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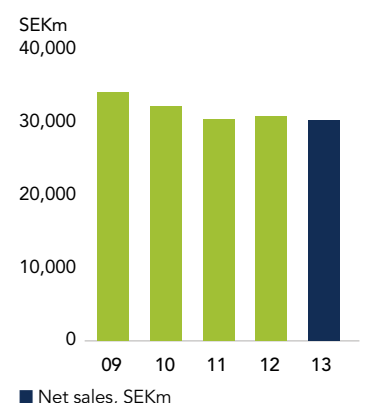
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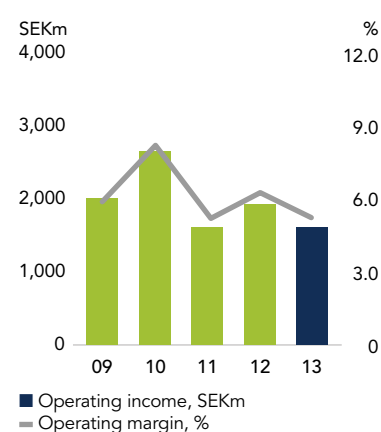
The Year in Summary

- Net sales increased 2% with higher sales in all business areas, adjusted for changes in exchange rates.
- Operating income for the Group amounted to SEK 1,608m (1,931), excluding items affecting comparability.
- Operating income improved for Americas and Construction.
- The decline in operating income for the Group referred mainly to negative currency impact and lower factory utilization in Europe & Asia/Pacific.
- Operating cash flow improved to SEK 1,813m (1,144), mainly as result of measures taken to reduce working capital.
- The net debt/equity ratio at year-end improved to 0.58 (0.75).
- Products launched included the third generation of the robotic lawn mower Husqvarna Automower®, the world's first all-wheel-drive walk-behind lawn mower and a range of high frequency construction products.
- Start of investments in a new manufacturing facility for chainsaw chains in Huskvarna, Sweden.
- Kai Wärn appointed President and CEO as of July 1.
- The Board of Directors proposes a dividend of SEK 1.50 (1.50) per share for 2013.

Net sales 2009–2013



Operating income and margin¹ 2009–2013



¹ Excluding items affecting comparability.

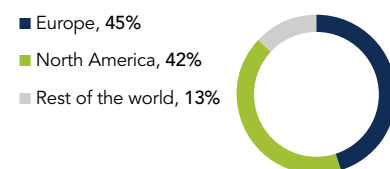
Key figures

	2013	2012 ¹	2011	2010	2009
Net sales, SEKm	30,307	30,834	30,357	32,240	34,074
Gross margin, %	26.5	26.9	27.7	28.5	25.4
EBITDA, SEKm	2,586	2,737	2,671	3,666	3,060
Operating income, SEKm	1,608	1,675	1,551	2,445	1,560
Operating income, excl. items affecting comparability, SEKm	1,608	1,931	1,615	2,652	2,012
Operating margin, %	5.3	5.4	5.1	7.6	4.6
Operating margin, excl. items affecting comparability, %	5.3	6.3	5.3	8.2	5.9
Income for the period, SEKm	916	1,027	997	1,749	903
Earnings per share, SEK	1.60	1.78	1.73	3.03	1.64
Dividend per share, SEK ²	1.50	1.50	1.50	1.50	1.00
Return on capital employed, %	7.7	7.4	7.4	11.0	6.6
Return on equity, %	8.1	8.8	8.0	13.9	7.5
Capital turn-over rate, times	1.6	1.5	1.6	1.7	1.6
Operating cash flow, SEKm	1,813	1,144	-472	962	3,737
Average number of employees	14,156	15,429	15,698	14,954	15,030

¹ 2012 has been restated due to the amended IAS 19. 2009–2011 are not affected by the amendment.

² The dividend for 2013 as proposed by the Board.

Net sales by geographical area, 2013



Husqvarna Group in Brief

Global leader in outdoor power products

Husqvarna Group is the world's largest producer of outdoor power products including robotic lawn mowers, garden tractors, chainsaws and trimmers. The Group is also the European leader in consumer watering products and one of the world leaders in cutting equipment and diamond tools for the construction and stone industries. The Group's products and solutions are sold via dealers and retailers to both consumers and professional users in more than 100 countries. Net sales in 2013 amounted to SEK 30 billion, and the Group had 14,000 employees in more than 40 countries.

Vision

We envision a world where people can enjoy well-maintained gardens, parks and forests and experience refined buildings and roads.

Mission

We provide innovative quality products and solutions to make garden, park and forest care as well as construction easier for professionals and consumers around the world.

Product categories



Wheeled products

Mainly riders, garden tractors, zero-turn mowers, lawn mowers, tillers and snowthrowers.



Electric products

Mainly robotic lawn mowers, corded and cordless handheld and wheeled products.



Handheld products

Mainly petrol-powered chainsaws, trimmers, clearing saws, blowers and hedge trimmers.

Core brands



Leading global market positions

- Robotic lawn mowers
- Chainsaws
- Other handheld petrol-powered products, such as clearing saws and trimmers
- Garden tractors
- Lawn mowers
- Consumer watering products (Europe)
- Cutting equipment and diamond tools for the construction and stone industries

Business Areas

Europe & Asia/Pacific

Share of Group sales

49%

■ The business area develops, manufactures and sells forest, park and garden products to dealers and retailers in Europe and Asia/Pacific.

Asia/Pacific represents a small share of the business area's sales.

Leading brands include Husqvarna, Gardena, McCulloch, Klippo, Zenoah, Jonsered and Flymo.

Americas

Share of Group sales

41%

■ The business area develops, manufactures and sells forest, park and garden products to dealers and retailers in North and Latin America.

Most sales take place in the U.S. and Canada. Latin America accounts for a small share, with Brazil being the most important market.

Leading brands include Husqvarna, WeedEater and PoulanPro.

Construction

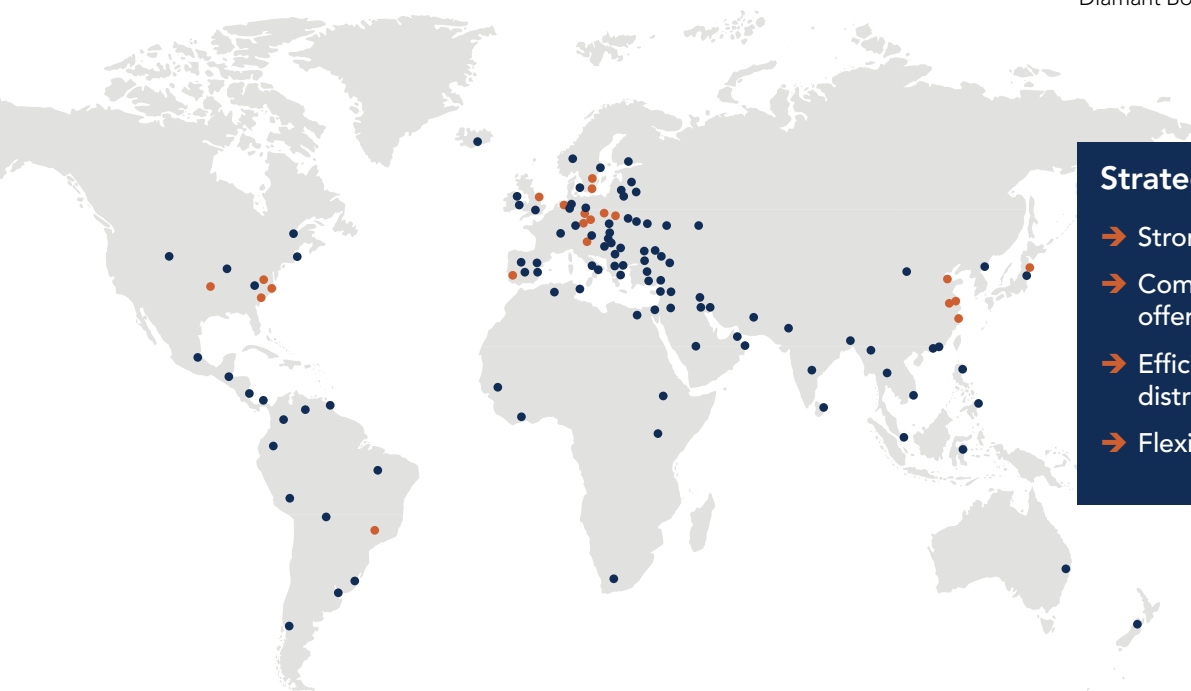
Share of Group sales

10%

■ The business area develops, manufactures and sells mainly light construction products and diamond tools for cutting, drilling, grinding, polishing and demolishing concrete, steel, natural stone and other hard materials. Customers are mainly rental companies, dealers, contractors within the construction industry and companies within the stone industry.

Most sales take place in Europe and North America, with increasing business in the emerging markets.

Leading brands include Husqvarna and Diamant Board.



Strategic pillars

- Strong brands
- Competitive product offering
- Efficient global distribution network
- Flexible supply chain

- Major production facilities
- Subsidiaries or distributors



Watering and hand tools

Mainly water-hoses, couplings, sprinklers, water controls, pumps and hand tools.



Accessories

Mainly accessories and replacement parts such as chainsaw chains, lubricants, safety equipment and clothes.



Construction products

Mainly power cutters, demolition robots, drilling equipment, wall and wire saws, tile saws, floor grinders and all related diamond tools. Diamond tools for stone.

Five areas for improved margins

The year started slowly and the spring, which normally marks the start of the main selling period in our industry, came unusually late in our key markets. We did, however, make up for this during the second half of the year when favorable weather resulted in a prolonged selling season.

→ Group net sales were up two percent in 2013 adjusted for changes in exchange rates, with higher sales in all business areas. From a market point of view, North America recovered well in line with the relatively positive macroeconomy, while Europe had a more mixed picture.

Improvements in Americas and Construction offset by Europe & Asia/Pacific

Operating income for the Group declined to SEK 1,608m (1,931), excluding items affecting comparability. Results for Americas and Construction rose, while Europe & Asia/Pacific had a challenging year. This area of our business was impacted mainly by changes in exchange rates and under-absorption in our factories due to planned inventory reductions, as well as by a response to the slow start of the year. In fact, the reduction in working capital of 21 percent, driven by inventory reductions, was one of the highlights of the year.

For Americas, continued growth in the higher-margin dealer channel and improved manufacturing efficiencies allowed us to reach a result of SEK 4m (-124), excluding items affecting comparability. We have now moved into the next phase and are targeting a five percent operating margin by 2016.

Construction now represents about one tenth of Group sales with an operating margin of nearly ten percent, a substantial improvement since the downturn in 2008-09. Over and above recovering end-markets, our turnaround is an example of what we can achieve through focused, long-term operational improvements combined with successful product developments.

Accelerated improvement program to reach ten percent operating margin

Husqvarna Group has a solid foundation. We serve our customers through an

impressive global sales network offering a set of strong global and regional brands and a wide, competitive product portfolio for professionals and consumers. As a result, we have earned leading market positions in several areas. This is a strong starting point. Nevertheless, it is also obvious that we have challenges ahead if we are to improve our financial performance.

Since taking over as President and CEO of the Group in July, my first action was to assess our operative and strategic position by visiting key operating units and meeting colleagues, key customers and suppliers. I do not think I am biased in saying that we have a true entrepreneurial spirit in the Group, driven by an eagerness to develop the best performing and innovative products for our customers. This is a valuable skill that we will continue to nurture. At the same time, I see other areas where we need to take further steps to increase efficiency.

My key conclusions are summarized in the "Accelerated Improvement Program", which was launched in October and includes five areas that aim to improve the Group's operating margin to reach our target of ten percent. The measures will be fully implemented in 2015, with the full financial benefit realized in 2016. The five initiatives are partly interlinked.

■ **Focus on Husqvarna and Gardena brands. Build on core leadership positions, in professional handheld products, robotic lawn mowers and consumer watering products.** These products and brands represent a large portion of sales and also a significantly higher share of our profitability. For this reason, we will allocate a larger share of resources in terms of branding, marketing and product development efforts to these areas, with emphasis on profitable growth.

■ **Dealer and retail business model differentiation.** Our two main distribution channels are fundamentally different. The retail channel emphasizes price points and requires cost-efficiency and a realization of scale advantages, while the dealer channel demands excellence in areas such as high performance products, premium brands and after-sales support. The retail market is consolidated while the dealer market is highly fragmented. Stepwise, we will differentiate our operating models at the same time as we maintain vital synergies and scale advantages.

■ **Additional measures to turn around Americas.** The financial performance for the business area Americas needs to be improved. Margins will benefit from the other improvement initiatives like Operational Excellence, but further focus and execution will be added. On the revenue side, this means prioritizing value and margin over volume. An important mean to realize this is to continue to invest in growing the dealer channel under the core Husqvarna brand. In the highly competitive retail channel, we will continue to optimize the organization and the offering. We will also refine key processes such as sales and operational planning and reduce the number of brands and platforms we offer.

■ **Operational Excellence.** This initiative aims to reduce costs. A wide, competitive product offering will remain a core pillar for us, but we need to streamline by rationalizing product areas characterized by low sales volume and margins. We have set an ambitious target to reduce complexity by reducing our number of product platforms by 30 percent since complexity drives costs and inventory. The other key item is to

“This year, our priority is to execute and build momentum in our accelerated improvement program. The margin recovery we are aiming for is not dependent on a major macroeconomic improvement. Having said this, I am cautiously optimistic in terms of demand for 2014.”

reduce the cost of direct component and parts purchases, a cost that is equal to around 42 percent of revenues. Through joint efforts in R&D and purchasing, we are aiming to reduce costs in this area by ten percent. A vital part of this relates to increasing the competitiveness of the retail offering.

- **Emerging markets growth.** Although emerging markets today represent a small share of the global market, the growth rate is and will foreseeably remain higher than in the larger, more mature markets in Europe and North America. To support a sustainable growth ambition, we will in 2014 focus on installing robust and swift product availability and a product development process tailored to better suit emerging market requirements.

Investments in innovation

As mentioned earlier, we strive to develop the very best products for our customers. One example from 2013 is our award-winning third-generation robotic lawn mower. Growth in this segment was strong during the year and is expected to remain high. In traditional walk-behind lawn mowers, we launched the world's first all-wheel-drive mower, which was successful in the U.S. In Construction, we introduced a range of high-frequency products including power-cutters and drills that offer higher speed and improved torque to provide the user with substantially improved productivity.

Another milestone during the year was the start of our investment in a manufacturing facility for chainsaw chains in Huskvarna. The chain is a vital component for the performance of a chainsaw, one of the Group's core products. This investment will not only open up opportunities in the after-market where sawchains are one of the largest areas, it will also enable us to



leverage our technical expertise to develop and optimize top-performing chainsaws even further. I would however like to make it clear, that we do not expect any revenue impact as a result of the investment during 2014.

Cautiously optimistic for 2014

This year, our priority is to execute and build momentum in our accelerated improvement program. The margin recovery we are aiming for is not dependent on a major macroeconomic improvement. Having said this, I am cautiously optimistic in terms of demand for 2014, given the continued improvements in the U.S. economy and by the European indications of stabilization.

325 years of sustainable operations

In 2014, we will celebrate our 325th anniversary. We have a long and proud history where the common denominator has always been our sustained ability to adapt to changes in demand by introducing new, innovative products. In terms of sustainability, I am also proud to note that

Husqvarna Group has been selected as one of Corporate Knights' Global 100 Most Sustainable Corporations. This will certainly encourage us further in our efforts.

In closing, I would like to take the opportunity to thank everyone at Husqvarna Group for a job well done in 2013, and I look forward to working together to conquer the challenges and realize the potential ahead of us.

Stockholm, March 2014

Kai Wärn
President and CEO

History

With a passion for precision

At Husqvarna Group, we have been going beyond the expected, creating ground-breaking engineering since our start, back in 1689. Over the years, our passion has led to innovative solutions in very different areas – from weapons, sewing machines and motorcycles to chainsaws and robotic lawn mowers and much more. As we see it, it's all about constantly setting new standards in technology and usability.

Today, 325 years later, this approach is stronger than ever, and it has made us a leader in outdoor power products for customers around the world.



1689 Rifle factory

When Swedish weapons production took off in the late 17th century, hydropower was needed to handle certain mechanical operations. The drillingwork at the waterfalls in Huskvarna, southern Sweden, is our first plant. At the beginning of the 18th century this state-owned rifle factory had some 1,000 employees. The last shotgun is produced in 1989.

1874 Kitchen equipment

The first grey iron foundry is established and, besides sewing machines, kitchen equipment in cast iron is produced; such as meat mincers, and later on stoves and ovens. Husqvarna's meat mincers were a great export success – over 12 million exported worldwide.



1903 Motorcycles

The production of motorcycles gives Husqvarna a world-wide reputation, when lightweight yet powerful engines helped make some of the most successful track racing and motocross bikes in history. The operation is divested in 1987.



1896 Bicycles

The era of bicycles is started in the factory and Husqvarna-branded bicycles become popular. A large number of patents are registered. The last bicycle is produced in 1962.

1919 Lawn mowers

When acquiring Norrahammars bruk, the product range expands to include heating boilers and lawn mowers. This acquisition turns out to be the first step in the Group's current focus on outdoor power products.

1959 Chainsaws

As demand for bicycles, mopeds and motorcycles declines, forestry becomes increasingly important in Sweden. The Group's expertise in engines is now utilized in new product areas. The first test with a lawn mower powered by an engine is done in 1956, while 1959 marks the start of the first production of chainsaws.



Husqvarna's first logo.

1872 Sewing machines

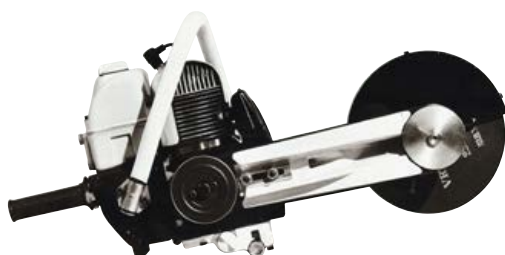
The new machinery for production of rifles turns out to be well-suited for producing sewing machines. The operation is divested in 1997.



1969

Ergonomic

In 1969, Husqvarna launches the world's first chainsaw with integrated anti-vibration system. Ergonomics has been important ever since.



1970

Sweden's first female board member

When Lil Wettergren is elected to the Husqvarna Board of Directors, she becomes the first female board member of a Swedish listed company.



1980's Strengthened positions in the U.S.

Organic growth and acquisitions expand the Group's operations in lawn and garden. Two major acquisitions, Poulan/WeedEater and Roper Corp, are complementing the Group's product range making the U.S. market Husqvarna's largest.

2002 Power cutters and diamond tools

When Partner AB launches the first power cutter as a saw accessory in 1958, it is the starting point of what today is the business area Construction. When Diamant Boart International was acquired in 2002, the construction business doubled its' size, turning into a world leader within its segment.

2007 Expansion in watering and in Japan

Acquisitions of Gardena, Zenoah and Klippo bring strong brands, complementary products and geographic expansion.

2009 Demolition robot

The first remote-controlled demolition robot is launched.



2013 Chainsaw chains

A wish to optimize the full performance of the chainsaw by utilizing the Group's technical expertise in chainsaws leads to investments in a new production facility for producing saw chains.

1978-1979 Chainsaws in focus

Electrolux acquires Husqvarna Group and the outdoor operation continues to expand both through organic growth and through acquisitions, such as AB Partner and Jonsereds AB. Power products now include chainsaws, motorcycles, lawn mowers and power cutting machines.

1995 Robotic lawn mower

Husqvarna pioneered the market by launching the world's first solar powered robotic lawn mower. It took almost 15 years until sales started to take-off for robotic mowers making it a big success story.



2006 On its own feet

Husqvarna Group becomes independent again and is listed on NASDAQ OMX Stockholm.

2008 Expanded presence in China

The Group expands production in China through the acquisition of Jenn Feng and the construction of a new plant for chainsaws and other handheld products.

2014 Husqvarna 325 years

One of the oldest companies in the world, yet young enough to eagerly look forward to future challenges.



Financial Goals

Long-term financial goals

Medium-term, initiatives to improve the Group's operating margin will have higher priority than sales growth. As a consequence, the sales growth target was taken away in 2013.



Long-term financial goals

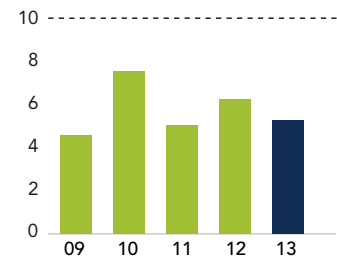
Operating margin

Operating margin of more than 10 percent over the course of a business cycle.

10%

Goal achievement

Operating margin excluding items affecting comparability amounted to 5.3 percent. Average operating margin was 6.2 percent 2009–2013, and 8.1 percent 2004–2013, excluding items affecting comparability.



■ Operating margin, %¹

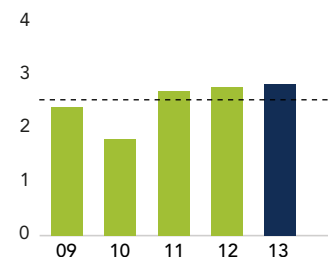
¹) Excluding items affecting comparability.

Capital structure

Capital structure should meet criteria for long-term credit rating corresponding to at least BBB. This is considered to require that seasonally-adjusted net debt in relation to EBITDA should not exceed a multiple of 2.5 in the long term.

2.5x

Seasonally-adjusted net debt/EBITDA was 2.8 at year-end.



■ Net debt/EBITDA, times

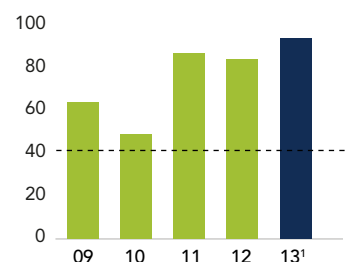
Dividend

The dividend shall normally exceed 40 percent of income for the year.

40%

The Board proposes a dividend for 2013 of SEK 1.50.

The payout ratio for 2013 corresponds to 94 percent of income for the year.



■ Dividend as share of income for the year, %

¹) As proposed by the Board.

Strategy

Strategic pillars

Husqvarna Group's strategy is based on the strategic pillars – strong brands, a competitive product offering, an efficient global distribution network and a flexible supply chain. Operationally the near-term focus is represented by the "Accelerated Improvement Program" that includes key activities to support improvement of the operating margin to reach the long-term target of 10 percent.

Strong brands

- Husqvarna – Professional and semi-professional products for forestry, lawn & garden and construction.
- Gardena – Leading watering products and hand tools for consumers.
- Additional regional brands.

Competitive product offering

- Attractive and innovative products that meet customer needs and are intended for professionals and consumers.
- Reliable, high performing and easy to use.
- Safe and ergonomic products.

Efficient global distribution network

- Global partner to more than 25,000 dealers, major leading retailers and rental distribution channels.
- Strong market positions in dealer and retail distribution channels.
- Invests in our customers providing merchandising, profiling, training and service.

Flexible supply chain

- Flexible system with ability to quickly adapt to the industry's seasonality and weather impact.
- Global and regional purchasing.
- Production facilities and warehouses in strategic locations near end-markets and customers.

Accelerated Improvement Program

1. Focus on core brands and leadership positions.
2. Differentiate the dealer and retail business models.
3. Further measures to turn-around the U.S.
4. Operational excellence.
5. Grow business in emerging markets.



Strong Brands

Fewer, stronger and more focused

Husqvarna Group has a multi-brand strategy with the core brands Husqvarna and Gardena. The Group also has regional brands. Having a portfolio of differentiated brands is essential for maintaining leading positions in a range of product categories and price points – appealing to various end-users in different sales channels and on different regional markets.

Core brands prioritized

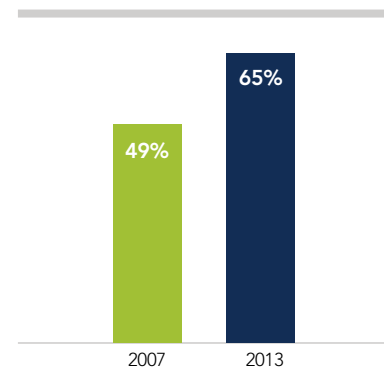
The brand strategy aims primarily to grow sales of premium brands, such as Husqvarna and Gardena, where the Group enjoys strong market positions and earns attractive margins. To increase efficiency and reduce complexity and costs, in the long term, the Group aims to decrease the number of product brands offered. Brand investments and product innovations will

primarily be devoted to the Group's core brands.

Regional brands increase strategic options

The Group's regional brands hold strong positions in local markets or in specific product categories but the intent is not to expand into new areas.

Husqvarna and Gardena brands' share of Group sales



Priorities

- Prioritize Husqvarna and Gardena in terms of brand investments and brand innovation.
- Further strengthen the Husqvarna brand as a professional brand with dealers.
- Build on the Gardena brand's strong recognition as a gardening brand.
- Pursue private label only if it supports the Group's branded business or contributes to economy of scale.



Core brands

**Husqvarna represents technological leadership**

Husqvarna has long been a strong global premium brand for professional users and consumers who demand high performance. The brand stands for technological leadership, professional performance, high quality and user focus. It is primarily available in the dealer channel. The Husqvarna brand accounts for 54 percent of Group sales.

**Gardena is a leading gardening brand**

Gardena is a leading premium brand in Europe for watering products and garden tools for consumers. The offering also includes consumer battery-powered products. The Gardena brand accounts for 11 percent of Group sales.

Other brands	Market	Products
	Mainly Europe	Premium forest and garden products for demanding consumers.
	North America	Premium forest and garden products for demanding consumers.
	Mainly Japan	Professional products and high-performance products for consumers.
	Europe and North America	Professional products and high-performance products for consumers.
	Global	A complete range of diamond tools for processing natural stone.
	North America	Consumer products.
	Mainly the U.K.	Electric consumer products.
	Scandinavia	Professional products and high-performance products for consumers.

Competitive Product Offering

Attractive and innovative products that meet customer needs

Husqvarna Group has a broad, competitive product offering with leading market shares and an innovative history in many areas. Success is built on continued investments in user-focused product development to maintain technological and innovative product leadership.



Priorities

- Product leadership in core product areas through innovation, design and time to market.
- Focus on leveraging leadership positions in professional handheld products, robotic mowers and watering products.
- Reduce number of product platforms.
- Increase value engineering efforts to enable manufacturing and sourcing cost reductions.

“A common global, consumer-insight based process for product development ensures precision in the launch and quality of new products, innovation and realization of cost synergies.”

→The Group’s goal is to be the leader in the core product categories. However, ensuring a strong partnership with customers also requires a competitive offering outside of the core areas.

Innovation key for selective growth and margin

Husqvarna Group has extensive resources and advanced expertise for product development. A common global, consumer-insight based process for product development ensures precision in the launch and quality of new products, innovation and realization of cost synergies.

Growth and margin will primarily be driven by the continued development of high-quality, high-performing products for professional users for maintaining forests, parks and gardens, as well as attractive and cost-efficient products for consumers. In addition, margins will benefit from cost reductions.

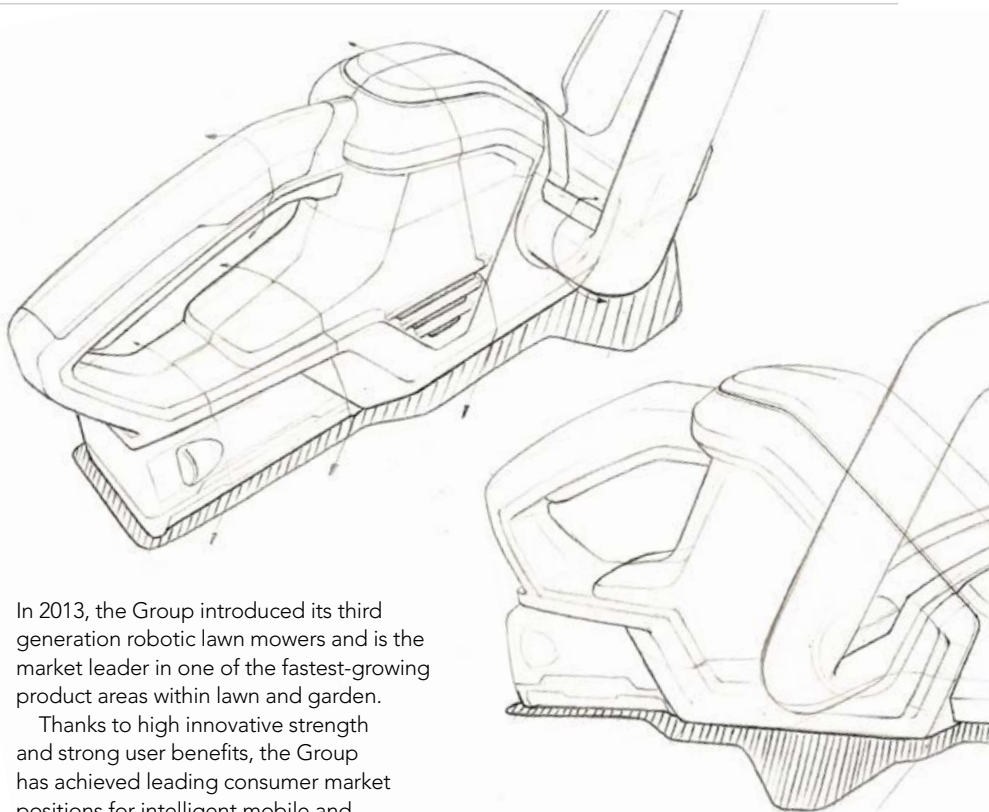
Achieving growth also requires a differentiated product offering for the various distribution channels, e.g. dealers and retailers, as well as for the Group’s different brands.

Leverage on product leadership positions

Special focus areas will be professional handheld products, robotic lawn mowers and watering products. They represent areas where the Group enjoys strong market positions and competitive advantage, and where it earns attractive margins. This means that a greater share of product investments, marketing and sales effort will be devoted to these areas.

For professional handheld products, the Group has world-leading expertise in engine technology for two-stroke engines which has been built over many years of sustained investment.

An area that has been receiving increased focus and that promises growth potential is electric products, mainly battery-powered products such as trimmers, chainsaws and robotic lawn mowers.



In 2013, the Group introduced its third generation robotic lawn mowers and is the market leader in one of the fastest-growing product areas within lawn and garden.

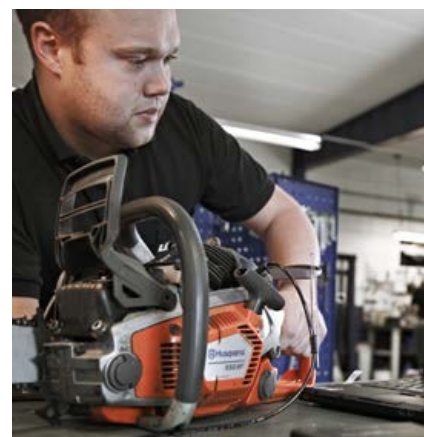
Thanks to high innovative strength and strong user benefits, the Group has achieved leading consumer market positions for intelligent mobile and fixed garden watering systems under the Gardena brand in several countries in Europe. Besides sustained innovation levels, there is also potential to grow sales through geographical expansion to under-penetrated European markets.

Product cost reduction

An enabler for successful cost-out activities is to reduce complexity by discontinuing selected product platforms. Targeted platforms are those with either small sales volume or insufficient gross margin, or both.

The reduction in product platforms together with increased efforts in re-design for manufacturing aim to facilitate significant cost-out initiatives in manufacturing and purchasing.

Products are becoming increasingly more global or regional, thus also creating additional opportunities for reducing the number of product platforms and local variants, creating potential for lower development costs per sold unit.



**reddot design award
best of the best 2013**

Six prestigious “Red Dot” design awards were received for the high design quality of Husqvarna and Gardena branded products. Three of the six awards were in the “Best of the Best” distinction. Each product is rated on criteria such as innovation, functionality, self-explanatory property, quality and environmental compatibility.

Award “red dot: best of the best”

- Husqvarna 550 XP® Chainsaw – exemplary ergonomics, perfectly balanced
- Gardena rectangular sprinklers – provides effortless and reliable modular water supply
- Gardena wall mounted hose boxes – compact and user-friendly

Efficient Global Distribution Network

Increased sales through dealer channel

Husqvarna Group's comprehensive distribution network has been developed over many years, providing a substantial competitive advantage. There is good potential for growth in the dealer channel in both mature and emerging markets. In the retail channel, priority is given to margin recovery over sales growth.



Sales by distribution channel, 2013

- Dealers, 51%
- Retailers, 43%
- Other, 6%¹⁾



¹⁾ Rental companies, sawing-, drilling- and demolition contractors and stone quarry customers.

→ The Group's forest, park and garden products are primarily sold through two distribution channels – dealers and retailers. These sell the products to end-users, who may be consumers or professionals such as landscapers, park managers, gardeners, forestry workers and arborists.

Dealers, who are the thousands of small, local, independent specialty stores, sell a more advanced range of branded products, spare parts and accessories targeting professional users and consumers with a high demand on performance. Dealers also offer product servicing. Key factors for the dealer channel include product performance and specifications, premium brands and solutions of finished products and after sales support.

Products for the construction industry are sold mainly to rental companies and specialized dealers, as well as directly to contractors.

Retail chains focus primarily on consumer products, spare parts and accessories, branded products as well as private label.

The retail channel emphasizes properties such as volume, cost management and realization of scale advantages.

The Group holds strong positions in both channels and sells to approximately 25,000 dealers as well as to most of the large well-known retail chains. The Husqvarna brand is primarily a dealer channel brand. One exception is in the U.S. where the retail chain Lowe's also sells the Husqvarna brand.

The dealer channel accounted for 51 percent of Group sales in 2013, the retail channel accounted for 43 percent, and other channels (rental companies, sawing-, drilling- and demolition contractors, and stone quarry customers) accounted for the remaining six percent of Group sales.

Increasing sales to dealers is a priority, especially in North America, where the Group's position in the dealer channel is not as strong as it is in Europe.

In addition to offering a wide range of competitive products, the availability of spare parts, product training, service programs, floor-planning solutions and timely delivery are all important factors in recruiting new dealers and maintaining long-term relationships. Brand-building measures aimed at dealers, such as customized shelf systems to display the Group's products, are also important.

Priorities

- Improve mix by growing dealer channel sales.
- New dealer pricing model.
- Improve after-sales solutions: broader offering and increased availability of spare parts.
- Utilize online and web tools to further improve contact with consumers and end-users.

Husqvarna T540 XP® – the jewel in the crown

“Quite simply the safest, most powerful chainsaw you want in your hand when hanging 30 meters up in a tree.”

JOHAN PIHL

Title: Climbing arborist
Company: Hartill Trädexpert,
Svanesund, Sweden



You may need to be a bit wild to climb trees, but rule number one is: Safety first.

European champion and seven-time Swedish gold medalist in tree climbing, Johan Pihl ought to know. He’s not only able to ascend 15 meters in just 15 seconds – he’s also a professional climbing arborist in Svanesund, Sweden.

“Our work is pretty dangerous, so safety is critical. When you’re surveying trees or pruning branches at such extreme heights, the last thing you need to worry about is getting stumped by your machines.”

Johan’s chainsaw of choice is the powerful Husqvarna T540 XP®. “It’s user-friendly, lightweight and ergonomic, which is a huge advantage in our field,” he says.

The T540 is equipped with features that maximize safety and performance in every situation. Like the return stop switch that automatically resets to the “on” position. The belt eyelet that connects the saw to your climbing harness quickly and easily. The AutoTune technology compensates for different fuels, altitude, humidity, temperature and a clogged air filter. And the safety stop that’s activated if the chain kicks back.

Working so close to nature, Johan also appreciates that his saw is environmentally friendly. In fact, the T540 uses 20 percent less fuel than earlier models and cuts emissions by 75 percent, so he can breathe cleaner air.

And at these heights, it’s nice to see the forest and the trees.

The **Husqvarna T540 XP®** chainsaw for professionals like arborists and landscapers maximizes power and performance in all weather conditions.



Flexible Supply Chain

More flexible, less complex

A flexible supply chain is essential for improving competitiveness. It supports high product availability while reducing inventory levels and achieving a more efficient cost base.

Number of warehouses

70 ↓ 41



The number of warehouses was reduced from 70 to 41 between 2008 and 2013.

Number of suppliers

3,100 ↓ 2,300



Between 2008 and 2013, the number of suppliers was reduced from 3,100 to 2,300.

Production value by geographical area, 2013

- North America, 49%
- Europe, 42%
- Rest of the world, 9%



Priorities

- Continued improvements in conversion and logistics cost.
- Continued optimization of product availability and inventory levels.
- Significant complexity and component cost reduction.

→ The Group's operations are characterized by substantial seasonal variations, since the selling season for lawn and garden products is relatively short and the high season is during spring and early summer. Weather can further impact seasonal variations. This means that flexibility is a competitive advantage that can put the Group ahead of longer lead-time competitors. The need for flexibility and short lead-times means, among others, that a major part of production resources is located close to customers in the main markets in North America and Europe.

Optimized production

The European and North American production facilities primarily serve their respective markets with high flexibility. In some product categories, there is cross-regional utilization to drive further efficiency. The facilities in Asia, which are smaller in size, support global supply for products of higher demand predictability.

Several changes were made to the manufacturing footprint during 2010–2011. In North America, manufacturing was consolidated into three larger production sites – one for handheld products, one for ride-on mowers and one for walk-behind products. In Europe, the main change was the investment in a new plant in Poland to which production of walk-behind and ride-on mowers was transferred, mainly from Sweden.

There are potentially smaller additional manufacturing footprint changes to pursue in Europe and Asia. To realize further additional efficiency improvements and cost reductions, the Group will focus primarily on continuous improvement programs and on improving key processes, such as sales and operations planning. To facilitate reduction of transportation and warehousing costs, to further drive product availability and to enable lower inventory levels, the global warehousing footprint will be further optimized.

Great potential in component cost reduction

The manufacturing of wheeled products, such as lawn mowers and garden tractors, consists chiefly of final assembly of sourced components, while the manufacturing of handheld products, such as chainsaws and trimmers, is more integrated. This means that input materials to a greater extent consist of raw materials or components with lower completion rates.

Purchased components are the Group's largest cost item, and as a result, there is great potential to reduce direct material costs through improvements in purchasing. This opportunity is partly dependent on the Group's success in reducing the number of products and platforms, which will increase scale benefits in sourcing.

Program for enhanced supplier partnership

In 2013 the Group launched a global improvement program together with its 150 largest suppliers.

The program targets to unlock value and productivity through collaboration and innovation. For each of the suppliers an individual plan has been laid out targeting improvements in supply chain flexibility, quality, cost and innovation. As an example, cost reductions will be realized by increased scale benefits and common cost-down initiatives together with the suppliers.



Tending the edge between nowhere and somewhere

“You need more than a 20-meter drop to keep a Husqvarna machine from doing its job.”

DAVE HARRISON

Title: Supervisor Parks & Recreation

Employer: Leeton Shire Council, NSW, Australia



Maintaining the parks and recreational areas for the 13,000 people of friendly Leeton Shire is no easy task. There are 20 parks, 14 playgrounds and five outdoor sporting facilities, plus the cemetery and local golf course. Parks and Recreation Supervisor, Dave Harrison and his crew have their work cut out for them.

Dave relies on Husqvarna chainsaws, trimmers and brush cutters to keep the manicured lawns, luxuriant gardens, shaded greens and footy fields groomed and welcoming. In fact, in 2007, Leeton was the New South Wales overall state winner for the tidiest town.

His most recent acquisition is the Husqvarna 525 LST brush cutter.

“If you’ve spent a few hours behind a trimmer or edger, especially in 40-degree heat, you know what’s important,” he says. “You need a product that’s easy to use and doesn’t play up in the heat.”

“The 525 LST is the most powerful cutter we’ve had for its weight and more advanced than anything else we looked at in the same price range. Not only that, the heads are easy to change and the handle is very manageable.”

The weeds aren’t the only things coming down in Leeton. Dave once dropped a Husqvarna chainsaw from 20 meters when a tree branch snapped, with no damage done. They don’t grow on trees, but when they fall from them, Husqvarna machines keep on working.

The **Husqvarna 525 LST** trimmer offers high performance and easy control during the toughest of jobs.

The Market

Husqvarna Group – a global leader

The global market for the Group's forest, park and garden, and construction products is estimated at approximately SEK 145 billion*. The main geographical markets and product categories are mature and grow in line with the general economy.

2-3%

Global market long-term growth rate

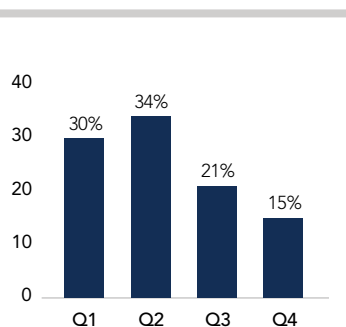
→ Europe and North America are the biggest markets where a significant part of the world's forest, park and garden areas are located. Combined, they represent around 85 percent of the global market for forest, park and garden products. Historically, the average growth of these markets has generally kept pace with the GDP at between two to three percent per year. Demand is mainly driven by the general economic trend. Activity in the market for

single-family homes, purchasing power and consumer confidence have been important drivers of demand. As a result of the downturn in the U.S. economy following 2007, the market for gardening and forestry products declined significantly and is still smaller than during the peak years of 2004 and 2005.

There are also large forested areas in South America and, to a certain extent, in Africa and China. In these markets,

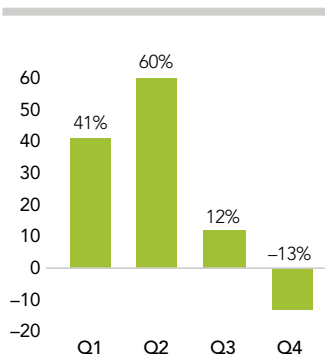
Net sales, seasonality

Average distribution per quarter 2009–2013, %



Operating income, seasonality

Average distribution per quarter 2009–2013, %



Forest, park and garden

Competitor	Products	Market
■ Stihl	Mainly handheld products for forest, park and garden such as chainsaws, clearing saws and trimmers for professional users and consumers.	Global
■ Global Garden Products (GGP)	Mainly ride-on lawn mowers and walk-behind lawn mowers.	Europe
■ Modern Tool and Die Company (MTD)	Mainly lawn mowers and ride-on lawn mowers for consumers.	North America and Europe
■ John Deere	Garden tractors and lawn mowers for professional lawn care and consumers.	North America and Europe
■ Toro	Mainly mowing equipment for professional lawn care as well as lawn mowers for consumers.	North America and Europe
■ TTI	Mainly handheld products for forest, park and garden as well as lawn mowers for consumers.	Global
■ Echo and Shindaiwa	Handheld products for forest, park and garden for professional users and consumers.	Global
■ Bosch	Electric and battery-powered garden products for consumers.	Europe
■ Stanley Black and Decker	Electric and battery-powered garden products for consumers.	Global
■ Hozelock	Mainly watering products for consumers.	U.K. and Nordic region

Global competitors, construction and stone industries

Competitor	Products
■ Hilti	Drilling equipment, wall saws, drills and diamond tools.
■ Stihl	Power cutters.
■ Tyrolit	Wall saws, floor saws, diamond tools and stone diamond tools.
■ Ehwa and Shinhan	Diamond tools.

logging is, to a higher degree, carried out manually and demand is driven by professional users. Demand for garden products in these markets is also driven to a greater extent by commercial users such as gardeners and park managers. Consumers have little interest in gardening and there is no widespread tradition of garden care among individuals. Overall, these markets are significantly smaller, but their growth rates are higher.

