



# Q4 2017 results presentation

2018-02-02

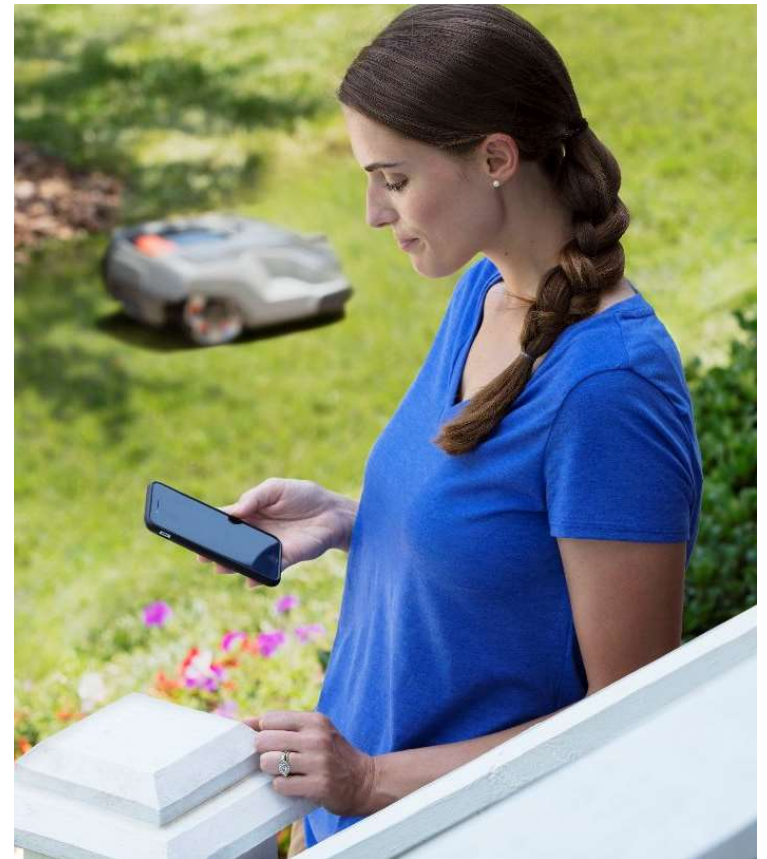
# Highlights Q4 and full-year

## Q4 2017

- Solid development in the seasonally small Q4
  - Broad sales growth in Husqvarna, Gardena and Construction
  - Continuous quarterly EBIT improvement y-o-y since Q3 2013\*
- Acquisition of light compaction and concrete equipment business in Construction Division

