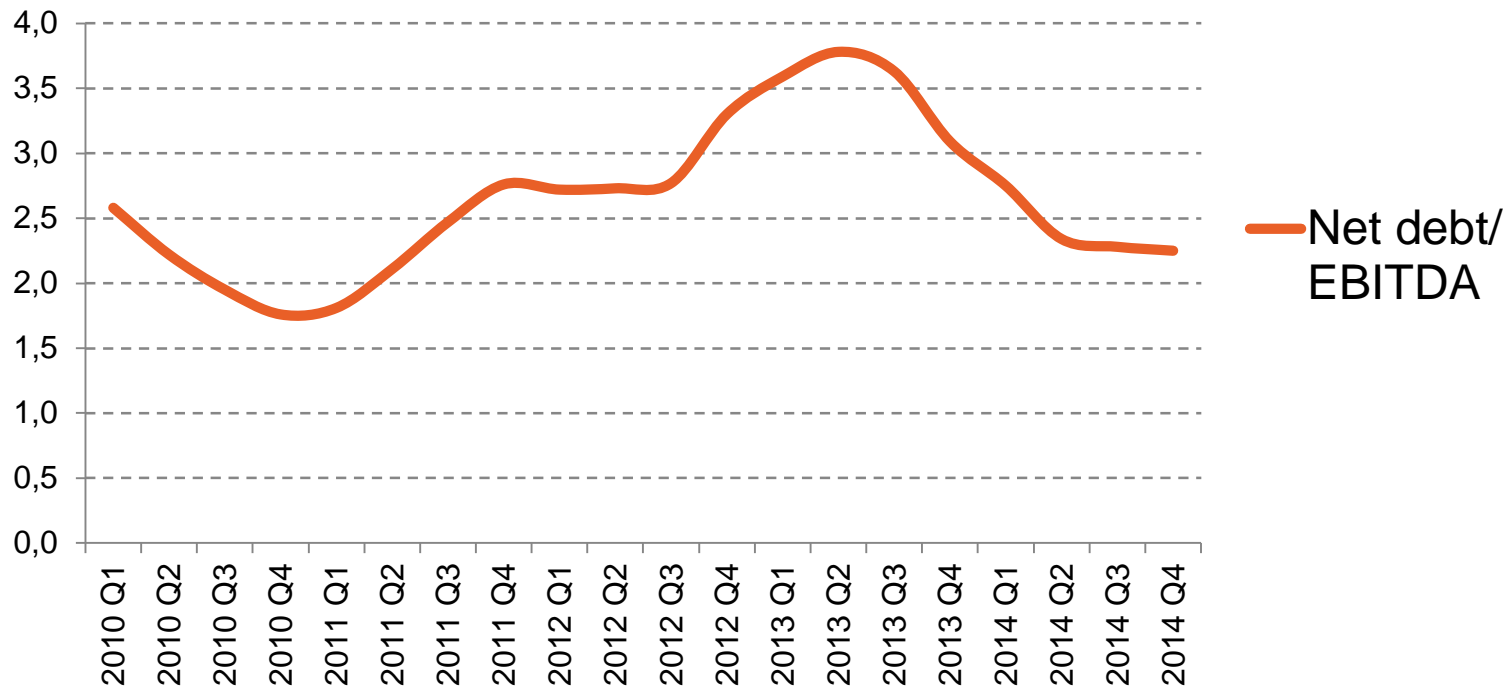
Operating cash flow



Net debt and equity



Net debt/EBITDA (Rolling 12 months)



Key figures

	Q4 2014	Q4 2013	Jan-Dec 2014	Jan-Dec 2013
Net sales, SEKm	5,323	4,707	32,838	30,307
Gross margin, %	27.0	25.1	28.5	26.5
Operating income, SEKm	-997	-308	1,591	1,608
<i>Excluding impairment of goodwill</i>	-230	-308	2,358	1,608
Operating margin, %	-18.7	-6.5	4.8	5.3
<i>Excluding impairment of goodwill</i>	-4.3	-6.5	7.2	5.3
Working capital, SEKm	5,225	4,885	5,225	4,885
Return on capital employed, %	-	-	7.6	7.7
Return on equity, %	-	-	6.7	8.1
Earnings per share, SEK	-1.63	-0.53	1.44	1.60
Capital-turnover rate, times	-	-	1.7	1.6
Operating cash flow, SEKm	-740	-317	868	1,813
Net debt/equity ratio	-	-	0.59	0.58
Capital expenditure, SEKm	483	389	1,386	1,078

Summary 2014

- Continued trend of improved performance*
 - Accelerated Improvement Program delivering according plan
 - Full-year operating income* up 47% to SEK 2,358m (1,608) despite FX headwind of -142 MSEK
 - EBIT margin improved by 1.9 p.p. to 7.2%
 - EPS, excluding impairment, increased 74% to SEK 2.78 (1.60)
- Non-recurring impairment charge of SEK -767m
- Board proposes a dividend of SEK 1.65 (1.50) per share
- New organization and reported divisions as of January 1
- **2015 expectation:**
 - Accelerated Improvement Program to be continued driver of improvement





**Husqvarna
Group**

www.husqvarnagroup.com