The long-term annual growth rate for the Group's product offering for the construction and stone industries has been around 3 percent for construction industry products, and slightly higher for stone industry products. Demand correlates strongly with activity in the construction industry.

Major seasonal variations throughout the year

Park and garden products, which represents the majority of the Group's total sales, are mainly used during the spring and summer, which in the Northern hemisphere means that sales normally culminate during the second quarter and can be considered over after the third quarter. The season for watering products is normally shorter and often ends after the second quarter.

Demand for forestry products tends to be somewhat higher during the second half of the year than during the first half. Sales of cutting equipment and diamond tools for the construction industry are more evenly spread over the year.

In total, the first half of the year usually accounts for around two thirds of the Group's annual sales.

Dealers and retailers – our customers

The Group sells forest, park and garden products to dealers and retailers who sell them to end-users. Retailers also include do-it-yourself (DIY) stores and supermarkets.

Dealers sell to professional users and consumers who demand high-performing products, primarily in the high-price segments. Most dealers also service the products. The retail chains sell products in the low and medium-price segments to consumers. Prices and margins are lower than for dealers.

Construction and stone industry products are sold directly to end-users such as sawing and drilling contractors and quarry operators, to rental companies that rent the equipment to end-users, or to dealers who sell to end-users.

Market demand in 2013

Overall, market conditions were slightly better compared to the previous year. For forest, park and garden products, demand increased. In the first half of the year, markets in Europe and North America were impacted negatively by a late spring and generally unfavorable weather. This was compensated for by favorable late summer and early autumn weather, which resulted in a prolonged gardening season and a full-year demand level exceeding that of 2012.

For construction products, demand in North America was higher as construction markets continued to recover. Emerging construction markets also showed a positive development in demand, especially in Brazil, while development in Europe was mixed.

*All market data are estimates made by Husqvarna Group. No accurate market data is available.



Europe & Asia/Pacific

Forest, park and garden products

Husqvarna Group's market share Market value

20% SEK **65** bn

Americas

Forest, park and garden products

Husqvarna Group's market share Market value

20% SEK **60** bn



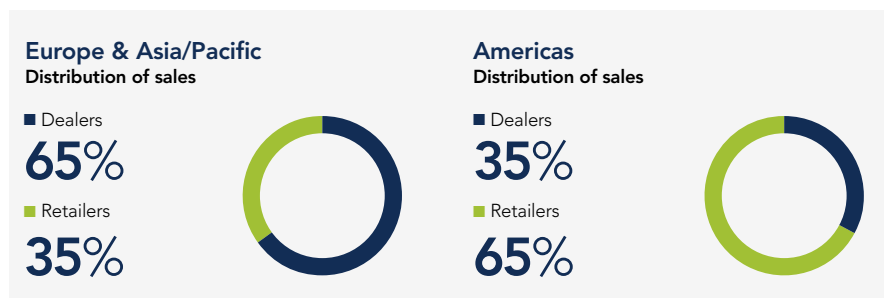
Construction

Construction products

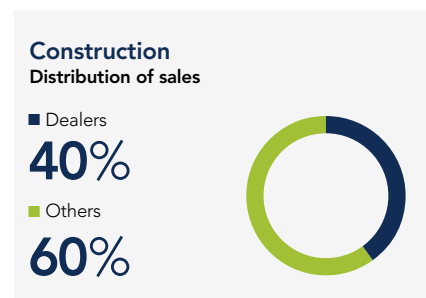
Husqvarna Group's market share Market value

15% SEK **20** bn

Total market: Forest, park and garden



Total market: Construction



Business Area Overview

Business area	Product range	End-users	Distribution channels
<p>Europe & Asia/ Pacific</p> <p>49% Share of Group net sales</p> 	<ul style="list-style-type: none"> ■ Handheld products: petrol-powered chainsaws, trimmers, clearing saws, blowers and hedge trimmers. ■ Electric products: robotic lawn mowers, walk-behind lawnmowers, corded and cordless chainsaws, trimmers, hedge trimmers and blowers. ■ Wheeled products: riders (with front-mounted cutting deck), garden tractors, walk-behind lawn mowers, tillers and snow throwers. ■ Watering products and hand tools: hoses, couplings, sprinklers, secateurs, watering controls, irrigation systems etc. ■ Accessories: accessories and replacement parts. <p>Main brands: Husqvarna, Gardena, Jonsered, Zenoah, McCulloch, Klippo and Flymo.</p>	<ul style="list-style-type: none"> ■ Homeowners. ■ Professional forest and tree care. ■ Professional landscaping and ground care. 	<ul style="list-style-type: none"> ■ Dealers. ■ Retail chains such as B&Q, Leroy Merlin, OBI and Bauhaus.
<p>Americas</p> <p>41% Share of Group net sales</p> 	<ul style="list-style-type: none"> ■ Wheeled products: garden tractors, zero-turn mowers (ride-on lawn mowers with no turning radius), walk-behind lawn mowers, tillers and snow throwers. ■ Handheld products: petrol-powered chainsaws, trimmers, clearing saws, blowers and hedge trimmers. ■ Electric products: corded chainsaws, trimmers, hedge trimmers and blowers. ■ Watering products and garden tools (Canada). ■ Accessories: accessories and replacement parts. <p>Main brands: Husqvarna, Gardena (Canada), Jonsered, PoulanPro and WeedEater.</p> <p>Private label: Supplier to the Sears brand, Craftsman.</p>	<ul style="list-style-type: none"> ■ Homeowners. ■ Professional forest and tree care. ■ Professional landscaping and ground care. 	<ul style="list-style-type: none"> ■ Dealers. ■ Retail chains such as Sears, Lowe's, Walmart and Home Depot.
<p>Construction</p> <p>10% Share of Group net sales</p> 	<ul style="list-style-type: none"> ■ Power cutters. ■ Floor, tile and masonry saws, wall and wire saws. ■ Drill motors with stands. ■ Floor grinding machines. ■ Demolition robots. ■ All types of diamond tools for the construction industry. ■ Diamond tools for the stone industry. <p>Main brands: Husqvarna and Diamant Boart.</p>	<ul style="list-style-type: none"> ■ Construction industry, including infrastructure projects such as road and bridge construction, renovation and construction of commercial and residential properties. ■ Stone industry. 	<ul style="list-style-type: none"> ■ Direct to sawing, floor grinding and demolition contractors. ■ Rental companies that rent equipment to building contractors and end-users. ■ Construction dealers.



Production

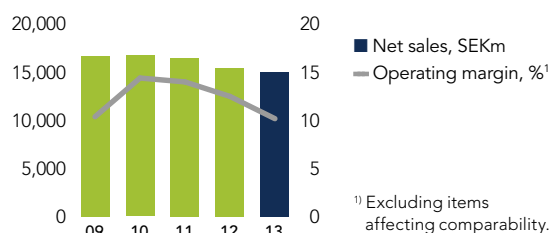
- **Czech Republic:** watering products and hand tools.
- **Germany:** watering products and hand tools.
- **Poland:** lawn mowers and ride-on lawn mowers.
- **Sweden:** trimmers, clearing saws, chainsaws and professional ride-on lawn mowers.
- **U.K.:** corded and cordless lawn mowers and robotic lawn mowers.
- **U.S.:** ride-on lawn mowers, walk-behind lawn mowers, snow throwers, chainsaws, trimmers and blowers.
- **Brazil:** chainsaws and trimmers.
- **China:** trimmers and chainsaws.
- **Japan:** chainsaws and other handheld products.

Main competitors

- Bosch
- Echo and Shindaiwa
- Fiskars
- Global Garden Products (GGP)
- Hozelock
- John Deere
- Modern Tool and Die Company (MTD)
- Stihl
- Toro
- TTI

Net sales and operating margin

	2013	2012	2011
Net sales, SEKm	14,952	15,351	16,365
Share of Group net sales, %	49	50	54
Operating income excl. items affecting comparability, SEKm	1,514	1,947	2,277
Operating margin excl. items affecting comparability, %	10.1	12.7	13.9
Net assets, SEKm	11,706	12,315	12,382
Capital expenditure, SEKm	696	441	600
Average number of employees	6,219	7,148	7,037

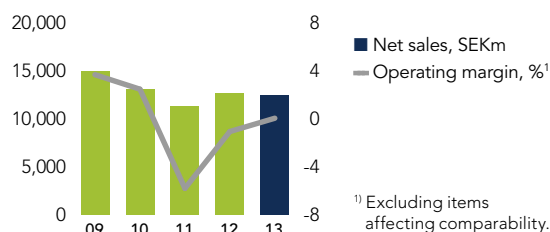


¹ Excluding items affecting comparability.

- **Sweden:** chainsaws, trimmers and clearing saws.
- **U.S.:** (McRae, Georgia): walk-behind lawn mowers, snow throwers.
- **U.S.:** (Nashville, Arkansas): chainsaws, trimmers and blowers.
- **U.S.:** (Orangeburg, South Carolina): ride-on lawn mowers.
- **Brazil:** chainsaws and trimmers.
- **China:** trimmers and chainsaws.

- Echo and Shindaiwa
- John Deere
- Modern Tool and Die Company (MTD)
- Stanley Black & Decker
- Stihl
- Toro
- TTI

	2013	2012	2011
Net sales, SEKm	12,355	12,531	11,193
Share of Group net sales, %	41	41	37
Operating income excl. items affecting comparability, SEKm	4	-124	-654
Operating margin excl. items affecting comparability, %	0.0	-1.0	-5.8
Net assets, SEKm	4,232	4,934	5,675
Capital expenditure, SEKm	265	221	287
Average number of employees	5,907	6,307	6,664

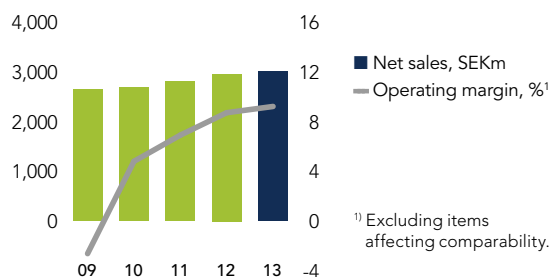


¹ Excluding items affecting comparability.

- **Belgium:** diamond segments for wires and blades.
- **Portugal:** final assembly of wire and diamond saw blades for natural stone.
- **Sweden:** power cutters, wall and wire saws, drill motors and stands, demolition robots, diamond saw blades and drill bits.
- **U.S.:** large floor saws, tile and masonry saws, Soff-Cut® floor saws, diamond saw blades and drill bits.
- **China:** floor saws, tile and masonry saws, drill stands, surface-finishing machines, diamond saw blades, grinding tools and drill bits.

- Hilti
- Stihl
- Tyrolit
- Ehwa and Shinhan

	2013	2012	2011
Net sales, SEKm	3,000	2,952	2,799
Share of Group net sales, %	10	9	9
Operating income excl. items affecting comparability, SEKm	277	258	194
Operating margin excl. items affecting comparability, %	9.2	8.7	6.9
Net assets, SEKm	2,429	2,440	2,576
Capital expenditure, SEKm	116	113	107
Average number of employees	1,962	1,973	1,997



¹ Excluding items affecting comparability.

Europe & Asia/Pacific

Established market leader

The business area Europe & Asia/Pacific enjoyed stable growth in 2013. In the first half of the year, several markets suffered from a late spring, while favorable weather and a resulting prolonged gardening season supported demand in the second half of the year.

→ The total market for forest, park and garden products in Europe & Asia/Pacific is worth approximately SEK 65 billion. Europe accounts for approximately 75 percent of the market. The largest markets are Russia, Germany, France, Japan and the U.K. Other significant markets include Italy, Poland, Sweden and Australia.

Sales to dealers in Europe & Asia/Pacific are estimated at 65 percent of total market value, while some 35 percent are via retail chains, with a substantial portion of transactions in both channels carried out online.

Significant market positions

The Group holds a strong position in Europe with an aggregated market share of around 20 percent. The share is strongest for high-performance products under the Husqvarna and Gardena brands.

Husqvarna Group holds leading positions in chainsaws and clearing saws in the major forestry markets such as Russia and the Nordic and Baltic regions. The Group also has leading positions in Europe for robotic lawn mowers, ride-on lawn mowers, walk-behind lawn mowers and watering products.

In Australia, New Zealand and Japan, the Group has leading positions in several handheld and wheeled segments. Husqvarna brand's penetration in China, India and South East Asia represents a major expansion opportunity for the Group.

Continued growth for robotic mowers

The Group enjoyed continued strong growth in robotic mowers. Demand for lawn and garden products, including watering products, was positively impacted by a



Husqvarna Automower® 320

In 2013, the third-generation robotic lawn mowers were launched. More intelligent and durable than ever, the mowers are designed to handle lawns from 800 to 3,200 m² and slopes of up to 45°. The new models feature a weather timer, GPS navigation and a system for measuring the thickness of the grass, that enable the mowers to leave an even, carpet-like finish. Another finesse is the eco-mode, which means that power to the cable is turned off when charging, leading to lower power consumption.



Gardena Oscillating Sprinkler ZoomMaxx

The Gardena oscillating sprinklers combine a high technological level with ergonomics that are well thought-through down to the last detail. They are ideal for irrigating square and rectangular lawn areas.

“The Group holds a strong position in Europe with an aggregated market share of around 20 percent. The share is strongest for high-performance products under the Husqvarna and Gardena brands.”

49%

Share of Group net sales

prolonged selling season in Europe due to favorable weather conditions in the second half of the year.

The Group's trimmer range performed well in all channels. In chainsaws, where the market in Europe is estimated to have decreased during the year, market shares increased. In Asia/Pacific, the sale of accessories and handheld products continued to develop well.

During the year, the Group continued to strengthen relations with dealers, including introducing a new dealer shop profile concept, product training, service programs and simplified access to spare parts and accessories.

Successful launch of third generation robotic mowers

In Europe, the launch of the third generation robotic mowers was highly successful in several markets. Additionally, new roll-up hoses under the Gardena brand sold well. The new superior top handle T540 chainsaw made an impressive entry in several countries.

In Australia and New Zealand, a new series of professional trimmers and brush-cutters was popular among dealers.

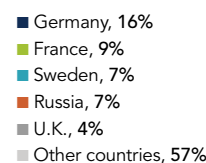
Expansion opportunities in dealer channel

Robotic lawn mowers is a growth area in Europe with continued good growth potential. There is also considerable potential in battery handheld products for the professional segment where the Group already has a strong product offering. The European emerging markets, such as Russia and Turkey, also offer good opportunities.

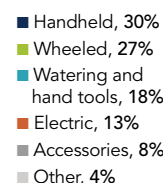
In Asia/Pacific, there is potential to further expand the dealer channel. Neo-urbanization and the aging population in China and South East Asia are creating a demand for improved light mechanized solutions, which will continue to increase the current low saturation and penetration of outdoor power products.

In mature markets such as Japan, New Zealand and Australia, continued dealer business development is a strategic priority, where enhancing the consumer experience by offering more value-added and after sales service will help win customers.

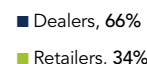
Net sales by country



Net sales by product category



Net sales by distribution channel



Priorities from 2012

- Increase sales productivity per dealer.
- New price model.
- Expand distribution in emerging markets.
- Geographical expansion of watering products.
- Manifest leading position in robotic lawn mowers.
- Grow commercial lawn and garden business in selected countries.

Results in 2013

- ➔ Increased penetration in the dealer channel, broadened offer to customers.
- ➔ Enhanced transparency with the new price model in Europe.
- ➔ Increased sales in Russia, South Africa and China. Dealer expansion in several emerging markets.
- ➔ Consolidated the position in watering in Europe. Continued expansion in emerging markets.
- ➔ Continued strong growth. Launch of third generation robotic lawn mowers.
- ➔ Growth in Sweden, France, Netherlands and Germany.

Priorities for 2014

- Continue expanding the dealer channel and the commercial lawn and garden sector.
- Continue to expand in emerging markets.
- Grow handheld, robotic lawn mowers and watering.

A progressive year

The business area Americas develops, manufactures and sells forest, park and garden outdoor power products in North and Latin America. It focuses on the consumer, commercial lawn and garden markets as well as the arborist and forestry industries. Efforts to grow in the dealer channel yielded positive results.

→ The market for forest, park and garden products in the region is estimated at approximately SEK 60 billion. The U.S. represents about 85 percent of the market, Canada 10 percent and Latin America 5 percent. Brazil is the largest market in Latin America.

The Husqvarna Group holds a strong market position in many areas for both consumer and professional products, such as chainsaws, garden tractors, lawn mowers and trimmers. The combined market share amounts to around 20 percent.

Historically, sales of consumer products to retail chains have been an area of prominent strength in North America, which

means that the Group has a strong presence in the consumer market.

Sales to dealers are estimated at 35 percent of the value of the total market in North and Latin America, with the remaining 65 percent sold to retail chains.

Dealer channel strong in 2013

Sales in the business area were robust during the year. A portion of the increased sales resulted from favorable weather conditions - the late rainy spring helped extend the growing season into the fall, which led to a significantly longer buying season for garden products.

Husqvarna HU800 AWD

Husqvarna HU800 AWD - the world's first all-wheel drive lawn mower - was launched in 2013. It is designed for uneven terrain and the toughest mowing conditions. The quick-pin 4-point height adjuster lets you adapt to varying complexity and steep slopes. The premium comfort grip control and variable drive speed make it easy to adapt to the needs and condition of your lawn.



“The launch of the all-wheel drive mower Husqvarna HU800 AWD was one of the year’s highlights. Sales were very good and has created significant growth opportunities.”

Another contributing factor was the general improvement in the housing market, which is expected to continue in 2014. The resulting increase in the sale of lawn products was complemented by the launch of the HU800 All-Wheel Drive mower, which was received very well in the market.

Efforts to develop the dealer channel yielded positive results and sales experienced consistent growth throughout the year. In total, the dealer channel accounted for 36 percent of total sales. Key initiatives included targeting preferred dealers, arranging brand and product-oriented campaigns and events, maintaining a strong offering of spare parts and accessories, and enhancing product training and service programs. Supporting and developing the dealer channel will remain a priority for 2014.

Launch of new products

The launch of the all-wheel drive mower Husqvarna HU800 AWD was one of the year’s highlights. Sales were very good and has created significant growth opportunities. As the world’s first producer of an all-wheel drive lawn mower, Husqvarna Group continues its legacy of innovation in the outdoor power product industry.

In addition, the Husqvarna Fast Tractor riding mower (launched in 2012) continued to do well during the year.

Initiatives for improved margin

The Group aims at improving the operating margin for Americas to five percent from the current level of break-even, which is to be accomplished by 2016. A number of different initiatives will contribute. For revenues, value and margin will be prioritized over volume. An important mean to realize this is to continue to invest in growth in the dealer channel under the core Husqvarna brand. For the retail channel, the organization will be optimized and key processes such as sales and operational planning will be refined to drive efficiency improvements. Through joint efforts between R&D and purchasing, and by reducing the number of different product platforms offered, substantial cost reductions are targeted.

41%

Share of Group net sales

Net sales by geographical area

- U.S., 84%
- Canada, 10%
- Latin America, 6%



Net sales by product category

- Wheeled, 63%
- Handheld, 29%
- Accessories, 5%
- Electric, 1%
- Watering and hand tools, 1%
- Other, 1%



Net sales by distribution channel

- Dealers, 36%
- Retailers, 64%



Priorities from 2012

- Prioritize value before growth.
- Reduce complexity in product and brand portfolio to support cost reduction.
- Grow sales of branded products.
- Continue to grow dealer channel sales.

Results in 2013

- Ongoing with satisfactory progress.
- Ongoing with satisfactory progress.
- Improvement in sales of branded products, especially due to Husqvarna brand sales at Lowe’s and dealers.
- Dealer channel sales increased.

Priorities for 2014

- Prioritize value creation.
- Continue to reduce complexity in product and brand portfolio.
- Differentiation of retail and dealer business models.
- Continue to grow dealer channel sales.

Sustained growth and expansion

Construction showed a positive development during the year thanks to continued investments to support growth in heavy user direct sales, moderate recovery in the economy and the introduction of new, innovative products.

→ The Husqvarna Group is a world leader in machinery and diamond tools for the construction and stone industries. Products are sold in more than 70 countries under the Husqvarna and Diamant Boart brands.

The Group develops, manufactures and sells mainly light construction products for cutting, drilling, grinding, polishing and demolishing concrete, steel and other hard materials. Products include power cutters, demolition robots, drilling equipment, wall and wire saws, floor and tile saws and all related diamond tools.

Husqvarna Group also develops, manufactures and sells a full range of diamond tools for the natural stone market.

The largest product categories for the industry include power cutters, diamond wire, floor saws and drill systems. The Group's products are primarily used in the renovation and construction of commercial properties, in infrastructure projects such as highways and bridges, and in the stone industry.

Husqvarna's construction products are used exclusively by professionals who demand high level performance, reliability and superior levels of technical service. Satisfying these demands is crucial for success.

Strong market positions

The global market for Husqvarna Group's product range for the construction and

stone industries is valued at approximately SEK 20 billion. The market is fragmented, with many small, local competitors and a few global suppliers.

The Group's combined global market share in relevant product categories is about 15 percent, with leading positions in several product categories. Positions are strongest in power cutters as well as floor, wall and wire sawing.

Operations are founded on offering access to a global service network, distribution through dealers and rental companies as well as direct sales to construction contractors and regular investments to maintain the widest, most innovative and powerful range of products in the market today.

Sales up in improving economy

Sales increased for the fourth year in a row, driven by growth in North America where the market recovered. Market share also continued to rise.

In Europe, demand for construction products recovered somewhat. The positive development was fueled by improved economic conditions and increased certainty in the region as a whole, although to a lesser degree in Southern Europe.

In the rest of the world, markets also showed continued positive demand growth. Brazil continued to be an important market with a good development partly because the country will host the World Cup in 2014 and the Olympics in 2016 and as a result, major construction projects are underway. Continued positive development was also seen in Russia, China and other parts of Asia/Pacific, with renewed growth in Japan and Australia.

New, innovative high-performance products

2013 saw the introduction of several new products, including Diagriip 2, the new range of high-performance diamond tools that offer 20–30 percent higher cutting speed than conventional tools, as well as an extension of the demolition robot product line, which includes the DXR 300 and DXR 270 demolition robots.

Lightweight, compact, stable and highly maneuverable, the DXR 270 and DXR 300 can be transported easily. The new outriggers with extra span not only provide



Husqvarna PP 65

Husqvarna PP 65 is a versatile, air-cooled electric power unit, part of the new PRIMETM product line. PP 65 can be used to power the Husqvarna K 6500 handheld power cutter, the ring saw K 6500 ring and DM 650 drill motor. The low weight, compact design and user-friendly display interface makes Husqvarna PP 65 very easy to use and transport.

“Husqvarna’s construction products are used exclusively by professionals who demand high level performance, reliability and superior levels of technical service. Satisfying these demands is crucial for success.”

10%

Share of Group net sales

increased stability but also allow for a greater workload. Like all other Husqvarna DXR demolition robots, the DXR 270 and DXR 300 are operated by remote control.

Husqvarna PRIME™ is the name of a new product range of high performance electric cutting equipment also introduced during the year. Through the innovative use of high frequency current and digital process-

ing, it offers a new level of efficiency and usability, increasing performance, productivity and mobility for customers.

Under the Diamant Boart brand, the Group also saw increased sales from VINCI wires, the revolutionary multi-wire solution for sawing granite blocks at a very high speed, reducing the cutting cost per slab significantly.



Net sales by geographical area

- North America, 42%
- Europe, 38%
- Rest of the world, 20%



Net sales by distribution channel

- Dealers, 40%
- Other, 60%



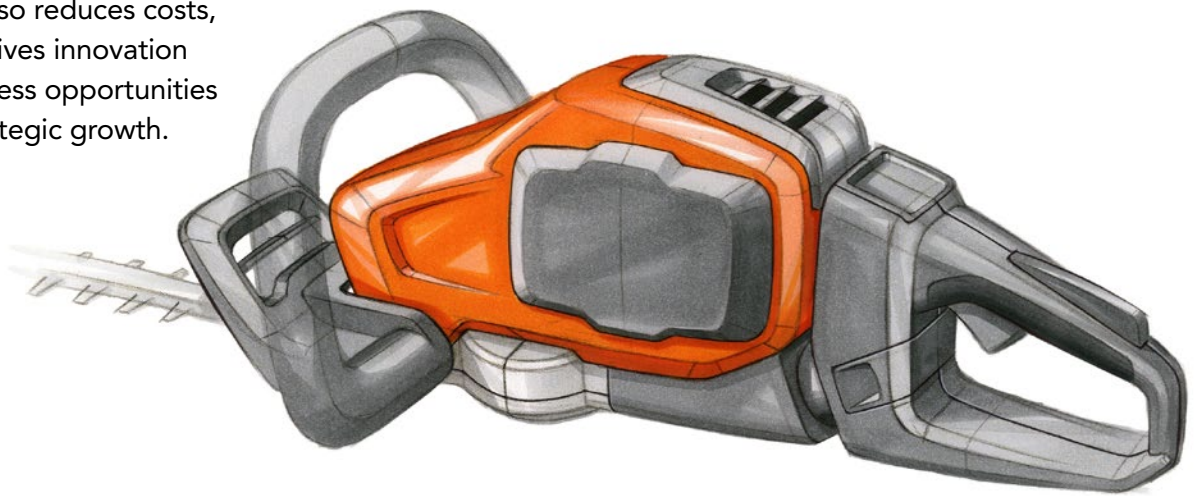
Husqvarna K 6500

Husqvarna K 6500 is part of the new PRIME™ product line. It is a very powerful and versatile handheld electric power cutter. The high power output, well-balanced body and low vibration levels makes this machine very efficient and easy to use in all handheld cutting applications.

Priorities from 2012	Results in 2013	Priorities for 2014
<ul style="list-style-type: none"> ■ Investments to support growth in heavy user direct sales in key mature markets. 	<ul style="list-style-type: none"> → Strengthened heavy user sales force, positive sales growth in France, Germany, Austria and the U.S. 	<ul style="list-style-type: none"> ■ Maintain focus on product development to provide market-leading technology.
<ul style="list-style-type: none"> ■ Expand sales force and service network in emerging markets. 	<ul style="list-style-type: none"> → Continued growth in Brazil, China and Russia. 	<ul style="list-style-type: none"> ■ Continue to support growth by investing in heavy user direct sales in key mature markets.
<ul style="list-style-type: none"> ■ Capitalize on low-cost manufacturing in China. 	<ul style="list-style-type: none"> → Transferred production of additional products from Europe. Re-start of diamond blade exports to U.S. market. 	<ul style="list-style-type: none"> ■ Capitalize on low-cost manufacturing of diamond tools in China.
<ul style="list-style-type: none"> ■ Secure product leadership, launch PRIME™, the new range of high-performance electric cutting equipment. 	<ul style="list-style-type: none"> → PRIME™ high frequency product range launched and expanded. 	<ul style="list-style-type: none"> ■ Expand sales force and service network in emerging markets.

Steps towards sustainable business

Sustainability is high on Husqvarna Group's agenda. It demonstrates caring and concern for the welfare of our employees and other stakeholders. It also reduces costs, mitigates risks, drives innovation and creates business opportunities for long-term strategic growth.



Highlights 2013

Product innovation

- Sales of robotic lawn mowers reached another all-time high. Husqvarna launched the third-generation robotic lawn mowers that are almost silent, produce no direct emissions during use and have low energy consumption.
- The range of handheld semi-professional battery products was extended.

Improved processes

- The Code of Conduct was updated and approved by the Board of Directors.
- Internal processes for key areas such as the EU directives REACH and RoHS were further developed and improved.
- Focus on the entire supply chain:
 - Sustainability requirements were defined and communicated to suppliers of direct materials.
 - Internal teams were trained in conducting sustainability audits.
- The Group held its first internal Global Environment, Health and Safety (EHS) conference.

Focus on safety

- Improvements made to internal health and safety program.
- Safety milestone achievements continue to be reached in selected production facilities.
 - Nashville, U.S.; 11 years without a lost workday accident
 - Swainsboro, U.S.; 2 years without a lost workday accident
 - Xiamen, China; 1.5 years without a lost workday accident
 - Kawagoe, Japan; 6 million hours (5 years) without a lost workday accident

Committed employees

- More employees made their voices heard in the annual employee survey: 89 percent (86).
- Global trainee program launched.



Husqvarna Group is a member of the United Nations Global Compact and supports its ten universal principles for business conduct, including a commitment to respect and support human rights. These principles are closely aligned with the Group's way of conducting business.



Husqvarna Group qualified for the FTSE4Good Index, which brings together world-leading companies in terms of environmental, social and governance practices.



Husqvarna Group is ranked on the 2014 Global 100 list of the world's most sustainable companies.

Objectives and achievements

Group Management has put long- and short-term objectives to measure progress towards becoming a more sustainable company.

Long-term non-financial goals	Objectives 2013–2015	Achievements 2013
Develop environmentally sound products	Develop and implement a roadmap for phasing out hazardous chemicals and substances in products and processes.	<ul style="list-style-type: none"> ■ Started substitution programs for some hazardous substances, e.g. DEHP. ■ Investment in hard-chrome plating in Huskvarna with closed waste water treatment. ■ Investment in surface treatment in Huskvarna replacing hexavalent chromium based method. ■ Decision to invest in two nickel plating lines in Nashville which will replace hard-chrome plating carried out by sub-suppliers.
	Implement and apply the concept of environmental design in the product creation process.	<ul style="list-style-type: none"> ■ New environmental procedures for REACH and RoHS were added in the product creation process.
More efficient use of energy and input materials	Reduce energy consumption by 10 percent per produced equivalent unit and/or added value at production facilities.	<ul style="list-style-type: none"> ■ Developed an energy strategy for production facilities and warehouses in Europe.
	Reduce carbon dioxide emissions per ton kilometer from transportation of goods.	<ul style="list-style-type: none"> ■ Developed a new method to monitor carbon dioxide emissions from transportation.
	Implement and maintain ISO 14001 on production facilities with more than 100 employees. The goal is 100 percent, baseline 2012: 88 percent.	<ul style="list-style-type: none"> ■ 91 percent of the production facilities with more than 100 employees were certified.
Select suppliers that operate in a responsible manner	Implement a unified program for risk mapping, supplier evaluation and supplier selection based on Husqvarna Group's Code of Conduct.	<ul style="list-style-type: none"> ■ The Supplier Sustainability Requirements Manual based on Husqvarna Group's Code of Conduct was developed and distributed to the 150 largest suppliers. ■ Sustainability training of Supplier Quality Assurance (SQA) auditors in China, Europe and the U.S. ■ Sustainability audits conducted on selected suppliers in China.
Reduce workplace accidents to zero	Reduce the number of accidents (measured in lost days) per million hours worked. Baseline 2012: 5.1.	<ul style="list-style-type: none"> ■ The lost workday accident rate improved to 4.5.
	Implement a unified health and safety management system within the Group.	<ul style="list-style-type: none"> ■ Unified health and safety standards developed and rolled-out. ■ Developed an enhanced safety metric for all business units.
Contribute to the professional development of each employee	80 percent of employees should undergo a performance review. Baseline 2012: 67 percent.	<ul style="list-style-type: none"> ■ Group average declined to 64 percent. ■ Performance review form is reviewed and updated.
	Employee Satisfaction Index target 85, as measured in the yearly employee survey. Baseline 2012: 82.	<ul style="list-style-type: none"> ■ Employee Satisfaction Index decreased to 79 which highlighted the process around the employee survey.
Ensure employee adherence to the Code of Conduct	100 percent of managers in tier 1–3 to attend web-based training in Husqvarna Group's Code of Conduct.	<ul style="list-style-type: none"> ■ Roll-out of the web-based training started.
	100 percent of purchase and sales personnel (i.e. tier 4 or corresponding to the level of key account managers and above) to attend web-based training in Husqvarna Group's Code of Conduct.	<ul style="list-style-type: none"> ■ Relevant employees identified.
	Include Code of Conduct in the induction program for all new employees.	<ul style="list-style-type: none"> ■ All new employees receive information about Code of Conduct as part of their induction.
Contribute to the development of communities	Two community engagement projects per year at production facilities with more than 100 employees.	<ul style="list-style-type: none"> ■ Several community engagement projects were started.
	Information on community engagement projects and contributions to be gathered at Group level.	<ul style="list-style-type: none"> ■ Model for tracking has been developed.

Continuous improvements on environmental aspects

Husqvarna Group strives to continuously improve the environmental aspects of its products and processes in every phase of the product life cycle, from raw material sourcing, manufacturing and distribution to recycling of materials and disposal.

Recycling

There was further development of the agreements the Group has with external parties regarding the recycling of products and producer responsibility.

The Green Dot symbol can be found on product packaging.

Product development

About 70 percent of the environmental impact of a product is determined at the design stage. The Husqvarna brand has conducted additional life cycle screening to assess the environmental impact of its products, and has developed processes further to cater for restricted materials requirements.

Use

More products have been introduced with technologies that result in lower fuel consumption and lower carbon emissions.

Purchasing

Sustainability requirements have been imposed on the suppliers of direct materials. These requirements have been communicated to our 150 largest suppliers covering about 70 percent of the Group's purchasing spend. Sustainability audits have been conducted at 15 selected suppliers in China.

Sales

The range of semi-professional battery-powered products was extended in 2013. According to life cycle assessments, these products have a considerable lower environmental impact compared to petrol powered products.

Logistics

Carbon emissions from transportation have been monitored for the past few years. A new method that facilitates efficient data collection was introduced in 2013.

Manufacturing

Manufacturing is located close to end-users, mainly in North America and in Europe but also in Asia.

Energy efficiency has been a priority throughout 2013. Energy efficiency programs have been initiated and an energy strategy has been developed for production facilities in central Europe.

Projects including closed loop systems have been initiated to reduce emissions from production facilities.



Our stakeholders in focus

Employees

The Group has employees in more than 40 countries. The average number of employees was 14,156 (15,429). To increase flexibility and strengthen the Group's financial performance due to lower production, a global redundancy program affected five percent of the workforce globally. Seasonal variations affect the number of temporary employees in production facilities by slightly more than 20 percent.

Code of Conduct

The Code of Conduct, revised in 2013, applies to all employees and regulates the business principles applicable when dealing with business partners and other stakeholders. Husqvarna Group is dedicated to being a responsible supplier and a good corporate citizen. The Group shall support and respect the protection of internationally proclaimed human rights and make sure the Group is not complicit in human rights abuses.

Employment terms and wages shall be fair and reasonable and the Group shall comply with applicable laws and industry standards on working hours. All employees are free to join, form or refrain from joining unions or similar organizations as well as to bargain collectively or individually.

Health and safety

A structured approach to health and safety has been implemented, with global health and safety standards, global follow-up and reporting.

Employee development

The Group has a well-developed process for talent management and the Group-wide leadership development programs are being revised.

Employees in production facilities are offered training and workshops on a regular basis covering a variety of topics related to lean manufacturing.

Performance review

The performance review covers previous year's performance, defines new objectives and creates an action plan for the employee's development.

Team Survey

As much as 89 percent (86) of the Husqvarna Group workforce participated in the annual employee survey. On an aggregated Group level, the results show:

- Slight reduction in employee satisfaction while communicative leadership remained stable.
- Employees are more familiar with the Group strategy.
- Slight decrease in regular feedback and performance reviews.

Managers held workshops with their teams to discuss and formulate action plans designed to improve team performance and immediate working environments.

Potential employees

- A global two-year trainee program was started with eight trainees.
- A global structured approach to the Husqvarna Group's employer brand, aims at making the Group more attractive to potential employees.



End-users

The Husqvarna Group is committed to offering products and services with a high regard for quality and safety. In 2013, the Committee on Product Safety handled 5 (8) matters where products were reworked prior to delivery to customers or recalled from the market.

Suppliers

The Group strengthened the relations with its suppliers. A supplier conference was held with the 150 largest suppliers, followed by a web-based conference half a year later. Suppliers, dealers, subcontractors, consultants and other business partners are required to adopt and follow the principles outlined in the Code of Conduct, the Environmental Policy and the Restricted Material List.

Society

The Group contributes to economic development within the regions where it operates, by paying wages to people who benefit from employment and by contributing to pension funds and social security plans, as well as by paying taxes, social costs, etc.

Community engagement projects are handled locally but information is compiled centrally. Projects can be long-term as well as short-term. This year, aid was sent after several weather-related humanitarian disasters.

Shareholders

Shareholders provide funds to finance the asset base used to create economic value. In turn, these stakeholders receive an annual dividend. Some 72 percent of the capital is held by Swedish shareholders, mainly institutions and pension funds.

Sustainability performance

Summary

GRI indicator ¹	Economic, SEKm	2013	2012 ²	2011	2010
EC1	Group net sales	30,307	30,834	30,357	32,240
EC1	Operating costs (materials and services)	22,916	22,830	22,498	23,427
EC1	Employee salaries	3,758	4,016	4,933	4,080
EC1	Social security costs and pension plans	917	968	1,029	1,108
EC1	Payments to state and municipality (taxes)	394	431	413	302
EC1	Credit institutions (interest)	428	500	404	394
EC1	Shareholders (dividends)	859	859	859	574
EC1	Total economic value	7,391	8,004	7,859	8,813
EC1	Economic value retained	1,035	1,230	1,250	2,355
GRI indicator ¹	Environmental	2013	2012 ¹⁰	2011	2010
	Production facilities with installed environmental management systems, % ^{3,4}	91	88	89	81
	Serious environmental incidents, absolute number	3	2	1	1
EN1	Raw material, steel, tonnes ⁵	101,081	108,100	103,139	104,561
EN1	Raw material, plastic, tonnes ⁵	14,598	14,093	15,833	15,506
EN1	Raw material, aluminum, tonnes ⁵	569	608	692	651
EN1	Raw material, magnesium, tonnes ⁵	842	1,220	1,160	832
EN3	Direct energy use, MWh ⁶	119,963	124,586	145,992	128,645
EN4	Indirect energy use, MWh	257,985	253,805	271,889	260,808
EN3+EN4	Energy use, MWh	377,948	378,391	417,882	389,453
EN8	Water consumed, m ³	1,263,807	1,346,433	1,384,789	1,498,576
EN16	CO ₂ emissions, tonnes (total energy)	167,278	169,661	180,459	168,995
	– direct energy, tonnes	37,584	44,141	43,033	40,411
	– indirect energy, tonnes	129,695	125,520	137,426	128,584
EN17	CO ₂ emissions (personal air transport), tonnes	5.95	5.80	1.62 ⁷	5.85
EN22	Waste, tonnes	26,906	30,042	29,258	35,289
GRI indicator ¹	Social	2013	2012	2011	2010
LA1	Workforce (average number of employees)	14,156	15,429	15,698	14,954
LA7	Accidents per million hours worked	4.5	5.1	11.2 ⁸	–
LA7	Fatalities at production facilities, absolute number	0	0	0	0
LA12	Performance reviews, %	64	67	66	–
	– white collar, %	85	84	82	–
	– blue collar, %	47	53	52	–
LA13	Proportion of women, % of employees	36	37	35	35
LA13	Proportion of women in management positions, tier 1–3, % managers	15	13	11	12
LA13	Proportion of women in the Board of Directors ⁹ , %	38 ¹¹	33	33	33

¹⁾ According to GRI guidelines, www.globalreporting.org.

²⁾ 2012 has been restated due to the amended IAS 19. 2010–2011 are not affected by the amendment.

³⁾ According to ISO 14001.

⁴⁾ Production facilities with more than 100 employees.

⁵⁾ Raw material used in own production.

⁶⁾ Consists almost entirely of natural gas.

⁷⁾ In 2011 personal air transport was not completely covered due to a change of travel agency.

⁸⁾ Enhanced reporting procedures in 2012 revealed that this figure for 2011 is overstated.

⁹⁾ Employee representatives excluded.

¹⁰⁾ Environmental data is updated due to improved data quality and that only plants that have reported both on added value and/or equivalent units as well as on energy are included in the calculation.

¹¹⁾ As of July 2013.



More time to cheer on our handball champions

“Having a robotic lawn mower is a bit like having a kid. Once you get one, everyone else in the neighborhood wants one, too.”

LARS MIROLD

Title: Master Gardener
Company: Mirolde Garten- und Landschaftsbau, Schönkirchen, Germany



Green for everyone. This is one of the cornerstones of Lars Mirolde's landscaping company, Mirolde Garten- und Landschaftsbau in Schönkirchen, Germany. With twelve years experience in delivering garden and landscaping solutions, owner and master gardener Lars Mirolde relies on the Gardena irrigation system and Husqvarna robotic mowers to relieve customers of gardening work and bring the automatic garden a bit closer to them.

Lars has installed 40 robotic mowers for his customers, including three new Husqvarna Automower® 330X models. The new model is equipped with GPS and a weather timer, and can cope with up to 45° inclines. Husqvarna Automower® 330X is also extremely user-friendly and can find its way around easily. Two of the customer mowers sport the logo of the German handball champions THW Kiel, making them bearers of good news all around.

Lars appreciates most the fact that the Husqvarna robotic mower does the work for him, freeing up time to enjoy other things in life. It's something his customers also value and will gladly tell everyone.

Husqvarna Automower® 330X is one of the 3rd generation robotic mowers launched in Sweden, Germany and Switzerland during the year. It will be available in the remaining markets in 2014.

It's not just a time saver – it's a life saver

“It's great to buy a product that actually performs the way that it is advertised.”

MATT BENFIELD

Title: Nuclear Engineer
Company: Duke Energy,
Huntersville, North Carolina, U.S.



You should never have to combat your lawn. That's why Matt Benfield recently bought the Husqvarna HU800 AWD All-Wheel Drive power mower to cut the acre of grass at his second home in the mountains of Virginia. And his all-terrain mowing suddenly got manageable.

Thanks to the innovative design of the AWD mower, negotiating the extremely steep incline in his yard is no longer a battle. And it's definitely safer.

“It's not just a time saver, it's a life saver,” he says. Before, he and his wife were struggling to cut the grass on the hill, often chasing a runaway mower.

Matt drives about 4 hours from his home in Charlotte, North Carolina to relax in the mountains. After a long drive, he doesn't want to spend his weekend taking care of the yard. The maneuverability and traction offered by the All-Wheel Drive mean that he gets the job done twice as fast and can get back to his family and kids.

And now that he's no longer hunting for the perfect mower, he can pursue his main passion: hunting deer, black bear and wild turkey.

The **Husqvarna HU800 AWD** All-Wheel Drive walk-behind mower was launched in 2013 as the world's first All-Wheel Drive lawn mower.



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Report by the Board of Directors

- Net sales amounted to SEK 30,307m (30,834).
- Adjusted for changes in exchange rates, net sales increased 2% with higher sales in all business areas.
- Operating income for the Group amounted to SEK 1,608m (1,931), excluding items affecting comparability.
- Operating income improved for Americas and Construction.
- The decline in operating income for the Group referred mainly to negative currency impact and lower factory utilization in Europe & Asia/Pacific.
- Operating margin amounted to 5.3% (6.3), excluding items affecting comparability.
- Income for the year amounted to SEK 916m (1,027) or SEK 1.60 (1.78) per share.
- Operating cash flow improved to SEK 1,813m (1,144), mainly as result of measures taken to reduce working capital.
- The net debt/equity ratio improved to 0.58 (0.75).
- Products launched in 2013 included the third generation of the robotic lawn mower Husqvarna Automower®, the world's first all-wheel-drive walk-behind lawn mower and a range of high frequency construction products.
- Start of investments in a new manufacturing facility for chainsaw chains in Huskvarna, Sweden.
- Kai Wörn President and CEO as of July 1.
- The Board of Directors proposes a dividend of SEK 1.50 (1.50) per share.