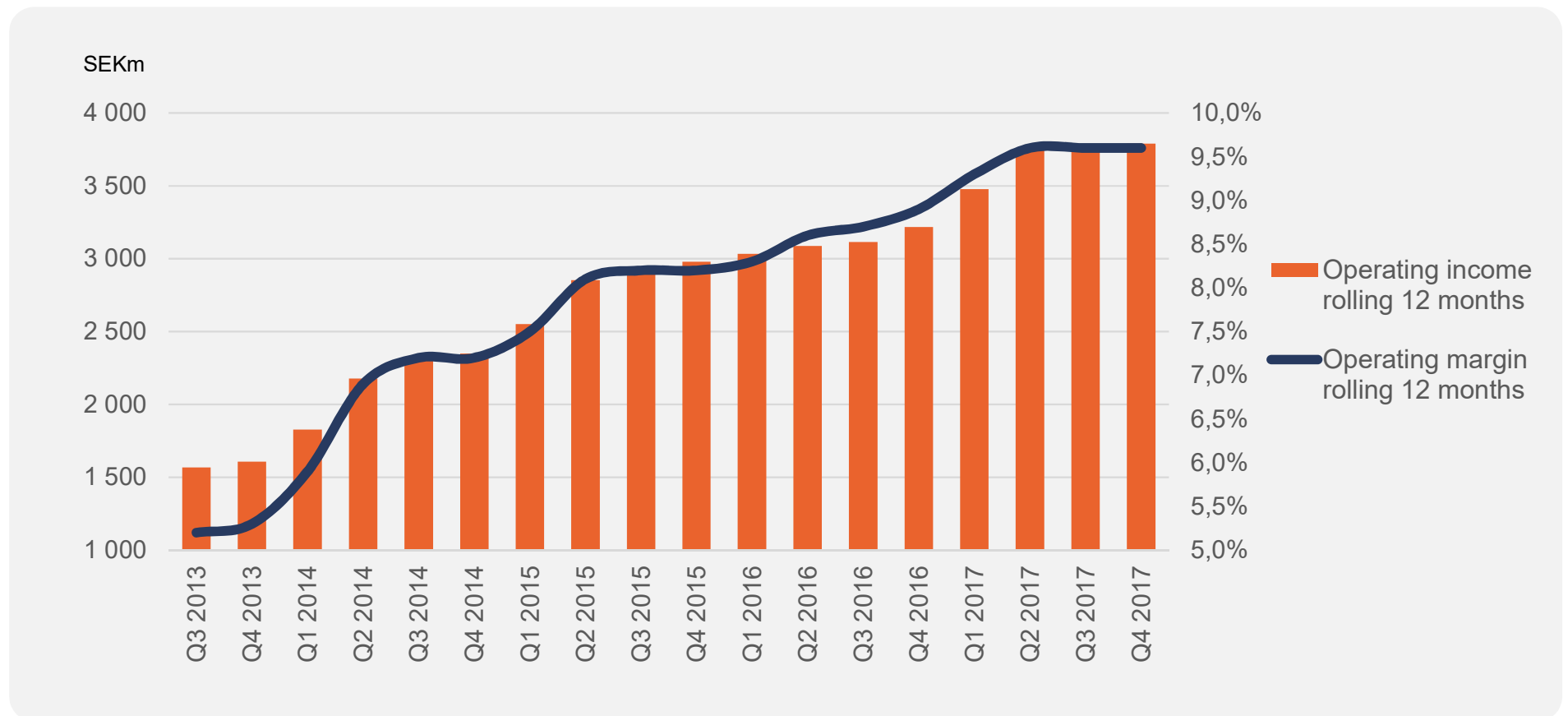
## Full-year 2017

- Successful execution of profitable growth strategy
- Key financials
  - Sales increased above expected market growth
  - Further operating margin improvement
  - Improved capital efficiency
- Proposal to raise dividend to SEK 2.25 (1.95) per share



\* Excl. Items affecting comparability

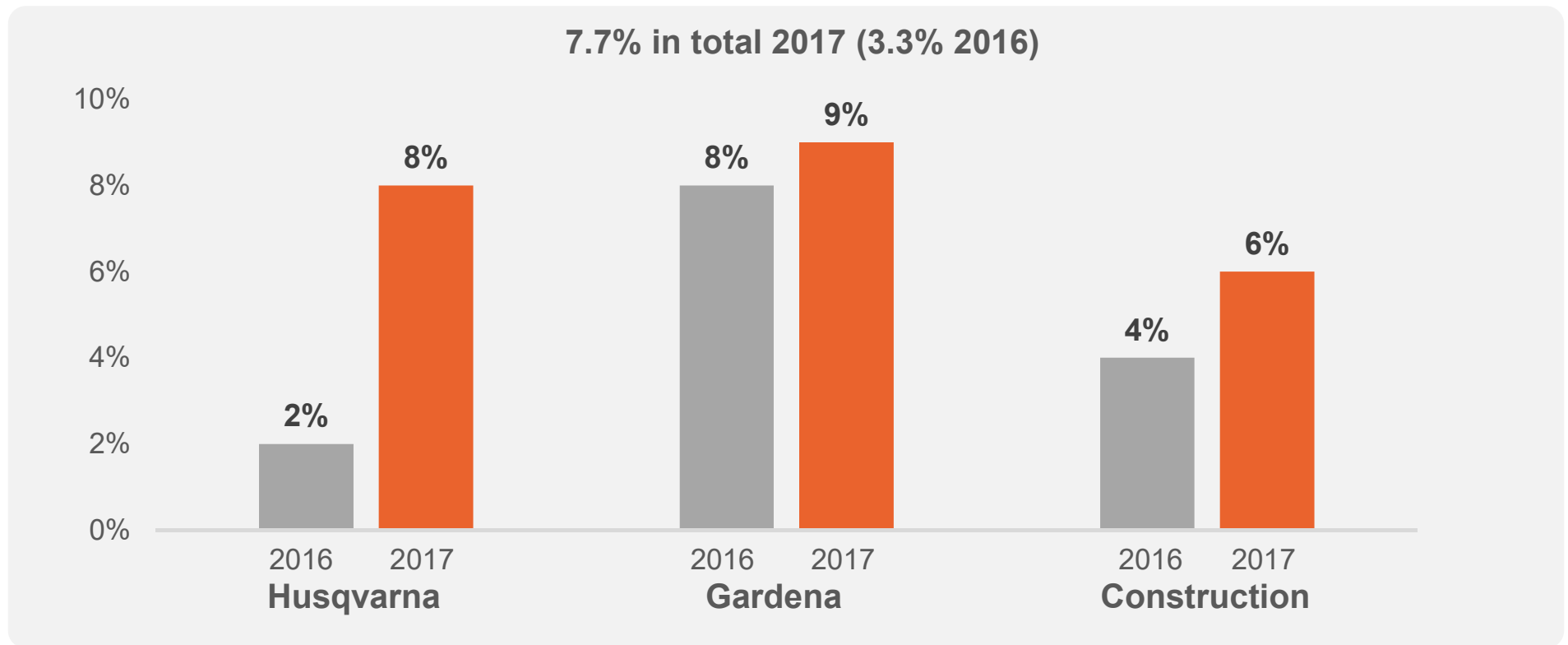
# Group results development



Excluding items affecting comparability

# Profitable growth divisions

Net sales growth FY2017, adjusted for currency and acquisitions



\* Financial target is to grow net sales 3 – 5%, assuming a market growth of 2 – 3%

