

INTERIM REPORT JANUARY – SEPTEMBER 2015

Stockholm October 21, 2015



Kai Wärn, President and CEO:

“The solid improvement trend continued into the seasonally weaker third quarter. Group operating income increased by 22% and the operating margin rose by 0.6 percentage points to 5.5%, despite adverse impact from changes in exchange rates. The Accelerated Improvement Program (AIP) continues to deliver earnings growth and margin recovery.

Net sales, adjusted for changes in exchange rates, increased in the higher margin divisions Husqvarna, Gardena and Construction. For the Consumer Brands Division, the decline in sales as a consequence of our prioritization of margin before revenue continued, resulting in flat sales for the total Group.

The season for watering products was particularly strong, resulting in a 19% sales increase for the quarter, and a subsequent operating income and margin improvement for the Gardena Division. Consumer Brands reduced its seasonally driven loss and the margin recovered as material cost reductions managed to offset the negative impact from lower volume and currency developments. Construction continued on its path of profitable growth, while Husqvarna Division was negatively affected by lower production volumes, currency and an unfavorable product mix resulting in a lower income for the quarter.

The Accelerated Improvement Program was launched two years ago with the object of doubling the operating margin to 10% by 2016. The program will, from an activity viewpoint, be completed this year and is delivering results beyond the initial expectations. The rolling 12 month operating income has almost doubled, and excluding the currency impact by using exchange rates from the start of the program in 2013 the corresponding operating margin has improved to around 9.5% compared to the reported 8.2%.

The negative currency impact will continue into next year as the currency hedges will no longer offset the unfavorable transaction impact. This means that despite the improvements already seen due to AIP we will not be able to reach the operating margin target of 10% in 2016. Additional measures beyond AIP have already been defined, such as the recently announced consolidation in manufacturing and logistics, safeguarding a continued positive result improvement in 2016 and beyond. The additional measures aims to compensate the negative currency impact, further improve the operating margin and create the foundation for the next step in Husqvarna Group’s development - investments in activities to drive profitable growth.”

Third quarter:

- Net sales increased 8% to SEK 7,307m (6,785). Adjusted for exchange rate effects, net sales were unchanged.
- Operating income increased 22% to SEK 405m (332), including around SEK -60m of negative currency impact.
- Operating margin rose to 5.5% (4.9).
- Earnings per share after dilution amounted to SEK 0.34 (0.35).
- Operating cash flow amounted to SEK 1,539m (1,330).
- Net debt/equity ratio amounted to 0.50 (0.50).

SEKm	Q3		Change, %		Jan-Sep		Change, %		LTM ²	FY 2014 ³
	2015	2014 ³	As rep.	Adj. ¹	2015	2014 ³	As rep.	Adj. ¹		
Net sales, Group	7,307	6,785	8	0	30,498	27,515	11	-2	35,821	32,838
Husqvarna	3,519	3,264	8	3	14,588	12,660	15	5	17,377	15,449
Gardena	1,060	879	21	19	4,174	3,743	12	8	4,643	4,212
Consumer Brands	1,708	1,776	-4	-18	8,694	8,579	1	-17	9,953	9,838
Construction	1,020	866	18	7	3,042	2,533	20	6	3,848	3,339
EBITDA	690	570	21	19	4,015	3,320	21	11	4,010	3,315
EBITDA margin, %	9.4	8.4	-	-	13.2	12.1	-	-	11.2	10.1
Impairment of goodwill	-	-	-	-	-	-	-	-	-767	-767
Operating income, Group	405	332	22	26	3,192	2,613	22	12	2,160	1,581
<i>Excl. items affecting comparability, Group</i>	405	332	22	26	3,192	2,613	22	12	2,927	2,348
Husqvarna	321	432	-26	-24	2,219	1,917	16	10	2,310	2,008
Gardena	113	-7	n/a	n/a	714	569	25	21	528	383
Consumer Brands	-119	-138	13	21	48	3	n/a	-40	-110	-155
Construction	144	107	35	19	378	305	24	8	427	354
Operating margin, %	5.5	4.9	-	-	10.5	9.5	-	-	6.0	4.8
<i>Excl. items affecting comparability, %</i>	5.5	4.9	-	-	10.5	9.5	-	-	8.2	7.2
Income after financial items	322	262	23	-	2,915	2,337	25	-	1,834	1,256
Income for the period	196	199	-2	-	2,127	1,786	19	-	1,165	824
Earnings per share after dilution, SEK	0.34	0.35	-3	-	3.69	3.11	19	-	2.01	1.43

¹ Adjusted for currency translation effects (i.e. excluding transaction and hedging effects). ² 12 months rolling. ³ 2014 has been restated, see page 15.

THIRD QUARTER

Net sales

Net sales for the third quarter 2015 increased by 8% to SEK 7,307m (6,785). Adjusted for exchange rate effects, net sales for the Group were unchanged.