Key figures

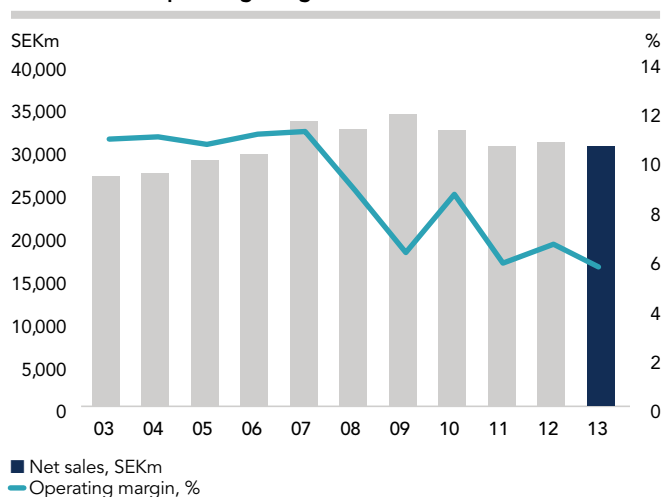
SEKm	2013	2012 ¹	Change, %	
			As reported	Adjusted ²
Net sales	30,307	30,834	-2	2
Gross margin, %	26.5	26.9	-	-
EBITDA	2,586	2,737	-6	-10
EBITDA margin, %	8.5	8.9	-	-
Operating income	1,608	1,675	-4	2
Operating income, excl. items affecting comparability	1,608	1,931	-17	-12
Operating margin, %	5.3	5.4	-	-
Operating margin, excl. items affecting comparability, %	5.3	6.3	-	-
Income after financial items	1,180	1,175	0	-
Income for the period	916	1,027	-11	-
Earnings per share after dilution, SEK	1.60	1.78	-10	-
Dividend per share, SEK ³	1.50	1.50	-	-
Return on capital employed, %	7.7	7.4	-	-
Return on equity, %	8.1	8.8	-	-
Net debt/equity ratio	0.58	0.75	-	-
Operating cash flow	1,813	1,144	58	-
Average number of employees	14,156	15,429	-8	-

¹ 2012 has been restated due to the amendment of IAS 19. See note 25 for more information.

² Adjusted for items affecting comparability (including restructuring charges), changes in exchange rates and acquisitions/divestments. Items affecting comparability are provided on page 37.

³ 2013 as proposed by the Board.

Net sales and operating margin



2003–2004 according to Electrolux reporting for the Outdoor Product segment i.e. excluding corporate costs. For comparison, corporate costs have not been included 2005–2013. 2008–2013 excluding items affecting comparability.

Net sales and operating income

Net sales

Net sales for 2013 decreased by -2% to SEK 30,307m (30,834). Adjusted for exchange rate effects, net sales for the Group increased 2%, by 1% for Europe & Asia/Pacific, by 3% for Americas and by 6% for Construction.

Operating income

Operating income excluding items affecting comparability amounted to SEK 1,608m (1,931). Including items affecting comparability, it amounted to SEK 1,608m (1,675) and the corresponding operating margin was 5.3% (5.4). Operating income for 2012 was charged with SEK -256m referring to costs for staff reductions.

Excluding items affecting comparability and impact from changes in exchange rates, operating income was positively affected by the higher sales volume, lower material costs and savings from staff reductions, while mainly lower factory utilization levels due to inventory reductions had negative impact.

Changes in exchange rates had a total negative impact on operating income of SEK -349m compared to 2012. Savings from staff reductions amounted to SEK 174m.

Financial items net

Net financial items amounted to SEK -428m (-500). The lower financial cost is explained mainly by lower interest rates and lower net debt. The average interest rate on borrowings at December 31, 2013, was 4.0% (4.2).

Income after financial items

Income after financial items amounted to SEK 1,180m (1,175) corresponding to a margin of 3.9% (3.8).

Taxes

Tax cost for 2013 amounted to SEK -264m (-148), corresponding to a tax rate of 22% (12) of income after financial items.

Earnings per share

Income for the year amounted to SEK 916m (1,027), corresponding to SEK 1.60 (1.78) per share.

Net sales by country

2013	Share of Group net sales, %
U.S.	37.6
Germany	9.1
France	5.3
Canada	4.9
Sweden	4.1
Russia	3.7
U.K.	2.9
Australia	2.6
Japan	2.3
Brazil	2.2

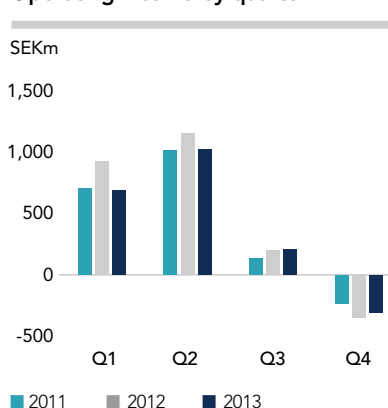
Items affecting comparability

SEKm	2013	2012
Costs for personnel cut-backs	-	-256
Total	-	-256

Net sales by quarter

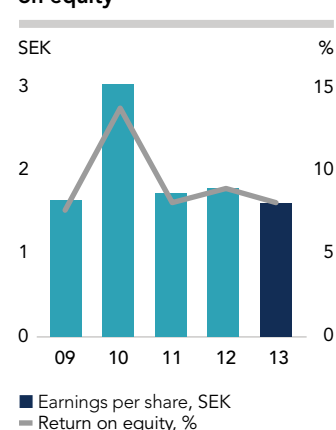


Operating income by quarter¹



¹ Excluding items affecting comparability.

Earnings per share and return on equity



Cash flow

Operating cash flow improved substantially to SEK 1,813 (1,144). The improvement relates mainly to changes in working capital which largely was driven by activities to improve inventory levels. Cash flow from operations, excluding changes in operating assets and liabilities, decreased due to the lower result.

The higher capital expenditure was mainly related to investments in the new manufacturing facility for chainsaw chains in Huskvarna, Sweden.

Due to the seasonality of the Group's operations, operating cash flow is normally negative in the first quarter followed by positive cash flow in the second and third quarters, while the operating cash flow in the fourth quarter is dependent on the level of preseason production.

Cash flow

SEKm	2013	2012
Cash flow from operations, excluding changes in operating assets and liabilities	1,640	1,957
Changes in operating assets and liabilities	1,252	-66
Cash flow from operations	2,892	1,891
Cash flow from investments, excluding acquisitions and divestments	-1,079	-747
Operating cash flow	1,813	1,144

Capital expenditure and Research & Development

Capital expenditure in 2013 increased to SEK 1,078m (776), corresponding to 3.6% (2.5) of net sales. Investments in fixed assets amounted to SEK 796m (516) and investments in intangible assets amounted to SEK 282m (260), of which SEK 190m (200) referred to R&D and SEK 90m (60) referred to IT and software.

Approximately 35% of capital expenditure in 2013 referred to new products, approximately 24% to rationalization and replacement of production equipment, approximately 5% to expansion of capacity, and approximately 9% to IT-systems.

R&D costs amounted to SEK 955m (1,089), of which SEK 194m (184) was amortization of capitalized product development (intangible assets). The total R&D costs thus corresponded to 3.2% (3.5) of net sales.

Staff reduction measures

In November 2012, Husqvarna Group announced measures to improve the Group's cost structure. The measures included layoffs of approximately 600 employees in several countries, whereof almost half in Sweden. The measures aim to improve efficiency, reduce the fixed cost base and further increase flexibility. Total costs for implementing these measures were SEK -256m, which were charged to the operating income for the fourth quarter of 2012.

Cost savings of SEK 174m were achieved in 2013 as a result of the measures. In 2014 another SEK 46m of savings will be realized bringing the total annual savings to SEK 220m.

Financial position

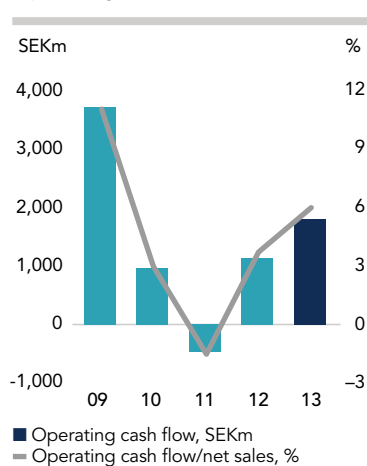
Operating working capital

Operating working capital at year-end 2013 decreased to SEK 7,065m (8,374). Inventories decreased to SEK 7,087m (8,058). Trade receivables amounted to SEK 2,816m (3,032) and trade payables to SEK 2,838m (2,716).

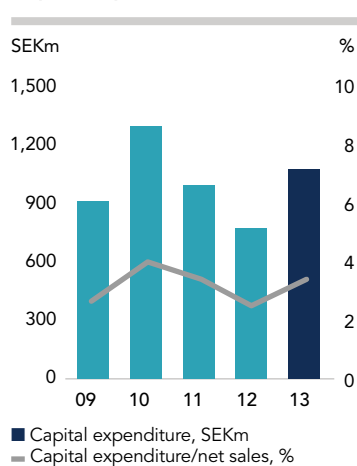
Change in operating working capital

SEKm	
December 31, 2012	8,374
Changes in exchange rates	-226
Changes in working capital	-1,083
December 31, 2013	7,065

Operating cash flow



Capital expenditure



Equity

Group equity as of December 31, 2013, excluding non-controlling interests, amounted to SEK 11,372m (10,987), corresponding to SEK 19.9 (19.2) per share.

Net debt

Net debt decreased to SEK 6,659m (8,271) as of December 31, 2013, of which liquid funds amounted to SEK 1,884m (1,573) and interest-bearing debt amounted to SEK 7,290m (8,366), excluding pensions. The major currencies used for debt financing are SEK and USD. Net debt decreased by SEK –337m during the year as a result of changes in exchange rates.

The net debt/equity ratio improved to 0.58 (0.75) and the equity/assets ratio to 42.6% (39.4).

In connection with the amendment of IAS 19 "Employee benefits" which is shown in note 25, Husqvarna Group has reclassified the net defined pension liability to interest-bearing financial liability and included the liabilities in the calculation of net debt.

Net debt

SEKm	2013	2012
Interest-bearing liabilities	7,290	8,366
Provisions for pensions and other post-employment benefits	1,253	1,478
Less: Liquid funds	–1,884	–1,573
Net debt	6,659	8,271
Net debt/equity ratio	0.58	0.75
Equity/assets ratio, %	42.6	39.4

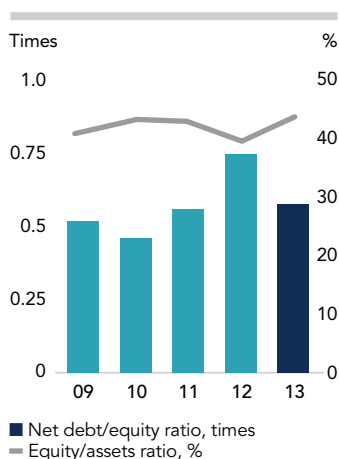
For more information about the Group's funding, see note 20.

Seasonality and weather impact

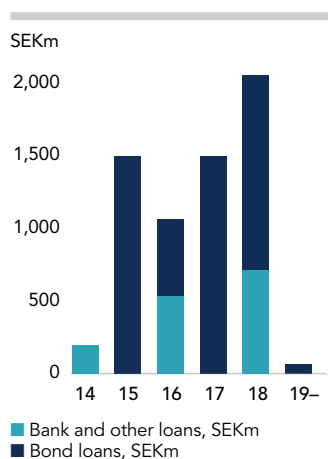
The majority of Group sales are park and garden products, which show a distinct seasonality in terms of sales and income. The first half of the year normally accounts for around two thirds of annual Group sales, with the second quarter usually being the strongest. Forestry products normally show stronger demand and higher sales during the second half of the year, while products for the construction industry normally show a more even distribution of sales throughout the year.

Demand for the Group's products is dependent on weather conditions. Dry weather tends to reduce demand for lawn mowers and tractors, but to increase demand for watering products. Demand for chainsaws normally increases after storms.

Net debt/equity and equity/assets ratios



Maturity profile of loans



Husqvarna has unutilized committed revolving credit facilities totaling SEK 6,000m.

Performance by business area

Europe & Asia/Pacific

SEKm	2013	2012	Change, %	
			As reported	Adjusted ¹
Net sales	14,952	15,351	-3	1
Operating income	1,514	1,760	-14	-10
Operating income excl. items affecting comparability	1,514	1,947	-22	-19
Operating margin, %	10.1	11.5	-	-
Operating margin excl. items affecting comparability, %	10.1	12.7	-	-

¹ Adjusted for items affecting comparability and changes in exchange rates.

Net sales for Europe & Asia/Pacific declined by -3%. Adjusted for exchange rate effects, net sales increased by 1%.

Demand was weak at the beginning of the year, and the selling season started later than usual due to a late start to spring. The demand situation gradually improved as favorable weather resulted in a prolonged selling season in Europe, although the preseason demand for snow products was soft late in the year.

By product category, electric products, including robotic lawn mowers, showed the highest growth rate.

Operating income amounted to SEK 1,514m (1,947) and the operating margin amounted to 10.1% (12.7), excluding items affecting comparability of SEK -187m which was charged to operating income in 2012.

Excluding currency impact and the items affecting comparability, operating income was positively impacted by the higher sales volume and lower material costs, while mainly under-absorption in factories due to inventory reductions affected negatively.

Changes in exchange rates had a negative year-on-year effect of SEK -328m on operating income.

Americas

SEKm	2013	2012	Change, %	
			As reported	Adjusted ¹
Net sales	12,355	12,531	-1	3
Operating income	4	-160	n.a	n.a
Operating income excl. items affecting comparability	4	-124	n.a	n.a
Operating margin, %	0.0	-1.3	-	-
Operating margin excl. items affecting comparability, %	0.0	-1.0	-	-

¹ Adjusted for items affecting comparability and changes in exchange rates.

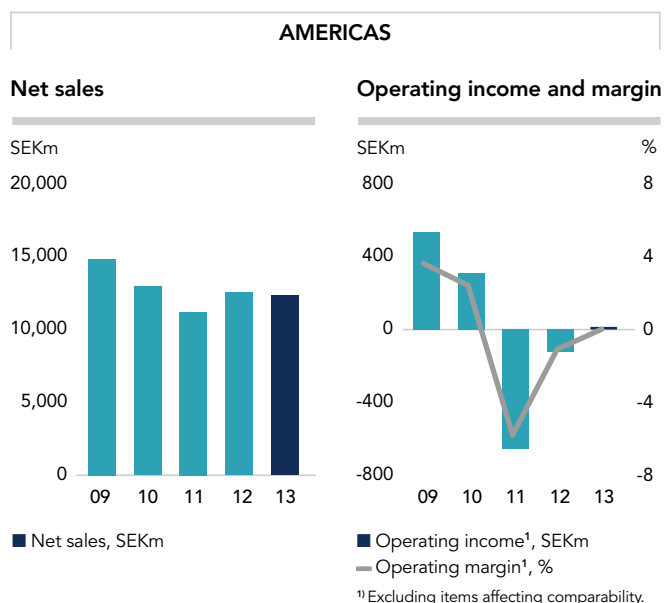
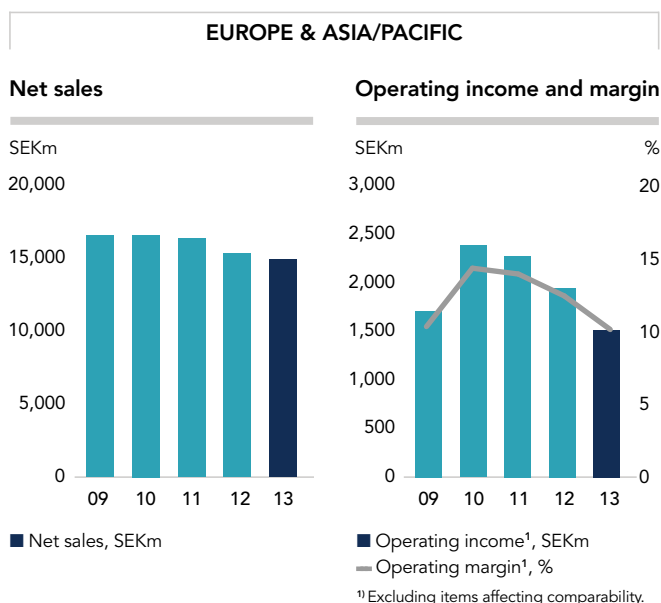
Net sales for Americas declined by -1%. Adjusted for exchange rate effects, net sales increased by 3%.

Total market demand in North America increased, supported by an improving U.S. economy. Strong demand driven by favorable weather in the second half of the year compensated for a weaker first half.

Canada and Brazil had the most favorable development in terms of sales. By channel, dealer sales represented 36% of Americas' total sales in 2013, an increase from 33% in 2012.

Operating income rose to SEK 4m (-124) and the operating margin amounted to 0.0% (-1.0), excluding items affecting comparability of SEK -36m which was charged to operating income in 2012. The higher operating income was primarily attributable to improved pricing, lower material costs and increased productivity.

Changes in exchange rates had a positive year-on-year effect of SEK 16m on operating income.



Construction

SEKm	2013	2012	Change, %	
			As reported	Adjusted ¹
Net sales	3,000	2,952	2	6
Operating income	277	233	19	23
Operating income excl. items affecting comparability	277	258	7	10
Operating margin, %	9.2	7.9	–	–
Operating margin excl. items affecting comparability, %	9.2	8.7	–	–

¹ Adjusted for items affecting comparability and changes in exchange rates.

Net sales for Construction increased by 2%. Adjusted for exchange rate effects, net sales increased by 6%.

The positive demand trend in North America continued, although somewhat slower towards the end of the year. Demand for construction products in Europe showed a mixed picture, but was over-all strengthened due to an increase in the second half of the year. In Brazil demand was strong as a result of infrastructure investments.

Sales were up in all regions, with the U.S. and Brazil as the top performing markets.

Operating income amounted to SEK 277m (258) and the operating margin amounted to 9.2% (8.7) excluding items affecting comparability of SEK –25m in 2012 referring to costs for staff reductions.

Operating income was positively impacted by higher sales volume and mix, while changes in exchange rates and lower factory utilization levels impacted adversely.

Changes in exchange rates had a negative year-on-year effect of SEK –36m on operating income.

Investment in chainsaw chains and cylinders

As announced February 14, 2013, Husqvarna Group has decided to invest in a new production facility for manufacturing of chainsaw chains in Huskvarna, Sweden, and in expanded capacity for manufacturing of cylinders for two-stroke engines for chainsaws in the Group's facilities in Nashville, U.S. and in Huskvarna, Sweden.

The investments confirm the Group's long-term commitment to be a global leader of handheld forestry products. Saw chains are critical for chainsaw performance. They are also one of the largest aftermarket product categories. Through the investment, the Group will leverage its technical expertise to develop, design and manufacture chains, thus optimizing the full performance of the chainsaw. The investment will also create an opportunity for the Group to grow in the saw chain replacement part market.

The total investment will amount to around SEK 1bn during 2013–2015.

Organizational changes

New business units

Effective January 1, 2013, the business unit Europe & Asia/Pacific was divided into two new business units – EMEA (Europe, Middle East, Africa), and Asia/Pacific. The change will currently not imply any changes in the external financial reporting. When reliable financial information is available and exceed any of the quantitative thresholds according to IFRS 8, these will be reported as separate external business areas.

Kai Wörn appointed President and CEO of Husqvarna Group

As of July 1, 2013, the Board of Directors appointed Kai Wörn as President and CEO. Kai Wörn's previous experience includes serving as President and CEO of Seco Tools AB between 2004 and 2010, and several years of senior international positions at ABB, including President of business unit ABB Robotics Products. Most recently, Kai held the position as Operations Partner at the private equity firm IK Investment Partners.

Other changes in Group Management

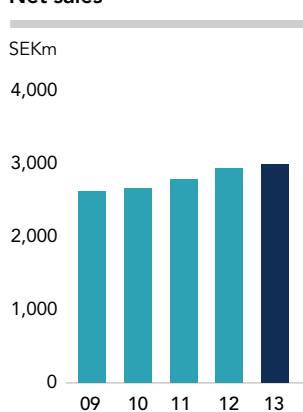
As of January 1, 2013, Frida Norrbom Sams, who most recently headed the Nordic and Baltic regions within Europe & Asia/Pacific, was appointed Executive Vice President and Head of EMEA and member of Group Management.

Effective August 15, 2013, Alan Shaw was appointed Executive Vice President, Head of business area Americas and member of Group Management, replacing Michael Jones who left the Group. Alan Shaw was previously at Char-Broil LLC, U.S., where he was President and CEO since 2005.

Furthermore, Nicolas Lanus, who headed the business unit Asia/Pacific, left the Group at the end of the year. Pavel Hajman, who most recently was heading Assa Abloy's operations in China, Hong Kong and Taiwan, has been appointed Executive Vice President, Head of business unit Asia/Pacific and will become member of Husqvarna Group Management. Brian Belanger, VP Legal Affairs, Asia/Pacific is acting until Pavel will start, no later than June 1, 2014.

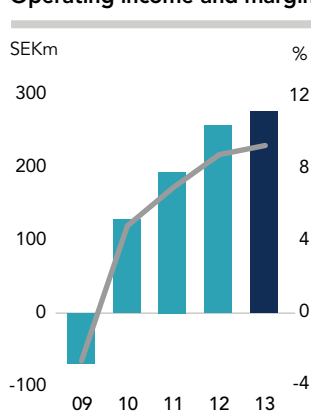
CONSTRUCTION

Net sales



■ Net sales, SEKm

Operating income and margin



■ Operating income¹, SEKm

— Operating margin¹, %

¹ Excluding items affecting comparability.

The Husqvarna share

At year-end the share capital in Husqvarna AB amounted to SEK 1,153m (1,153), comprising 126,593,868 A-shares (127,699,058) and 449,749,910 B-shares (448,644,720).

The change in number of shares in each series of shares during the year refers to the conversion of A-shares to B-shares on behalf of shareholders. The total number of outstanding shares was unchanged during the year.

Each A-share carries one vote, and each B-share 1/10 of a vote. All shares enjoy equal rights in terms of the company's assets and earnings.

There are no restrictions on the transfer of shares, voting rights or the right to participate in the AGM. Nor is the company party to any significant agreements which might be affected, changed or terminated if control of the company were to change as a result of a public bid for acquisition of shares in the company.

The company is not aware of any agreements between shareholders which might limit the right to transfer shares. In addition, there are no stipulations in the Articles of Association regarding appointment or dismissal of Board members or agreements between the company and Board members or employees which require remuneration if such persons leave their posts, or if employment is terminated as a result of a public bid to acquire shares in the company.

As of December 31, 2013 the largest shareholders were Investor AB, with 30.6% (30.4) of the votes, and L E Lundbergföretagen, with 22.4% (22.2) of the votes.

For more information on major shareholders, see page 109.

Repurchase of own shares

The Annual General Meeting 2013 authorized the Board to acquire B-shares totaling up to 3% of the total number of shares, and to pay for the shares in cash.

The shares may be purchased on NASDAQ OMX Stockholm in order to hedge the company's obligations, including employer contributions, pursuant to the long-term incentive programs.

The company has the right to adjust on an ongoing basis the number of shares that it holds as a hedge of the company's obligations pursuant to the implemented incentive programs. The participants in the incentive programs shall be entitled to receive a maximum number of shares in accordance with the conditions of the programs, and transfers of shares under the programs will be made without consideration.

No B-shares were repurchased during 2013. As of year-end 2013, Husqvarna owned 3,657,503 (3,764,029) repurchased B-shares corresponding to 0.63% (0.65) of the total number of outstanding shares.

Adjusted long-term financial goals

As announced February 14, 2013, Husqvarna Group will no longer have a financial goal for sales growth. The Group's other three financial goals remain; an operating margin of more than 10% over the course of a business cycle, a seasonally adjusted net debt in relation to EBITDA not exceeding a multiple of 2.5 in the long term, and a dividend that normally shall exceed 40% of income for the year.

Legal matters

Husqvarna Group is involved in commercial, product liability and other disputes in the ordinary course of business. Such disputes involve claims for compensatory damages, property damage or personal injury compensation and occasionally also punitive damages. Although the company is self-insured to a certain extent, it is also externally insured against excessive liability losses. The Group continuously monitors and evaluates pending claims and disputes, and takes action when deemed necessary. The company believes that these activities help to minimize the risks. It is difficult to predict the outcome of each dispute, but based on its present knowledge, Husqvarna estimates that none of the disputes, in which it is currently involved, will have a material adverse effect on the consolidated financial position or result.

The following significant matter is still unresolved:

Gas explosion in Belgium

In a judgment of February 2010, the criminal court of Tournai in Belgium acquitted Husqvarna Group in a case regarding a gas explosion on the Group's property in Ghislenghien, Belgium, in 2004. The ruling was appealed by the public prosecutor, as well as by other parties, to the Court of Appeal. Eight of the 14 parties were judged guilty by the Court of Appeal in June 2011, among them Husqvarna Belgium. The Belgian Supreme Court largely confirmed the appellate court's verdict in December 2012. The verdict also resulted in settlement proceedings under the leadership of an expert appointed by the Court of Appeal in Mons, leading to agreement on the damages for personal injury and material damage in the particular cases. These proceedings were largely finalized in December 2013, although a small number of claims are still unresolved. The Group estimates that the liabilities arising for the Group due to the accident are largely covered by relevant insurance policies.

Further information is provided in note 24.

Environmental activities

In 2013, Husqvarna Group operated 22 major production facilities, of which ten were located in Europe, six in the U.S., one in Brazil, four in China and one in Japan. All facilities have the environmental permits required for current operations.

Employees

The average number of employees in 2013 was 14,156 (15,429), of which 1,736 (2,053) were in Sweden. At year-end, the total number of employees was 15,076 (15,403).

Of the total average number of employees in 2013, 9,122 (9,704) were men and 5,034 (5,725) were women.

Salaries and remuneration in 2013 amounted to SEK 3,758m (4,016), of which SEK 838m (870) refers to Sweden.

For more information on employees, see note 3.

Annual General Meeting 2014

The Annual General Meeting (AGM) of Husqvarna AB (publ) will be held on April 10, 2014, at the Elmia Congress Center, the Hammarskjöld Hall, Elmiavägen 15 in Jönköping, Sweden.

Proposals to the Annual General Meeting in 2014

The notification to the AGM 2014 will be available on the Group's website www.husqvarnagroup.com/agm as of March 7, 2014. The full proposal to the AGM will be published on the Group's website no later than March 20, 2014.

Dividend for 2013

The Board of Directors proposes a dividend for 2013 of SEK 1.50 (1.50) per share, corresponding to a total dividend payment of SEK 859m (859) based on the number of outstanding shares at the end of 2013. Tuesday, April 15, 2014 is proposed as record date. The last day for trading in Husqvarna shares including the right to dividend for 2013 is April 10, 2014.

Remuneration principles to the Board and senior executives

For the Husqvarna CEO and other members of the Group Management, the principles for remuneration approved by the AGM 2013 applies. The Board of Directors proposes that the corresponding principles should be approved by the AGM 2014 for the period up to and including the AGM 2015.

These principles set forth in this item shall apply to remuneration and other employment conditions of the Group Management. The principles shall apply to contracts of employment entered into after the Annual General Meeting 2014 and also to amendments made thereafter to contracts of employment which are in force. Remuneration to the Group Management is determined by the Board of Directors based on proposals from the Board of Directors' Remuneration Committee.

Principles

The overall principles for remuneration to Group Management shall be based on the position held, individual performance, Group performance and remuneration shall be on a competitive basis in the country of employment. The overall remuneration package for Group Management comprises fixed salary, variable salary in the form of short-term incentives based on annual performance targets, long-term incentives, pension and other benefits. In addition, there are conditions on notice of termination and severance pay.

Husqvarna shall aim to offer a competitive total remuneration level with a primary focus on "pay for performance".

Fixed salary

Fixed salary shall comprise the basis for total remuneration. The salary shall be related to the relevant market and shall reflect the degree of responsibility involved in the position. The salary levels shall be reviewed annually in order to ensure continued competitiveness and in order to correctly reward performance.

Variable salary (Short-term Incentive "STI")

Members of Group Management shall be entitled to STI in addition to the fixed salary. The STI shall be based on the financial result for the Group and/or for the business unit for which the member of Group Management is responsible. In addition, performance indicators can be used in order to focus on improvement areas of special interest to the company.

Clearly defined objectives for "target" and "stretch" levels of performance shall be stated in the beginning of the year and reflect the plans approved by the Board.

STI shall be dependent on the position and may amount to a maximum of 50 percent of the salary on attainment of the "target" level and a maximum of 100 percent of the salary on attainment of "stretch" level, which also is the maximum STI.

In the U.S., the STI component is normally higher and may in some cases amount to a maximum of 100 percent on attainment of the "target" level and a maximum of 150 percent of the salary on attainment of the "stretch" level.

The Board of Directors decides whether the maximum levels 50/100/150 percent shall be utilized or if a lower level shall be used.

Long-term incentive

The Board of Directors will annually evaluate if a long-term incentive program (e.g. share-based or share-price based) should be proposed to the Annual General Meeting.

Pensions and insurance

Pension and disability benefits shall be designed to reflect regulations and practice in the country of employment and the value of the benefits shall match normally accepted levels in the country. If possible, pension plans shall be defined-contribution plans in accordance with the Group Pension Policy.

Other benefits

Other benefits can be provided in accordance with normal practice in the country where the member of Group Management is employed. However, these benefits shall not constitute a significant part of the total remuneration.

Notice of termination and severance pay

Members of Group Management shall be offered notice periods and levels of severance pay which are in line with accepted practice in the country where the member is employed. Members of Group Management shall be obliged not to compete with the company during the notice period. Based on the circumstances in each case, a non-compete obligation with continued payment may be applied also after the end of the notice period. Such non-compete obligation shall not apply for more than 24 months from the end of the notice period.

Previously determined remuneration which has not become payable

The main conditions for remuneration to Group Management in the current employment agreements should be clear from note 3 in the Annual Report for 2013.

Authority for the Board to deviate from the principles

Under special circumstances, the Board of Directors may deviate from these guidelines. In case of such deviation, the next AGM shall be informed of the reasons.

For more information concerning remuneration, see note 3.

Remuneration to the Board 2013

Remuneration to AGM-elected Board members is resolved by the AGM based on proposals from the Nomination Committee. The 2013 AGM resolved on fees of SEK 5,500,000.

No consulting fees were paid to Board members. No Board fees are paid to Board members who are also employed by the Group.

For more information concerning remuneration, see note 3.

Risk Management

All business operations involve risk. Creating awareness of such risks enables them to be limited, controlled and managed, while business opportunities can be utilized.

Husqvarna Group faces operational and financial risks related to its business operations in many countries as well as financing thereof in different currencies. The Group also has other external risks such as changes in legislation and regulations in different markets.

The President and CEO is responsible for ensuring proper risk management in accordance with the Board of Directors' guidelines and instructions. Heads of business units and staff functions are responsible for operational and functional risk management. Group Staff Legal Affairs includes a global risk management function that assesses risks that are subject to insurance, and oversees the Group's Enterprise Risk Management efforts. Management of financial risks is essentially centralized to Group Treasury.

The Internal Audit function gives assurance on the risk management process, including the Group's Enterprise Risk Management program.

The Risk Management function is responsible for facilitating risk management on the business unit level, and makes an annual assessment of the Group's commercial and operational risks. Identification and evaluation of risks provide support for management's strategic decision-making. The assessment also aims at generating enhanced awareness of risks throughout the organization, including everyone from operational decision-makers to the Audit Committee and the Board of Directors.

Operational risks

Husqvarna Group's long-term profitability depends, among other things, on the company's ability to successfully develop, launch and market new products. Other vital factors for profitability include flexible, cost-efficient production and rational management of fluctuations in the prices of raw materials and components.

Product life-cycles are becoming shorter, requiring product development to become more efficient. Many of the Group's products require long development lead times, making it essential to understand the end-users need to ensure that the product will be in demand. To maintain competitiveness, the Group's new products must satisfy or preferably surpass the expectations of its customers, both consumers and professional users. The Group must also be a leader in terms of more efficient and environmentally adapted products, in order to differentiate the Group's offering from those of its competitors.

Weather conditions

Demand for the Group's products is also dependent on the weather. Unexpected or unusual weather conditions in specific areas or regions can affect sales either adversely or positively. Dry weather can reduce demand for products such as lawn mowers and tractors, but can stimulate demand for watering products. Demand for chainsaws normally increases after storms and during cold winters.

Markets and competition

Husqvarna Group operates in competitive markets, most of which are relatively mature, which means that underlying demand is relatively stable under normal economic conditions. Price competition is intense, particularly for entry price point consumer products for the retail market. The Group's strategy is based on product innovation and utilization of the Group's strong brands, which should reduce risks related to price competition.

Seasonality

Seasonal variations and weather conditions can lead to short-term fluctuations in demand and price competition, as supply may be greater or lesser than demand. If supply is greater than demand, competition may lead to lower prices. In order to minimize the risk of over-production, Husqvarna Group has established a flexible production structure with relatively low fixed costs, which can be adjusted at short notice to meet actual demand.

Customers

Consumer products are sold mainly through large retail chains. This market is highly consolidated in North America, while in Europe the market consolidation is still on going. This implies that the Group's retail customers are becoming larger and fewer in numbers, which gives them greater bargaining power. However, this situation also provides Husqvarna Group with an opportunity to generate higher growth by displaying the Group's products in a large number of retail outlets in a wider geographical market. Consolidation has involved a greater degree of dependence on individual customers, which has resulted in higher levels of trade receivables and credit risks related to these customers.

Professional products are sold mainly through local dealers or in some cases directly to end-users, which means that these customers purchase much smaller volumes and are not individually significant for the Group. Unit costs for sales to dealers are higher than for example retail chains but the level of risk related to receivables and credit is lower and the margins are higher.

Production

Husqvarna Group's production consists mainly of assembly of purchased components, and is normally sufficiently flexible to meet fluctuations in demand resulting from economical, seasonal and weather variations, but subject to the availability of components. Handheld products such as chainsaws and clearing saws, for which the Group also manufactures engines, as well as watering products, feature a higher proportion of specialized components that are produced in-house.

The Group is currently investing substantial resources in building a production facility for manufacturing of saw chains which is a key component for chainsaws. The Group has limited experience of producing saw chains, hence it involves adding and building new technological competence. Such investments always involves risks, including but not limited to, unsatisfactory ramp up of the production capacity, or fine tuning of the manufacturing equipment parameters could take longer time to achieve adequate quality of the finished products.

Husqvarna Group's operations and operations at its suppliers' facilities are subject to disruption for a variety of reasons, including, but not limited to, work stoppages, fire, earthquake, flooding, or other natural disasters. Such disruption could interrupt Husqvarna Group's ability to manufacture certain products. Any significant disruption could negatively impact the Group's sales and earnings. In light of the seasonal variations in the Group's operations, the

number of temporary employees increases rapidly in preparation for the peak production season, and decreases rapidly at the end of the production season. The production season for most products is during the first and second quarters, whereas chainsaws and other handheld products have its production peak in the third quarter. Husqvarna Group relies to a great extent on temporary labor for the seasonal production, which poses risks in terms of training and availability of such temporary labor.

Risks related to prices for raw materials, other materials and components

The Group's operations and its performance are affected by fluctuations in the prices of raw materials and components. The most important raw materials are steel, aluminum and various types of plastics. These prices can fluctuate considerably in the course of a year, as a result of changes in world prices for raw materials or the ability of suppliers to deliver them. The total consumption is linked to production volume and production mix.

In 2013, Husqvarna Group purchased materials and components for approximately SEK 16,229m (16,569). The total raw materials spend was SEK 3,505m (3,807). Direct spending on raw materials was SEK 1,799m (1,948), and indirect spending (i.e. raw material value in components) was SEK 1,706m (1,859). Direct spending on steel totaled SEK 684m (771) and indirect spending on steel was SEK 781m (874). Direct spending on aluminum totaled SEK 9m (10), and indirect spending was SEK 401m (455). Direct spending on plastics totaled SEK 310m (305) and indirect spending was SEK 524m (530). Direct spending on other raw materials was SEK 796m (862).

Raw material spending, Group 2013

SEKm	
Steel	1,465
Plastic	834
Aluminium	410
Other raw material	796
Total	3,505

Cost structure, Group 2013

	% of net sales	SEKm
Cost of goods sold		
Components	42.0	12,724
Raw materials	11.6	3,505
Factory OH, R&D, tools	13.9	4,199
Direct wages	4.0	1,222
Other	2.1	638
Cost of goods sold, total	73.5	22,288
Gross operating income	26.5	8,019
Selling expense	17.0	5,148
Administrative expense	4.2	1,260
Other	0.0	3
Operating income	5.3	1,608

The Group does not normally use financial instruments to hedge prices of raw materials, but manage the risk through bilateral agreements.

In some cases, Husqvarna Group's material requirements are met by single suppliers who individually cover the Group's short-term needs. The effects of interrupted deliveries vary, depending on the specific materials and components. A shortfall in deliveries by a supplier could have negative consequences for production and for deliveries of finished products.

Husqvarna's purchasing organization works closely with suppliers in order to manage deliveries, and monitors the suppliers' financial stability, quality-assurance systems and flexibility of production.

Acquisitions

Husqvarna Group may undertake acquisitions from time to time, and integration of acquired businesses always involves risks. Sales may be adversely affected, the costs of integration may be higher than anticipated, and synergy effects may be lower than expected.

Risks related to restructuring

The Group has in recent years undertaken a number of structural changes to its manufacturing footprint. In 2012, the Group announced measures to improve its cost structure including a reduction in force in 2013. Restructuring and organizational changes always involve the risk of creating higher costs than anticipated and losing key personnel, or that estimated savings deviate, both up and down, from announced targets.

Changes in legislation

Husqvarna Group products are subject to national and international regulations regarding their environmental impact and other issues arising from the use and recycling of products, such as exhaust emissions, noise and safety. Husqvarna Group has adapted its products steadily in this respect. The Group is the market leader in terms of the development of two-stroke engines, for example, and allocates resources for product development to enable compliance with stricter criteria in the future. The criteria which will be introduced over the next few years are for the most part known, and if these criteria do not undergo significant change it is estimated that they can be met by the Group's existing products, as well as those currently under development.

Product liability

In many countries, legislation may require Husqvarna Group to recall products in specific circumstances. New and stricter regulations in this respect may be introduced in the future.

The Group is also exposed to product liability in the event that products are alleged to have caused damage to persons or property. The Group is insured against such claims, partly through insurance in its own captive subsidiaries, and partly through external insurers. However, there is no guarantee that such insurance cover is valid or sufficient in a specific case, or that claims regarding product liability may not have an adverse effect on earnings and financial position. External insurance is subject to availability and pricing, which may vary over time.

The Committee on Product Safety, led by the Group's Quality Manager, includes representatives from operational units, as well as Group Staff Legal Affairs. The tasks of the Committee include ensuring that product safety is integrated into the design, production and distribution of all Group products.

Financial risks

The Group's financial risks are managed on the basis of the Group's financial and credit policies, which are annually updated and approved by the Board of Directors. Management of financial risks is based largely on the use of financial instruments and is mainly centralized to Group Treasury, which operates in accordance with specified risk mandates and limits.

For more information on risk management, risk exposure and accounting principles, see notes 1 and 20.

Currency exposure

The goal of currency management is to minimize the short-term adverse effects of currency exchange rate fluctuations on the Group's earnings and financial position. As Husqvarna Group sells its products in more than 100 countries, the Group is exposed to such exchange rate fluctuations. They affect the Group's earnings in terms of translation of income statements in foreign subsidiaries, i.e. translation exposure, as well as the sale of products on the export market and purchases of materials in foreign currencies, i.e. transaction exposure.

Translation exposure is related primarily to earnings in JPY, EUR, CNY, RUB and USD while transaction exposure is related primarily to EUR, USD, RUB, CAD and CNY. The Group's globally widespread production and sales enable the various exchange-rate effects to offset each other to some extent.

Changes in exchange rates also affect Group equity. The difference between the assets and liabilities of foreign subsidiaries in foreign currencies is affected by such changes, which generate translation differences that impact equity. The Group does normally not hedge net investments in foreign operations. At year-end 2013, most foreign net assets were in USD and EUR.

For more information on risks related to currency exposure, see note 20.

Transaction exposure by currency, forecast commercial flows 2014

SEKm	Net flow	Hedge amount	Transaction exposure net
EUR	1,738	-1,426	312
RUB	741	-544	197
CAD	729	-522	207
AUD	414	-283	131
NOK	384	-274	110
CHF	345	-269	76
Other currencies	1,446	-888	558
JPY	-207	147	-60
CNY	-667	557	-110
USD	-1,578	1,193	-385
SEK	-3,345	2,309	-1,036

Hedging of currency exposure

Husqvarna Group uses currency derivatives to hedge estimated transaction exposure over a horizon of 0–12 months. Normally, 75–100% of the invoiced and estimated currency flow for the first 6 months is hedged, and 50–75% for the next 7–12 months. At year-end 2013 the market value of the Group's hedges referring to transaction exposure amounted to SEK -10m (5).

As of December 31, 2013, no net investments in foreign operations are hedged.

Interest-rate risk

At year-end 2013, the average interest rate on external borrowings was 4.0% (4.2) and the average fixed interest-term was 1.5 years (1.6). On the basis of the volume of borrowings and the fixed interest-term at year-end, a one percentage point shift of the interest rates would impact group income for the amount of -/+27m (35).

For more information on interest rate risk, see note 20.

Sensitivity analysis



¹ Excluding hedge effects. SEK -160m would refer to transaction effects and SEK 25m to translation effects.

² Excluding hedge effects. SEK 175m would refer to transaction effects and SEK 30m to translation effects.

³ Excluding hedge effects. SEK 340m would refer to transaction effects and SEK 135m to translation effects. "All" refers to all currencies including USD and EUR.

Financing risks

Financing risks refer to possible delays, increased costs or cancellations related to financing of the Group's capital requirements and refinancing of outstanding loans.

Financing risks can be reduced by maintaining an evenly distributed maturity profile of loans, and by ensuring that short-term borrowings do not exceed current liquidity. The Group's financial policy stipulates that net debt should be long-term, without reference to seasonal variations. The Group's goal is for the average maturity period of long-term loans to be not less than two years and to show an evenly distributed maturity profile. A maximum of SEK 3,000m of non-seasonal loans can normally have a maturity period of less than 12 months.

Evaluation of financial risks involves the adjustment of the maturity profile for available, but unutilized committed revolving credit facilities.

In addition, seasonal variations in cash flow comprise an important component for the evaluation of financing risks. Future seasonal variations are therefore continuously taken into account in liquidity planning. The average maturity period for the Group's loans was 3.3 years (3.9) at year-end 2013.

Bilateral loans amounting to SEK 950m originally maturing 2016 have during the year been amortized and new bonds amounting to SEK 850m, with maturity 2018, have been issued. Moreover a bilateral loan amounting to SEK 906m originally maturing 2014 has been prolonged to 2018, whereof SEK 194m is to be amortized in 2014.