# Financial highlights, Group

SEKm	Q4 2017	Q4 2016	Change, %	Jan-Dec 2017	Jan-Dec 2016	Change, %
Net sales	6 130	5 768	6	39 394	35 982	9
<i>Currency adjusted change, %</i>	11	-3	-	7	0	-
<i>Gross margin, %</i>	29,6	29,6	-	31,6	30,8	-
Operating income	-70	-108	35	3 790	3 218	18
<i>Operating margin, %</i>	-1,1	-1,9	-	9,6	8,9	-

- Good sales growth Q4 as well as full-year
- Operating income up 18% full-year to SEK 3,790m (3,218)
  - Good growth in Husqvarna, Gardena and Construction
  - Continued strong delivery from efficiency program
- Earnings per share increased 26% to SEK 4.62 (3.66)
  - Including favorable one-off effects of SEK ~ 0.25
- Net debt / EBITDA 1.5 (1.6)
- Net working capital / sales improved to 25.5% (26.6)





# Husqvarna Division



<b>SEKm</b>	<b>Q4 2017</b>	<b>Q4 2016</b>	<b>Change, %</b>	<b>Jan-Dec 2017</b>	<b>Jan-Dec 2016</b>	<b>Change, %</b>
Net sales	3,313	3,030	9	19,733	17,960	10
<i>Currency adjusted change, %</i>	14	-5	-	8	2	-
Operating income	122	74	65	2,740	2,317	18
<i>Operating margin, %</i>	3.7	2.4	-	13.9	12.9	-

- Sales increase across all product categories and regions in Q4
- Full-year currency adjusted sales growth 8%
  - Strongest growth in robotic mowers and battery-powered products
- Full-year operating income increased 18% to SEK 2,740m (2,317)
  - Higher sales volume, efficiency improvements, favorable FX
- Strong line-up of new products to be launched in 2018



# Gardena Division

SEKm	Q4 2017	Q4 2016	Change, %	Jan-Dec 2017	Jan-Dec 2016	Change, %
Net sales	556	518	7	5,630	5,033	12
<i>Currency adjusted change, %</i>	7	-1	-	9	8	-
Operating income	-172	-130	-32	706	595	19
<i>Operating margin, %</i>	-30.9	-25.2	-	12.5	11.8	-

- Seasonally small Q4 impacted by higher level of growth investments
- Strong full-year sales increase 9%
  - Many new product launches as well as continued geography and channel expansion
- Full-year operating income increased 19% to SEK 706m (595)
  - Favorable sales volume impact and improved efficiency
- Continued roll-out of grow initiatives in new markets, new channels, and a wide range of new products to be launched in 2018



# Consumer Brands Division

SEKm	Q4 2017	Q4 2016	Change, %	Jan-Dec 2017	Jan-Dec 2016	Change, %
Net sales	1,042	1,234	-16	9,009	8,888	1
<i>Currency adjusted change, %</i>	-10	-5	-	-1	-10	-
Operating income	-104	-128	18	-65	3	n/a
<i>Operating margin, %</i>	-10.0	-10.3	-	-0.7	0.0	-

- Continued cost and efficiency focus drives EBIT-improvement despite lower sales in Q4
- Full-year sales stable, but challenging markets with higher promotional activity puts pressure on earnings
- Initiatives to restore profitability continue, however 2018 will be impacted by decision to scale back sales to a large non-strategic U.S. retail account, and short-term difficulties to compensate for higher commodity prices





# Construction Division

SEKm	Q4 2017	Q4 2016	Change, %	Jan-Dec 2017	Jan-Dec 2016	Change, %
Net sales	1,217	986	23	5,015	4,101	22
<i>Currency adjusted change, %</i>	29	5	-	21	4	-
Operating income	132	145	-9	649	568	14
<i>Operating margin, %</i>	10.9	14.7	-	12.9	13.9	-