Sales in Husqvarna, Gardena and Construction divisions increased, while Consumer Brands declined.

Operating income

Operating income for the third quarter increased by 22% to SEK 405m (332), corresponding to an operating margin of 5.5% (4.9).

Operating income was positively impacted primarily by favorable mix and lower material costs, which was partially offset by adverse impact from lower production volumes.

Changes in exchange rates had a total negative impact on operating income of approximately SEK -60m compared to the third quarter 2014.

Financial items net

Financial items net amounted to SEK -83m (-70), of which net interest amounted to SEK -86m (-89). The average interest rate on borrowings at September 30, 2015, was 3.9% (3.5).

Income after financial items

Income after financial items increased to SEK 322m (262) corresponding to a margin of 4.4% (3.9).

Taxes

Tax amounted to SEK -126m (-63), corresponding to a tax rate of 39% (24) of income after financial items. The higher tax cost is mainly explained by increased taxable income in countries with higher tax rates and one-time tax items.

Earnings per share

Income for the period attributable to equity holders of the Parent Company amounted to SEK 197m (199), corresponding to SEK 0.34 (0.35) per share after dilution.

JANUARY – SEPTEMBER

Net sales

Net sales for January – September increased by 11% to SEK 30,498m (27,515). Adjusted for exchange rate effects, net sales for the Group decreased by -2%.

The decline in sales adjusted for exchange rate effects refers to the Consumer Brands Division. Sales in Husqvarna, Gardena and Construction divisions increased.

Operating income

Operating income for January – September increased 22% to SEK 3,192m (2,613) and the corresponding operating margin rose to 10.5% (9.5).

Operating income for January – September was positively impacted primarily by favorable mix and direct material cost reductions, which was partially offset by the lower sales volume.

Changes in exchange rates had a total positive impact on operating income of approximately SEK 160m compared to January - September 2014.

Financial items net

Financial items net amounted to SEK -277m (-276), of which net interest amounted to SEK -242m (-267).

Income after financial items

Income after financial items increased to SEK 2,915m (2,337) corresponding to a margin of 9.6% (8.5).

Taxes

Tax amounted to SEK -788m (-551), corresponding to a tax rate of 27% (24) of income after financial items.

Earnings per share

Income for the period attributable to equity holders of the Parent Company increased 19% to SEK 2,121m (1,781), corresponding to SEK 3.69 (3.11) per share after dilution.

OPERATING CASH FLOW

Operating cash flow for the third quarter improved to SEK 1,539m (1,330). Cash flow from operations, excluding changes in operating assets and liabilities, was higher due to the improved earnings. Cash flow from changes in operating assets and liabilities was positively affected by the seasonality in line with the corresponding quarter prior year.

Operating cash flow for January – September amounted to SEK 1,349m (1,652). An improved cash flow from operations, excluding changes in operating assets and liabilities, was offset by lower cash flow from changes in operating assets and liabilities, partly due to change in divisional mix and somewhat higher inventory in general.

Operating cash flow SEKm	Q3 2015	Q3 2014	Jan-Sep 2015	Jan-Sep 2014	Full-year 2014
Cash flow from operations, excluding changes in operating assets and liabilities	465	199	3,165	2,864	2,608
Changes in operating assets and liabilities	1,413	1,446	-869	-309	203
Cash flow from operations	1,878	1,645	2,296	2,555	2,811
Cash flow from investments, excluding acquisitions and divestments	-339	-315	-947	-903	-1,386
Operating cash flow	1,539	1,330	1,349	1,652	1,425

FINANCIAL POSITION

Group equity as of September 30, 2015, excluding non-controlling interests, amounted to SEK 13,205m (12,796), corresponding to SEK 23.1 (22.3) per share.

Net debt increased to SEK 6,666m (6,450) of which liquid funds amounted to SEK 2,231m (2,316) and interest-bearing debt amounted to SEK 6,521m (7,167), excluding pensions. The major currencies used for debt financing are SEK and USD.

The net debt/equity ratio amounted to 0.50 (0.50) and the equity/assets ratio was 44% (44).

Net debt SEKm	Sep 30, 2015	Sep 30, 2014	Dec 31, 2014
Interest-bearing liabilities	6,521	7,167	7,504
Provisions for pensions and other post-employment benefits	1,746	1,599	1,835
Dividend payable	630	-	-
Less: Liquid funds	-2,231	-2,316	-2,105
Net debt	6,666	6,450	7,234

On September 30, 2015, non-current borrowings including financial leases amounted to SEK 4,591m (5,482) and current borrowings including financial leases to SEK 1,604m (1,134). Non-current borrowings consist of SEK 2,931m (3,466) in issued bonds and of SEK 1,660m (2,016) in bank loans and financial leases. The bonds and bank loans mature in 2016 - 2018. The Group also has an unutilized SEK 5bn syndicated revolving credit facility, with original maturity in 2019, with an option for an additional 1+1 year. In September 2015 the maturity of the facility was extended with one year to 2020.