At year-end 2013 the Group has a SEK 6,000m unutilized committed revolving credit facility maturing in 2016.

For more information on financing risks, see note 20.

Credit risks

The Group's credit risks are managed on the basis of standardized credit ratings, active monitoring of credits and routines for follow-up of trade receivables. The need for reserves for doubtful trade receivables is monitored continuously. Major credits are approved annually by the Board of Directors.

To some extent, the Group utilizes credit insurance to reduce credit risk in a minor share of trade receivables in Europe and in U.S.

The Group's financial assets are used primarily for the repayment of loans. Liquid funds are placed in highly liquid interest-bearing instruments issued by institutions with a credit rating of at least A-, according to Standard & Poor's or similar agencies.

For more information on credit risks, see note 20.

Pension commitments

Husqvarna Group's commitment for pensions and other post-employment benefits amounted to SEK 1,253m (1,478) at year-end 2013. The Group manages pension funds amounting to SEK 1,927m (1,891). At year-end 2013, 45% (43) of these funds were placed in shares, 54% (55) in bonds and 1% (1) in liquid assets or other investments.

Changes in value of the assets and liabilities depend primarily on trends for share prices and interest rates. Factors affecting the pension obligation include changes in the assumptions, such as discount rate, life expectancy and expected salary increases. The income statement for 2013 includes the costs for pensions and post-employment benefits as referred to above, amounting to SEK 98m (120). During 2013, SEK 57m (78) was paid into the Group's pension funds.

In the interest of effective control and cost-efficient management of the Group's pension assets, management is centralized in Group Treasury and conducted in accordance with the pension fund policy adopted by the Board of Directors.

For more information on pension, see note 21.

Net sales and exchange rates

SEKm	Net sales, SEKm		Average exchange rate, SEK		Year-end exchange rate, SEK	
	2013	2012	2013	2012	2013	2012
USD	12,107	6.52	6.74	6.47	6.52	
EUR	7,851	8.67	8.71	8.91	8.59	
CAD	1,227	6.32	6.73	6.04	6.55	
GBP	887	10.23	10.70	10.66	10.51	
JPY	835	0.07	0.08	0.06	0.08	

Corporate Governance Report 2013

Husqvarna AB is a publicly traded company listed on NASDAQ OMX Stockholm. Husqvarna applies the Swedish Code of Corporate Governance and presents its Corporate Governance Report 2013, in this section. The report was prepared by the company's Board of Directors and has been reviewed by the company's auditors. The review for 2013 did not result in any deviations from the code.

Husqvarna Group's corporate governance is based on external and internal regulatory frameworks, including Husqvarna AB's Articles of Association, the Swedish Companies Act, the NASDAQ OMX Stockholm Rule Book for Issuers, the Swedish Code of Corporate Governance, other applicable Swedish and foreign legislation and regulations, as well as internal codes, policies and guidelines.

Shareholders

Husqvarna Group's shares have been traded on the NASDAQ OMX Stockholm since June 2006. At year-end 2013, the share capital amounted to SEK 1,153m, represented by 126,593,868 A-shares and 449,749,910 B-shares, each with a par value of SEK 2.

Series A-shares carry one vote and series B-shares carry one tenth of a vote. According to the Articles of Association, holders of series A-shares are entitled to request conversion of series A-shares to series B-shares.

In 2013, 1,105,190 series A-shares were converted to an equivalent number of series B-shares.

At December 31, 2013, the number of shareholders was 57,912 (62,061). Of the total number of shares, foreign shareholders accounted for approximately 27 (24) percent. At the end of the year, 88 (88) percent of the total shares were owned by legal entities, 12 (12) percent by private individuals representing 90 (90) percent and 10 (10) percent, respectively, of the total number of votes. Investor AB is the single largest shareholder, with a holding of about 17 (17) percent of the capital and approximately 30 (30) percent of the votes as of December 31, 2013. Measured by the number of votes, L E Lundbergföretagen AB is the second-largest owner, with a holding of about 7 (7) percent of the capital and approximately 22 (22) percent of the votes as of December 31, 2013.

For further information on the share and shareholders, see page 108.

Annual General Meeting

The Annual General Meeting (AGM) must be held within six months of the close of the fiscal year. All shareholders who are listed in the share registry on the record date, and who have notified the company

of their participation in due time, are entitled to participate in the AGM and cast votes based on their total shareholding. Shareholders who are personally unable to attend may be represented by a proxy with a power of attorney.

The AGM was held in Jönköping, Sweden on April 11, 2013. The AGM was attended by about 680 shareholders, personally or by proxy, representing about 75 percent of the votes in the company and approximately 59 percent of the share capital. The meeting was also attended by the Board of Directors, members of Group Management and the external auditor.

The resolutions passed by the meeting included the following;

- Adoption of the income statements and balance sheets for 2012, the dividend and discharge of liability for the Board of Directors and the President.
- Re-election of Lars Westerberg, Magdalena Gerger, Tom Johnstone, Hans Linnarson, Ulla Litzén, Ulf Lundahl, Katarina Martinson and Anders Moberg. Daniel Nodhäll was elected as new member. Lars Westerberg was elected Chairman of the Board. Börje Ekholm had declined re-election.
- The Chairman of the Board will be paid a fee of SEK 1,650,000, and each AGM-elected member not employed by the company will be paid SEK 475,000. The Chairman of the Audit Committee will be paid SEK 175,000 and each of the Committee's two members will be paid SEK 75,000. The Chairman of the Remuneration Committee will be paid SEK 100,000 and each of the Committee's two members will be paid SEK 50,000.
- Auditors will be paid as invoices are approved.
- Principles of remuneration to senior executives.
- Rules for the appointment and work of the Nomination Committee.
- Authorization for the Board to repurchase and transfer own shares.
- Authorization for the Board to make resolutions concerning new share issues paid for by contribution in kind to enable acquisitions paid for with own shares.

For further information, see the Report by the Board of Directors, page 36.

Annual General Meeting 2014

The 2014 AGM will be held on April 10, 2014 at 4 p.m. at the Elmia Congress Centre in Jönköping, Sweden.

For further information regarding the AGM 2014, see page 59.

Nomination process

Board members

The process of nominating Board members whose names will be proposed for election at the 2014 AGM is conducted in accordance with the nomination process that was adopted at the 2013 AGM.

Husqvarna's Nomination Committee shall comprise representatives from each of the four largest shareholders with regard to the number of votes held, who have upon request expressed a wish to participate in the nomination committee work, together with the Chairman of the Board. The ownership structure on August 30, 2013 is used to determine the largest shareholders, as measured by votes. The names of the four shareholder representatives must be published no later than six months prior to the AGM. The term of office for the Nomination Committee shall be for the period until a new Nomination Committee is appointed. If the group of the largest shareholders changes during the nomination process, the composition of the Nomination Committee may be changed accordingly.

The composition of the Nomination Committee was announced on Husqvarna Group's website and by press release on September 17, 2013. The 2014 Nomination Committee held six meetings. Nomination Committee duties included evaluation of the Board's work, competence and composition, as well as the independence of the members. The Nomination Committee also considered other criteria such as the background, experience and diversity of Board members. In order to strive to attain diversity, the Nomination Committee has taken into consideration inter alia the objective to achieve a more equal composition of the Board, as regards gender representativity. The Chairman of the Board presented the Board's evaluation to the Nomination Committee.

The Nomination Committee for the 2014 AGM comprises:

- Petra Hedengran (Chairman), nominated by Investor AB
- Claes Boustedt, nominated by L E Lundbergföretagen AB
- Ramsay Brufer, nominated by Alecta
- Henrik Didner, nominated by Didner & Gerge Funds*
- Lars Westerberg, Chairman of Husqvarna's Board of Directors.

* As of December 5, 2013, Didner & Gerge Funds represented by Henrik Didner, decided at their own request to resign from Husqvarna's Nomination Committee.

Board of Directors

Attendance 2013

Name		Nationality	Independence ¹	Board meetings	Audit Committee	Remuneration Committee	Authorized fees, total in SEK ²	Holdings, number of A-shares ³	Holdings, number of B-shares ³
Lars Westerberg	Board Chairman Committee member	SE	Yes/Yes	11/11		3/4	1,700,000	–	270,000
Hans Linnarson ⁴		SE	No/Yes	7/8			–	n/a	n/a
Börje Ekholm ^{5,6}	Committee Chairman	U.S./SE	Yes/No	4/4	2/2		–	n/a	n/a
Magdalena Gerger		SE	Yes/Yes	10/11			475,000	3,100	–
Tom Johnstone	Committee Chairman	U.K.	Yes/No	10/11		4/4	575,000	990	4,800
Ulla Litzén	Committee Member	SE	Yes/Yes	10/11	6/6		550,000	–	10,000
Ulf Lundahl ⁷	Committee Chairman	SE	Yes/No	11/11	6/6		650,000	1,125	13,750
Katarina Martinson		SE	Yes/No	11/11			475,000	113,478	378,737
Anders Moberg	Committee member	SE	Yes/Yes	11/11		4/4	525,000	180	600
Daniel Nodhäll ⁸	Committee member	SE	Yes/No	7/7	4/4		550,000	–	5,000
Johan Ihrman ⁹	Employee representative	SE	–	7/9			–	–	–
Soili Johansson ¹⁰	Employee representative	SE	–	2/2			–	225	750
Annika Ögren	Employee representative	SE	–	11/11			–	–	–
Carita Spångberg ¹¹	Employee representative	SE	–	9/11			–	–	–
Lotta Widehäll ¹¹	Employee representative	SE	–	11/11			–	–	–
Total				11	6	4	5,500,000	119,098	683,637

¹ Refers to independence in relation to the company and management, and independence in relation to major shareholders.

² Board members are expected to engage themselves financially in Husqvarna shares within a period of five years, corresponding to one year's Board fee.

³ Refers to December 31, 2013 and includes related parties.

⁴ Resigned from the Board on July 22, 2013. President and CEO until June 30, 2013.

⁵ Resigned at the 2013 AGM, remuneration presented during 2012.

⁶ Committee Chairman until the 2013 AGM.

⁷ Committee Chairman as of the 2013 AGM.

⁸ Elected at the 2013 AGM.

⁹ Employee representative until September 11, 2013.

¹⁰ Employee representative as from October 23, 2013.

¹¹ Deputy.

The Nomination Committee's assignment is to prepare the below proposals to be submitted to the AGM for resolution:

- proposal regarding Chairman of the AGM,
- proposal regarding Directors of the Board,
- proposal regarding Chairman of the Board,
- proposal regarding Directors' fees to each of the Directors elected by the AGM and not employed by the company, distinguishing between the Chairman of the Board and the other members of the Board of Directors, and remuneration for committee work; stating the distribution between each member of the Board,
- proposal regarding Auditors (if applicable),
- proposal regarding Auditor's fees, and
- to the extent deemed necessary, proposals on amendments to the instruction for the Nomination Committee.

The Nomination Committee's proposals as well as a motivated opinion will be published not later than in connection with the notice of the 2014 AGM.

Members do not receive fees or remuneration for their work on the Nomination Committee.

Board of Directors

Composition of the Board

Husqvarna Group's Board of Directors shall consist of no less than five and no more than ten members, with no more than three deputies, all of whom are elected by the AGM for a period of one year. Swedish employee representative organizations also appoint two representatives, with two deputies.

Until July 22, 2013, the Board consisted of nine members elected by the AGM, which date the former President and CEO Hans Linnarson resigned from the Board.

Board members possess extensive competence and experience in areas such as industrial commerce, financial expertise, sales and marketing of consumer goods as well as a broad knowledge of the retail business and manufacturing.

Independence of the Board

The Board is deemed to comply with the independence requirements of the Swedish Code of Corporate Governance. Board members are not employed by the Group with the exception of the former President and CEO, Hans Linnarson, during the period March 28, 2012 – July 22, 2013.

The Nomination Committee's assessment as to whether each proposed

member fulfills the independence requirement will be announced in conjunction with the Nomination Committee submitting its proposals to the AGM.

See pages 56–57 for a presentation of the Board of Directors and Auditors.

Rules of procedures and written instructions

The Board has established rules of procedures that are reviewed once a year or when necessary. These rules involve allocation of tasks between the Board and the President, detailed instructions for the President, other corporate functions concerning matters requiring the Board's approval, and the financial reports and other information to be submitted to the Board.

Board activities in 2013

In 2013, the Board held ten scheduled ordinary meetings and one extraordinary meeting. Three of the ordinary Board meetings were held in Stockholm, two in Husqvarna, one in Aycliffe, U.K., and four were held by telephone.

The Board regularly addresses strategic matters relating to Husqvarna Group's operations and general direction, potential acquisitions, all investments in excess of

SEK 50m and changes in credit terms and conditions for major customers. All major investments are followed up at least once annually. The year-end report and the annual report are dealt with at the beginning of the year, as are the matters to be presented at the Annual General Meeting. Late in the year, the budget for the following year and the Group's long-term strategic plan, are addressed. After each quarter, the quarterly results are reviewed and interim reports are approved for release. Both Committees' work between meetings are also reported during each scheduled Board meeting. Current legal disputes as well as compliance matters are reviewed regularly, as is the corporate structure and capital structure.

All meetings follow a preapproved agenda plan, to which matters are added as the need arises. The agenda is approved by the Chairman of the Board and is, together with documentation for each item on the agenda, sent to all Board members about one week before each meeting. Each Board meeting commences with a review of the preceding meeting minutes and open issues. Thereafter the President and CEO presents the Group's sales and earnings and the current business environ-

ment, including key business environment factors that may affect the Group's performance. The Husqvarna Group's CFO accounts for the Group's financial position in more detail, including requisite analyses and operating environment analysis. Members of Group management report on any open items from previous Board meetings or present plans and proposals. Updated reviews for each business unit's activities are presented according to an annual plan. In addition to the information provided in connection with Board meetings, the President and CEO sends a monthly report to Board members and is in frequent contact with the Chairman of the Board.

Assessment of the Board's work

The Chairman of the Board is responsible for assessing the Board's work including the performance of individual Board members. This is done on an annual basis pursuant to an established process. The assessment focuses on such factors as the availability of and requirements for specific expertise within the Board, commitment, the quality and timeliness of the Board material, working environment of the Board and the Board's effectiveness. An independent

assessment of the Chairman's work is also conducted, which is headed by the Chairman of the Remuneration Committee. This assessment is also reported to the Nomination Committee, and forms a basis for the Nomination Committee's proposal on Board members and remuneration to the Board.

Committees of the Board

The Board has established an Audit Committee and a Remuneration Committee. The members and the Chairmen of the Committees are appointed at the statutory Board meeting for a period of one year. The major tasks of these committees are preparatory and advisory, but the Board may delegate on occasion authorization for the Committees to determine in specific matters. The issues considered at committee meetings shall be recorded in minutes of the meetings and reported at the following Board meeting.

Audit Committee

The main task of the Audit Committee is to monitor the company's financial reporting, to secure that principles adopted for financial reporting, internal control, internal audit and risk assessment are observed and efficient.

Agenda items 2013

Board of Directors

January (extraordinary meeting)

- Update on the company's strategy.
- Authorization to sign for the company.
- Update on the company's financial objectives.

February (by telephone)

- Approval of the year-end 2012 report and press release.
- Separate press release regarding establishment of a new factory for manufacturing of chainsaw chains.
- Proposal to the AGM to pay a dividend of SEK 1.50 per share.

March

- Approval of the 2012 Annual Report.
- Report from the Auditors.
- Report from the Nomination Committee.
- Notice to the AGM, including:
 - Nomination Committee proposals
 - Proposal by the Board of Directors
 - Remuneration Committee's evaluation of remuneration for senior managers
- Divestment of shares in subsidiary.
- Quality review.
- Presentation on the company's design strategy.
- Program for the Board trip in May.

April

- Americas business unit update.
- Update on major sales contracts.
- Approval of credit limits for large customers.
- Information on closure of the company's subsidiary in Argentina.
- Update on larger projects.

April (statutory)

- Authorization to sign for the company.
- Adoption of Rules of Procedure.
- Election of Members to the Board's Committees.
- Decision on Board Meetings in 2014.

April (by telephone)

- Approval of the first quarter interim report and press release.
- Approval of refinancing of certain current loans.

May (2 days meeting)

- Decision on Medium Term Notes prospectus.
- Manufacturing & Logistics review of factories.
- EMEA business unit review.
- Decision on divestment of the minority shares in a subsidiary in Germany.
- Decision to appoint a new President and CEO as from July 1, 2013.
- Update on the company's quality strategy.

July (by telephone)

- Approval of the second quarter interim report and press release.
- Decision on the U.K. pension fund.

September

- Reflections from the new President and CEO on his first three months with the company.
- Authorization to sign for the company.
- Decision on adopting the revised Code of Conduct.
- Decision on new major lease agreement regarding a warehouse in the U.S.

- Presentation on the Group's strategy on customers and trademarks.
- Update on the company's improvement program.
- Board evaluation.
- Update on major ongoing projects.
- Report from the internal auditors and review of the company's Enterprise Risk Management program.

October (by telephone)

- Approval of the third quarter interim report and press release.

November

- Budget for the financial year 2014.
- Strategy update, especially for the U.S. business and the European consumer business.
- Update on the business unit Asia/Pacific.
- Short-term incentive target setting for senior executives.
- Review of the performance of the President and CEO and other members of Group Management.
- Approval of credit limits for customers.
- Decision on prolongation of several larger lease agreements.
- Annual investment follow-up.
- Update on major ongoing projects.
- Approval of acquisition of a business, including assets.

The 2013 Annual Report was approved at the Board meeting on March 6, 2014.

The Audit Committee is also tasked with supporting the Nomination Committee with proposals when electing external auditors and auditors' fees.

In 2013, the Audit Committee comprised Board members Börje Ekholm (until the AGM on April 11), Ulf Lundahl, Ulla Litzén and Daniel Nodhäll (as from the AGM on April 11).

The CFO, the Head of Group Staff Legal Affairs and the Head of Internal Audit, who is also the secretary of the Audit Committee, as well as the Group's auditors, attend the Audit Committee meetings.

After each meeting, the Audit Committee presents a report to the entire Board. Minutes are taken for each Committee meeting and the minutes including supporting material are available to all Board members and the auditors.

No fewer than three meetings shall be held each year. The Audit Committee convened six times in 2013.

Remuneration Committee

The Remuneration Committee's main responsibility is to prepare the Board's decisions on issues concerning principles for remuneration, remunerations and

other terms of employment for the President and CEO and for other members of Group Management of the company, and to monitor and evaluate targets and principals for variable remuneration and long-term incentive programs for Group Management. The Remuneration Committee has also the task to propose guidelines for the remuneration to the members of Group Management.

In 2013, the Remuneration Committee comprised Board members Tom Johnstone, who is also the Committee's chairman, Anders Moberg and the Chairman of the Board Lars Westerberg. Husqvarna Group's Head of Group Staff People & Organization was secretary of the Committee. No fewer than two meetings shall be held each year. The Remuneration Committee convened four times in 2013.

After each meeting, the Remuneration Committee presents a report to the entire Board. Minutes are taken for each Committee meeting and the minutes are available to all Board members and auditors.

Auditor

Auditing company is PricewaterhouseCoopers (PwC), reelected at the 2010 AGM

for a period of four years, headed by Johan Engstam (Auditor in charge).

Group Management and Structure

The organization encompasses business units and Group staff functions. In addition, the Heads of Brand Management & Global Marketing, Quality and Business Development are direct reporting functions to the President and CEO.

President and Group Management

Group Management comprises the President and CEO, the heads of the business units, and the heads of the Group staffs.

The President and CEO is appointed by the Board and is responsible for the ongoing management of the company in accordance with the Board's guidelines and instructions. These instructions include responsibility for financial reporting, preparation of information and input for decisions, and ensuring that commitments, agreements and other legal documents do not conflict with Swedish or foreign legislation or ordinances, including competition regulations. The President and CEO shall also ensure compliance with goals, policies and strategic plans, as well as updating these

Agenda items 2013

Remuneration Committee

February

- Result Short-term incentive (STI), STI 2012 and STI 2012 Plus.
- Result Long-term incentive (LTI), LTI 2010.
- Design and targets for LTI 2013.
- Information to the Annual General Meeting 2013.
- Separation terms for member of Group Management.
- Remuneration to new acting member of Group Management.

March

- LTI 2013 targets, documentation, accounting, and presentation to the largest shareholders.

September

- Status update on the STI 2013 and LTI programs.
- Structure for STI and LTI 2014.
- Confirmation of earlier approved employment agreement for new CEO.
- Remuneration to former CEO.
- Update on recruitment of new member of Group Management.

November

- Status update on the STI 2013 and LTI programs.
- Group Management remuneration 2014.
- Targets for STI 2014.
- Structure for LTI 2014.
- Proposal of remuneration to new member of Group Management.

Agenda items 2013

Audit Committee

February

- Auditors' report on auditing of Year-End account.
- Draft of Annual Report and the Year-End report 2012.
- Internal audit plan for 2013.

February (extraordinary meeting)

- Annual Report 2012.

April

- Draft of January–March 2013 Interim Report.
- External audit plan 2013.

July

- Draft of January–June 2013 Interim Report.
- Tender process external audit service providers.

October

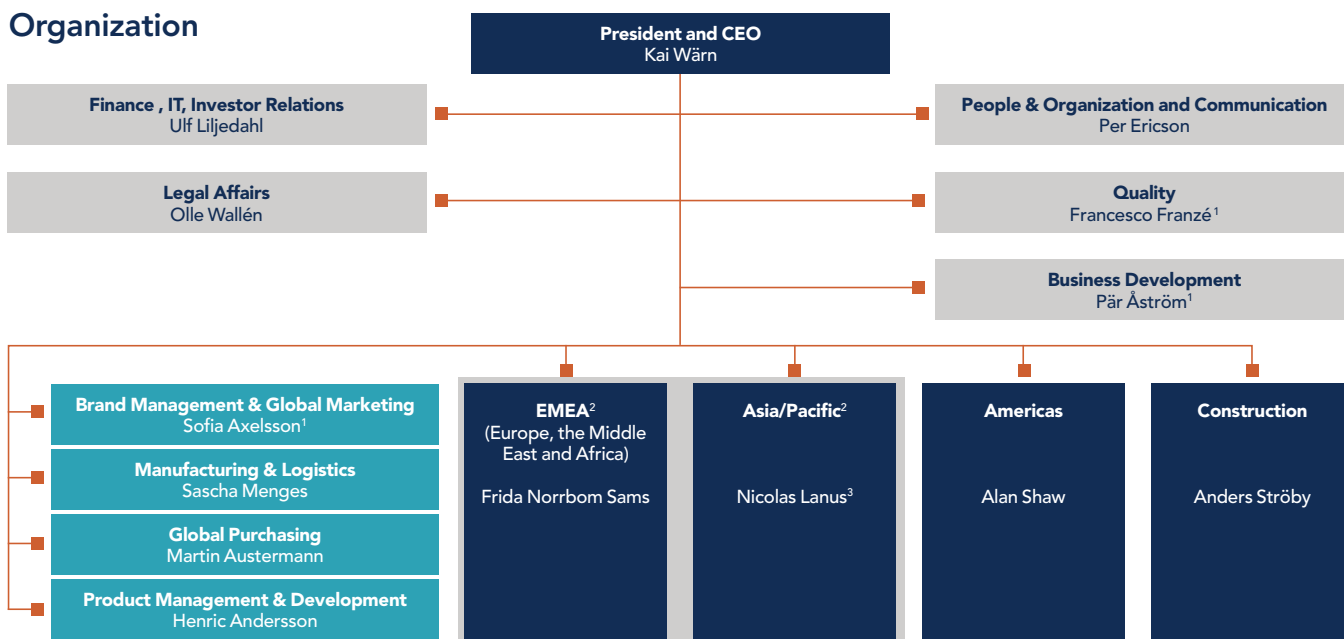
- Draft of January–September 2013 Interim Report.
- Report by auditors on hard-close audit as of September 30, 2013.

November

- Tender process external audit service providers.
- KPI reporting package.

Ordinary agenda points for all meetings are updates on: Internal Audit, Tax, Treasury, Compliance, and the Internal Control over Financial Reporting Project.

Organization



¹The position is not included in Group Management.

²EMEA and Asia/Pacific are reported as Europe & Asia/Pacific in the external financial reporting.

³Until December, 2013.

when necessary. The President and CEO appoints all members of Group Management.

The heads of the business units are responsible for the revenues, costs and use of capital in their respective operations. Overall management of the business areas is exercised through the quarterly meetings convened to review operations. In addition to the President and CEO, who directs the meetings, the heads of business units participate along with relevant representatives from the units.

Group staff functions are responsible for coordination of general issues of importance to the Group, development of policies and guidelines, and support for the business units that apply them. The tasks of the staffs include consolidation and reporting of financial results, financing, legal matters, risk management and insurance, health and safety, environmental and sustainability matters, compliance, personnel matters, internal communication as well as external communication with media and the capital market, quality and business development.

Group Management holds monthly meetings to review the previous month's results, update forecasts and plans, and discuss strategic issues. In addition, weekly meetings are held by telephone.

Internal Boards

As support for the President and CEO and Group Management, Husqvarna Group has established internal Boards in the following areas:

The Global Purchasing Council (GPC) is a decision-making forum that coordinates the Group's purchasing globally and among the business units. The GPC ensures transpar-

ency in the purchasing process as well as uniformity in terms of working methods, purchasing tools, contracts and processes throughout the organization.

The Group Staff Council, which consists of three of the Group Staff Heads, the CFO, the Head of Legal Affairs and the Head of People & Organization, convene when necessary and primarily decides on administrative, policy and personnel issues, as well as pensions.

The Finance Board is an internal Board which ensures that the financial policy authorized by the Board of Directors is communicated and complied with throughout the Group. This policy includes guidelines for the organization and management of the Group's financial operations, permissible risk exposure, levels of risk, and the reporting thereof. The Finance Board comprises the President, the CFO and the Group Treasurer.

The Sustainability Council, an internal decision-making body, comprises the entire Group Management and convenes quarterly. Representatives for Communications, Environmental Affairs and the responsible for Health and Safety present proposals and reports on sustainability work in the Group. The Council was established to ensure that Husqvarna's operations are conducted in a responsible manner in order to achieve development that is economically, socially and ecologically sustainable. The Council's responsibilities includes all the Group's activities and processes, and is aimed at creating long-term value for shareholders, employees and other stakeholders who affect or are affected by the Group's operations.

Remuneration to the Board and senior executives

The following principles for remuneration to senior executives of the Husqvarna Group were approved at the 2013 AGM.

Principles

The overall principles for remuneration to Group Management shall be based on the position held, individual performance, Group performance and remuneration shall be on a competitive basis in the country of employment. The overall remuneration package for Group Management comprises fixed salary, variable salary in the form of short-term incentives based on annual performance targets, long-term incentives, pension and other benefits. In addition, there are conditions on notice of termination and severance pay.

Husqvarna shall aim to offer a competitive total remuneration level with a primary focus on "pay for performance".

Fixed salary

Fixed salary shall comprise the basis for total remuneration. The salary shall be related to the relevant market and shall reflect the degree of responsibility involved in the position. The salary levels shall be reviewed regularly (normally through an annual evaluation of salaries) in order to ensure continued competitiveness and in order to correctly reward performance.

Variable salary (Short-term incentive "STI")

Members of Group Management shall be entitled to STI in addition to the fixed salary. The STI shall be based on the financial result for the Group and/or for the busi-

ness unit for which the member of Group Management is responsible. In addition, performance indicators can be used in order to focus on improvement areas of special interest to the Group.

Clearly defined objectives for "target" and "stretch" levels of performance shall be stated in the beginning of the year and reflect the plans approved by the Board.

STI shall be dependent on the position and may amount to a maximum of 50 percent of the salary on attainment of the "target" level and a maximum of 100 percent of the salary on attainment of "stretch" level, which also is the maximum STI.

In the U.S., the STI component is normally higher and may amount to a maximum of 100 percent on attainment of the "target" level and a maximum of 150 percent of the salary on attainment of the "stretch" level.

The Board of Directors decides whether the maximum levels 50/100/150 shall be utilized or if a lower level shall be used.

Long-term incentive

The Board of Directors will annually evaluate if a long-term incentive program (e.g. share-based or share-price based) should be proposed to the Annual General Meeting.

Pension and insurance

Pension and disability benefits shall be designed to reflect regulations and practice in the country of employment and the value of the benefits shall match normally accepted levels in the country. If possible, pension plans shall be defined-contribution plans in accordance with the Group Pension Policy.

Other benefits

Other benefits can be provided in accordance with normal practice in the country where the member of Group Management is employed. However, these benefits shall not constitute a significant part of the total remuneration.

Notice of termination and severance pay

Members of Group Management shall be offered notice periods and levels of severance pay which are in line with accepted practice in the country where the member is employed. Members of Group Management shall be obliged not to compete with the Company during the notice period. Based on the circumstances in each case, a non-compete obligation with continued payment may be applied also after the end of the notice period. Such non-compete obligation shall not apply for more than 24 months from the end of the notice period.

Previously determined remuneration which has not become payable

The main conditions for remuneration to Group Management in the current employment agreements should be clear from note 3.

Authority for the Board to deviate from the principles

Under special circumstances, the Board of Directors may deviate from these guidelines. In case of such deviation, the next AGM shall be informed of the reasons. For more information concerning remuneration, see note 3.

Remuneration to the Board 2013

Remuneration to AGM-elected Board members is resolved by the AGM based on proposals from the Nomination Committee. The 2013 AGM resolved on fees of SEK 5,500,000.

Fees to the Board of Directors authorized by the AGM 2013 as below. No consulting fees were paid to Board members. No Board fees are paid to Board members who are also employed by the Group. For more information concerning remuneration, see note 3.

Auditors' fees

Auditors' fees are paid as invoices are approved. See note 6.

External information

Husqvarna regularly publishes information in the market concerning the Group's performance and financial position.

Husqvarna's Board has adopted an Information Policy that complies with the requirements for such a policy in the NASDAQ OMX Stockholm Rule Book for Issuers. The policy applies to the Board and Group Management, and covers both written and oral information.

Financial information is regularly issued in the form of:

- Interim reports, published as press releases;
- Annual Report;
- Press releases concerning news and important issues;
- Presentations and telephone conferences for financial analysts, investors and media on the day of publication of the interim and year-end reports, and in connection with the publication of other important information;
- Presentations for financial analysts and investors in connection with Capital Market Days and Road Shows etc.

All reports, presentations and press releases are published at the Group's website, www.husqvarnagroup.com

Fees to the Board 2012–2013¹⁾

SEK	2013	2012
Authorized fees, total	5,500,000	5,500,000
Chairman	1,650,000	1,650,000
Board member	475,000	475,000
Chairman Audit Committee	175,000	175,000
Member Audit Committee	75,000	75,000
Chairman Remuneration Committee	100,000	100,000
Member Remuneration Committee	50,000	50,000

¹⁾ Refers to fees prior to the AGMs in 2014 and 2013 respectively.

Remuneration to Group Management 2012–2013¹⁾

SEKt	Fixed salary	Variable salary	Pension costs	Long-term incentive	Other benefits	Severance pay etc	Total 2013	Total 2012
President and CEO	3,750	1,875	1,500	553	4	–	7,682	–
Former President and CEO	8,159	3,210	4,586	282	246	–	16,483	9,936
Other members of Group management	24,741	9,254	8,126	4,069	1,675	1,026	48,891	29,475
Total	36,650	14,339	14,212	4,904	1,925	1,026	73,056	39,411

¹⁾ For more information on the Remuneration to Group Management see note 3 on page 72.

Internal Control over Financial Reporting

Husqvarna Group's process for internal control is designed to manage and minimize the risk of inaccuracy in financial reporting.

Description and evaluation of the Group's internal control activities is based on the framework developed by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The framework comprises five components; the control environment, risk assessment, control activities, information and communication, and monitoring.

The organization of internal control is described below. The description is limited to internal control over financial reporting.

Control environment

Internal control over financial reporting is based on the overall control environment. This involves clear definitions of organizational structure, decision-making paths and authority, which are communicated in the form of internal control documents such as policies, guidelines, manuals and codes. The control environment also includes laws and external regulations.

The Board of Directors is ultimately responsible for internal control over financial reporting. Efficient performance by the Board is thus the basis for satisfactory internal control. The Board has established rules of procedure and clear instructions for its work, which also include the activities of the Audit and Remuneration Committees.

The overall duty of the Audit Committee is to support the Board's supervision of the auditing and reporting processes, and to ensure the quality of such reports and processes. The activities of the Audit Committee during the year are described in greater detail on page 51.

Responsibility for maintaining an effective control environment as well as the ongoing work on risk management and internal control over financial reporting is delegated to the President and CEO. This responsibility is in turn delegated to managers within their specific areas at various levels in the company. In addition, Husqvarna Group has an internal audit function that reports directly to the Board of Directors through its Audit Committee and to the Group's CFO.

Responsibility and authority are defined inter alia in instructions to the President, regarding the right to sign for the company, manuals, various policies, routines and codes. The Board defines the Group's major policies for communication, custom-

er credits, financing and risk management, as well as the Code of Conduct.

Group Management defines other policies and instructions, and relevant Group staffs issue guidelines and monitor implementation of all policies and instructions.

Group rules for accounting and reporting are stipulated in an accounting manual available to all personnel in finance and accounting. These internal control documents are reviewed and updated regularly with reference to e.g. changes in legislation, accounting standards and listing requirements.

Risk assessment

Risks of material misstatements in financial reporting may exist in relation to recognition and measurement of assets, liabilities, revenue and cost or insufficient disclosure. Items in the balance sheet and the income statement that are based upon estimates or generated by complex processes are relatively more exposed to the risk of error than are other items. Major items in this respect include goodwill and other intangible assets as well as provisions in captive insurance companies and pension provisions.

The Group's finance function performs each year a risk assessment regarding the Group's balance sheet and income statement taking into consideration both qualitative and quantitative risks. The purpose of the risk assessment is to ensure that the internal control is satisfactory regarding the Group's most important risk areas.

Control activities

Control activities are designed to prevent, identify and correct errors and deviations in the financial reporting. Husqvarna Group has defined internal control standards, i.e. specifications of the control activities that must be included in each business process in order to ensure and maintain a uniform level of internal control over financial reporting within the Group. Control activities are integrated in processes for accounting and financial reporting, and include routines for authorization and signing for the company, reconciliation of bank balances and accounts, analysis of results, segregation of duties, automatic controls integrated in IT-systems, and control of the basic IT environment.

The Group maintains the following control processes for financial reporting:

Controlling

Each operative unit has a controller whose responsibilities include ensuring that the unit's internal controls comply with Group standards, as well as compliance with Group guidelines and principles as stated in Husqvarna's Accounting Manual. The controller is also responsible for ensuring that financial information is correct and complete and is delivered on time. In addition, controllers at business unit and Group level have corresponding responsibilities.

Country Officers

A Country Officer is appointed by Husqvarna Group in each country where the Group operates subsidiaries. The Officer's duties include safeguarding the interests of the Group's owners as well as identifying and reporting risks in such areas as fiscal regulations and other legislation.

Group Management meetings

The monthly meetings of Group Management include a review of the monthly results for the Group and for operative units, as well as updated forecasts, plans and strategic issues.

Routines related to acquisitions

Husqvarna has established guidelines and routines designed to ensure that acquisitions of operations are accurately analyzed in terms of financial, operational and environmental consequences.

Acquisitions are evaluated at 12- and 24-month intervals following the transaction. Evaluations are reported to the Audit Committee and the Board.

Information and communication

Husqvarna Group maintains information and communication systems to facilitate correct and complete financial reporting. The accounting manual and other instructions for reporting are updated when necessary and are reviewed quarterly. In addition, other policies relevant to internal control over financial reporting, such as investment routines and credit policy, can be accessed on the Group's intranet by all relevant personnel. Changes in accounting routines are communicated and explained in quarterly newsletters from the Group accounting function.

Whistleblower

Husqvarna Group has a global whistleblower system that receives calls in several languages for the entire Group.

It enables employees to contact an independent third party and report actions or events that involve violations or suspected violations of e.g. external laws and regulations or internal policies and guidelines. All calls are logged and a summary of the calls and the actions taken is periodically disclosed to the Audit Committee and made available to the Board.

Monitoring

Husqvarna Group maintains a comprehensive financial reporting system for the monitoring of operations, which enables identification of possible deviations in financial reporting.

Husqvarna applies IFRS. This is defined in the Husqvarna Accounting Manual,

which includes rules for accounting and evaluation principles that are mandatory for all companies within the Group, as well as instructions for reporting. The manual is reviewed and updated quarterly.

Financial reporting

Financial data is reported every month by approximately 130 reporting units, in accordance with the standardized routines for reporting that are stipulated in Husqvarna's accounting manual. These reports are the basis for the Group's consolidated financial reporting. Consolidation is performed from both legal and operational perspectives, which generates quarterly legal reports, i.e. complete balance sheets and income statements for each company as well as consolidated, and monthly, operative reports. All consolidation is centralized. All financial reports are stored in a central database from which data is retrieved for

analysis and monitoring at Group, business area and business unit level. Interim reports are posted on the website, www.husqvarnagroup.com

Internal audit

The Internal Audit function supports the development and improvement of internal control over financial reporting. Internal Audit works according to an annual audit plan that is approved by the Board and conducts independent and objective audit engagements in order to evaluate and enhance the efficiency of internal controls, including internal control over financial reporting. The result of the audit engagements are presented to the Audit Committee and the Group's President and CEO and CFO.

Structure of control over financial reporting within the Husqvarna Group

Responsible function	Level in Group	Control Activity	Periodicity	Responsibility for monitoring
Controller	Group	■ Ensure observance of internal control routines in accordance with the Husqvarna Accounting Manual.	Continuously	Country Officer, Internal Audit, Group Accounting Department
		■ Control of consolidated financial statements.	Monthly/ Quarterly	Group Management, Audit Committee
	Business unit	■ Analysis and monitoring of reported results.	Monthly	Group Management
		■ Preparation of budget and forecast.	Monthly	Group Management
Reporting units	Reporting units	■ Preparation of instructions for attestation.	Continuously	Group Staff Legal Affairs
		■ Ensure that financial information is correct and complete and delivered on time.	Monthly	Group Accounting Department
Country Officer	All subsidiaries within the country	■ Ensure that interests of owners are safeguarded.	Continuously	Group CFO
		■ Identify and report on risks related to fiscal and other and legislation.	Continuously	Group Tax Officer, Group Staff Legal Affairs
Group Management	Group	■ Review of monthly results, updated forecasts, plans and strategic issues.	Continuously	Board of Directors, Audit Committee
		■ Definition of policies and guidelines.	Continuously	Board of Directors, Audit Committee

Board of Directors and Auditors



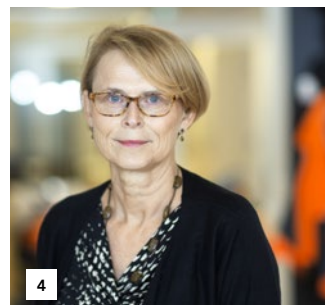
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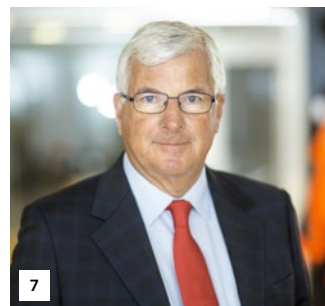
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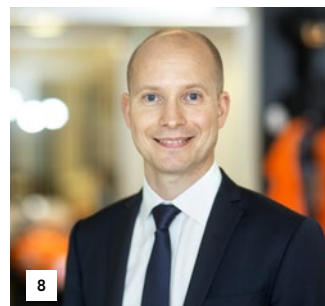
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1. Lars Westerberg

Chairman

Born 1948. M. Sc. Eng., Royal Institute of Technology, Stockholm, Sweden, BBA, Stockholm University, Sweden.

Elected 2006. Member of the Remuneration Committee.

Other major assignments: Board member of AB Volvo, Meda AB, Sandvik AB, SSAB and Stena AB.

Previous positions: President and CEO and Board Member of Autoliv Inc. 1999–2011. President and CEO of Gränges AB 1994–1999. President and CEO of Esab AB 1991–1994.

Holdings in Husqvarna: 270,000 B-shares.

5. Ulf Lundahl

Board member

Born 1952. M. of Law and MBA, Lund University, Sweden.

Elected 2008. Chairman of the Audit Committee. Executive Vice President and deputy President of L E Lundbergföretagen AB.

Other major assignments: Board Chairman of Fidelio Capital. Board member of Holmen AB, Indutrade AB and Handelsbanken, Regional Bank Stockholm.

Previous positions: Senior adviser of L E Lundbergföretagen AB 2003–2004, President of Danske Securities 2001–2003, President of Östgöta Enskilda Bank/ Danske Bank Sverige 1992–2001.

Holdings in Husqvarna: 1,125 A-shares, 13,750 B-shares.

2. Magdalena Gerger

Board member

Born 1964. M. Econ., and MBA, Stockholm School of Economics, Sweden.

Elected 2010. President of Systembolaget AB.

Other major assignments: Board Chairman of IQ, subsidiary of Systembolaget AB. Board member of IFN (the Research Institute of Industrial Economics). Member of IVA (Royal Swedish Academy of Engineering Sciences).

Previous positions: Senior Vice President and responsible for Marketing & Innovation in the Nordic region, Arla Foods 2005–2009. Management consultant, Futoria AB 2004. Category Director (U.K. and Ireland) Nestlé U.K. Ltd 2000–2003, ICI Paints 1998–2000 and in Procter & Gamble 1996–1997.

Holdings in Husqvarna: 3,100 A-shares.

6. Katarina Martinson

Board member

Born 1981. Master of Science Program, Stockholm School of Economics.

Elected 2012. Portfolio management for the Lundberg Family.

Other major assignments: Board Chairman of Bellbox AB, Djursjukhusgruppen AB and Picadeli AB. Board member of L E Lundbergföretagen AB, Fastighets AB L E Lundberg, Karlsson & Wingsjö, Lundbergs Kapitalförvaltning and Fidelio Capital AB.

Previous positions: Analyst at Handelsbanken Capital Markets 2008, Vice President at Strategas Research Partners LLC, New York, U.S. 2006–2008, investment research at ISI, International Strategy & Investment Group, New York 2005–2006.

Holdings in Husqvarna: 113,478 A-shares, 378,737 B-shares.

3. Tom Johnstone

Board member

Born 1955. M.A., University of Glasgow, Scotland, Hon. Doc. in B.A., University of South Carolina, U.S. Hon. Doc. In Science, Cranfield University, U.K.

Elected 2006. Chairman of the Remuneration Committee. President and CEO and Board member of AB SKF.

Other major assignments: Board member of Investor AB.

Previous positions: Senior management positions within AB SKF since 1987. Executive Vice President of AB SKF 1999–2003. President Automotive Division 1995–2003.

Holdings in Husqvarna: 990 A-shares, 4,800 B-shares.

7. Anders Moberg

Board member

Born 1950.

Elected 2006. Member of the Remuneration Committee.

Other major assignments: Board Chairman of Clas Ohlson AB and OBH Nordica AB. Board member of Ahlstrom Corporation, Amor GmbH, Bergendahl & Son AB, Byggmax AB, Hema BV, ITAB AB, Rezidor AB, SLK OY and ZetaDisplay AB.