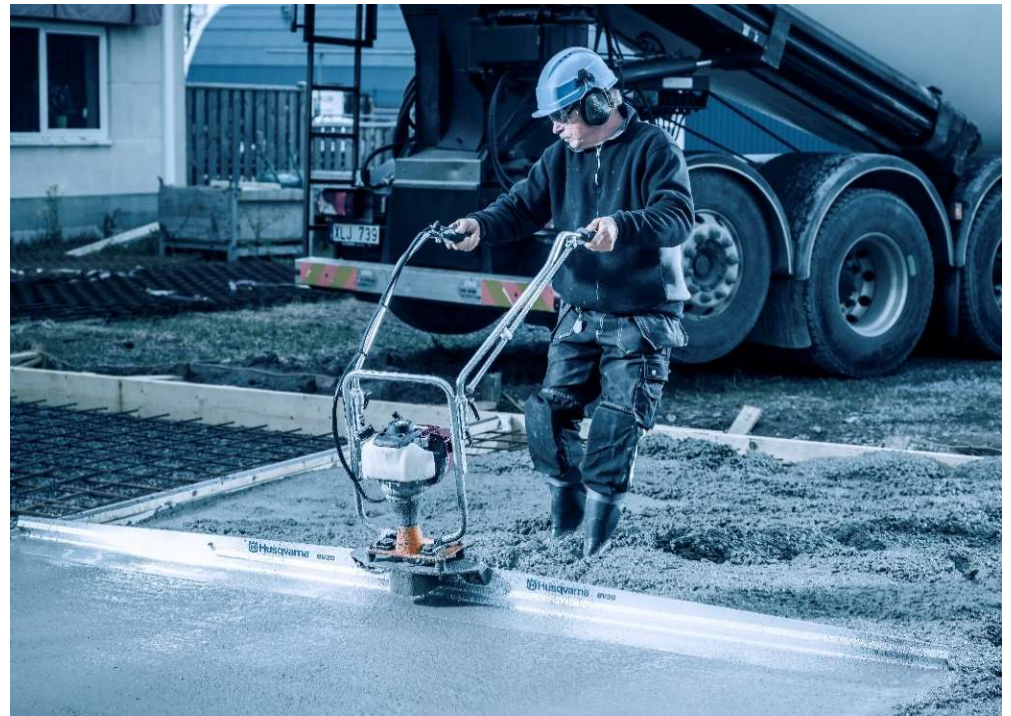
- Good Q4 growth with sales up 29% whereof 8% organic
- Balanced geographical and product category growth
- Good momentum of acquired Pullman Ermator and HTC but limited impact on 2017 results due to restructuring cost (SEK ~50m)
- Prior year Q4 also impacted by favorable non-recurring item related to pensions of SEK 25m



# Acquisition of light compaction & concrete placement business from Atlas Copco



- SEK ~570m net sales (EUR 57m in 2016)
- Complete ranges for concrete and compaction
- Logical expansions of our current product range within Concrete Surfaces & Floors
- Large end-user and channel partner overlap
- These products will speed up our efforts in Emerging Markets since they primarily target new construction (unlike our current renovation bias)
- Acquisition finalized February 1, 2018



# We can provide additional customer value by covering all process steps



- Rammers
- Plate compactors
- Rollers
- Trench compactors
- Framework
- Concrete vibration
- Concrete levelling
- Concrete surfacing
- Concrete cutting
- Concrete grinding and polishing

- **Atlas Copco**
  - Finalized Q1 2018
  - Turnover SEK ~570m

- **HTC floor grinding solutions**
  - Acquired Q2 2017
  - Turnover SEK ~380m

- **Pullman Ermator**
  - Acquired Q1 2017
  - Turnover SEK ~300m
  - Dust & slurry management
  - Supports business primarily in concrete surfacing, grinding and polishing



Turnover for the acquired entities refer to FY2016



# Concrete floors and surfaces is an attractive segment!

- Sizeable market
- Good growth and profitability
- Sales-channel and end-user fit
- High performance differentiation
- Husqvarna Construction fit
- Creating another core next to our Concrete Sawing & Drilling business