PERFORMANCE BY BUSINESS SEGMENT

Husqvarna

SEKm	Q3		Change, %		Jan-Sep		Change, %		LTM ²	Full-year
	2015	2014	rep.	Adj. ¹	2015	2014	rep.	Adj. ¹		
Net sales	3,519	3,264	8	3	14,588	12,660	15	5	17,377	15,449
Operating income	321	432	-26	-24	2,219	1,917	16	10	2,310	2,008
Operating margin, %	9.1	13.2	-	-	15.2	15.1	-	-	13.3	13.0

¹ Adjusted for currency translation effects. ² 12 months rolling.

Net sales in Husqvarna increased by 8% in the third quarter. Adjusted for changes in exchange rates, net sales increased by 3%.

The sales increase was mainly attributable to snow-blowers in North America ahead of the winter season. Sales in Europe were in line with prior year's third quarter. Electric products showed a continued good growth in Europe, but due to seasonality the product category represents a smaller share of the Division's sales in the second half of the year.

Operating income decreased to SEK 321m (432) and the operating margin amounted to 9.1% (13.2), mainly attributable to unfavorable currency impact, mix and lower production volumes.

Changes in exchange rates had a total negative year-on-year impact of around SEK -30m on operating income in the third quarter and around SEK 80m positive impact for January – September.

Gardena

SEKm	Q3		Change, %		Jan-Sep		Change, %		LTM ²	Full-year
	2015	2014	rep.	Adj. ¹	2015	2014	rep.	Adj. ¹		
Net sales	1,060	879	21	19	4,174	3,743	12	8	4,643	4,212
Operating income	113	-7	n/a	n/a	714	569	25	21	528	383
Operating margin, %	10.7	-0.8	-	-	17.1	15.2	-	-	11.4	9.1

¹ Adjusted for currency translation effects. ² 12 months rolling.

Net sales in Gardena increased by 21% in the third quarter. Adjusted for changes in exchange rates, net sales increased by 19%.

Demand benefited from warm and dry weather in key European watering markets during the third quarter. Sales increased strongly, mainly on the basis of higher sales of watering products.

Operating income for the third quarter increased to SEK 113m (-7) and the corresponding margin rose to 10.7% (-0.8) as a result of the strong volume growth and favorable mix development.

Changes in exchange rates had a total negative year-on-year impact of around SEK -15m on operating income in the third quarter and around SEK -10m for January – September.

Consumer Brands

SEKm	Q3		Change, %		Jan-Sep		Change, %		LTM ²	Full-year
	2015	2014	rep.	Adj. ¹	2015	2014	rep.	Adj. ¹		
Net sales	1,708	1,776	-4	-18	8,694	8,579	1	-17	9,953	9,838
Operating income	-119	-138	13	21	48	3	n/a	-40	-110	-155
Operating margin, %	-7.0	-7.8	-	-	0.6	0.0	-	-	-1.1	-1.6

¹ Adjusted for currency translation effects. ² 12 months rolling.

Net sales for Consumer Brands decreased by 4% in the third quarter. Adjusted for exchange rate effects, net sales declined by 18%.

Sales in North America and Europe continued to trend down across all product categories in the third quarter, partly due to the Group's ambition to prioritize long-term value before short-term sales growth.

The seasonal operating loss was reduced to SEK -119m (-138) and the corresponding operating margin was -7.0% (-7.8). Continued direct material cost reductions and a favorable mix development offset impact from lower sales and production volumes.

Changes in exchange rates had a total negative year-on-year impact of around SEK -35m on operating income in the third quarter and around SEK -10m for January – September.

Construction

SEKm	Q3		Change, %		Jan-Sep		Change, %		LTM ²	Full-year
	2015	2014	rep.	Adj. ¹	2015	2014	rep.	Adj. ¹		
Net sales	1,020	866	18	7	3,042	2,533	20	6	3,848	3,339
Operating income	144	107	35	19	378	305	24	8	427	354
Operating margin, %	14.1	12.4	-	-	12.4	12.1	-	-	11.1	10.6

¹ Adjusted for currency translation effects. ² 12 months rolling.

Net sales for Construction increased by 18% in the third quarter. Adjusted for changes in exchange rates, the increase was 7%.

The strong sales development in North America continued in the third quarter. Sales in Europe also increased, however with a mixed development. In the rest of the world, Australia and Brazil developed positively.

Operating income in the third quarter rose to SEK 144m (107), mainly as a result of the higher sales volume and favorable mix. Investments in sales and service resources increased. The operating margin increased to 14.1% (12.4).