Previous positions: CEO of Majid Al Futtaim Group 2007–2008. President and CEO of Royal Ahold 2002–2007. Division President International of Home Depot, 1999–2002. President and CEO of IKEA Group 1986–1999.

Holdings in Husqvarna: 180 A-shares, 600 B-shares, 110,000 B-shares via capital insurance.

4. Ulla Litzén

Board member

Born 1956. M. Sc., Stockholm School of Economics, Sweden and MBA, Massachusetts Institute of Technology, U.S.

Elected 2010. Member of the Audit Committee.

Other major assignments: Board member of Atlas Copco AB, AB SKF, Boliden AB, Alfa Laval AB and NCC AB.

Previous positions: President of W Capital Management AB 2001–2005. Senior management positions and member of the Management Group, Investor AB 1996–2001. Managing Director, responsible for Core Holdings 1999–2000. President of Investor Scandinavia AB 1996–1998.

Holdings in Husqvarna: 10,000 B-shares.

8. Daniel Nodhäll

Board member

Born 1978. M.Sc., Stockholm School of Economics, Sweden.

Elected 2013. Member of the Audit Committee. Investment Manager and Head of Capital Goods at Investor AB.

Previous positions: Analyst focused on the engineering sector at Investor AB since 2002.

Holdings in Husqvarna: 5,000 B-shares.

Hans Linnarson was a member of the Board from January 1 to July 22, 2013. Holdings in Husqvarna as of December 31, 2013.

Employee representatives



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9. Soili Johansson

Employee representative

Born 1962. Representative of the Federation of Salaried Employees in Industry and Services.

Holdings in Husqvarna: 225 A-shares, 750 B-shares.

11. Carita Spångberg

Deputy employee representative

Born 1968. Representative of the Swedish Confederation of Trade Unions.

Holdings in Husqvarna: 0 shares.

10. Annika Ögren

Employee representative

Born 1965. Representative of the Swedish Confederation of Trade Unions.

Holdings in Husqvarna: 0 shares.

12. Lotta Widehäll

Deputy employee representative

Born 1976, Representative of the Federation of Salaried Employees in Industry and Services.

Holdings in Husqvarna: 0 shares.

Auditor

PricewaterhouseCoopers AB is appointed auditors for a four-year period until the Annual General Meeting 2014.

Johan Engstam

PricewaterhouseCoopers AB

Born 1966. Authorized Public Accountant. Auditor in charge.

Other audit assignments include:

Elekta AB and Transmode AB.

Holdings in Husqvarna: 0 shares.

Group Management



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1. Kai Wörn

President and CEO

Born 1959. M.Sc. in Mechanical Engineering, the Royal Institute of Technology, Stockholm, Sweden. Employed and member of Group Management since July 2013. **Previous positions:** Operations partner at IK Investment Partners 2011–2013. President and CEO of Seco Tools AB 2004–2010. Various positions at ABB 1985–2004.

Holdings in Husqvarna: 115,865 B-shares*.

5. Nicolas Lanus**

Executive Vice President, Head of Asia/Pacific

Born 1973. B.Sc. in Business Administration, UADE University, Argentina, Executive Program, London Business school, I.K. Member of Group Management since 2013.

Previous positions: Vice President Sales and service, Asia/Pacific region 2011–2013. Vice President Sales and Service, Latin America 2008–2011. Regional Director, Southern Europe 2006–2008. Various management positions in product management, sales and marketing, Electrolux Major Appliances and Electrolux Consumer and Professional Products, 1999–2006.

Holdings in Husqvarna: 10,934 B-shares.

9. Alan Shaw

Executive Vice President, Head of Americas

Born 1963. MBA, Indiana University and BS, University of Idaho. Employed and member of Group Management since August 2013.

Previous positions: President and CEO, Char-Broil LLC, US 2005–2013. President and CEO, Murray Group, US, 2003–2005. Various positions within Whirlpool Corporation 1987–2003.

Holdings in Husqvarna: 8,077 B-shares

2. Henric Andersson

Executive Vice President, Head of Product Management & Development

Born 1973. M. Sc. in Industrial Engineering & Management, Linköping Institute of Technology, Linköping, Sweden. Employed 1997. Member of Group Management since 2012.

Previous positions: Vice President Construction Equipment, Husqvarna 2008–2011. Vice President Commercial Lawn & Garden and President Husqvarna Turf Care 2004–2008. Vice President Riders & Robotic Mowers 2002–2004. Several leadership positions in product & business management, Husqvarna 1997–2001

Holdings in Husqvarna: 19,167 B-shares.

6. Ulf Liljedahl

Senior Vice President, Head of Group Staff Finance, IT, Investor Relations

Born 1965. B.Sc. in Business Administration and Economics, Lund University, Sweden. University of Pennsylvania – The Wharton School (Advanced Management Program), U.S. Employed and member of Group Management since 2011.

Previous positions: Executive Vice President and CFO, Cardo Group 2007–2011. Various positions within Finance at Alfa Laval 1992–2007.

Holdings in Husqvarna: 9,041 B-shares.

10. Anders Ströby

Executive Vice President, Head of Construction

Born 1953. M. Sc. Eng., Royal Institute of Technology, Stockholm, Sweden. Employed 1980. Member of Group Management since 2006.

Previous positions: Head of Garden Equipment and Construction Products, Electrolux 1996–2002.

Holdings in Husqvarna: 11,268 A-shares, 106,348 B-shares.

3. Martin Austermann

Senior Vice President, Head of Global Purchasing

Born 1957. Dipl. Ing., RWTH University of Aachen, Germany. Employed 2008. Member of Group Management since 2011.

Previous positions: Chief Procurement Officer, Husqvarna 2008–2011. Vice President Group Purchasing, Grammer AG 2002–2008. Vice President Supply Chain Management, Metabo AG 1996–2002.

Holdings in Husqvarna: 8,784 B-shares.

7. Sascha Menges

Executive Vice President, Head of Manufacturing & Logistics

Born 1971. M.Sc. in Ind. Engineering & Management, Swiss Federal Institute of Technology, Zurich, Switzerland. MBA, INSEAD, France. Employed 2004. Member of Group Management since 2011.

Previous positions: Various leadership positions in Supply Chain Management and Operations, Husqvarna 2007–2011. Vice President Supply Chain Management, Gardena AG 2004–2007. Associate Principal Management Consulting, McKinsey & Company, Inc 1996–2004.

Holdings in Husqvarna: 30,351 B-shares.

11. Olle Wallén

Senior Vice President, Head of Group Staff Legal Affairs, Husqvarna Board Secretary

Born 1953. M. of Law, Stockholm University, Sweden. Employed 1993. Member of Group Management since 2006.

Other major assignments: Advisory Board Member, FM Global Europe

Previous positions: General Counsel, Electrolux Europe 2002–2005. General Counsel, Electrolux North America 2000–2001.

Holdings in Husqvarna: 4,842 A-shares, 29,486 B-shares.

4. Per Ericson

Senior Vice President, Head of Group Staff People & Organization and Group Staff Communications

Born 1963. Forest Engineer, U.S. Forestry Studies. Studies in Change Management in Organisation and Social Systems. Employed and member of Group Management since 2011.

Previous positions: Executive Vice President Human Resources, Haldex 2006–2011. Various executive positions, most recently as Executive Vice President Human Resources, Stora Enso 1987–2006.

Holdings in Husqvarna: 10,800 B-shares.

8. Frida Norrbom Sams

Executive Vice President, Head of EMEA (Europe, Middle East and Africa)

Born 1971. M.Sc. in Business Administration, Uppsala University, Sweden. Member of Group Management since 2013.

Previous positions: Vice President Sales and service Europe Asia/Pacific, Nordic and Baltic regions 2011–2013. Managing Director North Europe/Senior Vice president Sales & Marketing, Sanitec Corporation, 2009–2011. Chief Information Officer/Executive Vice President, Sanitec Corporation, 2007–2009. Senior Manager, Bearingpoint, 2002–2007. Manager, Andersen Business Consulting, 1999–2002.

Holdings in Husqvarna: 6,183 B-shares.

* Holdings in Husqvarna as of February 10, 2014.

** Nicolas Lanus was employed until December 31, 2013.

Holdings in Husqvarna as of December 31, 2013.

Annual General Meeting 2014

The Annual General Meeting of Husqvarna AB (publ) will be held at 4 pm on Thursday April 10, 2014, at the Elmia Congress Centre, the Hammarskjöld Hall, Elmiavägen 15, Jönköping, Sweden.

Financial information 2014

April 10	Annual General Meeting
April 24	Interim report Jan–March
July 16	Interim report Jan–June
October 22	Interim report Jan–Sep

Participation

Shareholders who intend to participate in the AGM must:

- Be registered in the share register kept by Euroclear Sweden AB on Friday April 4, 2014.
- Give notice of intent to participate, thereby stating the number of assistants attending, to Husqvarna no later than Friday April 4, 2014.

Notice of participation

Notice of intent to participate can be given:

- By mail to Husqvarna AB, c/o Euroclear Sweden AB, P.O. Box 191, SE-101 23 Stockholm, Sweden.
- By telephone at +46 36 14 70 10 between 9 am and 4 pm weekdays.
- At www.husqvarnagroup.com/agm

Notice should include the shareholder's name, personal or company registration number, if any, address and telephone number. Information provided together with the notice will be made subject to

data processing and will be used solely for the AGM 2014. Shareholders may vote by proxy, in which case a power of attorney should be submitted to Husqvarna prior to the AGM.

Shares registered by nominees

Shareholders, whose shares are registered in the names of nominees, must have their shares temporarily registered in their own name on Friday April 4, 2014, in order to participate in the AGM. To ensure that such registration is made prior to Friday April 4, 2014 shareholders must inform the nominee well in advance of that date.

Dividend

The Board of Directors has proposed a dividend of SEK 1.50 per share, and Tuesday April 15, 2014 as record date. With this record date, it is expected that dividends will be paid from Euroclear on Tuesday April 22, 2014. The last day for trading in Husqvarna shares with right to dividend for 2013 is Thursday April 10, 2014.



The Annual Report is distributed to new shareholders and to those who have explicitly requested one. The Annual Report and other financial reports are also available at www.husqvarnagroup.com/ir. Printed copies can be ordered from the Group's website.

Group Income Statement

SEKm	Note	2013	2012 (revised)
Net sales	2	30,307	30,834
Cost of goods sold		-22,288	-22,543
Gross income		8,019	8,291
Selling expenses		-5,148	-5,223
Administrative expenses		-1,260	-1,401
Other operating income	5	2	10
Other operating expenses	5	-5	-2
Shares of income in associated companies	14	-	0
Operating income	3, 4, 6, 7, 8	1,608	1,675
Financial income	9	25	18
Financial expenses	9	-453	-518
Financial items, net		-428	-500
Income after financial items		1,180	1,175
Income tax	10	-264	-148
Income for the period		916	1,027
Income for the period attributable to:			
Equity holders of the Parent Company		914	1,022
Non-controlling interests in income for the period		2	5
		916	1,027
Earnings per share			
Before dilution, SEK	11	1.60	1.78
After dilution, SEK	11	1.60	1.78
Average number of shares			
Before dilution, million		572.6	572.6
After dilution, million		572.8	572.6

Group Comprehensive Income Statement

SEKm	2013	2012 (revised)
Income for the period	916	1,027
Other comprehensive income		
<i>Items that will not be reclassified to the income statement</i>		
Remeasurements on defined benefit pension plans	204	-190
Tax on remeasurements on defined pension plans	-56	42
Total items that will not be reclassified to the income statement	148	-148
<i>Items that may be reclassified to income statement</i>		
Exchange rate differences on translating foreign operations	163	-773
Cash flow hedges		
Losses arising during the period	-18	-12
Tax on losses arising during the period	4	3
Reclassification adjustments for gains/losses included in the income statement	27	-138
Tax on reclassification adjustments for gains/losses included in the income statement	-9	44
Total items that may be reclassified to income statement	167	-876
Other comprehensive income, net of tax	315	-1,024
Total comprehensive income for the period	1,231	3
Total comprehensive income attributable to:		
Equity holders of the Parent Company	1,231	-1
Non-controlling interests	0	4
	1,231	3

Group Balance Sheet

SEKm	Note	Dec 31, 2013	Dec 31, 2012 (revised)	Jan 1, 2012 (revised)
Assets				
Non-current assets				
Property, plant and equipment	8, 12	3,609	3,515	3,922
Goodwill	13	5,713	5,733	6,029
Other intangible assets	13	3,839	3,786	3,956
Investments in associated companies	14	–	4	5
Derivatives	20	–	2	0
Deferred tax assets	10	1,122	1,189	1,071
Other financial assets	15	84	76	67
Total non-current assets		14,367	14,305	15,050
Current assets				
Inventories	16	7,087	8,058	8,078
Trade receivables	20	2,816	3,032	3,660
Derivatives	20	273	326	257
Tax receivables		69	337	217
Other current assets	17	539	603	600
Other short-term investments	20	17	325	327
Cash and cash equivalents	20	1,594	920	756
Total current assets		12,395	13,601	13,895
Total assets		26,762	27,906	28,945
Pledged assets	18	87	77	68
Equity and liabilities				
Equity attributable to equity holders of the Parent Company				
Share capital	19	1,153	1,153	1,153
Other paid-in capital		2,605	2,605	2,605
Other reserves		–1,234	–1,403	–528
Retained earnings		8,848	8,632	8,658
Total equity attributable to equity holders of the Parent Company		11,372	10,987	11,888
Non-controlling interests		18	21	56
Total equity		11,390	11,008	11,944
Non-current liabilities				
Long-term borrowings	20	6,408	6,611	6,941
Deferred tax liabilities	10	1,203	1,218	1,465
Provisions for pensions and other post-employment benefits	21	1,253	1,478	1,368
Derivatives	20	13	77	78
Other provisions	22	796	763	730
Total non-current liabilities		9,673	10,147	10,582
Current liabilities				
Trade payables	20	2,838	2,716	2,797
Tax liabilities		96	438	313
Other liabilities	23	1,633	1,515	1,701
Short-term borrowings	20	643	1,470	968
Derivatives	20	226	208	274
Other provisions	22	263	404	366
Total current liabilities		5,699	6,751	6,419
Total equity and liabilities		26,762	27,906	28,945
Contingent liabilities	24	89	132	154

Group Cash Flow Statement

SEKm	Note	2013	2012 (revised)
Operations			
Income after financial items		1,180	1,175
Depreciation/amortization and impairment		978	1,062
Capital gains and losses		3	-12
Restructuring provisions		-	256
Paid restructuring expenses		-134	-79
Change in accrued and prepaid interest		7	-14
Taxes paid		-394	-431
Cash flow from operations, excluding change in operating assets and liabilities		1,640	1,957
Change in operating assets and liabilities			
Change in inventories		820	-299
Change in trade receivables		73	454
Change in trade payables		168	38
Change in other operating assets/liabilities		191	-259
Cash flow from operating assets and liabilities		1,252	-66
Cash flow from operations		2,892	1,891
Investments			
Divestment of shares in subsidiaries		8	-
Capital expenditure in property, plant and equipment	12	-796	-516
Capitalization of intangible assets	13	-282	-260
Sale of fixed assets		0	20
Other		-1	9
Cash flow from investments		-1,071	-747
Cash flow from operations and investments		1,821	1,144
Financing			
Change in short-term investments		370	-99
Change in short-term loans		-516	-413
Amortizations of long-term loans		-950	-1,000
New long-term loans		850	1,500
Acquisitions of interest from non-controlling interests		-	-42
Dividend paid to shareholders		-859	-859
Dividend paid to non-controlling interests		-3	-22
Cash flow from financing		-1,108	-935
Total cash flow		713	209
Cash and cash equivalents at beginning of year		920	756
Exchange rate differences referring to cash and cash equivalents		-39	-45
Cash and cash equivalents at year-end		1,594	920

Group Statement of Changes in Equity

Attributable to equity holders of the Parent Company

SEKm	Share capital	Other paid-in capital	Other reserves (Note 19)	Retained earnings	Total	Non-controlling interests	Total equity
Opening balance Jan 1, 2012	1,153	2,605	-528	9,102	12,332	56	12,388
Adjustment for changed accounting principle	-	-	-	-444	-444	-	-444
Adjusted opening balance Jan 1, 2012	1,153	2,605	-528	8,658	11,888	56	11,944
Income for the period	-	-	-	1,022	1,022	5	1,027
Other comprehensive income	-	-	-875	-148	-1,023	-1	-1,024
Total comprehensive income	-	-	-875	874	-1	4	3
Transactions with owners							
Share-based payment	-	-	-	-16	-16	-	-16
Acquisition of non-controlling interests	-	-	-	-25	-25	-17	-42
Dividend to non-controlling interests	-	-	-	-	-	-22	-22
Dividend SEK 1.50 per share	-	-	-	-859	-859	-	-859
Closing balance Dec 31, 2012	1,153	2,605	-1,403	8,632	10,987	21	11,008
Income for the period	-	-	-	914	914	2	916
Other comprehensive income	-	-	169	148	317	-2	315
Total comprehensive income	-	-	169	1,062	1,231	0	1,231
Transactions with owners							
Share-based payment	-	-	-	13	13	-	13
Dividend to non-controlling interests	-	-	-	-	-	-3	-3
Dividend SEK 1.50 per share	-	-	-	-859	-859	-	-859
Closing balance Dec 31, 2013	1,153	2,605	-1,234	8,848	11,372	18	11,390

Group Notes

Note 1 Accounting of valuation principles

Basis of preparation

The consolidated financial statements of Husqvarna AB (publ.) are prepared in accordance with the International Financial Reporting Standards (IFRS) and IFRIC interpretations as adopted by the European Union. As required by IFRS, entities within Husqvarna apply uniform IFRS rules as defined in the Husqvarna Accounting Manual. The policies set out below have been consistently applied to all years presented. Additional information is disclosed on the basis of the standard RFR 1 of the Swedish Financial Reporting Board.

CHANGES IN ACCOUNTING PRINCIPLES AND DISCLOSURES

New and amended standards adopted by Husqvarna Group 2013

Husqvarna Group has adopted the following new and amended standards as of 1 January 2013.

IAS 1 "Financial statement presentation" amended, regarding other comprehensive income. The main change from this amendment is a requirement to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassified to profit and loss.

IAS 19 "Employee benefits" amendment effective from January 1, 2013 with full retrospective application. The impact of the revised standard on the Group's financial reporting are as follows; the corridor approach has been eliminated and all actuarial gains and losses is recognized in other comprehensive income as they occur and all past service cost is recognized immediately. Interest cost and expected return on plan assets are replaced with a net amount that is calculated applying the same discount rate as when calculating the net defined liability. Service costs and net interest are reported in profit or loss (whereof service costs in operating income and net interest in the finance net) and re-measurements in other comprehensive income. The effects on the Groups financial statement from IAS 19 revised are described in note 25 in this Annual report where the impacts of the restated comparable figures are shown.

IFRS 13, "Fair value measurements" aims to reduce the complexity by providing a precise definition of fair value and a single source of fair value measurements and disclosure requirements.

IFRS 7, "Financial instruments: Disclosures" amended regarding asset and liability offsetting. This amendment includes new disclosures to facilitate comparison between those entities that prepare IFRS financial statements to those that prepare financial statements in accordance with U.S. GAAP.

IAS 36, "Impairment of assets" amended for the disclosures regarding recoverable amount for non-financial assets. The amendment removed certain disclosures of the recoverable amount of CGU's which had been included in IAS 36 by the issue of IFRS 13. The amendment is not mandatory until 1 January 2014 but the Group has decided to early adopt the amendment as of 1 January 2013.

New standards and amendments from 2014 and forward

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2013, and have not been applied in preparing these consolidated financial statements.

IFRS 9 "Financial instruments" will replace parts of IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two categories; those measured at fair value and those measured at amortized cost. The determination is made at initial recognition. For financial liabilities, the standard retains most of the IAS 39 requirements. The group is yet to assess IFRS 9's full impact. The Group will also consider the impact of the remaining phases of IFRS 9 when completed by the Board.

IFRS 10, "Consolidated financial statements" builds on existing principles by identifying the concept of control as the determining factor in whether an entity shall be included within the consolidated financial reports of the parent company. The Group's assessment is that this standard will not have a material impact on the consolidated financial statement. The standard is effective from 1 January 2014 in the European Union.

IFRS 12, "Disclosures of interests in other entities" includes the disclosure requirements for all forms of interest in other entities. The Group's assessment is that this standard will not have a material impact on the consolidated financial statement. The standard is effective from 1 January 2014 in the European Union.

IFRIC 21, 'Levies', sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation addresses what the obligating event is that gives rise to pay a levy and when a liability should be recognized. The Group is not currently subjected to significant levies so the impact on the Group is not material.

There are no other IFRS or IFRIC interpretations that are not yet effective that are expected to have a material impact on the Group.

Principles applied for consolidation

Husqvarna applies the purchase method to account for acquisitions of subsidiaries not under common control, whereby the assets, liabilities and contingent liabilities in a subsidiary on the date of acquisition are valued at fair value to determine the acquisition value to the Group. The valuation includes evaluation of any contingent consideration which is recognized at fair value at the acquisition date. All subsequent changes in the contingent consideration are recognized in the income statement. Transaction costs related to the business combination are expensed as they are incurred. If the consideration paid for the business combination exceeds the fair value of the identifiable assets, liabilities and contingent liabilities, the difference is recognized as goodwill. If the fair value of the acquired net assets exceeds the consideration paid for the business combination, Husqvarna reassess the identification and measurement of the acquired assets. Any excess remaining after that reassessment is recognized immediately in the income statement. The consolidated income for the Group includes the income statements for the Parent Company and its directly and indirectly owned subsidiaries after:

- elimination of intra-group transactions, balances and unrealized intra-group profits in stock, and
- depreciation and amortization of acquired surplus values.

a) subsidiaries

The financial statements include Husqvarna AB and all companies in which the Parent Company has the power to govern the financial and operating policies, generally accompanied by a shareholding of more than 50 percent of the voting rights referring to all shares and participations.

The following applies to acquisitions of companies not under common control and to divestments:

- Companies acquired are included in the consolidated income statement as of the date on which Husqvarna gains control.
- Companies divested are included in the consolidated income statement up to and including the date on which Husqvarna loses control.

At year-end 2013, the Group comprised 129 operating units, and 87 legal entities.

b) transactions with non-controlling interests

Transactions with non-controlling interests are treated as transactions with equity holders where control is maintained. Acquisitions from non-controlling interests result in an adjustment to equity, corresponding to the difference between the consideration paid and the carrying value of the non-controlling interest. Gains or losses at divestments to non-controlling interests are reported in equity. Disposals to non-controlling interests which result in a loss of control are recorded as gains and losses in the income statement.

c) associated companies

Associates are companies over which Husqvarna has significant influence but not control, generally accompanied by a shareholding of between 20 percent and 50 percent of the voting rights. Investments in associated companies have been reported according to the equity method. Husqvarna's share of income after tax in an associated company is reported in the income statement. Husqvarna's investments in associates are of operational nature and the result is reported as part of operating income.

Related party transactions

All transactions with related parties are carried out on an arm's length basis.

Foreign currency translations

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. The financial statements are presented in Swedish kronor, SEK, which is the Parent Company's functional currency and the presentation currency of the Husqvarna Group.

Exchange rate gains or -losses that occur from transactions in foreign currency and in translation of monetary assets or liabilities to the exchange rate at balance sheet date are reported in the income statement. An exception to this accounting treatment is if the transactions qualifies as cash flow hedges or hedge of net investments of which the exchange gains or -losses are recognized in other comprehensive income.

Exchange rate gains and -losses that relates to borrowing costs or liquid assets are accounted for in the income statement within the finance net. Other foreign exchange rate differences are accounted for in the operating income.

Income statement and all balance sheet items of foreign subsidiaries have been translated into SEK at year-end rates except for the net result which is translated at average rate for the year. Income statements have been translated at average rates for the year. All exchange rate differences that occur from the translation are accounted for in other comprehensive income. When a foreign operation is divested, exchange differences that were recorded in equity are recognized in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Segment reporting

Husqvarnas' operating segments are reported in a manner consistent with the internal reporting provided to the Group CEO (Husqvarnas Chief operating decision maker) as a basis for evaluating the performance and for decision on how to allocate resources to the segments. Husqvarna comprises three segments (business areas): Europe & Asia/Pacific, Americas and Construction.

For a more detailed description of the segments, see pages 69–71.

ACCOUNTING AND VALUATION PRINCIPLES

Property, plant and equipment

Property, plant and equipment are reported at historical cost less accumulated depreciation, adjusted for any impairment charges. Historical cost includes expenditure that is directly attributable to the acquisition of the assets. For qualifying assets borrowing costs during the construction period are capitalized and included in the net book value of the assets. Subsequent costs are included in the asset's net book value amount only when it is probable that future economic benefits associated with the item will be captured by the Group and are of material value. All other repairs and maintenance costs are charged to the income statement during the period in which they are incurred. Land is not depreciated as it is considered to have an unlimited useful life. Depreciation is based on the following estimated useful lives:

Buildings and land improvements	10–40 years
Plant and machinery	3–15 years
Other equipment	3–10 years

The Group assesses the estimated useful lives at each balance sheet date as well as whether there is any indication that any of the company's fixed assets are impaired.

Intangible fixed assets

Goodwill

Goodwill arises from the acquisition of subsidiaries as the excess amount between the purchase price and the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. Goodwill is reported as an indefinite life intangible asset with an unlimited useful life at cost less accumulated impairment losses.

The value of goodwill is continuously monitored, and is tested annually for impairment or more regularly if there is an indication that the asset might be impaired. Any impairment is recognized immediately as an expense and is not subsequently reversed. Goodwill is allocated to the cash generating units that are expected to benefit from the business combination.

Trademarks

Trademarks that have been acquired separately are shown at historical cost. Trademarks that have been acquired through business combination are recognized at fair value at the acquisition date. All trademarks with limited useful lives are amortized on a straight-line basis during the useful life, estimated at 10 years. Trademarks are reported at cost after any accumulated amortization and accumulated impairment. The trademark

Gardena is reported as an intangible asset with unlimited useful life. No other trademarks are identified as having unlimited useful lives.

Product development expenses

Husqvarna capitalizes certain development expenses for new products provided that the level of certainty as to their future economic benefits and useful lives are high. An intangible asset is only recognized to the degree that the product is sellable on existing markets and that resources exist to complete the development. Only expenditure, which is directly attributable to the new product's development, is recognized. Capitalized development costs are amortized over their useful lives, ranging between 3 to 5 years. The assets are tested for impairment annually or when there is an indication that the intangible asset may be impaired.

Other intangible assets

Other intangible assets include patents, licenses, computer software, customer relations and other rights. These assets are recognized at acquisition cost and are amortized on a straight-line basis over their estimated useful lives. The estimated useful life recognized for computer software is 3–6 years. Patents, mainly recognized in connection with acquisitions, have an estimated useful life in the range of 10–13 years. Husqvarna has recognized customer relations with an estimated useful life between 5–12 years.

Impairment of non-financial assets

Assets that have an indefinite useful life for example goodwill or intangible assets not ready to use – are not subject to amortization and are tested annually for impairment. If there is an indication of impairment the Group estimates the recoverable amount of the asset. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. An impairment loss is recognized by the amount by which the net book value of an asset exceeds its recoverable amount. The discount rates used reflect the cost of capital and other financial parameters in the country or region in which the asset is in use. For the purposes of assessing impairment, assets are grouped in cash-generating units, which are the smallest identifiable group of assets generating cash inflows that are substantially independent of the cash inflows from other assets or group of assets. The Group's cash generating units are Europe & Asia/Pacific, Americas and Construction.

Classification of financial assets

Husqvarna classifies its financial assets according to the following categories:

- financial assets or liabilities at fair value through profit or loss
- loans and receivables
- other financial liabilities

The classification is determined at initial recognition and is thereafter reviewed at each reporting date.

a) financial assets or liabilities at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss. Financial assets within this category are valued to fair value with the changes reported in profit or loss. A financial asset is classified in this category if acquired principally for the purpose of selling the asset in the short-term or if the asset is designated as belonging to this category by management. The first sub-category contains derivatives with a positive fair value, unless they are designated as hedges. Assets and liabilities within this category are classified as current assets and liabilities if they are either held for trading or are expected to be realized within 12 months of the balance sheet date.

Financial liabilities at fair value through profit or loss are normally derivatives held for trading with a negative fair value, not qualified for hedge accounting.

b) loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets with the exception of maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. This category contains the Groups financial non-current assets, accounts receivables, other receivables, short term investments and cash.

c) other financial liabilities

Other financial liabilities refers to all financial liabilities that are not included in the categories financial liabilities at fair value through profit or loss or has

been identified as items hedged. In this category, the Groups borrowings, financial lease liabilities, trade payables and other liabilities. Loans and trade payables due within 12 months are classified as short-term liabilities, while those due after 12 months are classified as long-term liabilities.

Recognition and measurement of financial assets

Regular purchases and sales of investments (financial assets) are recognized on trade-date, the date on which the Group commits to purchase or sell the asset. Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets and liabilities through profit or loss are carried to fair value with potential transaction costs reported in profit or loss. Investments are derecognized when the right to receive cash flows from the investments have expired or have been transferred and when the Group has transferred substantially all of the risks and rewards of ownership. Financial liabilities are derecognized when the obligation is satisfied, cancelled or has expired.

Financial assets and liabilities at fair value through profit or loss are carried to fair value. All changes to fair value are reported in the income statement when they arise and are reported within operating income. Loans and receivables and other financial liabilities are carried at amortized cost using the effective interest method less provision for impairment.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active, the Group establishes fair value by utilizing different valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are of substantially the same type and nature, discounted cash flow analysis, and option-pricing models refined to reflect the issuer's specific circumstances.

At each balance sheet date the Group assesses whether there is objective evidence that a financial asset or a group of financial assets is impaired.

Accounting of derivative financial instruments and hedging activities

Derivatives are initially recognized at fair value on the date on which the derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as hedges of highly probable forecast transactions (cash-flow hedges).

When hedges are entered into, the Group documents the relationship between the hedging instrument and hedged items, together with the Group's risk-management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at the hedging inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items. Disclosures regarding fair value for the Groups derivatives are shown in note 20. Changes in the cash flow hedge reserve are shown in note 19. The full fair value of a hedging derivative is classified as non-current asset or liability when the remaining hedged item is more than 12 months and as current asset or liability if the maturity is shorter than 12 month.

Cash-flow hedge

The effective portion of change in the fair value of derivatives that are designated and qualify as cash-flow hedges are recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in the income statement as financial items.

Amounts accumulated in equity are reclassified and recognized in the income statement in the periods in which the hedged item will affect profit or loss (for instance when the forecast sale which is hedged takes place). However, when the forecast transaction that is hedged results in the recognition of a non-financial item (for example, inventory), the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

Inventories

Inventories and work in progress are valued at the lower amount of cost and the net realizable value. The value of inventories is determined by using the weighted average cost formula. Net realizable value is defined as the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to execute the sale at market value. Gains and losses previously deferred in equity on hedged forecast transactions are also included in the initial measurement cost of the inventory. The cost of finished goods and work in progress comprises raw material, direct labor, other direct cost and other related

production overheads, based on normal capacity. Borrowing costs are not included in inventory. Internal profit in inventory is eliminated on consolidated level. Appropriate provisions have been made for obsolescence.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, bank deposits and other short-term highly liquid investments with maturities of three months or less.

Current and deferred tax

The tax expense for the period consists of both current and deferred tax. Tax is recognized in the income statement for items reported in the income statement. Tax related to items reported in other comprehensive income and equity is reported in other comprehensive income and equity respectively.

Current tax is calculated based on the taxable result for the year. This can differ to the income before tax reported in the income statement due to adjustment for non-taxable and non-deductible income and expenses and temporary differences. The current income tax is calculated on the basis on the tax laws in the country of the parent company or the subsidiaries.

Management periodically review the positions taken in tax returns with respect to situations in which applicable tax regulations is subject to interpretations and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. Current tax also includes adjustments to income tax related to prior years.

Deferred tax is accounted for in accordance with the liability method. This means that a deferred tax asset or liability is reported on all temporary differences arising between the tax basis for assets and liabilities and their net book value. Deferred tax is calculated based on the tax rates in the respective country.

Taxes incurred by Husqvarna are affected by appropriations and other taxable (or tax-related) transactions in the individual Group companies. They are also affected by the utilization of tax losses carried forward referring to previous years or to acquired companies. Deferred tax assets on tax losses and temporary differences are recognized to the extent it is probable that they will be utilized in future periods.

Deferred tax is provided on temporary differences arising on investments in subsidiaries except for deferred income tax liabilities where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not be reversed in the foreseeable future.

Deferred tax assets and deferred tax liabilities are shown net when a company or a group of companies, has a legally enforceable right to set off tax assets against tax liabilities, they refer to the same taxation authority and the intention is to settle the assets/liabilities with a net payment.

Pensions and other post-employment benefits

a) pensions

Pensions and other post-employment benefit plans are classified as either defined contribution plans or defined benefit plans.

Under a defined contribution plan, the Group pays fixed contributions into a separate entity and will have no legal obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits. Contributions are expensed when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

All other pensions and other post-employment benefit plans are defined benefit plans. Defined benefit plans define an amount of pension benefit that an employee will receive on retirement, depending on factors such as age, years of service and compensation. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less than the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high quality corporate bonds denominated in the currency in which the benefits will be paid, in most countries AA-rated corporate bond indexes matching the duration of the pension obligation and in Sweden mortgage bonds. In countries without deep market in such bonds, the market rate on government bonds are used.

Past-service costs are recognized immediately in the operating income. Interest on the Groups net pension plans are reported net within the Groups finance net, and is calculated applying the discount rate as when

calculating the net defined liability. Remeasurements are charged in other comprehensive income in the period in which they arise.

b) termination benefits

Termination benefits are payable when the employment is terminated by the Group before the normal retirement date, or whenever they accept voluntary redundancy in exchange for these benefits. Termination benefits are recognized at the earlier of a) when the group can no longer withdraw the offer of those benefits and b) when the entity recognizes costs for a restructuring and involves the payment of termination benefits.

Share-based compensation

Husqvarna Group has share-based compensation programs granted during the years 2011 and 2013, where the Group receives services from employees as consideration for equity instruments (shares and options). Husqvarna's share-based compensation programs are classified as equity-settled programs, which mean that the cost of the granted instruments' fair value at grant date is recognized during the vesting period. The fair value of the instruments is the market value at grant date, adjusted for the discounted value of future dividends which employees will not receive. At each balance sheet date, the Group revises the estimates of the number of instruments that are expected to vest. Husqvarna recognizes the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

In addition, the Group provides for employer contributions expected to be paid in connection with the share-based compensation programs. The costs are charged to the income statement over the vesting period. The provision is periodically revalued on the basis of the fair value of the instruments at each closing date.

Provisions

Provisions are recognized when the Group has a present obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the balance sheet date. Where the effect of the time value of money is material, the amount recognized is the present value of the estimated expenditures.

Provisions for warranties are recognized at the date of sale of the products covered by the warranty and are calculated on the basis of historical data for similar products.

Restructuring provisions are recognized when the Group has adopted a detailed formal plan for the restructuring and has either started the implementation of the plan or communicated its main features to those affected by the restructuring.

Revenue recognition

Sales are recorded net of VAT (Value-Added Tax), specific sales taxes, returns and trade discounts. Revenues arise almost exclusively from sales of finished products. Sales are recognized when the significant risks and rewards associated with ownership of the goods have been transferred to the buyer in accordance with the sales and delivery terms, and the Group retains neither a continuing right to dispose of the goods, nor effective control of those goods and when the amount of revenue can be measured reliably. Revenues from services are recorded when the service, such as product repairs, has been performed.

Interest income

Interest income is recognized on a time-proportion basis using the effective interest method.

Dividend

Dividend are recognized when it is determined that payments will be received.

Government grants

Government grants relate to financial grants from governments, public authorities and similar local, national, or international bodies. These are recognized when there is a reasonable assurance that Husqvarna will comply with the conditions attaching to them and that the grants will be received. Government grants relating to assets are included in the balance sheet as prepaid income and recognized as income over the useful life of

the assets. Government grants relating to expenses are recognized in the income statement as a deduction of such related expenses.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the costs of those assets. Qualifying assets are assets that take a substantial period of time to get ready for their intended use or sale. All other borrowing costs are recognized as an expense in the period in which they are incurred.

Leasing

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged on a straight-line basis during the lease period. Leasing agreements where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the leases commencement date at the lower of the fair value of the leased asset and the present value of the minimum lease payments. Assets acquired under finance leases are depreciated over the shorter of the useful life of the asset and the lease term. Each lease payment is divided between amortization of the lease liability and interest. Corresponding renting obligation, net of finance charges, are reported in the balance sheet as long- or short-term borrowings.

Husqvarna Group leases a number of production facilities, warehouses and office premises as well as certain office equipment. Main part of the Groups leasing agreements are classified as operating leases.

Cash flow

The cash-flow statement has been prepared according to the indirect method.

SIGNIFICANT ACCOUNTING POLICIES AND UNCERTAINTY FACTORS IN ESTIMATED VALUE

Use of estimates

Management has made a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities in order to prepare these financial statements in conformity with generally accepted accounting principles. Actual results could differ from these estimates.

The discussion and analysis of Husqvarna's results of operations and financial position are based on Husqvarna's financial statements, which have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union. The preparation of these financial statements requires management to apply certain accounting methods and policies that may be based on difficult, complex or subjective judgments. Management applies estimates on the basis of experience and assumptions determined to be reasonable and realistic based on the related circumstances. The application of these estimates and assumptions affects the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at balance sheet date and also affects the reported amounts of net sales and expenses during the reporting period. Actual results may differ from these estimates under different assumptions or conditions. Summarized below are those accounting policies that require more subjective judgment from management in making assumptions or estimates regarding the effects of matters that are inherently uncertain.

Asset impairment

All assets with long useful lives, including goodwill, are evaluated for impairment yearly or whenever events or changes in circumstances indicate that the net book value of an asset may not be recoverable. An impaired asset is written down to its recoverable amount on the basis of the best information available. Different methods have been used for this evaluation, depending on the availability of information. When available, market value has been used and impairment charges have been recorded when this information has indicated that the net book value of an asset is not recoverable. If market value has not been available, fair value has been estimated by using the discounted cash flow method based on expected future results. Differences in the estimation of expected future results and the discount rates used may result in different asset valuations.

Long-lived assets, excluding goodwill and other intangible assets with indefinite lives, are depreciated on a straight-line basis over their estimated useful lives. The net book value for goodwill and other intangible assets at year-end amounted to SEK 9,552m. A key assumption in making

the impairment test is the setting of the discount rate. The current pre-tax discount rate used is 10 percent. Under the current business environment management do not believe that any reasonably possible change in this assumption or in any of the other key assumptions on which the cash-generating units recoverable amounts are based upon would result in the net book value amount exceeding the recoverable amount. For further information regarding the impairment test see note 13.

Inventory

Husqvarna's inventory is accounted for to the lowest of the acquisition value in accordance with the weighted average cost formula, and the net realizable value. The net value is adjusted for the estimated depreciation for older articles, physically damaged goods, excess inventory and sales costs. Husqvarna's large seasonality in stockpiling and sales together with whether-dependent products increases the difficulty to estimate the value in inventory. To minimize these difficulties, Husqvarna is constantly working with streamlining the production chain, keeping the inventory levels on a reasonably low level and has a high focus on the inventory valuation to ensure that it is accurate in accordance with the circumstances on the balance sheet date. The total provision for obsolescence amounts as per December 31, 2013 to SEK 373m and the inventory net of provisions amounts to SEK 7,087m.

Deferred taxes

In the preparation of the financial statements, Husqvarna estimates income tax for each of the taxing jurisdictions in which Husqvarna operates as well as any deferred taxes based on temporary differences. Deferred tax assets, which primarily relate to tax loss carry-forwards and temporary differences, are recognized in those cases in which future taxable income is expected to allow for the recovery of those tax assets. Changes in assumptions in the projection of future taxable income as well as changes in tax rates may result in significant differences in the valuation of deferred taxes. As of 31 December 2013, Husqvarna recognized a net amount of SEK 81m as deferred tax liabilities. Tax loss carry-forwards, unused tax credits and other deductible temporary differences of SEK 2,519m, whereof SEK 748m have not been included in computation of deferred tax assets. See note 10.

Pensions and other post-employment benefits

The present value of the Group's net pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Assumptions used calculating the net pension liability comprise of for example; discount rate, inflation, mortality, future salary increases etc. Any changes in these assumptions will impact the carrying amount of the net pension liability. Sensitivity analyses of the effect from a change in the main assumptions and potential risks affecting the liabilities are included in note 21.

Staff reduction measures

In November 2012 Husqvarna announced measures to improve the Group's cost structure which includes staff reduction of approximately 600 employees. Total cost for these measures was estimated to SEK -256m which was charged against operating income during 2012. Provisions for staff reduction expenses are included in the provision for restructuring as shown in note 22. The provision was calculated on individual basis except for most Blue Collar workers where negotiations were made collectively and are based on management best estimate of the amount expected to be paid out. During 2013, SEK 123m has been paid out from the provision why SEK 133m still remain on the balance sheet. The remaining provision is expected to be paid during 2014.

Claims reserves

Husqvarna maintains third-party insurance coverage and is insured through wholly-owned insurance subsidiaries (captives) as regards a variety of exposures and risks, such as property damage, business inter-

ruption and product liability claims. Claims reserves in the captives, mainly for product liability claims, are calculated on the basis of a combination of case reserves and reserves for claims incurred but not reported. Actuarial calculations are undertaken to assess the adequacy of the reserves based on historical loss development experience, benchmark reporting and payment patterns. These actuarial calculations are based on several assumptions and changes in these assumptions may result in significant differences in the valuation of the reserves. See note 22.

Contingent liabilities

The Group is involved in various disputes arising from time to time in its ordinary course of business. Husqvarna estimates that none of the disputes in which Husqvarna is presently involved in or that have been settled recently have had, or may have, a material effect on Husqvarna's financial position or profitability. However, the outcome of complicated disputes is also difficult to foresee, and it cannot be ruled out that the disadvantageous outcome of a dispute may result in a significantly adverse impact on the Group's results of operations and financial position. See note 24.

Note 2 Segment information

Husqvarna comprises three segments (business areas); Europe & Asia/Pacific, Americas and Construction. These forms the basis for the Group's internal reporting reviewed by the Group's CEO (Husqvarna's chief operating decision maker) in order to assess performance and take decision on allocating resources to the segments. The business areas are responsible for the operating income and the net assets used in their operations which also are the financial measures used by the Group's CEO in his assessment of the performance of the segment. The net financial income/expense and taxes as well as net debt and equity are not allocated and reported per business area.

The business areas consist of separate legal units as well as divisions in multi-segment legal units meaning that a certain amount of allocation of costs and net assets are distributed among the business areas. Operating costs not included in the business areas are shown under Group common costs, which mainly include costs for Husqvarna's corporate functions.

Segment consolidation is based on the same accounting principles as for the Group. Transactions between business areas are carried out on strictly commercial terms, applying arm's length principles. Management of the operational assets is carried out on a business area basis and the performance of their respective business area is measured according to the same criteria, while the financing of the operations is managed by Husqvarna Group Treasury at Group and country level. Consequently, liquid funds, interest-bearing receivables and liabilities and equity are not allocated to the business areas.