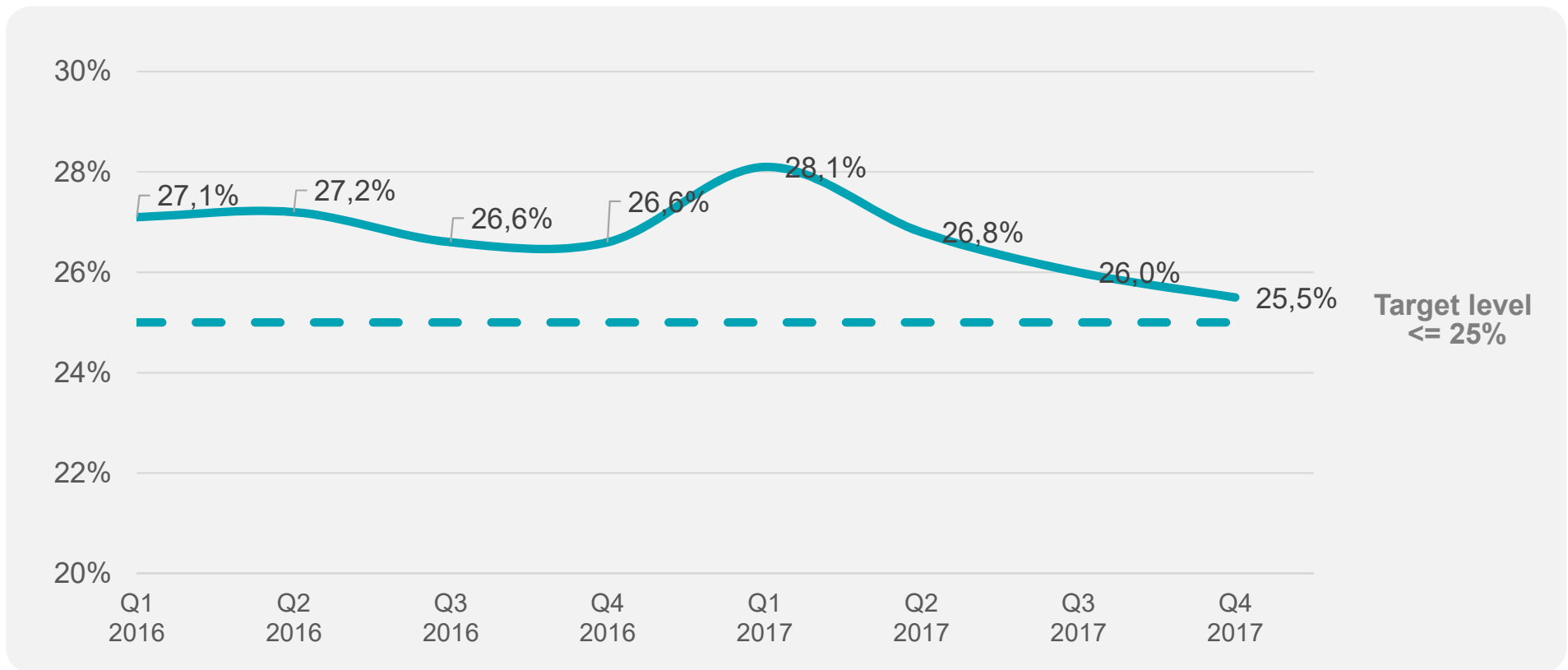
# Consolidated income statement

SEKm	Q4 2017	Q4 2016	Jan-Dec 2017	Jan-Dec 2016
Net sales	6,130	5,768	39,394	35,982
Cost of goods sold	-4,318	-4,062	-26,956	-24,886
<b>Gross income</b>	<b>1,812</b>	<b>1,706</b>	<b>12,438</b>	<b>11,096</b>
<i>Gross margin, %</i>	29.6	29.6	31.6	30.8
Selling expenses	-1,495	-1,381	-6,836	-6,168
Administrative expenses	-448	-437	-1,879	-1,707
Other operating income/expense	61	4	67	-3
<b>Operating income<sup>1</sup></b>	<b>-70</b>	<b>-108</b>	<b>3,790</b>	<b>3,218</b>
<i>Operating margin, %</i>	-1.1	-1.9	9.6	8.9
Financial items, net	-135	-84	-500	-422
<b>Income after financial items</b>	<b>-205</b>	<b>-192</b>	<b>3,290</b>	<b>2,796</b>
<i>Margin, %</i>	-3.3	-3.3	8.4	7.8
Income tax	266	71	-630	-692
<b>Income for the period</b>	<b>61</b>	<b>-121</b>	<b>2,660</b>	<b>2,104</b>
Earnings per share after dilution, SEK	0.10	-0.21	4.62	3.66
<sup>1</sup> Of which depreciation, amortization and impairment	331	304	1,315	1,164

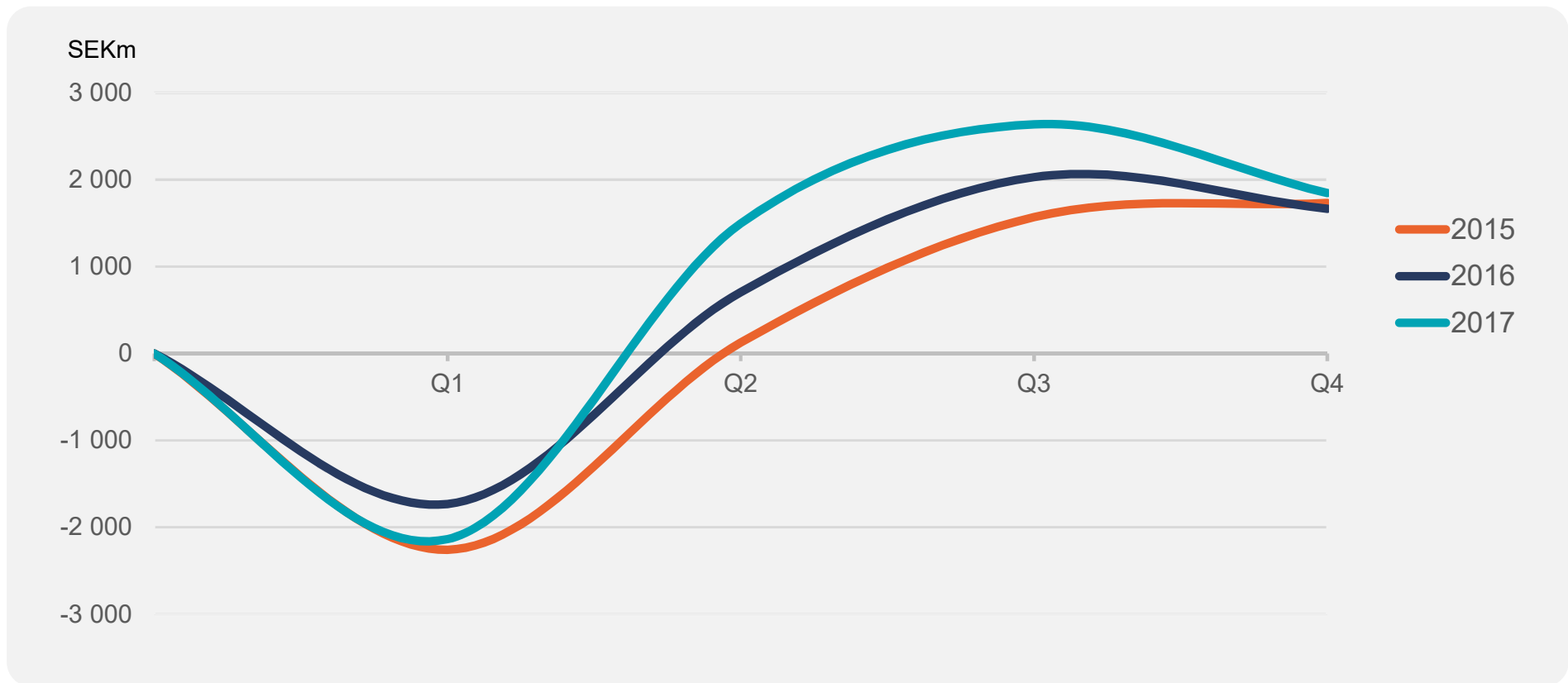
# Consolidated balance sheet

SEKm	Dec. 31, 2017	Dec. 31, 2016
Non-current assets	19,291	17,169
Inventories	9,522	9,225
Trade receivables	3,407	3,290
Other current assets	1,008	1,004
Liquid funds	2,190	2,290
<b>Total assets</b>	<b>35,418</b>	<b>32,978</b>
Total equity	15,667	14,365
Interest-bearing liabilities	8,039	7,396
Provisions for pensions	1,818	1,759
Other provisions	2,994	2,983
Trade payables	4,098	3,752
Other current liabilities	2,802	2,723
<b>Total equity and liabilities</b>	<b>35,418</b>	<b>32,978</b>