The operative organisation which is shown on page 52, comprises six business units; Manufacturing & Logistics, Product Management & Development, EMEA, Asia/Pacific, Americas and Constructions. The two business units Manufacturing & Logistics and Product Management & Development are support functions to the business areas Europe & Asia/Pacific and Americas. The business areas Europe & Asia/Pacific and Americas includes selling of forest, park and garden products to retailers and dealers. Forest, park and garden products comprises five product categories; Wheeled products, Electric products, Handheld products, Watering and hand tools and finally Accessories. For details about the products included in each categories see page 2-3. The business area Construction includes production, development, logistics, marketing and selling of construction products and diamond tools for the construction and stone industries.

During 2012, Husqvarna announced staff reductions in order to improve the Group's cost structure. This significantly impacted on the business areas' operating income for 2012 and are shown as items affecting comparability in the table below per each business area.

2013

SEKm	Europe & Asia/ Pacific	Americas	Construction	Group common ¹	Undistributed items ⁴ / Eliminations	Group
Net sales	14,952	12,355	3,000	–	–	30,307
Operating income	1,514	4	277	–187	–	1,608
Financial income	–	–	–	–	25	25
Financial expenses	–	–	–	–	–453	–453
Income after financial items	1,514	4	277	–187	–428	1,180
Total assets	14,818	5,942	2,933	1,185	1,884	26,762
Liabilities	3,112	1,710	504	1,503	8,543	15,372
Total equity	–	–	–	–	11,390	11,390
Total equity and liabilities	3,112	1,710	504	1,503	19,933	26,762
Cash flow from operations	2,221	387	248	–187	–	2,669
Depreciation/amortization/impairment ³	552	302	124	0	–	978
Capital expenditure tangible assets	–536	–188	–72	0	–	–796
Capital expenditure intangible assets	–160	–77	–44	–1	–	–282
	2,077	424	256	–188	–	2,569
Change in other operating assets/liabilities ²	–	–	–	–	59	59
Acquisitions/divestments	–	–	–	–	8	8
Financial items	–	–	–	–	–421	–421
Taxes paid	–	–	–	–	–394	–394
Cash flow from operations and investments	2,077	424	256	–188	–748	1,821

2012

SEKm	Europe & Asia/ Pacific	Americas	Construction	Group common ¹	Undistributed items ⁴ / Eliminations	Group
Net sales	15,351	12,531	2,952	–	–	30,834
Operating income	1,760	–160	233	–158	–	1,675
Where of items affecting comparabilities	–187	–36	–25	–8	–	–256
Financial income	–	–	–	–	18	18
Financial expenses	–	–	–	–	–518	–518
Income after financial items	1,760	–160	233	–158	–500	1,175
Total assets	15,584	6,386	3,039	1,324	1,573	27,906
Liabilities	3,269	1,452	599	1,734	9,844	16,898
Total equity	–	–	–	–	11,008	11,008
Total equity and liabilities	3,269	1,452	599	1,734	20,852	27,906
Cash flow from operations	1,764	257	254	–150	–	2,125
Depreciation/amortization/impairment ³	597	334	129	2	–	1,062
Capital expenditure tangible assets	–302	–142	–72	–	–	–516
Capital expenditure intangible assets	–139	–79	–41	–1	–	–260
	1,920	370	270	–149	–	2,411
Change in other operating assets/liabilities ²	–	–	–	–	–322	–322
Financial items	–	–	–	–	–514	–514
Taxes paid	–	–	–	–	–431	–431
Cash flow from operations and investments	1,920	370	270	–149	–1,267	1,144

¹ Group common includes central staff functions. Assets, Liabilities and Cash Flow includes deferred tax.

² Cash flow per business area are calculated excluding change in other operating assets/liabilities.

³ Impairment in the Group amounted to SEK 3m (0) whereof SEK 0m (0) referred to Europe & Asia/Pacific, SEK 0m (0) to Americas and SEK 3m (0) to Construction. During 2012, write-down has been restored affecting Americas by SEK 10m.

⁴ Undistributed items consist of cash and equivalents SEK 1,884m (1,573), undistributed liabilities consist of interest-bearing liabilities amounted to SEK 8,543m (9,844).

Geographic information

The table below shows sales per geographical market, regardless of where the goods are produced. Assets are reported where the asset is located.

SEKm	External sales		Assets ¹	
	2013	2012	2013	2012
Sweden	1,227	1,254	2,016	1,751
France	1,602	1,664	8	8
Germany	2,756	2,625	6,149	5,958
Rest of Europe	8,116	8,298	754	771
Asia/Pacific	2,394	2,586	942	1,141
Canada	1,459	1,424	126	136
U.S.	11,383	11,630	3,146	3,243
Latin America	1,118	1,097	17	22
Rest of the World	252	256	3	4
Total	30,307	30,834	13,161	13,034

¹ Non current assets other than financial instruments, deferred tax assets and pension assets.

Net sales per product area

SEKm	2013	2012
Wheeled products	11,792	11,989
Electric products	2,139	1,973
Handheld products	8,079	8,587
Watering and hand tools	2,780	2,774
Accessories	1,843	1,866
Construction	3,000	2,952
Other products	674	693
Total	30,307	30,834

Information about major customers

Husqvarna Group has no single customer to which net sales exceeds 10 percent of the Group's total net sales.

Note 3 Employees and employee benefits**Average number of employees**

	2013			2012		
	Number of men	Number of women	Total	Number of men	Number of women	Total
Sweden	1,339	397	1,736	1,581	472	2,053
Germany	940	512	1,452	953	536	1,489
Czech republic	400	408	808	412	417	829
U.K.	243	72	315	403	149	552
Poland	173	143	316	190	127	317
Rest of Europe	1,075	361	1,436	1,090	390	1,480
Total Europe	4,170	1,893	6,063	4,629	2,091	6,720
China	1,106	562	1,668	1,282	604	1,886
Japan	357	67	424	371	66	437
Rest of Asia/Pacific	123	65	188	132	63	195
Total Asia/Pacific	1,586	694	2,280	1,785	733	2,518
U.S.	3,072	2,319	5,391	2,976	2,755	5,731
Canada	88	47	135	87	53	140
Total North America	3,160	2,366	5,526	3,063	2,808	5,871
Brazil	105	31	136	107	32	139
Rest of Latin America	36	13	49	50	21	71
Total Latin America	141	44	185	157	53	210
Other markets	65	37	102	70	40	110
Total	9,122	5,034	14,156	9,704	5,725	15,429
Whereof:						
Board members	31	10	41	27	6	33
Presidents and other senior managers	42	4	46	38	2	40

A detailed specification of the average number of employees by country and gender has been submitted to the Swedish Companies Registration Office and is available on request from Husqvarna AB, Investor Relations.

Salary cost

SEKm	2013	2012
Sweden	838	870
Germany	631	633
U.K.	91	142
Czech republic	81	83
Poland	38	36
Rest of Europe	506	530
Total Europe	2,185	2,294
China	105	164
Japan	132	137
Rest of Asia/Pacific	96	96
Total Asia/Pacific	333	397
U.S.	1,120	1,183
Canada	54	59
Total North America	1,174	1,242
Brazil	40	48
Rest of Latin America	9	12
Total Latin America	49	60
Other markets	17	23
Total	3,758	4,016
Social costs	729	759
Pension costs – defined benefit obligations	98	120
Pension costs – defined contribution plans	90	89
Total	917	968

Remuneration to Board, Presidents and other senior managers¹:

Salary cost	92	77
(whereof variable salary cost)	(19)	(11)
Social costs	21	15
Pension costs	17	16

¹ Refers to salary costs for all board members, presidents and other senior executives in the Parent Company and subsidiaries.

Remuneration to Group Management

SEKt	2013						
	Fixed salary	Variable salary	Pension-cost	Long-term incentive	Other benefits ³	Severance pay etc.	Total
President and CEO ¹	3,750	1,875	1,500	553	4	–	7,682
Former President and CEO ²	8,159	3,210	4,586	282	246	–	16,483
Other members of Group Management ⁴	24,741	9,254	8,126	4,069	1,675	1,026	48,891
Total	36,650	14,339	14,212	4,904	1,925	1,026	73,056

¹ President and CEO Kai Wärn was employed as per July 1, 2013. Variable salary refers to fixed bonus valid for 2013 to be paid in January 2014.

² Former CEO and President, Hans Linnarson left his position as per July 1, 2013 and the employment terminates March 31, 2014 when he attains the retirement age 62. The cost for his remuneration in 2014 has been taken in 2013 and is included in the amounts above.

³ Refers to housing, travel and car benefits.

⁴ Other members of Group Management comprise ten individuals. There are four new members and two persons have left Group Management during the year. The remuneration shown above refers to the remuneration part of the year during which the individual in question was a member of Group Management.

SEKt	2012						
	Fixed salary	Variable salary	Pension-cost	Long-term incentive ¹	Other benefits ²	Total	
President and CEO	6,140	170	3,780	–389	235	9,936	
Other members of Group Management ³	21,913	1,072	8,092	–2,148	546	29,475	
Total	28,053	1,242	11,872	–2,537	781	39,411	

¹ The lowest performance target ("Entry") for the Group's long-term incentive program was not expected to be fulfilled why the expense for stock options provided during 2010 and 2011 has been reversed during 2012.

² Refers to housing, travel and car benefits.

³ Other members of Group Management comprise eight individuals.

Remuneration Committee

The task of the Remuneration Committee is to provide the Board of Directors with proposals for remuneration to members of Group Management regarding targets and criteria for variable remuneration, the relationship between fixed and variable salary, changes in fixed or variable salary, long-term incentives, pension terms and other benefits. The Committee consists of three Board members: Tom Johnstone (Chairman), Anders Moberg and Lars Westerberg.

Principles for remuneration to Group Management

The overall principles for remuneration to Group Management are that remuneration should be based on the position held, on individual and Group performance and on a competitive basis in the country of employment. The overall remuneration package for Group Management comprises fixed salary, variable salary in the form of short-term incentives based on annual performance targets, long-term incentives and benefits such as pension and insurance benefits. Husqvarna aims to offer competitive and performance based remuneration. Variable remuneration may constitute a significant proportion of total remuneration, but could also be zero if the lowest target level "entry" is not achieved or capped if the maximum level "stretch" is attained. Variable salary to the President and Group Management is based on the Group's value creation, operating income and cash flow.

Terms of employment for the President

The remuneration to the President and Chief Executive Officer comprises fixed salary, variable salary based on annual targets, long term incentive programs and pension benefits. The remuneration is reviewed annually per January 1. The annual fixed salary to the President is SEK 7,500,000. For 2013 the variable salary, based on annual targets, has been replaced by a fixed bonus of SEK 1,875,000. The President participates in the Group's long-term incentive program for 2013 (LTI 2013). For information on this program, see page 74. The notice period for termination is 12 months on the part of the Company and 6 months on the part of the President. The President is entitled to severance pay, corresponding to 12 monthly salaries with deduction for any other income, in the event of notice of termination from the employer. The President is entitled to compensation for cost for travel between home and office in Stockholm.

Pension terms for the President

The retirement age for the President is 62. The President is covered by the collectively agreed ITP plan, the alternative rule of the plan, and the Husqvarna Executive Pension Plan. The Husqvarna Executive Pension Plan is a defined contribution plan. The employer contribution to the plan for the President is equivalent to 40 percent of the fixed salary which also includes the contributions for the benefits of the ITP-plan, alternative ITP and any supplementary disability and survivor's pension.

Terms of employment for other members of Group Management

As with the President, other members of Group Management receive a remuneration package comprised of fixed salary, variable salary based on annual targets, long-term incentive programs and pension and insurance benefits. Remuneration is revised annually per January 1. The variable salary is based on operating income and cash flow for the Group and/or for the relevant business unit. The variable salary is 40–75 percent of the fixed salary at target level and is capped at 80–150 percent at stretch level. Members of Group Management participate in the Group's long-term incentive programs which consist of the programs for 2011 and 2013 (LTI 2011 and LTI 2013). For information on these programs, see below Husqvarna Long Term Incentive programmes. The notice period for termination is 12 months on behalf of the Company and 6 months on the part of the employee and in the event of notice of termination from the employer, the member of Group Management is entitled to severance pay corresponding to 12 monthly salaries with deduction for any other income. Those conditions for termination refer to the members of Group Management employed in Sweden. Shorter period of notice applies for those employed outside Sweden.

Pension terms for other members of Group Management

The members of Group Management employed in Sweden (six out of ten) are covered by the collectively agreed ITP plan and the alternative rule of the plan. These individuals are also covered by the Husqvarna Executive Pension Plan, which is a defined contribution plan. The employer contribution to the plan is equivalent to 35 percent of the pensionable salary which also includes contributions for the ITP plan, alternative ITP and any supplementary disability and survivor's pension. The pensionable salary is

calculated on the basis of current fixed salary. Also last year's variable salary paid is pensionable for those who were covered by the plan before 2013. The pension age is 65 (age 62 applies for two individuals) for the members of Group Management who are employed in Sweden. In addition to the pension terms described above there is a commitment to pay a single premium, for pension benefits at retirement age to those two individuals with retirement age 62, corresponding to 22.68 monthly salaries in the event that the member of Group Management remains in service until the retirement age. The members of Group Management that are not employed in Sweden are covered by the Group's company retirement plans in the respective country of employment (Germany and the U.S.). Pension age is 65 or higher.

Terms of employment for the former President

The former President and CEO, Hans Linnarson, resigned from his position on 1 July 2013 and the employment terminates 31 March 2014 when he attains the retirement age 62. The remuneration to the former President comprises fixed salary, variable salary based on annual targets and pension benefits. The annual fixed salary to the former President is SEK 6,527,000, effective 1 January 2013. The variable salary is based on operating income and cash flow for the Group and amounts to 50 percent of the fixed salary at target level and is capped at 100 percent at stretch level. The former President does not participate in the Group's long-term incentive programs (LTI 2011 and LTI 2013).

Pension terms for the former President

The retirement age for the former President is 62. The former President is covered by the collectively agreed ITP plan, the alternative rule of the plan, and the Husqvarna Executive Pension Plan. The Husqvarna Executive Pension Plan is a defined contribution plan. The employer contribution amounts to 40 percent of the pensionable salary which also includes the contributions for the benefits of the ITP-plan, alternative ITP and any supplementary disability and survivor's pension. The pensionable salary was calculated on the basis of current fixed salary plus last year's variable salary paid.

Fees to the Board of Directors

The Annual General Meeting 2013 authorized fees to the Board of Directors amounting to SEK 5,500,000 in total, whereof SEK 1,650,000 to the Chairman and SEK 475,000 to each of the other Board members, not employed by the company, including additional total of SEK 525,000 as fees for Board Committee work.

Fees to the Board of Directors authorized by the Annual General Meeting 2013

SEKt	2013		
	Fee	Fee for Board committee work	Total fee
Lars Westerberg	1,650	50	1,700
Hans Linnarson ¹	–	–	–
Magdalena Gerger	475	–	475
Tom Johnstone	475	100	575
Ulla Litzén	475	75	550
Ulf Lundahl	475	175	650
Katarina Martinson	475	–	475
Anders Moberg	475	50	525
Daniel Nodhäll ²	475	75	550
Johan Ihrman ³	–	–	–
Soili Johansson ⁴	–	–	–
Annika Ögren	–	–	–
Carita Spångberg ⁵	–	–	–
Lotta Widehäll ⁵	–	–	–
Total	4,975	525	5,500

¹ Resigned from the Board July 22, 2013.

² Elected at the 2013 AGM.

³ Employee representative until September 11, 2013.

⁴ Employee representative as from October 23, 2013.

⁵ Deputy.

In 2009 and 2010 the Board remuneration was partly emitted in the form of synthetic shares, with a right to receive an amount in cash after five years, i.e. in 2014 and 2015 respectively. This remuneration has not been

renewed. However, Board members are expected to engage themselves financially in Husqvarna by acquiring Husqvarna shares within a period of five years, corresponding to approximately one year's Board fee. There are no agreements in place governing severance pay to Board member not employed by the Company.

Husqvarna Long Term Incentive programmes

The purpose of the long-term incentive programmes is to create conditions to attract and retain competent managers, provide competitive remuneration and to align the interests of the shareholders with the senior executives. There are two on-going long term incentive programmes not yet vested; LTI 2011 and LTI 2013. Both programmes comprise less than 50 senior executives.

LTI 2011

The incentive programme authorized by the Annual General Meeting 2011 comprises of both share match awards and performance based stock options. Each participant is required to acquire Husqvarna B-shares to a value of at a minimum 5 percent and at the maximum 10 percent of the annual target income (base salary plus variable salary at a target level). The acquisitions are made to market price for the shares and are matched 1:1 by the company, without compensation, by allotment of shares. In order to receive the share match and to use the stock options, the participants are required to stay employed three years after grant date and to maintain the original investment.

Further, the participant has the possibility to receive performance based stock options if a pre-determined financial target (entry target) is reached. Stock options are granted without compensation and entitle the participant to acquire one Husqvarna B-share for each option. The number of stock options available for use, are dependent on the number of B-shares invested by the employee and if the company's earnings per share for the years' 2011–2013 has reached the levels determined by the Board of Directors. The pre-determined levels are "Entry", "Target", and "Stretch" with a linear progression between the levels where "Entry" is the minimum level which must be exceeded in order to enable exercise of any stock options. The three levels correspond to the following numbers of stock options:

Target level

Entry	5 options per purchased share plus 2,000 options
Target	10 options per purchased share plus 5,000 options
Stretch	15 options per purchased share plus 8,000 options

The targeted value for LTI 2011 is calculated based on the fair value on grant date. The market price on Husqvarna B-shares on grant date amounted to SEK 42.60 and the fair value of the stock option amounted to SEK 12.90. The calculation of the fair value on stock options was made using the Binominal method.

The performance period for LTI 2011 ended on December 31, 2013. The table below shows the number of matching shares to be allocated to the participants as per 5 June 2014 (as the shares are fully vested), provided that the participant is still employed by the Husqvarna Group at that time and maintained the personal investment in shares. No stock-options will be allocated since the minimum level "Entry" was not achieved. The targets, determined by the Board of Directors, for accumulated earnings per share are SEK 10.00 at target level "Entry", SEK 12.60 at target level and SEK 15.70 at target level "Stretch". The actual result was SEK 5.53, i.e. below "Entry" target.

	LTI 2011
Participants	Number of Class B-shares to allocate
Group Management	39,286
Other senior managers	58,938
Total	98,224

President and CEO does not participate in LTI 2011.

LTI 2013

The Annual General Meeting 2013 authorized to implement a new incentive programme to senior executives. The programme comprises of share match awards and performance based share awards and has a three year

vesting period. In order to participate in the program, the employees must own shares in Husqvarna. The employee is entitled to participate with such number of shares amounting to a minimum 5 percent and maximum 10 percent of the fixed salary for 2013, divided by the share price SEK 39.24¹. The shares used for the personal investment can either be shares already held or share purchased on the market in connection with the application to participate in LTI 2013. For each share which the employee participates with within the framework of LTI 2013, the Company will grant one matching share award.

In addition, the Company will grant a number of performance based share awards. The grant of performance based share awards is linked to the participant's annual target salary in 2013 (fixed salary plus variable salary at a target level). In order to receive the share match and the performance based shares, the employees are required to stay employed three years after Grant date and to maintain the original investment.

The number of performance based share awards that vest and give right to Class B-shares further depend on the fulfilment of certain levels of increase of the Company's value creation during the calendar years 2013–2015, as determined by the Board of Directors. These levels are "Entry", "Target" and "Stretch", with a linear progression between each level. Entry constitutes a minimum level which must be exceeded in order for the performance based share awards to vest and give right to Class B-shares. The levels correspond to the following number of right to Class B-shares:

Performance level

Entry	0 shares
Target	25% of target salary/39.24 ¹
Stretch	40% of target salary/39.24 ¹

¹ 39,24 corresponds to the average closing price for Husqvarna B-shares on NASDAQ OMX Stockholm during the period 14–27 February 2013.

If the price for the Class B-share would increase more than 100 percent during the three year vesting period, the number of performance based share awards that vest and give right to Class B-shares will be reduced, whereby the maximum value to be received by each participant under LTI 2013 will be limited to the value of the maximum allocation at Stretch level at a share price increase of 100 percent during the vesting period.

The participants in LTI 2013 have in total invested in 151 344 Husqvarna B-shares. Total number of outstanding share match and performance based share rights, based on that the performance level Target will be achieved, amount to the following:

Participants	LTI 2013		
	Matching shares	Performance shares	Estimated cost, SEKt
President and CEO	15,865	59,729	2,275
Other members of Group Management	43,228	176,130	6,603
Other participants	92,251	347,927	13,249
Total	151,344	583,786	22,127

The programme comprises maximum 1,086,000 matching shares and performance shares.

The value of LTI 2013 is calculated based on the fair value of the share on Grant date, as was SEK 30.10 adjusted for expected dividend and the assumption of an employee turn-over of 5 percent per year.

The table below outlines the number of granted share rights forfeited and exercised during current and previous year.

Share options	2013		2012	
	LTI 2013	LTI 2011	LTI 2011	LTI 2010
At 1 January	–	111,842	106,526	147,904
Granted	1,085,409	–	–	–
Forfeited	–	–13,618	–	–36,062
Exercised	–	–	–106,526	–
Expired	–	–	–	–
At 31 December	1,085,409	98,224	–	111,842

The table above refers only to the matching shares for LTI 2010 and LTI 2011 since the target level "Entry" for stock options was not fulfilled.

The long term incentive programmes are expensed during the three years vesting period and during 2013, SEK –15m (17) has been charged to the income statement, whereof SEK –2m (1) refers to cost for employer social contributions.

Note 4 Expenses by nature

SEKm	2013	2012
Costs for raw materials, components	16,229	16,569
Employee benefit expenses	4,675	4,984
Amortization and depreciation	978	1,062
Cost for restructuring and staff reduction program	–	256
Other	6,819	6,298
Total	28,701	29,169

Amortization/depreciation and impairment for the year is included in the following lines in the income statement

SEKm	Intangible assets		Property, plant and equipment	
	2013	2012	2013	2012
Cost of goods sold	258	271	616	688
Selling expenses	–	–	25	32
Administrative expenses	54	37	25	34
Total	312	308	666	754

A restored write-down for property, plant and equipment is accounted for within Cost of goods sold by SEK 0m (10).

Write-down for property, plant and equipment is accounted for within Cost of goods sold by SEK 3m (0).

Note 5 Other operating income and operating expenses

SEKm	2013	2012
Other operating income		
Gain on sale of		
– Property, plant and equipment	2	10
Total	2	10
Other operating expenses		
Loss on sale of		
– Property, plant and equipment	–5	–2
Total	–5	–2

Note 6 Fees to auditors

SEKm	2013	2012
PwC		
Audit fees for the annual audit engagement	19	21
Audit fees not included in the annual audit engagement	0	0
Tax advices	1	1
Other services	0	0
Total fees to PwC	20	22
Audit fees to other auditors	2	2
Total fees to auditors	22	24

PwC has been appointed auditor for the period until the 2014 Annual General Meeting.

Note 7 Exchange rate gains and losses in operating income

SEKm	2013	2012
Exchange rate gains and losses in operating income	–6	89
Total	–6	89

Operating income includes SEK 9m (151) of foreign exchange hedging result previously reported in other comprehensive income.

Information related to the accounting of fair value in financial instruments is presented in note 1.

Note 8 Leasing

Operating leases

There are no material contingent expenses or restrictions among Husqvarna's operating leases. Expenses for rental payments (minimum leasing fees) amounted to SEK 363m (372) in 2013.

Future minimum lease payments are allocated as follows:

SEKm	2013	2012
Within 1 year	345	326
1–5 years	793	683
> 5 year	109	131
Total	1,247	1,140

Financial leases

Within Husqvarna no financial non-cancellable contracts are subcontracted. Neither are there any contingent expenses in the period's results, nor any significant restrictions in the contracts related to the leasing of facilities. The minimum lease fee comprises a capital portion and an interest portion. The interest portion is variable and follows the market interest rates applicable in each country.

Future minimum lease payments are allocated as follows:

SEKm	2013	2012
Within 1 year	38	38
1–5 years	135	116
> 5 year	205	202
Total	378	356
Future financial charges	–201	–178
Present value of future minimum lease payments	177	178

Maturity profile for financial leasing liabilities are included in note 20.

Husqvarna's financial leases, recognized as non-current assets, consisted of:

SEKm	2013	2012
Acquisition value		
Buildings	357	348
Machinery and other equipment	27	41
Closing balance, 31 Dec	384	389
Accumulated depreciation		
Buildings	290	277
Machinery and other equipment	19	26
Closing balance, 31 Dec	309	303
Net book value, 31 Dec	75	86

Note 9 Financial income and expense

SEKm	2013	2012
Financial income		
Interest income on deposits	20	16
Exchange rate differences		
– on loans	–356	–
– on derivatives held for trading	369	–
– on other	–13	–
Other financial income	5	2
Total financial income	25	18
Financial expenses		
Interest expenses		
– on loans	–252	–306
– on cashflow hedges, interest derivatives	–35	–22
– on derivatives held for trading	–63	–70
– net on pension assets/liabilities	–49	–54
Exchange rate differences		
– on loans	–	74
– on derivatives held for trading	–	–85
Other financial expenses	–54	–55
Total financial expenses	–453	–518
Financial income and expenses, net	–428	–500

Note 10 Taxes

SEKm	2013	2012
Current tax on income for the period	–321	–433
Deferred tax income	57	285
Total	–264	–148

Theoretical and actual tax rates

	2013		2012	
	Tax, %	Result	Tax, %	Result
Theoretical tax rate	30.9	365	31.6	371
Tax losses for which no deferred income tax was recognized	0.5	6	2.1	24
Non-taxable/non-deductible income statement items, net	–14.2	–168	–20.3	–236
Change in valuation of deferred tax	–2.4	–28	1.7	20
Utilization of previously unrecognized tax losses	–1.5	–18	–2.7	–31
Effect of tax rate change	2.3	27	–1.8	–21
Withholding tax	1.2	14	1.1	13
Other	5.6	66	0.8	8
Actual tax rate	22.4	264	12.5	148

The theoretical tax rate for the Group is calculated on the basis of the weighted total Group's net sales per country, multiplied by the local statutory tax rates.

Tax loss carry-forwards and other tax credits

As of December 31, 2013, the Group has tax loss carry-forwards, other deductible temporary differences and tax credits of SEK 2,519 m (1,822), whereof SEK 748 m (576) have not been included in computation of deferred tax assets. The tax loss carry-forwards will expire as follows:

SEKm	2013
Within a year	1
1–5 year	0
> 5 year	1,233
Without time limit	1,071
Total	2,305

Changes in deferred taxes

SEKm	Balance, 1 Jan 2013	Recognized in income statement	Recognized in other comprehensive income	Exchange-rate differences	Balance, 31 Dec 2013
Non-current assets	–998	–38	–	–25	–1,061
Inventories	39	–63	–	–3	–27
Current receivables	–38	68	–	–6	24
Provision for pensions and similar commitments	327	–58	–56	–3	210
Other provisions	64	93	–	–2	155
Financial and operating liabilities	134	6	–5	–3	132
Other items	21	–98	–	–1	–78
Tax losses carried forward	422	147	–	–5	564
Deferred tax assets and liabilities, net	–29	57	–61	–48	–81

SEKm	Balance, 1 Jan 2012	Change in accounting principle ¹	Balance, 1 Jan 2012 (revised)	Recognized in income statement	Recognized in other comprehen- sive income	Exchange- rate differences	Balance, 31 Dec 2012
Non-current assets	-1,420	-	-1,420	373	-	49	-998
Inventories	-9	-	-9	45	-	3	39
Current receivables	17	-	17	-50	-	-5	-38
Provision for pensions and similar commitments	42	180	222	69	42	-6	327
Other provisions	141	-	141	-73	-	-4	64
Financial and operating liabilities	111	-	111	28	-	-5	134
Other items	-83	-	-83	60	47	-3	21
Tax losses carried forward	627	-	627	-167	-	-38	422
Deferred tax assets and liabilities, net	-574	180	-394	285	89	-9	-29

¹The implementation of the revised IAS 19 impacted the Groups deferred tax related to pensions liabilities.
For more information of the change in accounting standard see note 25.

Deferred tax assets and liabilities

SEKm	Assets		Liabilities		Net	
	2013	2012	2013	2012	2013	2012
Non-current assets	199	253	1,260	1,251	-1,061	-998
Inventories	113	134	140	95	-27	39
Current receivables	36	61	12	99	24	-38
Provisions for pensions and similar commitments	210	327	-	-	210	327
Other provisions	158	159	3	95	155	64
Financial and operating liabilities	149	136	17	2	132	134
Other items	0	23	78	2	-78	21
Tax losses carried forward	564	422	-	-	564	422
Deferred tax assets and liabilities	1,429	1,515	1,510	1,544	-81	-29
Set-off of tax	-307	-326	-307	-326	-	-
Deferred tax assets and liabilities, net¹	1,122	1,189	1,203	1,218	-81	-29

¹ Deferred tax assets amounted to SEK 1,122m, whereof SEK 193m will be utilized within 12 months.
Deferred tax liabilities amounted to SEK 1,203m, whereof SEK 6m are due within 12 months.

Note 11 Earnings per share

Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the year excluding ordinary shares purchased by the company and held as treasury shares.

SEKm	2013	2012
Profit attributable to equity holders of the company	914	1,022
Weighted average numbers of ordinary shares in issue (million)	572.6	572.6

Diluted

Diluted earnings per share is calculated by adjusting the weighted average numbers of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The company's long term incentive plan contains share options and share savings program which have had a dilutive potential in prior years.

SEKm	2013	2012
Profit attributable to equity holders of the company	914	1,022
Weighted average numbers of ordinary shares in issue (million)	572.6	572.6
Adjusted for:		
- Share savings program	0.2	0.0
Weighted average numbers of ordinary shares in issue (million)	572.8	572.6

Note 12 Property, plant and equipment

SEKm	Land and land improvements	Buildings	Machinery and technical installations	Other equipment	Construction in progress and advances	Total
2013						
Opening accumulated acquisition value	275	2,674	8,752	936	277	12,914
Acquired during the year	2	36	166	54	538	796
Transfers	–	18	228	12	–258	0
Sale, scrap	–1	–29	–279	–73	0	–382
Reclassification	–	–2	–4	0	2	–4
Exchange-rate differences	3	10	4	–12	–1	4
Closing accumulated acquisition value	279	2,707	8,867	917	558	13,328
Opening accumulated depreciation	66	1,534	7,034	765	–	9,399
Depreciation for the year	6	94	491	72	–	663
Write-downs	–	0	3	–	–	3
Restored write-down	–	–	0	0	–	0
Sale, scrap	0	–17	–266	–70	–	–353
Reclassification	–	–	–2	2	–	0
Exchange-rate differences	–1	4	11	–7	–	7
Closing accumulated depreciations	71	1,615	7,271	762	–	9,719
Closing balance, 2013-12-31	208	1,092	1,596	155	558	3,609
2012						
Opening accumulated acquisition value	277	2,770	9,270	933	248	13,498
Acquired during the year	1	21	184	52	258	516
Transfers	1	11	115	100	–227	0
Sale, scrap	–	–30	–417	–102	–1	–550
Reclassification	7	0	–28	0	0	–21
Exchange-rate differences	–11	–98	–372	–47	–1	–529
Closing accumulated acquisition value	275	2,674	8,752	936	277	12,914
Opening accumulated depreciation	56	1,528	7,255	737	–	9,576
Depreciation for the year	7	104	556	87	–	754
Write-downs	–	0	0	0	–	0
Restored write-down	–	–9	–1	–	–	–10
Sale, scrap	–	–29	–467	–23	–	–519
Reclassification	7	0	–7	0	–	0
Exchange-rate differences	–4	–60	–302	–36	–	–402
Closing accumulated depreciations	66	1,534	7,034	765	–	9,399
Closing balance, 2012-12-31	209	1,140	1,718	171	277	3,515

For information of where in the income statement the depreciations are reported, see note 4.

Note 13 Intangible assets

SEKm	Goodwill	Trademarks	Product development	Other	Total
2013					
Opening accumulated acquisition value	5,733	3,073	1,812	935	11,553
Acquired during the year	2	–	190	90	282
Fully amortized	–	–	–	–3	–3
Reclassification	0	–	2	2	4
Exchange-rate differences	–22	106	–8	–29	47
Closing accumulated acquisition value	5,713	3,179	1,996	995	11,883
Opening accumulated amortization	–	233	1,252	549	2,034
Amortization for the year	–	16	194	102	312
Fully amortized	–	–	–	–3	–3
Exchange-rate differences	–	5	–2	–15	–12
Closing accumulated amortizations	–	254	1,444	633	2,331
Closing balance, 2013-12-31	5,713	2,925	552	362	9,552
2012					
Opening accumulated acquisition value	6,029	3,191	1,654	1,000	11,874
Acquired during the year	–	–	200	60	260
Fully amortized	–	–	–1	–84	–85
Reclassification	–	–	21	–	21
Exchange-rate differences	–296	–118	–62	–41	–517
Closing accumulated acquisition value	5,733	3,073	1,812	935	11,553
Opening accumulated amortization	–	217	1,112	560	1,889
Amortization for the year	–	22	184	102	308
Fully amortized	–	–	–1	–84	–85
Exchange-rate differences	–	–6	–43	–29	–78
Closing accumulated amortizations	–	233	1,252	549	2,034
Closing balance, 2012-12-31	5,733	2,840	560	386	9,519

For information of where in the income statement the amortization are reported, see note 4.

The values of intangible assets with indefinite useful lives are tested for impairment annually, or more frequently if necessary. Potential impairment loss is recognized for the amount by which the asset's net book value exceeds its recoverable amount. The recoverable amount for a cash-generating unit is determined based on estimates of value in use. Value in use is measured as expected future discounted cash flows before tax, based on, by group management, ascertained five-year forecasts for each cash-generating unit. Key assumptions for forecasting are the expected growth, margins and discount rates. Cash flows beyond the five year forecast have been extrapolated using an estimated growth rate of 2 percent (2) for all cash-generating units. Forecasted margin is partly based on previous results and partly on the expected market development. The pre-tax discount rate is based on the risk-free interest, market premium, beta value, capital structure and tax rate. Husqvarna uses a pre-tax discount rate of 10 percent (12) for 2013. A common discount rate is used for all cash-generating units since Treasury is centrally responsible for the handling of financing and capital structure. During 2013, value in use has exceeded the net book value for all cash-generating units, and accordingly, no impairment has been recognized. Sensitivity analyses have been made of the estimated value in use, where a 10 percent higher discount rate in combination with decreased cash flow, as well as estimates reduced sales growth of –1 percent together with a –0,5 percent reduced operating margin. None of the adjusted assumptions would result in an impairment loss of intangible assets with indefinite useful lives, in any of the cash generating-units.

Intangible assets with indefinite useful lives per business area

SEKm	2013	2012
Europe & Asia/Pacific ¹	6,579	6,454
Americas	1,196	1,213
Construction	806	832
Total Group	8,581	8,499

¹ Whereof SEK 2,868m (2,766) relates to the net book value of Gardena trademark, which Husqvarna has assigned indefinite life.

Note 14 Investments in associated companies

SEKm	2013	2012
Opening balance	4	5
Operating income	–	0
Exchange rate difference	0	0
Divestments	–4	–1
Other	–	0
Closing balance	–	4

Husqvarna's share in Diamant Boart in Argentina has been disposed during the year. This resulted in a loss of SEK –4m which has been accounted for in the Group's operating income.

Note 15 Other financial assets

SEKm	2013	2012
Long-term holdings in securities	2	2
Pension assets	61	49
Other long-term receivables	21	25
Total	84	76

Note 16 Inventories

SEKm	2013	2012
Raw materials	1,675	1,822
Products in progress	175	223
Finished products	5,241	6,009
Advances to suppliers	3	7
Advances from customers	-7	-3
Total	7,087	8,058

The cost of inventories recognized as expense and included in cost of goods sold amounted to SEK 21,244m (21,994). Provisions for obsolescence are included in the value of the inventory. Write-downs totaled SEK 28m (68) and previous write-downs have been reversed by a total of SEK 35m (32). Inventories valued to net realizable value amounted to SEK 36m (38) referring to raw material and SEK 390m (320) referring to finished products.

Note 17 Other current assets

SEKm	2013	2012
Value added tax	197	154
Miscellaneous short-term receivables	107	159
Provision for doubtful accounts	-16	-15
Prepaid rents and leases	12	14
Prepaid insurance premiums	17	22
Other prepaid expenses	222	269
Total	539	603

Note 18 Assets pledged for liabilities to credit institutions

SEKm	2013	2012
Real-estate mortgages	26	28
Pension assets	61	49
Total	87	77

The real estate mortgages refer to a bond issue financed by the local U.S. Industrial Development Authority.

Note 19 Share capital, number of shares and other reserves**Share capital**

SEKm		
On 31 December 2013, the share capital comprised:		
126,593,868 Class A-shares, par value SEK 2		253
449,749,910 Class B-shares, par value SEK 2		900
Total		1,153

The share capital in Husqvarna AB consists of class A-shares and class B-shares. A class A-share entitles the holder to one vote and a class B-share to one-tenth of a vote. All shares entitle the holder to the same proportion of assets and earnings, and carry equal rights in terms of dividends.

Number of shares	Owned by Husqvarna	Owned by other shareholders	Total
Shares, 31 Dec 2012			
Class A-shares	-	127,699,058	127,699,058
Class B-shares	3,764,029	444,880,691	448,644,720
Performance share program 2010			
Class A-shares	-	-	-
Class B-shares	-106,526	106,526	-
Conversion of shares			
Class A-shares	-	-1,105,190	-1,105,190
Class B-shares	-	1,105,190	1,105,190
Shares, 31 Dec 2013			
Class A-shares	-	126,593,868	126,593,868
Class B-shares	3,657,503	446,092,407	449,749,910

Other reserves

SEKm	Cash flow hedge reserve	Currency translation reserve	Total other reserves
Opening balance 1 Jan 2012	55	-583	-528
Cash flow hedges			
Losses arising during the year	-12	-	-12
Tax on losses arising during the year	3	-	3
Reclassification adjustments to the income statement	-138	-	-138
Tax on reclassification adjustments to the income statement	44	-	44
Exchange rate differences on translation on foreign operations			
Currency translation difference	-	-772	-772
Closing balance, 31 Dec 2012	-48	-1,355	-1,403

Cash flow hedges

Losses arising during the year	-18	-	-18
Tax on losses arising during the year	4	-	4
Reclassification adjustments to the income statement	27	-	27
Tax on reclassification adjustments to the income statement	-9	-	-9
Exchange rate differences on translation on foreign operations			
Currency translation difference	-	165	165
Closing balance, 31 Dec 2013	-44	-1,190	-1,234

Note 20 Financial risk management and financial instruments

Financial instruments are defined in accordance with IAS 32, Financial Instruments: Presentation, and presented in accordance with IFRS 7 Financial Instruments: Disclosure. Additional and complementary information disclosing the accounting and valuation policies adopted is presented in note 1, Accounting and valuation principles.

Financial risk management

Financial risk management for Husqvarna entities is undertaken in accordance with the Group Financial Policy. Described below are the principles of financial risk management applicable to Husqvarna. Husqvarna is exposed to a number of risks relating to financial instruments including, for example, liquid funds, trade receivables, trade payables, borrowings, and derivative instruments. The primary risks associated with these instruments are:

- Financing risks in relation to the Group's capital requirements.
- Interest rate risks on liquid funds and borrowings.
- Foreign exchange risks on export and import flows plus earnings and net investments in foreign subsidiaries.
- Commodity price risks affecting expenditure on raw materials and components for goods produced.
- Credit risks relating to financial and commercial activities.

The Board of Directors of Husqvarna has adopted a Group Financial Policy, as well as a Group Credit Policy to regulate the management and control of these risks. These risks are to be managed according to the limitations stated in the Financial Policy. The Financial Policy also describes the management of risks relating to pension fund assets. The purpose of the policy is to have enough funding available to minimize the Group's cost of capital and to achieve an effective management of the Group's financial risks.

The management of financial risks has largely been centralized to Husqvarna Group Treasury, where measurement and control of financial risks are performed on a daily basis by a separate risk control function. Furthermore, the Husqvarna Group's policies include guidelines for managing operating risk relating to financial instruments, e.g. through the clear assignment of responsibilities and the allocation of powers of attorney.

Proprietary trading in currencies and interest-bearing instruments is permitted with tight limits set within the framework of the Financial Policy. The primary purpose of such trading is to maintain a flow of high quality information and market knowledge, as well as to contribute to the proactive management of the Group's financial risks.

Capital structure

Husqvarna's target is to have a capital structure corresponding to a long-term creditworthiness of at least BBB rating or equivalent, according to the principles for credit assessment of Standard & Poor's or a similar agency's. This implies that seasonally adjusted net debt in proportion to earnings before interest, tax, depreciations and amortizations (EBITDA) is not to exceed 2.5 in the long-term. This target for financial indebtedness may be adjusted in the event of changes to the macroeconomic situation, or allowed to deviate for a shorter period of time due to acquisitions. Adjusted financial debt, when assessing the capital structure, is defined as net debt adjusted for pension liabilities. Given the seasonality of the business, this key ratio varies substantially during the year. Husqvarna has not breached any external capital requirements during the year.

Capital structure

SEKm	2013	2012
Interest-bearing liabilities	7,290	8,366
Less: liquid funds	-1,884	-1,573
Net debt, excluding net pension liabilities	5,406	6,793
Total equity	11,390	11,008
Total assets	26,762	27,906
Net pension liabilities	1,253	1,478
Net debt	6,659	8,271
EBITDA (12m)	2,586	2,737
Net debt/EBITDA	2.58	3.02
Equity/assets ratio	42.6%	39.4%

Financial assets and liabilities

Financing risk

Financing risk refers to the risk that the financing of the Group's capital requirements and the refinancing of existing loans could become more difficult or more costly. This risk can be decreased by ensuring that maturities are evenly distributed over time, and that total short-term borrowings do not exceed available liquidity. Disregarding seasonal variations, net debt shall be long-term, according to the Financial Policy. The Group's goals for long-term borrowings include an average time to maturity of at least two years, and an even distribution of maturities. A maximum of SEK 3,000m in long-term borrowings is normally allowed to mature in the next 12-month period. When Husqvarna assesses its refinancing risk, the maturity profile is adjusted for available unutilized committed credit facilities.

In addition, seasonality in the cash flow is an important factor in the assessment of the financing risk. Consequently, Husqvarna always takes into account the fact that financial planning must include future seasonal fluctuations.

The average adjusted time to maturity for the Group's financing was 3.3 years (3.9) at the end of 2013.

Liquid funds

Liquid funds consist of cash and cash equivalent and other short-term deposits including derivative assets at fair market value. Husqvarna's goal is that the level of liquid funds, including unutilized committed credit facilities, shall equal at least 2.5 percent of rolling 12-month sales. At year-end, this ratio was 26.0 percent (24.6). In addition to this liquidity, the Group shall have sufficient liquid resources to finance the expected seasonal build-up in working capital during the next 12 months.

Borrowings

The financing of Husqvarna is managed centrally by Group Treasury in order to ensure efficiency and risk control. Debt is primarily raised at Parent Company level and transferred to subsidiaries as internal loans or capital injections. In this process, various derivatives are used to convert the funds to the required currency. Financing is also undertaken locally, mostly in countries in which there are legal restrictions preventing financing through Group companies. The major part of the Group's financing is currently conducted through bilateral loan agreements, bonds through a Swedish Medium Term Note (MTN) program and other bond financing. In addition, the Group has a SEK 6,000m unutilized committed revolving credit facility maturing in 2016. Due to the nature of its business, the Group has major seasonal variations in its funding needs. These variations have during 2013 been managed mainly by utilizing the Group's commercial paper (CP) program and short-term bank loans.