# Operating working capital / net sales

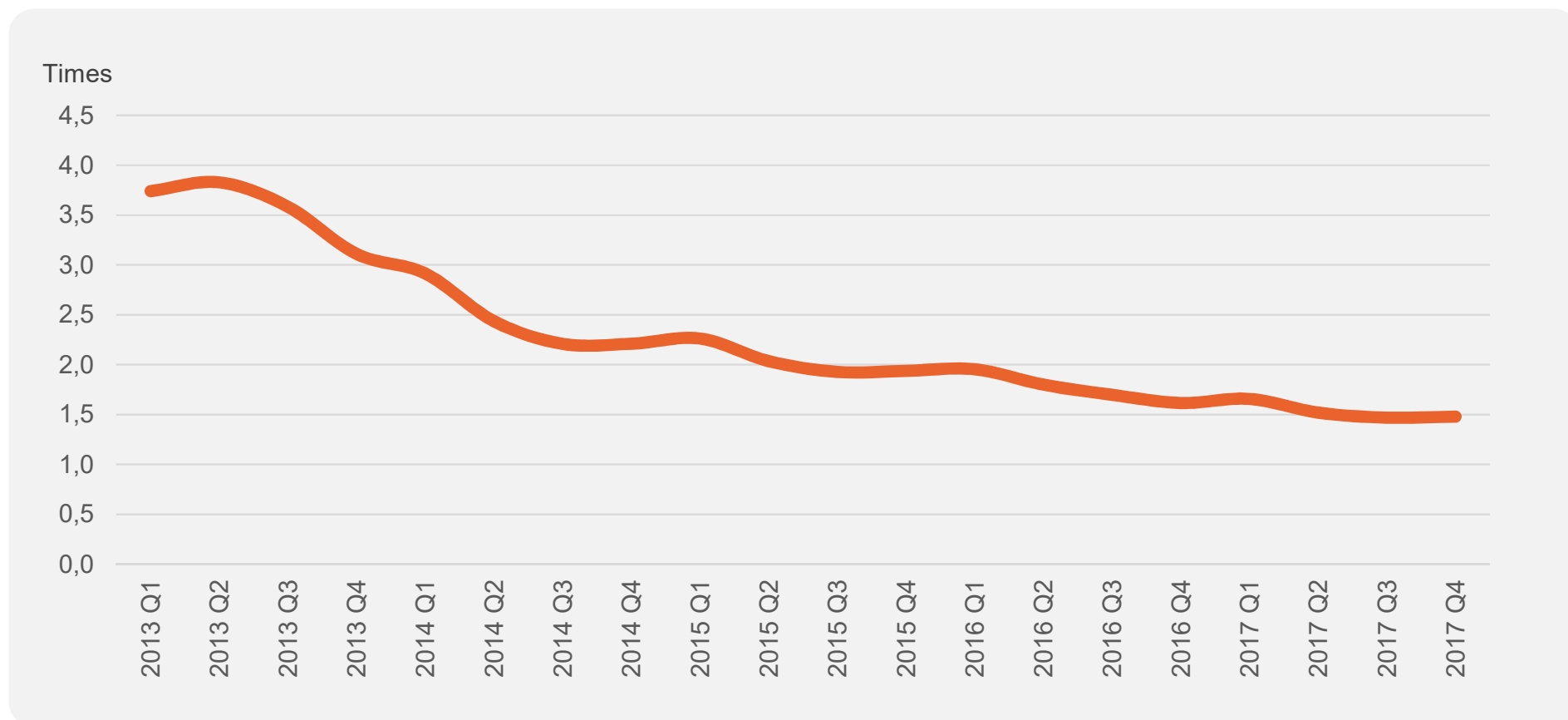


# Operating cash flow



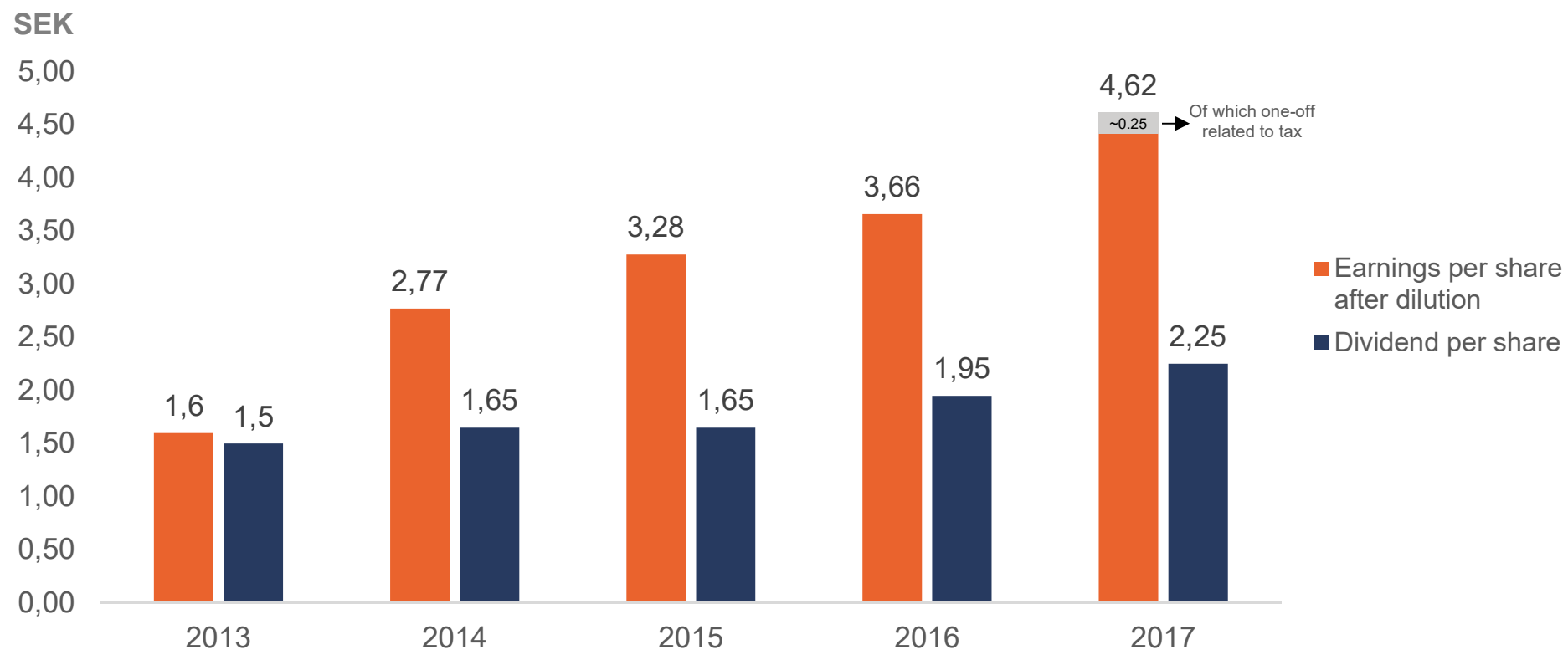


# Net debt / EBITDA



Average rolling 12 months net debt / rolling 12 months EBITDA

# Earnings and dividend per share



EPS 2014 excludes goodwill impairment. Dividend 2017 is as proposed, to be decided by AGM

# Key data, Group

	Q4 2017	Q4 2016	Jan-Dec 2017	Jan-Dec 2016
Net sales, SEKm	6,130	5,768	39,394	35,982
<i>Net sales growth, %</i>	6	2	9	-1
<i>Gross margin, %</i>	29.6	29.6	31.6	30.8
Operating income, SEKm	-70	-108	3,790	3,218
<i>Operating margin, %</i>	-1.1	-1.9	9.6	8.9
Operating working capital, SEKm	-	-	8,831	8,763
<i>Return on capital employed, %</i>	-	-	14.7	13.7
<i>Return on equity, %</i>	-	-	17.4	15.2
Earnings per share after dilution, SEK	0.10	-0.21	4.62	3.66
Capital turn-over rate, times	-	-	1.7	1.7
Operating cash flow, SEKm	-782	-364	1,847	1,666
Net debt/equity ratio	-	-	0.46	0.48
Capital expenditure, SEKm	-745	-838	-1,892	-1,889
Average number of employees	12,761	11,923	13,252	12,704

# Changes in Group Management

- New function “Group Digital, Operations and Technology Development” to support the Group’s divisions in the digital transformation and safeguard synergies between them
- New function headed by **Pavel Hajman** currently President Husqvarna Division
- **Sascha Menges**, President of Gardena Division, will become President of Husqvarna Division
- **Pär Åström**, currently SVP Group Business Development, will take on the position as President Gardena Division,
- **Per Ericson** Group staff People & Organization also assume leadership of Business Development.
- **Hillevi Agranius** CIO and SVP of Global Information Services (GIS) will be included in Group Management
- **Mona Abbasi** recruited as Senior Vice President Group Communications, Brand & Marketing and member of Group Management as of February 19





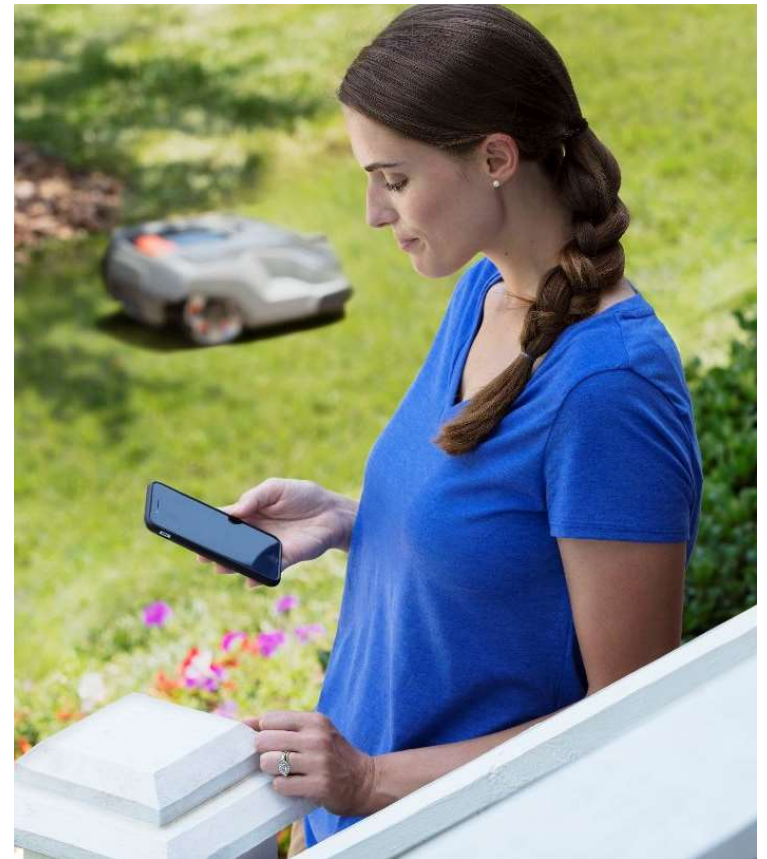
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