At year-end 2013, the Group's total interest-bearing liabilities amounted to SEK 7,290m (8,366), of which SEK 6,408m (6,611) referred to long-term loans. Bilateral loans amounting to SEK 950m originally maturing 2016 have during the year been amortized and new bonds amounting to SEK 850m with maturity 2018 have been issued. Moreover a bilateral loan amounting to SEK 906m originally maturing 2014 has been prolonged to 2018, whereof SEK 194m is to be amortized in 2014.

Husqvarna has, as mentioned, substantial seasonal variation in its borrowings. The seasonal peak of the indebtedness normally implies additional borrowings of SEK 2,000–4,000m in excess of year-end borrowings, taking dividend into account.

Future cashflows of loans and other financial instruments as of 31 December 2013¹

SEKm	2014	2015	2016	2017	2018	>2019	Total
Financial leases	-39	-36	-34	-32	-32	-205	-378
Bond loans	-137	-1,624	-653	-1,630	-1,403	-65	-5,512
Bank and other loans	-655	-140	-579	-30	-739	-157	-2,300
Derivative liabilities, interest rate ²	-34	-5	-2	-	-	-	-41
Derivative liabilities, foreign exchange ²	-213	-	-	-	-	-	-213
Total	-1,078	-1,805	-1,268	-1,692	-2,174	-427	-8,444
Unutilized committed revolving credit facilities covering short-term financing	6,000	-	-6,000	-	-	-	-
Adjusted maturity profile	4,922	-1,805	-7,268	-1,692	-2,174	-427	-8,444
Liquid funds excl. derivative assets	1,611	-	-	-	-	-	1,611
Derivative assets, balance sheet ²	257	-	-	-	-	-	257
Trade receivables	2,816	-	-	-	-	-	2,816
Trade payables	-2,838	-	-	-	-	-	-2,838
Net	6,768	-1,805	-7,268	-1,692	-2,174	-427	-6,598

¹ Please note that the table includes the forecast future nominal interest payment and, thus, does not correspond to the net book value in the balance sheet.

² For more detailed information on derivative contracts, see table under "Credit risk in financial activities" in note 20.

Market programs

Husqvarna has a MTN program, denominated in SEK, to issue long-term debt in the domestic capital market. The total amount of the program is SEK 5,000m. In addition, Husqvarna has a Swedish CP program. The total amount of the program is SEK 7,000m. The table Borrowings shows outstanding amounts under these two programs.

Borrowings

SEKm	2013		2012	
	Total borrowings	Facility amount	Total borrowings	Facility amount
Medium Term Note Program	3,029	5,000	2,511	5,000
Other bond loans	1,915	-	2,165	-
Committed revolving credit facility	-	6,000	-	6,000
Long-term bank loans	1,497	-	2,373	-
Financial leases	177	-	178	-
Commercial papers	-	7,000	146	7,000
Other short-term loans	433	-	708	-
Fair value derivative liabilities	239	-	285	-
Total	7,290	18,000	8,366	18,000

Issued – Maturity	Program	Nominal amount	Currency	Coupon
2007–2015	MTN	500	SEK	STIBOR +0.46%
2008–2016	MTN	60	EUR	EURIBOR +0.82%
2010–2015	Other	1,000	SEK	STIBOR +1.40%
2011–2018	Other	500	SEK	STIBOR +1.40%
2012–2017	MTN	1,300	SEK	STIBOR + 2.30%
2012–2017	MTN	200	SEK	3.875%
2013–2018	Other	350	SEK	STIBOR + 1.77%
2013–2018	MTN	500	SEK	3.60%

The currency composition of Husqvarna's borrowings is dependent upon the currency distribution of the Group's assets. Currency derivatives are used to obtain the preferred currency distribution.

Net debt - currency composition, excluding net pension liabilities

SEKm	2013		2012	
	Net debt excl. currency swaps	Net debt incl. currency swaps	Net debt excl. currency swaps	Net debt incl. currency swaps
SEK	4,532	8,320	5,468	7,103
EUR	1,031	-4,594	1,027	-3,730
USD	449	842	592	1,828
AUD	-30	410	-19	551
CZK	-22	154	-14	139
HKD	-	125	-	124
BRL	17	120	197	197
PLN	-12	-101	-22	45
JPY	-97	90	-100	81
Other	-462	40	-336	455
Total	5,406	5,406	6,793	6,793

Interest rate risks on liquid funds and borrowings

Interest rate risk refers to the adverse effects of changes in market interest rates on the Group's net income. The main factor determining this risk is the interest-fixing period.

Interest rate risk in liquid funds

Group Treasury manages the interest rate risk of the investments in relation to a benchmark position defined as a one-day holding period. Any deviation from the benchmark is limited by a risk mandate. The holding periods of investments are mainly short-term. The majority of investments undertaken with maturities of between 0 and 3 months. The fixed interest term for these current investments was 14 days (16) at the end of 2013. A downward shift in the yield curve of one percentage point would reduce the Group's interest income by approximately SEK 16m (9) and the Group's equity by SEK 12m (7).

Interest-rate risk in borrowings

The Financial Policy states that the benchmark for the long-term loan portfolio is an average fixed interest term of 6 months. Group Treasury can choose to deviate from this benchmark on the basis of a risk mandate established by the Board of Directors. However, the maximum average fixed interest term is 3 years. Derivatives, such as interest rate swap agreements, are used to manage the interest rate risk by changing the interest from fixed to floating or vice versa. The average fixed interest term for the non-seasonal debt was 1.5 (1.6) years at year-end. On the basis of volumes and interest fixings at the end of 2013, a one-percentage point shift in interest rates would impact the Group's interest expenses by approximately SEK +/- 27m (35). Interest rates with different maturities and different currencies may not change uniformly. This calculation is based on a parallel shift of all yield curves simultaneously by one percentage point. The Group has seasonal debt for which the interest risk is not calculated due to its short-term nature. As per 31 December 2013, the average interest rate in

the total loan portfolio was 4.0 percent (4.2). At year-end, Husqvarna had outstanding interest rate derivatives with a nominal amount of SEK 1,906 (1,913) hedging the interest rate risk.

Hedge accounting of interest rate risk

Husqvarna applies hedge accounting for the hedging of interest rate risk.

The total market value for hedges of interest rate risk amounted to SEK –43m as of 31 December 2013, of which SEK –39m is reported in the hedge reserve. Assuming an unchanged market interest rate, the effects on income after financial items for 2014 would be SEK 2m for Q1, SEK –1m for Q2, SEK –8m for Q3 and SEK –23m for Q4. During the year no ineffectiveness has occurred in the hedging of interest rate risk.

The table "Future cashflows of loans and other financial instruments" shows the future cashflows of the interest rate hedges. The cashflows of 2014, assuming an unchanged market interest rate, would be SEK 2m for Q1, SEK –1m for Q2, SEK –12m for Q3 and SEK –24m for Q4.

Currency risk

Currency risk refers to the adverse effects of changes in foreign currency exchange rates on Husqvarna's income and equity. In order to manage such effects, the Group covers these risks within the framework of the Financial Policy. The Group's overall currency exposure is managed centrally. The major currencies to which Husqvarna is exposed are EUR, USD, RUB, CAD and CNY.

Transaction exposure from commercial flows

The Financial Policy stipulates hedging of forecasted sales and purchases in foreign currencies taken into consideration the price fixing periods and the competitive environment. Normally, 75–100 percent of the invoiced and forecasted flows are hedged up to and including 6 months, while forecasted flows for 7–12 months are hedged between 50–75 percent. Group subsidiaries primarily cover their risks in commercial currency flows through Group Treasury. Group Treasury assumes the currency risks and covers such risks externally by utilizing currency derivatives, for which hedge accounting is applied.

The table below shows the forecasted transaction flows (imports and exports) for 2014, hedges at year-end 2013 and comparative amounts for the previous year.

Commercial flows

Currency	2013		2012	
	2014 Forecast flow SEKm	Total hedge amount SEKm	2013 Forecast flow SEKm	Total hedge amount SEKm
EUR	1,738	–1,426	2,416	–1,878
RUB	741	–544	808	–517
CAD	729	–522	709	–455
AUD	414	–283	547	–343
NOK	384	–274	388	–243
CHF	345	–269	304	–236
Other	1,446	–888	1,182	–522
JPY	–207	147	–302	220
CNY	–667	557	–569	264
USD	–1,578	1,193	–1,163	970
SEK	–3,345	2,309	–4,320	2,740

The hedging effect on operating income amounted to SEK –3m (129) during 2013. At year-end, the unrealized exchange rate result on forward contracts, all maturing in 2014, amounted to SEK –10m (4).

Translation exposure on consolidation of entities outside Sweden

Changes in exchange rates also affect the Group's income when translating income statements of foreign subsidiaries into SEK. Husqvarna does not hedge such exposures. The translation exposure arising from income statements of foreign subsidiaries is included in the sensitivity analysis below.

Exposure from net investments in foreign operations

The net assets and liabilities in foreign subsidiaries constitute a net investment in foreign operations, which generates a translation difference in connection with consolidation. Net investments in foreign operations are normally not hedged and during 2013 no net investments in foreign operations were hedged.

Foreign exchange sensitivity from transaction and translation exposure

Husqvarna is particularly exposed to changes in the exchange rates of EUR and USD. Furthermore, the Group has significant exposures against RUB, CAD, CNY, AUD and a number of other currencies. Using a static calculation and disregarding any effects from hedges, a 10 percent increase or decrease in the value of all currencies against SEK would affect the Group's result before financial items and tax by approximately SEK +/–475m (520) for one year. A 10 percent increase of USD would affect the Group's result with SEK –135m (–125) and a corresponding decrease of EUR with SEK –205m (–260). This assumes the same distribution of earnings and costs as in 2013 and does not include any dynamic effects, such as changes in competitiveness or consumer behaviour arising from such changes in exchange rates. It is also worth noting that, due to the seasonality in Husqvarna's sales, these flows and results are not distributed evenly throughout the calendar year.

For more information on risks related to currency exposure, see Risk Management on page 44.

Hedge accounting of currency risk

Husqvarna applies hedge accounting for the hedging of commercial flows and when applicable for hedging of net investments in foreign operations. The total market value for hedges of commercial flows amounted to SEK –10m as of 31 December 2013, of which SEK –16m is reported in the hedge reserve. Assuming an unchanged exchange rate, the effects on income after financial items for 2014 would be SEK –13m for Q1, SEK –7m for Q2, SEK 4m for Q3 and SEK 0m for Q4. During the year no ineffectiveness has occurred in the hedging of currency risk.

Commodity price risks

Commodity price risk is the risk of increase in the cost of direct and indirect materials should underlying commodity prices rise on the global markets. Husqvarna is exposed to fluctuations in commodity prices through agreements with suppliers, whereby the price is linked to the raw material price on the world market. This exposure can be divided into direct commodity exposure, which refers to pure commodity exposure, and indirect commodity exposure, which is defined as exposure arising from only a portion of a component. Commodity price risk is managed through contracts with the suppliers rather than through the use of derivatives. A ten percent rise or fall in the price of steel used in Husqvarna's products will affect the Group's results before financial items and tax by approximately SEK +/–150m (165), everything else being equal. The same effect on the price of aluminum would impact the results by SEK +/–45m (45) and a 10 percent change in the price of plastics would give an effect on results of SEK +/–85m (85).

Credit risk

Credit risk in trade receivables

Husqvarna sells to a substantial number of customers including large retailers, buying groups, independent stores and professional users. Sales are made on the basis of normal delivery and payment terms. Customer financing solutions are also normally arranged by third parties. The Credit Policy of the Group ensures that the management process for customer credits includes customer rating, credit limits, decision levels and management of bad debts. The Board of Directors decides on customer credit limits exceeding SEK 100m. Husqvarna uses an internal classification of the creditworthiness of its customers. The classification has different levels, from low risk to high risk. In the table below, trade receivables have been divided into three different intervals.

SEKm	2013	2012
Total	2,816	3,032
Low to Moderate Risk	1,540	1,585
Medium Risk to Elevated	1,117	1,335
High Risk	159	112

As of 31 December 2013, net trade receivables, after provisions for doubtful accounts, amounted to SEK 2,816m (3,032), which consequently equals the maximum exposure to losses in trade receivables. Hence, the book value equals the fair market value of the receivables. The size of the credit portfolio is, however, directly dependent upon the seasonal pattern of Husqvarna's sales. This means that credit exposure is significantly higher during the first six months of each calendar year. A provision for impairment of trade receivables is established when there is objective evidence

that Husqvarna will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. Provisions for doubtful trade receivables at the end of the financial year amounted to SEK 106m (113), of which SEK 105m refer to invoices due.

Trade receivables past due

Trade receivables that were past due, but not yet written down amounted to SEK 484m (466) as of 31 December 2013.

Ageing analyses for past due trade receivables

Past due but not written down, SEKm	2013	2012
Up to 1 month	171	183
1 to 3 months	99	106
>3 months	214	177
	484	466

Provisions for overdue accounts receivables

	2013	2012
Opening balance	113	170
New provisions	50	27
Reversed unused provisions	-19	-10
Write off accounts receivables	-35	-67
Currency exchange rate differences	-3	-7
	106	113

The situation regarding past due receivables has not changed significantly since previous year-end, taking the total volume of outstanding trade receivables into account. The fair value of collateral held for trade receivables due for payment was SEK 27m (36).

A plan for repayment is normally designed for customers with past due receivables at the same time as the account is placed under special surveillance. At a later stage, unpaid products may be repossessed or other securities be enforced.

Concentration of credit risk in trade receivables

Concentration of credit risk	2013		2012	
	Number of customers	Percent of total portfolio	Number of customers	Percent of total portfolio
Exposure <SEK 15m	N/A	81%	N/A	82%
Exposure SEK 15–100m	12	14%	10	8%
Exposure >SEK 100m	1	5%	2	10%

Husqvarna has substantial exposure towards a limited number of large customers, primarily in the U.S.

Credit risk in financial activities

Exposure to credit risk arises from the investment of liquid funds and through counterparty risks related to derivatives. In order to limit exposure to credit risk, a counterparty list has been created specifying the maximum approved exposure for each counterparty. Investments in liquid funds are mainly made in interest-bearing instruments with high liquidity and involve issuers with a long-term credit rating of at least A-, as defined by Standard & Poor's or similar institutions. The average time to maturity for the liquid funds was 14 days (16) at the end of 2013. A substantial part of the exposure arises from derivatives transactions.

The table below shows the gross volume of outstanding derivative transactions.

Maturity	2013		2012	
	2014	2015–	2013	2014–
Amount sold	-17,970	–	-21,180	–
Amount purchased	18,013	–	21,276	–
Net settled derivatives (NDF)	0	–	–	–
Net	43	–	96	–

Fair value of financial instruments

The carrying amount of interest-bearing assets and liabilities in the balance sheet can deviate from the fair value, e.g. as a result of changes in market interest rates. Husqvarna applies to IFRS 7 for financial instruments measured at fair value on the balance sheet whereby an entity shall classify fair value measurements using a fair value hierarchy that reflects the significance of input used according to the following levels:

- Quoted prices (unadjusted) in active markets (Level 1),
- Inputs other than quoted prices included within Level 1 that are observable, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
- Inputs that are not based on observable market data (Level 3).

All financial assets and liabilities reported at fair value are held in the category financial assets and liabilities through profit and loss. To determine the fair value of those financial assets and liabilities fair value hierarchy Level 2 has been applied for 2012 and 2013, whereby future cash flows have been discounted using current quoted market interest rates and currency rates for similar instruments.

To determine the fair value of the Group's borrowings, the prevailing market rates for the respective periods have been used and the Group's credit risk has been taken into account.

Changes in credit spreads have been disregarded when determining fair value of financial leases. For financial instruments such as trade receivables, trade payables and other non-interest bearing assets and liabilities, booked at accrued acquisition value less any depreciation, the fair value is determined as corresponding to the carrying amount.

SEKm	2013		2012	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Financial assets held for trading valued at fair value				
– of which derivatives where hedge accounting is not applied	220	220	277	277
– of which currency derivatives where hedge accounting for cash flow hedges is applied	53	53	51	51
Loan and receivables				
Trade receivables	2,816	2,816	3,032	3,032
Other receivables	288	288	298	298
Other short-term investments	17	17	325	325
Cash and cash equivalents	1,594	1,594	920	920
Total financial assets	4,988	4,988	4,903	4,903
Financial liabilities				
Financial liabilities that are held for trading at fair value				
– of which derivatives where hedge accounting is not applied	131	131	169	169
– of which currency derivatives where hedge accounting for cash flow hedges is applied	69	69	42	42
– of which interest derivatives where hedge accounting for cash flow hedges is applied	39	39	74	74
Other financial liabilities				
Trade payables	2,838	2,838	2,716	2,716
Other liabilities	192	192	171	171
Financial leases	177	185	178	191
Loans	6,874	7,012	7,903	7,936
Total financial liabilities	10,320	10,466	11,253	11,299

Offsetting financial assets and financial liabilities

The Husqvarna Group has entered into master netting arrangements for certain financial derivatives. When the criteria for offsetting are fulfilled the derivatives are netted in the balance sheet.

Note 21 Provisions for pensions

In many of the countries in which Husqvarna has operations the employees are covered by pension plans in addition to statutory social security insurance. Such pension plans are classified as either defined contribution plans or defined benefit plans. The Group's most extensive defined benefit pension plans are in the U.K., Germany, Sweden, the U.S. and Japan. The pension plans in these countries are funded except for the plan in Germany which is unfunded. Funded plans imply that there are assets in legal entities that exist solely to finance benefits to employees and former employees.

The pension plan for the Group's employees in Germany is an unfunded cash balance plan. White collar employees in Sweden, born 1978 or earlier, are covered by a final salary collectively bargained defined benefit plan (ITP2). The old-age pension benefit of the plan is financed through a pension fund. Part of the pension obligation in Sweden was settled in connection with divestment of a subsidiary (in May 2013). The employees and

the company's pension obligation were transferred to the new owner. The transfer of the pension obligation resulted in a gain of SEK 3m.

The Group's defined benefit pension plans in the U.K. and in the U.S. were closed, some time ago, for future pension accrual. In Japan the Group has two pension plans that cover all employees. One of the plans is a funded cash balance plan and the other is an unfunded plan based on career-average salary. The Group's defined benefit pension plan in Norway was wound up 1 March 2013 and the accrued benefits were bought out with an insurance company. The wind up of the plan resulted in a gain of SEK 14 m. The employees were offered a new defined contribution plan.

The pension plans in Japan, U.K., Sweden and the U.S. are so called funded plans where the pension obligations are financed through pension funds whose operations are regulated by the legislation in the relevant country. The pension funds are separate legal entities with their own Board of Directors/Trustees etc., which might consist of representatives from both the company and the employees, which are responsible for the management of the pension fund asset.

SEKm	2013							Total
	U.K.	Sweden	U.S.	Japan	Germany	Other		
Present value of obligation	1,013	674	335	136	807	215	3,180	
Fair value of plan assets	-1,007	-459	-237	-83	-	-141	-1,927	
Surplus/deficit	6	215	98	53	807	74	1,253	
Total funding level (%)	99	68	71	61	-	66	61	
Duration	18	21	13	12	11	14	16	
Actuarial assumptions (%)								
Discount rate	4.5	4.0	4.7	1.5	3.5	3.5	3.9	
Inflation	3.4	-	-	-	-	1.5	2.6	
Sensitivity analysis								
Discount rate (-0,50%)	9.6%	11.4%	6.8%	6.2%	5.6%	4.3%	8.2%	
Discount rate (+0,50%)	-8.5%	-10.0%	-6.1%	-5.9%	-5.0%	-3.9%	-7.3%	
Inflation (+0,50%)	3.3%	-	-	-	-	1.2%	1.1%	

2012

SEKm	U.K.	Sweden	U.S.	Japan	Germany	Other	Total
Present value of obligation	1,021	737	365	161	789	296	3,369
Fair value of plan assets	-915	-439	-221	-89	-	-227	-1,891
Surplus/deficit	106	298	144	72	789	69	1,478
Total funding level (%)	90	60	61	55	-	77	56
Duration	20	21	13	12	11	14	16
Actuarial assumptions (%)							
Discount rate	4.3	3.5	3.9	1.6	3.5	3.5	3.7
Inflation	2.9	-	-	-	-	1.0	2.4

Specification of net provisions for pensions and other post employment benefits recognized in the balance sheet

SEKm	2013	2012 (revised)
Present value of obligations for unfunded plans	1,025	1,018
Present value of obligations for funded plans	2,155	2,351
Fair value of plan assets	-1,933	-1,891
Impact of minimum funding requirement/asset ceiling	6	-
Net provisions for defined benefit plans	1,253	1,478

Set forth below are schedules showing the obligations of the plans in Husqvarna, the assumptions used to determine these obligations and the assets relating to the benefit plans, as well as the amounts recognized in the income statement, other comprehensive income and balance sheet. Further information regarding pension cost is available in note 3.

The schedules include reconciliations of the opening and closing balances of the present value of the defined benefit obligation, as well as opening and closing balances of the fair value of plan assets and of the changes in net provisions during the year. In a few countries, Husqvarna provides mandatory lump sum payments, in accordance with law or collective agreements, in conjunction with retirement. These obligations are included in the present value of the defined benefit obligation and amounts at year-end to SEK 31m (27). Husqvarna has no post-employment medical plans.

The movement in the present value of the net defined benefit obligation

SEKm	2013			2012 (revised)			
	Present value of obligation	Fair value of plan assets	Total	Present value of obligation	Fair value of plan assets	Total	
Opening balance	3,369	-1,891	1,478	3,161	-1,793	1,368	
Current service cost	64	6	70	68	3	71	
Past service costs and gains/losses on settlements	-21	-	-21	-6	-	-6	
Interest expense	118	-69	49	127	-72	55	
	3,530	-1,954	1,576	3,350	-1,862	1,488	
Remeasurements:							
Return on plan assets	-	-107	-107	-	-56	-56	
Actuarial gains and losses due to changes in demographic assumptions	8	-	8	27	-	27	
Experience assumptions	12	-	12	17	-	17	
Actuarial gains and losses due to changes in financial assumptions	-123	-	-123	212	-	212	
Changes in asset ceiling	-	6	6	-	-	-	
	-103	-101	-204	256	-56	200	
Exchange rate differences on foreign plans	9	5	14	-96	45	-51	
Divestments and transfers	-27	27	-	-	-	-	
Contributions:							
- Employers	-76	-57	-133	-81	-78	-159	
- Plan participants	3	-3	-	3	-3	-	
Payments from plans:							
- Benefit payments	-57	57	-	-63	63	-	
- Settlements	-99	99	-	-	-	-	
	3,180	-1,927	1,253	3,369	-1,891	1,478	

Plan assets comprise of the following:

Plan assets as a percentage of the total fair value of plan assets¹

%	2013	2012
Equity instruments		
– Equities	45.3	43.3
Debt securities		
– Government bonds	11.4	12.6
– Corporate bonds	17.4	16.8
– Index-linked bonds	11.5	11.2
– Interest rate funds	13.5	14.8
Properties	0.5	0.5
Liquid assets	0.4	0.8

¹ Approximately 99 percent of total plan assets refers to listed assets.

None of the assets above refers to shares in the parent company or real estates occupied by the group.

For the funded defined benefit pension plans (Sweden, U.K. and U.S. represents around 90 percent of the value) the Group's strategy is a combination of matching the assets with the liabilities and trying to achieve as high return as possible within the investment guidelines. This is partly done by investing in longer duration bonds designed to match the development of the debt and also by investing in corporate bonds, index-linked bonds and shares with the purpose of achieving a high return in various market conditions long term.

As the maturity of the pension commitments decreases and/or the value of the assets reach a satisfactory level in relation to the debt, the Group will gradually reduce the investment risk by shifting into assets with lower volatility.

Husqvarna is through its defined benefit obligations exposed to a number of risks, of which the following has the greatest impact on the Group's net pension liability.

Discount rate

The discount rate reflects the estimated timing of benefit payments and is used for measuring the present value of the obligation. A fluctuation in the discount rate will have a material effect on the pension obligation but will also impact the interest income and expense reported in the finance net. To determine the discount rate, AA-rated corporate bonds indexes matching the duration of the pension obligations are applied in most countries. When valuing Swedish pension liabilities Husqvarna uses mortgage bonds when determining discount rate.

Inflation risk

Most of the obligations are linked to inflation and an increase of this leads to higher debt. The return of the majority of the plan assets have a low correlation with inflation, while the holdings of index-linked bonds are protected against a rise in inflation and thus compensates for the increase in the deficit that would occur otherwise.

Longevity risk

Since most of the pension obligations means that those covered by the plan will receive benefits for life, higher life expectancy assumptions have a significant impact on the pension liabilities

The company expects to make contributions of approximately SEK 113m to the plans during 2014.

The weighted average duration of the defined benefit obligation is 15.7 years. Expected maturity analysis of undiscounted pension liabilities as per December 31, 2013 are outlined below:

Maturity analysis

SEKm	< 1 year	1–2 year	2–5 year	>5 year	Total
Defined benefit obligations	137	155	446	839	1,577
Total	137	155	446	839	1,577

Note 22 Other provisions

SEKm	Provisions for restructuring	Warranty commitments	Claims	Other	Total
Opening balance, 1 Jan 2013	301	280	387	199	1,167
Provisions made	–	317	3	137	457
Provisions used	–134	–248	–23	–108	–513
Unused amounts reversed	–	–7	0	–39	–46
Exchange rate differences	0	–4	–1	–1	–6
Closing balance, 31 Dec 2013	167	338	366	188	1,059
Current provisions	120	96	–	47	263
Non-current provisions	47	242	366	141	796

Provisions for restructuring

Provisions for restructuring represents the expected payments to be incurred in the coming years as a consequence of Husqvarna operations' decision to close some factories, rationalize production and reduce personnel. The amounts are based on the Husqvarna management's best estimates and are adjusted when changes to these estimates are known. 2012 years staff reduction program has been included in the column for restructuring.

Warranty commitments

Provisions for warranty comprises all potential expenses for repairing or replacing products sold. Provision are made when the products are sold and are normally limited to 24 month.

Claims

Provisions for claims refer to claim reserves in Husqvarna's insurance companies mainly due to product liabilities but also property damage and business interruptions. The provisions are estimated based on actuarial calculations.

Other

Other provisions are in all material aspects referring to payroll related provisions.

Note 23 Other liabilities

SEKm	Group	
	2013	2012
Accrued holiday pay	187	192
Other accrued payroll expenses	425	349
Other accrued expenses	809	800
Value added tax	75	48
Personnel taxes and other taxes	51	62
Other operating liabilities	86	64
Total	1,633	1,515

Note 24 Contingent liabilities

Guarantees and other commitments

SEKm	2013	2012
On behalf of external counterparties	89	132
Total	89	132

In addition to the above contingent liabilities, guarantees for fulfillment of contractual undertakings are provided as part of Husqvarna's normal course of business. There was no indication at year-end that any payment will be required in connection with any contractual guarantees. Furthermore, there is an obligation, in the event of dealer's bankruptcy, to buy back repossessed Husqvarna products from certain North American dealers financing their floor planning with an external finance company. During 2013 goods for a value of SEK 4m (7) were bought back in connection with floor planning activities. Husqvarna is involved in commercial, product liability and other disputes in the ordinary course of business. Such disputes involve claims for compensatory damages, property damage or personal injury compensation and occasionally also punitive damages. Although the company is self-insured to a certain extent, it is also insured against excessive liability losses. Husqvarna continuously monitors and evaluates pending claims and disputes, and take action when deemed necessary. The company believes that these activities help to minimize the risks. It is difficult to predict the outcome of each dispute, but based on its present knowledge, Husqvarna estimates that none of these disputes may have a material adverse effect on the consolidated financial position or result. The following significant matters are still unresolved.

Gas explosion in Belgium

In a judgment of February 2010, the criminal court of Tournai in Belgium acquitted Husqvarna in a case regarding a gas explosion on Husqvarna's property in Ghislenghien, Belgium, in 2004. The ruling was appealed by the public prosecutor, as well as by other parties, to the Court of Appeal. Eight of the 14 parties were judged guilty by the Court of Appeal in June 2011, among them Husqvarna Belgium. The Belgian Supreme Court largely confirmed the appellate court's verdict in December 2012. The verdict also resulted in settlement proceedings under the leadership of an expert appointed by the Court of Appeal in Mons, leading to agreement on the damages for personal injury and material damage in the particular cases. These proceedings were largely finalized in December 2013, although a small number of claims are still unresolved. Husqvarna estimates that the liabilities arising for Husqvarna due to the accident are largely covered by relevant insurance policies.

Note 25 Change in accounting policy – IAS 19R

As a consequence of the amended IAS 19 "Employee benefits" the Group has changed accounting policy regarding defined contribution plans. The amendment implies that the corridor approach was eliminated and all remeasurements are now recognized in other comprehensive income as they occur. Past service cost are recognized immediately in profit and loss. Interest cost and expected return on plan assets are replaced with a net amount that is calculated applying the same discount rate as when calculating the net defined liability and reported in the Groups finance net. This has affected all of the Groups statements as presented in the tables below, which also presents the impact on the Groups segments, key data and net debt. For further information see note 1 Accounting principles and note 21 Provisions for pensions.

Income statement

SEKm	2012 (revised)	Change in accounting policy	2012
Net sales	30,834	–	30,834
Gross income	8,291	–	8,291
Operating income ¹	1,675	60	1,615
Financial items, net	–500	–54	–446
Income after financial items	1,175	6	1,169
Income tax	–148	–2	–146
Income for the period	1,027	4	1,023
Basic earnings per share	1.78	–	1.78
Diluted earnings per share	1.78	–	1.78
Other comprehensive income, net of tax	–1,024	–137	–887
Total comprehensive income for the period	3	–133	136

¹ Service costs are included in the line administrative expenses.

The Group's balance sheet has been affected since all previously actuarial gains and losses within the corridor increased the net defined benefit obligation with the corresponding amount in equity net of deferred tax. All actuarial gains and losses are going forward reported in other comprehensive income and thereby they immediately impact the Group's net defined pension liability.

The restated balance sheet are shown aggregated below:

SEKm	31 Dec 2012 (revised)	Change in accounting policy	31 Dec 2012	1 Jan 2012 (revised)	Change in accounting policy	1 Jan 2012
Other non-current assets	13,116	-191	13,307	13,979	-205	14,184
Deferred tax asset	1,189	73	1,116	1,071	47	1,024
Non-current assets	14,305	-118	14,423	15,050	-158	15,208
Current assets	13,601	-	13,601	13,895	-	13,895
Total assets	27,906	-118	28,024	28,945	-158	29,103
Equity	11,008	-577	11,585	11,944	-444	12,388
Other non-current liabilities	7,451	-	7,451	7,749	-	7,749
Provisions for pensions and other post-employment benefits	1,478	599	879	1,368	409	959
Deferred tax liabilities	1,218	-143	1,361	1,465	-133	1,598
Total non-current liabilities	10,147	456	9,691	10,582	276	10,306
Current liabilities	6,751	3	6,748	6,419	10	6,409
Total equity and liabilities	27,906	-118	28,024	28,945	-158	29,103

When the revised standard was implemented, Husqvarna Group reclassified the net defined pension liability to interest-bearing financial liability and include the liabilities in the calculation of net debt.

The impact on net debt is shown below:

SEKm	31 Dec 2012 (revised)	31 Dec 2012	1 Jan 2012 (revised)	1 Jan 2012
Provisions for pensions and other post-employment benefits	1,478	-	1,368	-
Interest-bearing liabilities (excl pensions)	8,366	8,366	8,261	8,261
Less: Liquid funds	-1,573	-1,573	-1,340	-1,340
Net debt	8,271	6,793	8,289	6,921

The table below shows the impact from the revised standard on the business areas income statement and balance sheet:

SEKm	2012 (revised)	Change in accounting policy	2012
Europe & Asia/Pacific			
Income statement			
Net sales	15,351	-	15,351
Operating income	1,760	51	1,709
Balance sheet			
Assets	15,584	-190	15,774
Liabilities	3,269	-821	4,090
Net assets	12,315	631	11,684
Americas			
Income statement			
Net sales	12,531	-	12,531
Operating income	-160	9	-169
Balance sheet			
Assets	6,386	-1	6,387
Liabilities	1,452	-55	1,507
Net assets	4,934	54	4,880

Key data and cash flow analysis

All key data affected by the revised IAS 19 has been restated. For information regarding key data before IAS 19 revised and the effect of the restatement see table below:

Key data	2012 (revised)	2012
Operating income, SEKm	1,675	1,615
Operating margin %	5.4	5.2
Working capital, SEKm	6,194	5,318
Return on capital employed, %	7.4	7.7
Return on equity, %	8.8	8.4
Earnings per share, kr	1.78	1.78
Capital turn-over rate, times	1.5	1.6
Net debt/equity ratio	0.75	0.59

In the Group's cash flow, both pension cost and paid pensions are included in the line "Change in other operating assets/liabilities". The change in result after financial items due to the revised IAS 19 can be found in the change in other operating assets/liabilities.

Note 26 Related party transactions

Sales to related parties are carried out on market-based terms.

See the Parent Company's directly owned subsidiaries in the Parent Company's note 15, Shares in subsidiaries.

Information about the Board of directors and Group management and compensation to those are reported in note 3, Employees and employee benefits.

No unusual transactions have occurred between Husqvarna Group and the Board of Directors or Group Management. The value of those business transactions are insignificant.

Parent Company

The operations of the Parent Company Husqvarna AB (Corporate Identity Number 556000-5331) include the production, development, marketing and sales of forest, park and garden products as well as machines and diamond tools for the construction and stone industries. The Parent Company also includes the functions of the Group's head office including Finance, Legal, Human Resources and Communication. Net sales for the Parent Company in 2013 amounted to SEK 10,442m (10,564), of which SEK 8,032m (8,172) related to sales to Group companies and SEK 2,410m (2,392) to external customers. Purchases from Group companies amounted to SEK 4,341m (4,660). Income after financial items in 2013 amounted

to SEK 1,112m (564). After appropriations of SEK -317m (299) and taxes of SEK 116m (45), net income for the year was SEK 911m (908). Investments in tangible and intangible fixed assets during the year were SEK 582m (1,518). Cash and cash equivalents amounted to SEK 89m (91).

Non-restricted equity in the Parent Company at year-end amounted to SEK 17,461m (17,384). Group contributions in 2013 amounted to SEK -377m (-317). For information on employees, salaries and remuneration, see note 4. For information on shareholdings and participations, see note 15.

Parent Company Income Statement

SEKm	Note	2013	2012
Net sales	3	10,442	10,564
Cost of goods sold		-8,530	-9,033
Gross income		1,912	1,531
Selling expenses		-1,208	-838
Administrative expenses		-608	-787
Other operating income	6	1	27
Other operating expenses	6	0	0
Operating income	4, 5, 7, 8	97	-67
Income from participation in Group companies	9	1,330	1,019
Financial income	10	72	84
Financial expenses	10	-387	-472
Income after financial items		1,112	564
Appropriations	11	-317	299
Income before taxes		795	863
Tax on profit for the year	12	116	45
Income for the period		911	908

Parent Company Comprehensive Income Statement

SEKm	2013	2012
Income for the period	911	908
Other comprehensive income		
<i>Items that may be reclassified to the income statement:</i>		
Cash flow hedges		
Losses arising during the period	-14	-27
Tax on losses arising during the period	3	7
Reclassification adjustments for gains/losses included in the income statement	42	-121
Tax on reclassification adjustments for gain/losses included in the income statement	-13	32
Other comprehensive income, net of tax	18	-109
Total comprehensive income for the period	929	799

Parent Company Balance Sheet

SEKm	Note	31 Dec 2013	31 Dec 2012
Assets			
Non-current assets			
Intangible assets	13	1,540	1,653
Property, plant and equipment	14	824	604
Shares in subsidiaries	15	28,330	28,299
Deferred tax assets	12	185	78
Other financial assets	16	73	49
Total non-current assets		30,952	30,683
Current assets			
Inventories	17	1,317	1,809
Trade receivables	18	336	280
Receivables from Group companies	18	3,717	4,634
Tax receivables		0	136
Derivatives	18	306	346
Other receivables	19	83	87
Prepaid expenses and accrued income	19	113	151
Cash and cash equivalents	18	89	91
Total current assets		5,961	7,534
Total assets		36,913	38,217
Pledged assets	20	61	49
Equity			
Restricted equity			
Share capital		1,153	1,153
Statutory reserves		18	18
Revaluation reserve		4	4
Non-restricted equity			
Fair value reserve		-41	-59
Share-premium reserve		2,605	2,605
Profit or loss brought forward		13,986	13,930
Income for the period		911	908
Total equity		18,636	18,559
Untaxed reserves	11	27	87
Provisions			
Provisions for pensions and other post employment benefits	21	20	40
Other provisions	22	109	156
Total provisions		129	196
Non-current liabilities			
Long-term borrowings	18	6,119	6,382
Liabilities to Group companies	18	8,575	7,352
Derivatives	18	13	-
Total non-current liabilities		14,707	13,734
Current liabilities			
Short term borrowings	18	509	1,149
Liabilities to Group companies	18	1,431	2,998
Trade payables	18	637	568
Tax liabilities		4	0
Other liabilities	23	484	451
Derivatives	18	349	475
Total current liabilities		3,414	5,641
Total equity and liabilities		36,913	38,217
Contingent liabilities	24	485	621

Parent Company Cash Flow Statement

SEKm	Note	2013	2012
Operations			
Income after financial items		1,112	564
Depreciation and amortization according to plan		473	431
Adjustment for non-cash items		22	-152
Capital gains		-1	-23
Taxes paid		136	-1
Cash flow from operations, excluding change in operating assets and liabilities		1,742	819
Change in operating assets and liabilities			
Change in inventories		492	-249
Change in trade receivables		-56	95
Change in inter-company receivables/liabilities		477	1,527
Change in other current assets		82	100
Change in current liabilities and provisions		-90	36
Cash flow from operating assets and liabilities		905	1,509
Cash flow from operations		2,647	2,328
Investments			
Capitalization of intangible assets	13	-230	-1,355
Capital expenditure in property, plant and equipment	14	-352	-163
Sale of fixed assets		4	4
Change in shares and participations		-31	778
Cash flow from investments		-609	-736
Total cash flow from operations and investments		2,038	1,592
Financing			
Change in short-term loans		-790	-219
New long-term loans		850	1,500
Amortization of long-term loans		-950	-1,000
Dividend paid to shareholders		-859	-859
Group contribution paid		-291	-951
Cash flow from financing		-2,040	-1,529
Total cash flow		-2	63
Cash and cash equivalents at beginning of year		91	28
Cash and cash equivalents at year-end		89	91

Parent Company Statement of Changes in Equity

SEKm	Share capital	Restricted reserves	Fair value reserve	Share-premium reserve	Profit or loss brought forward	Total
Opening balance, Jan 1, 2012	1,153	22	50	2,605	14,794	18,624
Total comprehensive income	-	-	-109	-	908	799
Share-based payments	-	-	-	-	-5	-5
Dividend SEK 1.50 per share	-	-	-	-	-859	-859
Closing balance, Dec 31, 2012	1,153	22	-59	2,605	14,838	18,559
Total comprehensive income	-	-	18	-	911	929
Share-based payments	-	-	-	-	7	7
Dividend SEK 1.50 per share	-	-	-	-	-859	-859
Closing balance, Dec 31, 2013	1,153	22	-41	2,605	14,897	18,636

Information regarding Parent Company's shares and share capital is available in the Group's note 19.

Parent Company Notes

Note 1 Parent Company's accounting and valuation principles

Husqvarna AB (publ) annual report has been prepared in accordance with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's standard RFR 2. The Parent Company follows the International Financial Reporting Standards (IFRS) adopted by EU, to the extent possible within the framework for the Swedish Annual Accounts Act and Tryggandelagen, and considering the relationship between accounting and taxation. The Parent Company are following the same principles as described in the Group note 1, with the below exceptions.

Segments

Information is reported in accordance with the Swedish Annual Accounts Act and contains disclosures of net sales divided by geography.

Tangible assets

The Parent Company accounts for tax depreciation in accordance with the Swedish tax law as appropriations in the Income statement. These depreciations are accounted for in addition to the depreciation described in the section "Tangible assets" in the Group's note 1 and are reported as untaxed reserves in the Balance sheet.

Shares in subsidiaries

Shares in subsidiaries are reported at cost deducted for write-downs. Expenses and potential additional purchase price, related to an acquisition are included in the acquisition value of the investment.

Investments are tested annually for impairment or if there is an indication of that the book value of the investment is higher than the recoverable amount. Dividends are reported as financial income if they refer to profits earned after the acquisition. Dividends exceeding profits earned after the acquisition are accounted for as reduction to the value of the investment.

Pensions

Husqvarna Group applies IAS 19 for pension assets and liabilities. The Parent Company applies FAR:s recommendation nr 4 "Accounting of pension liabilities and pension costs".

Group contributions

Husqvarna AB applies the alternative rule in RFR 2, and accounts for both Group contribution received and paid as appropriations.

Contingent liabilities

The Parent Company has signed guarantees in favor of subsidiaries which in accordance with IFRS are classified as a financial guarantee. However, the Parent Company applies RFR 2 and recognizes these guarantees as contingent liabilities.

Note 2 Financial risk management

Husqvarna Group applies common risk management for all units. Group Treasury is part of the Parent Company and the description of financial risk management available in the Group's note 20 is in all material aspects applicable also for the Parent Company.

Note 3 Net sales distribution

Net sales are distributed on the following geographic markets:

Net sales

SEKm	2013	2012
Europe	7,786	7,834
North America	1,104	1,049
Rest of the World	1,552	1,681
Total	10,442	10,564

Note 4 Employees and employee benefits

Average number of employees

	2013			2012		
	Number of men	Number of women	Total	Number of men	Number of women	Total
Board, President and Vice President	11	6	17	12	5	17
Sweden	1,328	391	1,719	1,569	467	2,036
Total Parent Company	1,339	397	1,736	1,581	472	2,053

Salary cost

SEKm	2013			2012		
	Salaries and remunerations	Social expenses	Pension expenses	Salaries and remunerations	Social expenses	Pension expenses
Board, President and Vice President	47	15	14	26	8	12
Other employees	791	241	48	810	243	70
Total Parent Company	838	256	62	836	251	82

For further information regarding remunerations to the Board of Directors, President and the Group Management, and the Group's long-term incentive program see the Group's note 3.

Note 5 Expenses by nature

SEKm	2013	2012
Costs for raw materials, components	6,218	6,825
Remuneration to employees	1,156	1,169
Amortization and depreciation	472	431
Cost for restructuring and staff reduction program	0	92
Other	2,500	2,141
Total	10,346	10,658

Note 6 Other operating income and operating expenses

SEKm	2013	2012
Other operating income		
Gain on sale of		
– Property, plant and equipment	1	0
– Operations and shares	0	27
Total	1	27
Other operating expenses		
Loss on sale of		
– Property, plant and equipment	0	0
Total	0	0

Note 7 Fees to auditors

SEKm	2013	2012
PwC		
Audit fees for the annual audit engagement	5	4
Audit fees not included in the annual audit engagement	0	0
Tax advices	1	1
Other services	0	0
Total fees to PwC	6	5
Audit fees to other auditors	0	0
Total fees to auditors	6	5

PwC has been appointed auditor for the period until the 2014 Annual General Meeting.

Note 8 Exchange rate gains and losses in operating income

SEKm	2013	2012
Exchange rate gains and losses in operating income	11	94
Total	11	94

Operating income includes SEK –6m (143) of foreign exchange hedging result previously reported in other comprehensive income. Information related to the accounting of fair value in financial instruments is presented in the Group's note 1.

Note 9 Income from participation in Group companies

SEKm	2013	2012
Dividends	1,330	1,020
Impairments	–	–1
Total	1,330	1,019

Note 10 Financial income and expense

SEKm	2013	2012
Financial income		
Interest income		
– from subsidiaries	46	77
– from others	6	4
<i>whereof</i>		
– on deposits	38	51
– on derivatives held for trading	14	30
Exchange rate differences	20	3
– on loans	–33	144
– on derivatives held for trading	53	–141
Total financial income	72	84
Financial expenses		
Interest expense		
– to subsidiaries	–43	–86
– to others	–305	–344
<i>whereof</i>		
– on loans	–254	–344
– on cashflow hedges, interest derivatives	–35	–22
– on derivatives held for trading	–59	–64
Other financial expenses	–39	–42
Total financial expenses	–387	–472
Financial income and expenses, net	–315	–388

Note 11 Appropriations and untaxed reserves

SEKm	Appropriations		Untaxed Reserves	
	2013	2012	2013	2012
Group contribution, received	10	64	–	–
Group contribution, paid	–387	–381	–	–
Accumulated depreciation in excess of plan on				
Brands etc	–	75	–	–
Machinery and equipment	58	118	–	58
Buildings	2	1	27	29
Tax allocation reserve	–	375	–	–
Other	–	47	–	–
Total	–317	299	27	87

Note 12 Taxes

SEKm	2013	2012
Current tax on income for the period	-1	9
Deferred tax income	117	36
Total	116	45

Theoretical and actual tax rate

	2013	2012
	Tax, %	Tax, %
Theoretical tax rate	22.0	26.3
Non-taxable/non-deductible income statement items, net	-36.7	-29.0
Change in valuation of deferred tax	0.1	-0.9
Effect of tax rate change	-	-0.2
Other	-	-1.3
Actual tax rate¹	-14.6	-5.1

¹ Actual tax rate in the Parent Company is explained by a non-taxable dividend from subsidiaries of SEK 1,330m (1,020).

Deferred tax assets and liabilities

SEKm	Assets		Liabilities		Net	
	2013	2012	2013	2012	2013	2012
Non-current assets	-	1	2	1	-2	0
Provisions for pensions and similar commitments	18	17	-	-	18	17
Other provisions	14	21	-	-	14	21
Financial and operating liabilities	12	21	-	-	11	21
Tax losses carried forward	143	19	-	-	144	19
Deferred tax assets and liabilities, net	187	79	2	1	185	78

Deferred tax assets amounted to SEK 187m, whereof SEK 39m will be utilized within 12 months.

Changes in deferred taxes

SEKm	Balance, 1 Jan 2013	Recognized in income statement	Recognized in comprehen- sive Income statement		Balance, 1 Jan 2012	Recognized in income statement	Recognized in comprehen- sive Income statement		Balance, 31 Dec 2012
				Balance, 31 Dec 2013					
Non-current assets	0	-2	-	-2	-1	1	-	-	0
Provision for pensions and similar commitments	17	1	-	18	17	-	-	-	17
Other provisions	21	-7	-	14	5	16	-	-	21
Financial and operating liabilities	21	-	-10	11	-18	-	39	-	21
Tax losses carried forward	19	125	-	144	-	19	-	-	19
Deferred tax assets and liabilities, net	78	117	-10	185	3	36	39	-	78

Note 13 Intangible assets

SEKm	Product development	Other	Total	SEKm	Product development	Other	Total
2013				2012			
Opening accumulated acquisition value	938	2,022	2,960	Opening accumulated acquisition value	815	791	1,606
Acquired during the year	146	84	230	Acquired during the year	123	1,232	1,355
Reclassification	0	1	1	Reclassification	0	-1	-1
Closing accumulated acquisition value	1,084	2,107	3,191	Closing accumulated acquisition value	938	2,022	2,960
Opening accumulated amortization	-607	-700	-1,307	Opening accumulated amortization	-521	-478	-999
Amortization for the year ¹	-108	-236	-344	Amortization for the year ¹	-86	-222	-308
Closing accumulated amortizations	-715	-936	-1,651	Closing accumulated amortizations	-607	-700	-1,307
Closing balance, 2013-12-31	369	1,171	1,540	Closing balance, 2012-12-31	331	1,322	1,653

¹ In the income statement amortization is primarily accounted for within cost of goods sold.

Note 14 Property, plant and equipment

SEKm	Land and land improvements	Buildings	Machinery and technical installations	Other equipment	Construction in progress and advances	Total
2013						
Opening accumulated acquisition value	21	282	1,038	52	94	1,487
Acquired during the year	-	5	62	3	282	352
Sales, scrap	-	-8	-116	-5	0	-129
Reclassification	-	3	41	2	-47	-1
Closing accumulated acquisition value	21	282	1,025	52	329	1,709
Opening accumulated depreciation	-8	-163	-678	-34	-	-883
Depreciation for the year ¹	-1	-8	-114	-5	-	-128
Sales, scrap	-	4	117	5	-	126
Closing accumulated depreciations	-9	-167	-675	-34	-	-885
Closing balance, 2013-12-31	12	115	350	18	329	824
2012						
Opening accumulated acquisition value	20	275	986	50	87	1,418
Acquired during the year	1	6	96	5	55	163
Transfer of work in progress and advances	-	1	47	-	-48	0
Sales, scrap etc	-	-	-91	-3	-	-94
Closing accumulated acquisition value	21	282	1,038	52	94	1,487
Opening accumulated depreciation	-8	-157	-651	-34	-	-850
Depreciation for the year ¹	-	-6	-112	-5	-	-123
Sales, scrap	-	-	85	5	-	90
Closing accumulated depreciations	-8	-163	-678	-34	-	-883
Closing balance, 2012-12-31	13	119	360	18	94	604

¹ In the income statement depreciation is accounted for within cost of goods sold by SEK 121m (120), within selling expenses by SEK 1m (2) and within administrative expenses by SEK 6m (1).

The net book value for land is SEK 7m (7).

Note 15 Shares in subsidiaries

Country	Subsidiaries	Registration number	Holding, %	Net book value, SEKm
Australia	Husqvarna Australia Pty. Limited	115475619	100	215
Belgium	Husqvarna Finance Belgium SA	0899.846.135	100	9,322
Belgium	Husqvarna Belgium SA	0400.604.654	100	1,172
Belgium	Husqvarna Finance North America SA	0807.963.478	100	5,609
Canada	Husqvarna Canada Corp.	82354277RT0001	100	337
Colombia	Husqvarna Colombia S.A.	900.047.189-0	100	1
Denmark	Husqvarna Danmark A/S	26205328	100	16
Estonia	Husqvarna Eesti Osühing	11159436	100	0
Latvia	SIA Husqvarna Latvija	40003760065	100	3
Slovakia	Husqvarna Slovensko s.r.o.	36437115	100	5
South Africa	Husqvarna South Africa (Proprietary) Limited	2005.025971.07	100	19
Sweden	Husqvarna Försäkrings AB	516406-0393	100	273
Sweden	Husqvarna Intellectual Property Holding AB	556745-5893	100	0
Sweden	Husqvarna Holding Aktiebolag	556037-1964	100	4,907
U.S.	Millhouse Insurance Company	20-4233540	100	79
U.S.	Husqvarna U.S. Holding, Inc.	34-1946153	100	6,372
Venezuela	Husqvarna Venezuela, C.A. J	J-31418196-3	100	0
Total				28,330

A detailed specification of Group companies is available on request from Husqvarna AB, Investor Relations.

Note 16 Other financial assets

SEKm	2013	2012
Pension assets	61	49
Receivables Group	12	0
Other long-term receivables	0	0
Total	73	49

Note 17 Inventories

SEKm	2013	2012
Raw materials	292	370
Products in progress	3	6
Finished products	1,022	1,432
Advances to suppliers	0	1
Total	1,317	1,809

Provisions for obsolescence are included in the value of the inventory. Write-downs totaled SEK 60m (68) and previous write-downs have been reversed by a total of SEK 28m (32).

Note 18 Financial assets and liabilities

Financial assets and liabilities per category

SEKm	Financial assets valued at fair value	Financial assets for which hedge ac- counting is applied	Other financial receivables	Total
2013				
Assets				
Derivatives	222	84	–	306
Receivables Group companies ¹	–	–	3,729	3,729
Trade receivables	–	–	336	336
Other receivables	–	–	83	83
Cash and cash equivalents	–	–	89	89
Total	222	84	4,237	4,543
2012				
Assets				
Derivatives	252	94	–	346
Receivables Group companies	–	–	4,634	4,634
Trade receivables	–	–	280	280
Other receivables	–	–	87	87
Cash and cash equivalents	–	–	91	91
Total	252	94	5,092	5,438

¹ For long-term receivables to Group companies, see note 16.

SEKm	Financial liabilities valued at fair value	Financial liabilities for which hedge ac- counting is applied	Other financial liabilities	Total
2013				
Liabilities				
Borrowings	–	–	6,628	6,628
Liabilities to Group companies	–	–	10,006	10,006
Trade payables	–	–	637	637
Derivatives	226	136	–	362
Total	226	136	17,271	17,633
2012				
Liabilities				
Borrowings	–	–	7,531	7,531
Liabilities to Group companies	–	–	10,350	10,350
Trade payables	–	–	568	568
Derivatives	301	174	–	475
Total	301	174	18,449	18,924

The main part of the Group's derivatives are held by the Parent Company. Disclosures regarding the derivatives are available in the Group's note 20.

Trade receivables

Husqvarna AB's trade receivables amounts to SEK 336m (280) as per Dec 31, 2013.

Ageing analysis for trade receivables

SEKm	2013	2012
Not due	320	279
Due but not impaired	25	11
<3 month	13	–1
>3 month	12	12
Total	345	290
Provision for bad debt	–9	–10
Total	336	280

Provision for overdue accounts receivables

SEKm	2013	2012
Opening balance	10	10
New provisions	2	5
Reversed unused provisions	-2	-4
Write off accounts receivables	-1	-1
Closing balance	9	10

The credit risk in financial assets is described in the Group's note 20.

Borrowings

The main part of the borrowings in Husqvarna Group is reported within the Parent Company. For disclosures regarding fair value, maturity profile and interest exposure, see the Group's note 20.

Note 19 Other current assets

SEKm	2013	2012
Value added tax	75	71
Miscellaneous short-term receivables	7	16
Prepaid rents and leases	4	4
Prepaid insurance premiums	3	2
Other prepaid expenses	107	145
Total	196	238

Note 20 Assets pledged

SEKm	2013	2012
Pension assets	61	49
Total	61	49

Note 21 Provisions for pensions**Specification of the net provision for pensions recognized in the balance sheet**

SEKm	2013	2012
Present value of the funded pension obligations	451	427
Fair value of plan assets	-459	-410
Surplus/deficit of the pension fund	-8	17
Present value of unfunded pension obligations	20	23
Surplus of the pension fund, not recognized	8	-
Net provision recognized in the balance sheet	20	40

Specification of the change in the net provision for pensions recognized in the balance sheet

SEKm	2013	2012
Opening balance, 1 Jan	40	43
Costs for pensions recognized in the income statement	4	14
Benefits paid	-24	-17
Closing balance, 31 Dec	20	40

Of total net provisions, SEK 20m (40) is within the scope of the Swedish Safe-guarding of Pension Commitments Act.

Pension costs recognized in the Income statement

SEKm	2013	2012
Own pensions		
Current service costs	-10	12
Benefits paid	24	17
Pension costs	14	29
Insured pensions		
Insurance premiums	48	53
Total net expenses for pensions	62	82

Of total net expenses of SEK 62m (82), SEK 0m (0) is recognized in the financial net, SEK 30m in cost of goods sold, SEK 13m in selling expenses and SEK 19m in administration expenses. The expected payments 2014 for own pensions amounts to total SEK 19m.

Principal actuarial assumptions at balance sheet date

%	2013	2012
Discount rate	2.0	3.0

The major categories of plan assets as a percentage of total plan assets and the return on these categories

%	2013	Return	2012	Return
Equity instruments	42	33	39	13
Debt instruments	58	0	61	6
Total	100	13	100	8

Note 22 Other provisions

SEKm	Provisions for restructuring	Warranty commitments	Other	Total
Opening balance, 1 Jan 2013	102	20	34	156
Provisions made	6	37	5	48
Provisions used	-31	-15	-22	-68
Unused amounts reversed	-18	0	-9	-27
Closing balance, 31 Dec 2013	59	42	8	109
Current provisions	33	30	3	66
Non-current provisions	26	12	5	43

Provisions for restructuring

See the Group's note 22 for further information regarding Husqvarnas restructuring programmes.

Warranty commitments

Provisions for warranty comprises all potential expenses for repairing or replacing products sold and are normally limited to 24 months.

Note 23 Other liabilities

SEKm	2013	2012
Accrued holiday pay	102	101
Other accrued payroll expenses	137	99
Other accrued expenses	223	231
Personnel taxes and other taxes	21	20
Other operating liabilities	1	–
Total	484	451

Note 24 Contingent liabilities**Guarantees and other commitments**

SEKm	2013	2012
On behalf of internal counterparties	405	543
On behalf of external counterparties	80	78
Total	485	621

Proposed Distribution of Earnings

SEKt	
Retained earnings	16,550,183
Income for the period	911,071
Total	17,461,254

The Board of Directors has proposed that the Annual General Meeting 2014 resolves that the above sum be disposed of as follows:

SEKt	
A dividend to the shareholders of SEK 1.50 per share ¹	859,029
To be carried forward	16,602,225
Total	17,461,254

¹ Calculated on the number of outstanding shares as per March 4, 2014.

The Board is of the opinion that the dividend proposed above is justifiable on both the Company and the Group level with regard to the demands on the Company and Group equity imposed by the type, scope and risks of the business and with regard to the Company's and the Group's financial strength, liquidity and overall position. The Company's equity would have been SEK 8,661 thousand higher if the assets and liabilities had not been valued at fair value in accordance with the Swedish Annual Accounts Act (SFS 1995:1554), 4:14a.

The Board of Directors and the President and CEO declare that the consolidated financial statements have been prepared in accordance with IFRS as adopted by the EU, and give a true and fair view of the Group's financial position and results of operations. The financial statements of the Parent Company have been prepared in accordance with generally accepted accounting principles in Sweden and give a true and fair view of the Parent Company's financial position and results of operations.

The statutory Administration Report of the Group and the Parent Company provides a fair review of the development of the Group's and the Parent Company's operations, financial position and results of operations and describes material risks and uncertainties facing the Parent Company and the companies included in the Group.

Stockholm, March 6, 2014

Lars Westerberg
Chairman of the Board

Magdalena Gerger
Board member

Tom Johnstone
Board member

Ulla Litzén
Board member

Ulf Lundahl
Board member

Katarina Martinson
Board member

Anders Moberg
Board member

Daniel Nodhäll
Board member

Kai Wärm
President and CEO

Soili Johansson
Employee representative
Board member

Annika Ögren
Employee representative
Board member

Our audit report was issued on March 6, 2014
PricewaterhouseCoopers AB

Johan Engstam
Authorized Public Accountant
Auditor in charge

Auditor's Report

To the Annual General Meeting of the shareholders of Husqvarna AB (publ),
corporate identity number 556000-5331.

Report on the annual accounts and consolidated accounts

We have audited the annual accounts and consolidated accounts of Husqvarna AB (publ) for the year 2013. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 36-102.

Responsibilities of the Board of Directors and the Managing Director for the annual accounts and consolidated accounts

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these annual accounts in accordance with the Annual Accounts Act and of the consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Managing Director, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2013 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2013 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. A corporate governance statement has been prepared. The statutory administration report and the corporate governance statement are consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the parent company and the group.

Report on other legal and regulatory requirements

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the Managing Director of Husqvarna AB (publ) for the year 2013.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the Managing Director are responsible for administration under the Companies Act.

Auditor's responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the Managing Director is liable to the company. We also examined whether any member of the Board of Directors or the Managing Director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Opinions

We recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Stockholm, March 6, 2014

PricewaterhouseCoopers AB

Johan Engstam

Authorized Public Accountant
Auditor in Charge

Five-Year Review

Income, SEKm	2013	2012 ¹	2011	2010	2009
Net sales	30,307	30,834	30,357	32,240	34,074
Europe & Asia/Pacific	14,952	15,351	16,365	16,621	16,594
Americas	12,355	12,531	11,193	12,944	14,845
Construction	3,000	2,952	2,799	2,675	2,635
Cost of goods sold	-22,288	-22,543	-21,948	-23,037	-25,423
Gross income	8,019	8,291	8,409	9,203	8,651
Selling and administrative costs	-6,411	-6,616	-6,858	-6,758	-7,091
Operating income	1,608	1,675	1,551	2,445	1,560
Operating income excl. items affecting comparability	1,608	1,931	1,615	2,652	2,012
Europe & Asia/Pacific	1,514	1,760	2,277	2,383	1,410
Europe & Asia/Pacific excl. items affecting comparability	1,514	1,947	2,277	2,383	1,710
Americas	4	-160	-654	152	437
Americas excl. items affecting comparability	4	-124	-654	312	535
Construction	277	233	130	82	-123
Construction excl. items affecting comparability	277	258	194	129	-69
Financial items, net	-428	-500	-404	-394	-466
Income after financial items	1,180	1,175	1,147	2,051	1,094
Income tax	-264	-148	-150	-302	-191
Income for the period	916	1,027	997	1,749	903
Of which depreciation, amortization and impairment	-978	-1,062	-1,120	-1,221	-1,500
Financial position, SEKm	2013	2012¹	2011	2010	2009
Total assets	26,762	27,906	29,103	28,402	30,229
Net assets	18,049	19,279	19,309	17,803	18,475
Europe & Asia/Pacific	11,706	12,315	12,382	11,550	12,201
Americas	4,232	4,934	5,675	5,217	4,848
Construction	2,429	2,440	2,576	2,596	2,645
Inventories	7,087	8,058	8,078	7,000	6,706
Trade receivables	2,816	3,032	3,660	3,575	3,385
Trade payables	2,838	2,716	2,797	2,810	2,854
Working capital	4,885	6,194	5,699	4,478	4,163
Total equity	11,390	11,008	12,388	12,203	12,126
Interest-bearing liabilities	8,543	9,844	8,261	7,667	9,094
Long-term borrowings	6,408	6,611	6,941	6,985	7,934
Short-term borrowings	643	1,470	968	309	661
Net debt	6,659	8,271	6,921	5,600	6,349
Cash flow, SEKm	2013	2012¹	2011	2010	2009
Cash flow from operations, excluding change in operating assets and liabilities	1,640	1,957	1,792	2,888	2,749
Cash flow from operating assets and liabilities	1,252	-66	-1,295	-613	1,897
Cash flow from operations	2,892	1,891	497	2,275	4,646
Cash flow from investments	-1,079	-747	-969	-1,313	-909
Operating cash flow	1,813	1,144	-472	962	3,737
Acquisitions/divestments of operations	8	-	-	-	-43
Total cash flow from operations and investments	1,821	1,144	-472	962	3,694

¹ 2012 has been restated due to the amended IAS 19. 2009–2011 are not affected by the amendment.

Key ratios, SEKm	2013	2012 ¹	2011	2010	2009
Net sales	30,307	30,834	30,357	32,240	34,074
Net sales growth, %	-2	2	-6	-5	5
Gross margin, %	26.5	26.9	27.7	28.5	25.4
EBITDA	2,586	2,737	2,671	3,666	3,060
EBITDA margin, %	8.5	8.9	8.8	11.4	9.0
Operating income	1,608	1,675	1,551	2,445	1,560
Operating income excl. items affecting comparability	1,608	1,931	1,615	2,652	2,012
Operating margin, %	5.3	5.4	5.1	7.6	4.6
Operating margin excl. items affecting comparability, %	5.3	6.3	5.3	8.2	5.9
Europe & Asia/Pacific	10.1	11.5	13.9	14.3	8.5
Europe & Asia/Pacific excl. items affecting comparability	10.1	12.7	13.9	14.3	10.3
Americas	0.0	-1.3	-5.8	1.2	2.9
Americas excl. items affecting comparability	0.0	-1.0	-5.8	2.4	3.6
Construction	9.2	7.9	4.7	3.1	-4.7
Construction excl. items affecting comparability	9.2	8.7	6.9	4.8	-2.6
Income after financial items	1,180	1,175	1,147	2,051	1,094
Income for the period	916	1,027	997	1,749	903
Capital expenditure	1,078	776	994	1,302	914
Europe & Asia/Pacific	696	441	600	788	557
Americas	265	221	287	411	251
Construction	116	113	107	103	60
Operating cash flow	1,813	1,144	-472	962	3,737
Cash flow per share, SEK	3.17	2.00	-0.82	1.68	6.81
Earnings per share, diluted, SEK	1.60	1.78	1.73	3.03	1.64
Equity per share, SEK	19.9	19.2	21.5	21.2	21.1
Average number of shares, millions	572.8	572.6	572.6	573.4	548.8
Dividend per share, SEK	1.50 ²	1.50	1.50	1.50	1.00
Dividend pay-out ratio, % ³	94	84	87	49	64
Capital employed	19,933	20,852	20,648	19,870	21,220
Return on capital employed, %	7.7	7.4	7.4	11.0	6.6
Return on equity, %	8.1	8.8	8.0	13.9	7.5
Capital turn-over rate, times	1.6	1.5	1.6	1.7	1.6
Net debt/equity ratio	0.58	0.75	0.56	0.46	0.52
Interest coverage ratio, times	3.6	3.5	3.7	6.7	3.2
Equity/assets ratio, %	42.6	39.4	42.6	42.8	40.1
Salaries and remunerations	3,758	4,016	3,904	4,080	3,998
Average number of employees	14,156	15,429	15,698	14,954	15,030
Europe & Asia/Pacific	6,219	7,148	7,037	7,278	-
Americas	5,907	6,307	6,664	5,582	-
Construction	1,962	1,973	1,997	2,094	-

¹ 2012 has been restated due to the amended IAS 19. 2009–2011 are not affected by the amendment.

² As proposed by the Board.

³ Dividend pay-out ratio is defined as total dividend in relation to the income for the period excluding non-controlling interest.

Quarterly Data

Income, SEKm	Year ¹	Q1	Q2	Q3	Q4	Full year
Net sales	2013	9,024	10,227	6,349	4,707	30,307
	2012	9,811	10,706	5,841	4,476	30,834
	2011	8,774	10,179	6,410	4,994	30,357
EBITDA	2013	935	1,265	454	-68	2,586
	2012	1,203	1,426	453	-345	2,737
	2011	946	1,281	389	55	2,671
EBITDA margin, %	2013	10.4	12.4	7.2	-1.4	8.5
	2012	12.3	13.3	7.8	-7.7	8.9
	2011	10.8	12.6	6.1	1.1	8.8
Operating income	2013	688	1,022	206	-308	1,608
	2012	930	1,152	197	-604	1,675
	2011	662	1,012	113	-236	1,551
Operating income excl. items affecting comparability	2013	688	1,022	206	-308	1,608
	2012	930	1,152	197	-348	1,931
	2011	702	1,012	137	-236	1,615
Operating margin, %	2013	7.6	10.0	3.2	-6.5	5.3
	2012	9.5	10.8	3.4	-13.5	5.4
	2011	7.5	9.9	1.8	-4.7	5.1
Operating margin excl. items affecting comparability, %	2013	7.6	10.0	3.2	-6.5	5.3
	2012	9.5	10.8	3.4	-7.8	6.3
	2011	8.0	9.9	2.1	-4.7	5.3
Income after financial items	2013	602	916	95	-433	1,180
	2012	796	1,031	104	-756	1,175
	2011	589	897	24	-363	1,147
Margin, %	2013	6.7	9.0	1.5	-9.2	3.9
	2012	8.1	9.6	1.8	-16.9	3.8
	2011	6.7	8.8	0.4	-7.3	3.8
Income for the period	2013	467	661	92	-304	916
	2012	633	786	106	-498	1,027
	2011	484	681	55	-223	997
Earnings per share, SEK	2013	0.81	1.15	0.16	-0.53	1.60
	2012	1.10	1.36	0.19	-0.87	1.78
	2011	0.84	1.18	0.10	-0.39	1.73
Financial position, SEKm	Year ¹	Q1	Q2	Q3	Q4	Full year
Inventories	2013	8,306	6,678	5,863	7,087	7,087
	2012	8,526	7,469	6,789	8,058	8,058
	2011	7,442	7,157	7,080	8,078	8,078
Equity	2013	11,116	11,614	11,382	11,390	11,390
	2012	11,309	12,195	11,448	11,008	11,008
	2011	12,073	12,228	12,870	12,388	12,388
Interest-bearing liabilities	2013	11,465	10,673	8,099	8,543	8,543
	2012	12,167	10,977	9,096	9,844	9,844
	2011	10,289	9,247	8,260	8,261	8,261
Net debt	2013	10,053	8,733	6,511	6,659	6,659
	2012	10,733	9,319	7,811	8,271	8,271
	2011	8,305	7,632	6,628	6,921	6,921
Working capital	2013	8,349	7,179	5,108	4,885	4,885
	2012	8,824	8,120	6,530	6,194	6,194
	2011	7,677	7,060	6,310	5,699	5,699

¹ 2012 has been restated due to the amended IAS 19. 2011 is not affected by the amendment.

Net sales by business area, SEKm	Year ¹	Q1	Q2	Q3	Q4	Full year
Europe & Asia/Pacific	2013	4,126	5,200	3,258	2,368	14,952
	2012	4,653	5,345	3,096	2,257	15,351
	2011	4,541	5,752	3,430	2,642	16,365
Americas	2013	4,192	4,212	2,308	1,643	12,355
	2012	4,420	4,553	1,986	1,572	12,531
	2011	3,588	3,692	2,241	1,672	11,193
Construction	2013	706	815	783	696	3,000
	2012	738	808	759	647	2,952
	2011	645	735	739	680	2,799
Operating income by business area, SEKm	Year ¹	Q1	Q2	Q3	Q4	Full year
Europe & Asia/Pacific	2013	555	806	289	-136	1,514
	2012	846	1,018	238	-342	1,760
	2011	815	1,079	291	92	2,277
Europe & Asia/Pacific excl. items affecting comparability	2013	555	806	289	-136	1,514
	2012	846	1,018	238	-155	1,947
	2011	815	1,079	291	92	2,277
Americas	2013	137	150	-126	-157	4
	2012	83	87	-97	-233	-160
	2011	-94	-98	-172	-290	-654
Americas excl. items affecting comparability	2013	137	150	-126	-157	4
	2012	83	87	-97	-197	-124
	2011	-94	-98	-172	-290	-654
Construction	2013	46	100	86	45	277
	2012	39	85	89	20	233
	2011	-17	75	50	22	130
Construction excl. items affecting comparability	2013	46	100	86	45	277
	2012	39	85	89	45	258
	2011	23	75	74	22	194
Group common costs etc.	2013	-50	-34	-43	-60	-187
	2012	-38	-38	-33	-49	-158
	2011	-42	-44	-56	-60	-202
Group common costs excl. items affecting comparability	2013	-50	-34	-43	-60	-187
	2012	-38	-38	-33	-41	-150
	2011	-42	-44	-56	-60	-202
Operating margin by business area, %	Year ¹	Q1	Q2	Q3	Q4	Full year
Europe & Asia/Pacific	2013	13.4	15.5	8.9	-5.8	10.1
	2012	18.2	19.0	7.7	-15.1	11.5
	2011	17.9	18.8	8.5	3.5	13.9
Europe & Asia/Pacific excl. items affecting comparability	2013	13.4	15.5	8.9	-5.8	10.1
	2012	18.2	19.0	7.7	-6.8	12.7
	2011	17.9	18.8	8.5	3.5	13.9
Americas	2013	3.3	3.6	-5.4	-9.5	0.0
	2012	1.9	1.9	-4.9	-14.8	-1.3
	2011	-2.6	-2.7	-7.7	-17.3	-5.8
Americas excl. items affecting comparability	2013	3.3	3.6	-5.4	-9.5	0.0
	2012	1.9	1.9	-4.9	-12.5	-1.0
	2011	-2.6	-2.7	-7.7	-17.3	-5.8
Construction	2013	6.5	12.3	10.9	6.5	9.2
	2012	5.3	10.5	11.7	3.1	7.9
	2011	-2.6	10.3	6.7	3.3	4.7
Construction excl. items affecting comparability	2013	6.5	12.3	10.9	6.5	9.2
	2012	5.3	10.5	11.7	6.9	8.7
	2011	3.6	10.3	9.9	3.3	6.9

¹ 2012 has been restated due to the amended IAS 19. 2011 is not affected by the amendment.

The Share

Listing and trading volume

The Husqvarna shares have been listed on NASDAQ OMX Stockholm since June 2006.

A total of 402 million shares (540) were traded in 2013, with a total value of SEK 15.7 billion (19.6), corresponding to an average daily trading volume of 1.6 million shares (2.1) or SEK 63m (78).

The turnover velocity for the Husqvarna B-share was 88 percent in 2013.

According to the EU Markets in Financial Instruments Directive (MiFID), a share can also be traded on a "Multilateral Trading Facility" (MTF), i.e. on markets other than the stock exchange where it is listed. The Husqvarna share is traded on several MTFs including BATS Chi-X and Turquoise. However, the NASDAQ OMX Stockholm exchange accounts for the majority of trading.

Dividend and dividend policy

The Board of Directors has proposed a dividend of SEK 1.50 per share (1.50) for 2013, representing 94 percent (84) of income for the year. The policy is that the dividend shall normally exceed 40 percent of income for the year.

Repurchase of shares

The AGM 2013 authorized the Board of Directors to repurchase a maximum of three percent of the total number of outstanding B-shares to ensure the Group's

commitments in terms of existing long-term incentive programs. No B-shares were repurchased during the year. At year-end, the total number of repurchased shares amounted to 3,657,503 B-shares (3,764,029) corresponding to 0.63 percent (0.65) of the total number of outstanding shares.

Conversion of shares

At Husqvarna AB's AGM in 2010, it was resolved to amend the articles of association, whereby shareholders who hold A-shares shall be entitled to request conversion of their A-shares into B-shares. In 2013, 1,105,190 A-shares were converted to B-shares.

Analyst coverage

There are currently approximately 15 analysts who analyze and follow Husqvarna Group and give recommendations on the share.

ADR

Husqvarna Group sponsors a Level 1 American Depositary Receipt (ADR) program in the U.S. The ADRs, which each represent two ordinary B-shares, are publicly traded in the U.S. on the OTC Market, under symbol HSQVY. The ADR is a USD denominated security, and the associated dividends are paid to investors in USD. Citibank is ADR depository bank. More information on www.citi.com/dr

Key facts

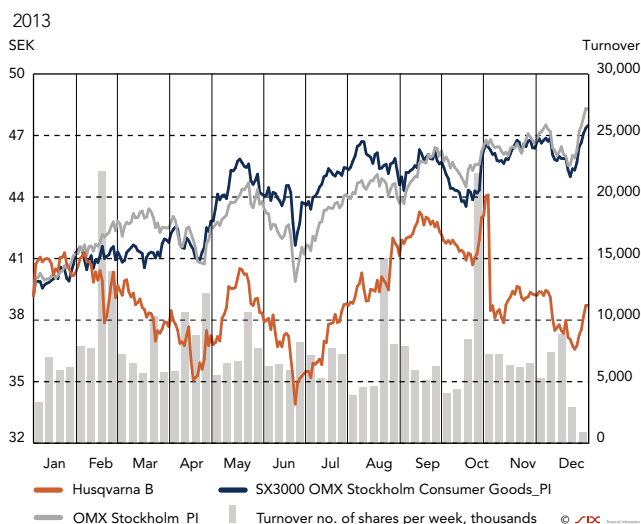
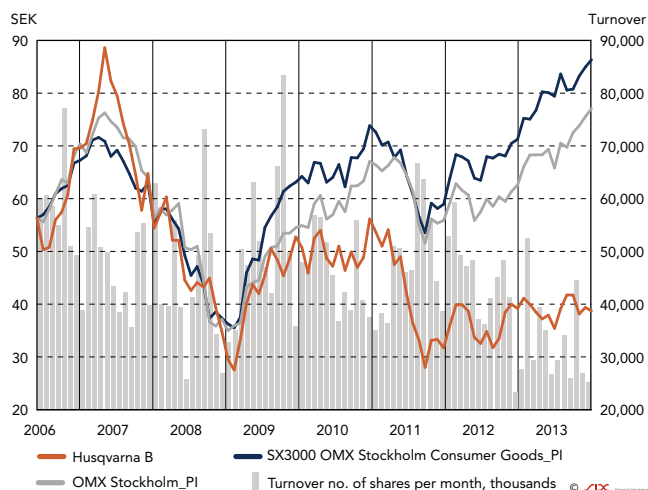
Husqvarna shares

Listing:	NASDAQ OMX Stockholm
Number of shares:	576,343,778
Market capitalization at year-end 2013:	SEK 22 bn
Ticker codes:	Bloomberg HUSQA SS, HUSQB SS Thomson Reuters HUSQa.ST, HUSQb.ST NASDAQ OMX Stockholm HUSQ.A, HUSQ.B
ISIN codes:	A-share SE0001662222 B-share SE0001662230

Husqvarna ADR

Ticker code:	HSQVY
ISIN code:	US4481031015
Ratio:	Two ordinary B-shares equals one ADR

Husqvarna B, price development



Share capital and number of shares

	Share capital, SEK	Quotient value, SEK	Number of A-shares	Number of B-shares	Total number of shares
Husqvarna before listing 2006	495,000,000	100			4,950,000
2006: stock-split and bonus issue	592,518,306	2	9,502,275	286,756,878	296,259,153
2007: bonus issue	770,273,790	2	98,380,020	286,756,875	385,136,895
2008: no transactions	770,273,790	2	98,380,020	286,756,875	385,136,895
2009: rights issue	1,152,687,556	2	147,570,030	428,773,748	576,343,778
2010: conversion from A-shares to B-shares	1,152,687,556	2	134,755,087	441,588,691	576,343,778
2011: conversion from A-shares to B-shares	1,152,687,556	2	129,460,339	446,883,439	576,343,778
2012: conversion from A-shares to B-shares	1,152,687,556	2	127,699,058	448,644,720	576,343,778
2013: conversion from A-shares to B-shares	1,152,687,556	2	126,593,868	449,749,910	576,343,778

Largest shareholders in Husqvarna AB

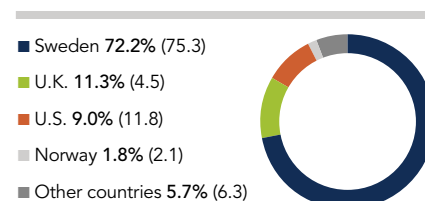
	Capital, %	Votes, %	Change during the year	
			Capital, %	Votes, %
Investor AB	16.8	30.6	0.0	0.2
Lundbergs AB	6.8	22.4	0.0	0.2
Silchester International Investors	5.0	1.7	5.0	1.7
Nordea Funds	5.0	2.4	-2.0	-0.6
Alecta	4.3	4.4	-2.4	-1.9
Didner & Gerge Funds	3.9	2.3	1.8	0.6
Swedbank Robur Funds	3.7	1.2	1.7	0.1
SHB Funds	1.7	0.6	0.0	0.0
Fourth Swedish National Pension Fund	1.7	0.9	1.0	0.3
Danske Invest Funds (Sweden)	1.6	0.5	0.4	0.1
Total for the 10 largest shareholders	50.5	67.0	1.1	-4.4

Source: SIS Ägarservice as of December 31, 2013.

Shareholding, by size in Husqvarna AB

Size of holding	Votes, %	No. of shareholders	% of shareholders
1-1,000	2.2	44,244	76.4
1,001-10,000	5.1	12,134	20.9
10,001-100,000	3.6	1,245	2.2
100,001-1,000,000	6.5	220	0.4
1,000,001-	82.6	69	0.1
Totalt	100.0	57,912	100.0

Distribution of shareholders by country



Share data

	2013	2012 ¹	2011
Earnings per share, SEK	1.60	1.78	1.73
Earnings per share after dilution, SEK	1.60	1.78	1.73
Cash flow per share, operating, SEK	3.17	2.00	-0.82
Cash flow per share, operating, after dilution, SEK	3.17	2.00	-0.82
Equity per share, SEK	19.9	19.2	21.5
Dividend per share, SEK ²	1.50	1.50	1.50
Yield, % ³	3.9	3.8	4.7
Dividend payout ratio, %	94	84	87
Year-end price, A-share, SEK	39	39	32
Highest price, A-share, SEK	45	42	59
Lowest price, A-share, SEK	34	29	26
Year-end price, B-share, SEK	39	39	32
Highest price, B-share, SEK	44	42	59
Lowest price, B-share, SEK	34	29	26
Number of shareholders	57,912	62,061	65,291
Market capitalization, SEKm	22,300	22,593	18,269

¹ 2012 has been restated due to the amended IAS 19.² Dividend 2013 as proposed by the Board.³ Dividend/year-end share price.

Further information concerning the share

The following information, and more, is available on www.husqvarnagroup.com/en/ir.

- Share price development
- Shareholder ownership structure
- Conversion of A-shares
- Analyst coverage
- Repurchase of shares
- Share capital
- Insider trading

Contact and Website

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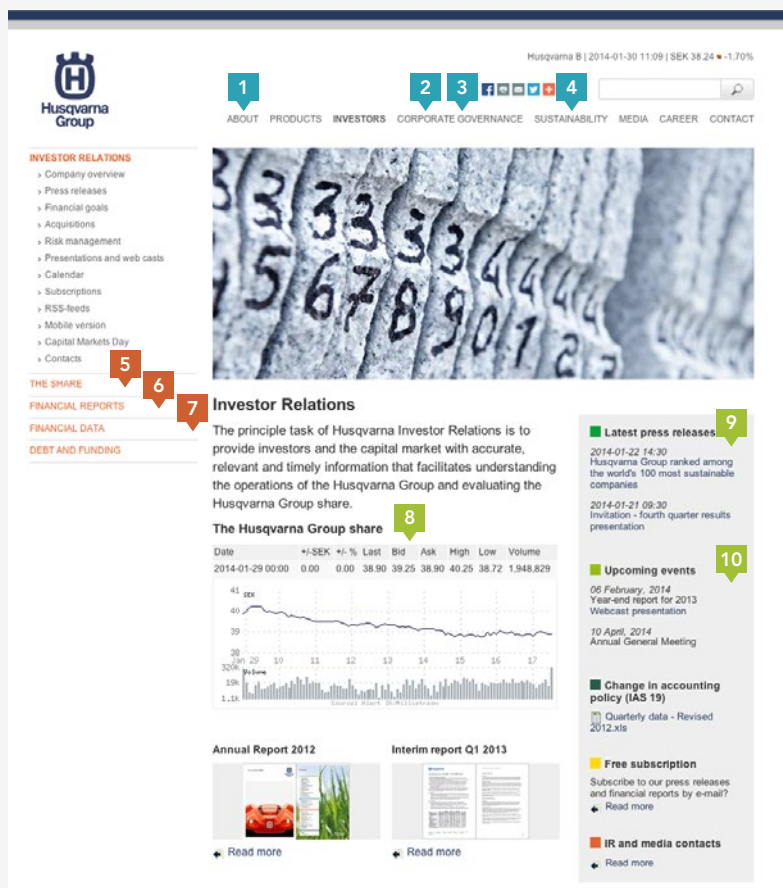
Market data, statistics and market shares are estimates made by Husqvarna Group.

Factors affecting forward-looking statements

This report contains forward-looking statements in the sense referred to in the American Private Securities Litigation Reform Act of 1995. Such statements comprise, among other things, financial goals, goals of future business and financial plans. These statements are based on present expectations and are subject to risks and uncertainties that may give rise to major deviations of the result due to several aspects. These aspects include, among other things: consumer demand and market conditions in the geographical areas and lines of business in which Husqvarna Group operates, the effects of currency fluctuations, downward pressure on prices due to competition, a material reduction of sales by important distributors, any success in developing new products and in marketing, outcome of any product responsibility litigation, progress when it comes to reach the goals set for productivity and efficient use of capital, successful identification of growth opportunities and acquisition objects, and to integrate these into the existing business and successful achievement of goals to make the supply chain more efficient.

The website

Husqvarna Group's website – www.husqvarnagroup.com – contains detailed and updated financial information for investors as well as information about the Group's objectives and strategies, corporate governance, sustainability, career opportunities, Group-related news, and more. The website also has a subscription service for receiving press releases and reports by email. A selection of headlines and functions on the webpage is shown below.



- 1 About Husqvarna Group**
The Group strategy, business, organization and history.
- 2 Corporate Governance**
Ownership structure, General Meetings, Board of Directors and Group Management.
- 3 General meetings**
Notices, proposals and minutes from AGM etc.
- 4 Sustainability**
Our sustainability approach, highlights and reports.
- 5 The share**
Largest shareholders, share price development, share facts etc.
- 6 Financial reports**
Annual and interim reports etc.
- 7 Financial data**
Annual and quarterly financial statistics.
- 8 Share price development**
- 9 Latest press releases**
- 10 Upcoming events**

Definitions

Capital indicators

Net assets

Total assets exclusive of liquid funds and interest-bearing financial receivables less operating liabilities, non-interest-bearing provisions and deferred tax liabilities.

Operating working capital

Inventories and trade receivables less trade payables.

Working capital

Current assets exclusive of liquid funds and interest-bearing financial receivables less operating liabilities and non-interest-bearing provisions.

Net debt

Total interest-bearing liabilities, less liquid funds.

Interest bearing liabilities

Long-term and short-term borrowings, net pension liability and fair value derivative liabilities.

Liquid funds

Cash and cash equivalents, short term investments and fair value derivative assets.

Net debt/equity ratio

Net debt in relation to total adjusted equity.

Equity/assets ratio

Equity as a percentage of total assets.

Capital employed

Total liabilities and equity less non-interest-bearing debt including deferred tax liabilities.

Other definitions

Adjusted

As reported adjusted for items affecting comparability, changes in exchange rates and acquisitions/divestments.

Average number of shares

Weighted number of outstanding shares during the period, after repurchase of own shares.

Earnings per share

Income for the period divided by the average number of shares.

Net sales growth

Net sales as a percentage of net sales the preceding period.

Gross margin

Gross income as a percentage of net sales.

Operating margin

Operating income as a percentage of net sales.

Return on equity

Income for the period as a percentage of average equity.

Return on capital employed

Operating income plus financial income as a percentage of average capital employed.

Operating cash flow

Total cash flow from operations and investments, excluding acquisitions and divestment of operations.

Capital expenditure

Capitalization of property, plant and equipment and product development and software.

EBITDA

Earnings before interests, taxes, depreciation, impairment and amortization.

Value creation

Operating income less the weighted average cost of capital (WACC) on average net assets: (Net sales – operating costs – operating income) – (WACC x average net assets).

Interest coverage ratio

Income after financial items plus financial costs divided with financial costs.



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