Changes in exchange rates had a total positive year-on-year impact of around SEK 20m on operating income in the third quarter and around SEK 100m for January – September.

SUBSEQUENT EVENTS

Changes in manufacturing and logistics structures to drive further cost reductions

As part of the previously communicated intentions to define further cost reductions after the Accelerated Improvement Program, Husqvarna Group will implement changes in the manufacturing and logistics structures in Sweden, the U.S and China. The cost reductions will be utilized for investments in profitable growth activities and to mitigate unfavorable currency impact going forward. The measures are estimated to entail restructuring costs of around SEK 150m, which will be provided for in the Group's income statement for the fourth quarter of 2015. The changes are gradually expected to lead to annual cost savings of around SEK 80m, with full effect from 2018.

Dividend

The Annual General Meeting on April 21, 2015, resolved on a dividend for 2014 of SEK 1.65 (1.50) per share, corresponding to a total dividend payment of SEK 945m (859) based on the number of outstanding shares at the end of 2014. It was also resolved that the dividend was to be paid in two installments. An initial payment of SEK 0.55 per share in April and a second payment of SEK 1.10 per share in October.

The record date for the second payment of SEK 1.10 per share is October 23, 2015, and the payment date is October 28.

Changes in management

Sofia Axelsson has been appointed Senior Vice President Group Communications, Brand & Marketing. Sofia Axelsson is a member of Group Management and she took on her new position as of October 1, 2015.

Effective October 1, Anders Johanson has been appointed Senior Vice President Technology Office & CTO and member of Group Management. Anders Johanson replaced Henric Andersson who previously was appointed President of the Construction Division.

ANNUAL GENERAL MEETING 2016

The Annual General Meeting (AGM) of Husqvarna AB (publ) will be held in Jönköping, Sweden on April 6, 2016.

Nomination Committee

In accordance with the decision by Husqvarna's Annual General Meeting ("AGM") on April 21, 2015, the members of the Nomination Committee for the 2016 AGM are to be appointed by the four largest shareholders in terms of voting rights in the company as of the last banking day in August, August 31, 2015, who have

expressed a wish to participate in the nomination committee work. In addition, the Nomination Committee shall also include the Chairman of the Husqvarna Board.

The Nomination Committee has been appointed by Investor AB, L E Lundbergföretagen AB, If Skadeförsäkring AB and Didner & Gerge Fonder. Each owner has appointed one member, as shown below, who will form Husqvarna's Nomination Committee together with the Chairman of the Husqvarna Board.

The Nomination Committee's members are: Petra Hedengran (Chairman), Investor AB, Claes Boustedt, L E Lundbergföretagen AB, Ricard Wennerklint, If Skadeförsäkring AB, Henrik Didner, Didner & Gerge Fonder and Tom Johnstone, Chairman of Husqvarna AB.

The Nomination Committee will prepare proposals for the AGM in 2016, including proposals for the Chairman of the AGM, Board members, Chairman of the Board, remuneration for Board members, fees to the auditors, and to the extent deemed necessary, the tasks and composition of the Nomination Committee for the AGM in 2017.

Shareholders who wish to submit proposals to the Nomination Committee may do so by email to nominationcommittee@husqvarnagroup.com if possible by February 3, 2016.

PARENT COMPANY

Net sales January - September 2015 for the Parent Company, Husqvarna AB, amounted to SEK 10,435m (9,507), of which SEK 8,010 (7,446) referred to sales to Group companies and SEK 2,425m (2,061) to external customers.

Income after financial items amounted to SEK 1,488m (620). Income for the period was SEK 1,366m (300). Investments in property, plant and equipment and intangible assets amounted to SEK 486m (444). Cash and cash equivalents amounted to SEK 473m (595) at the end of the quarter. Undistributed earnings in the Parent Company amounted to SEK 17,854m (16,964).

Dividend payable of SEK 1.10 per share has reduced equity attributable to equity holders of the Parent Company by SEK 630m.

CONVERSION OF SHARES

According to the Company's articles of association, owners of A-shares have the right to have such shares converted to B-shares. Conversion reduces the total number of votes in the Company.

In the third quarter 2015, 2,093,336 A-shares were converted to B-shares at the request of shareholders. In October 2015, another 553 A-shares were converted to B-shares at the request of shareholders. The total number of votes thereafter amounts to 159,959,721.2.

The total number of registered shares in the company at September 30, 2015 amounted to 576,343,778 of which 113,695,379 were A-shares and 462,648,399 were B-shares.

RISKS AND UNCERTAINTY FACTORS

A number of factors may affect Husqvarna's operations in terms of operational and financial risks. Operational risks are managed by the operative units, and financial risks by Group Treasury.

For more information on risk than stated below, see the Annual Report, which is available at www.husqvarnagroup.com/ir.

Operational risks

Operational risks include general economic conditions, as well as trends in consumer and professional spending, particularly in North America and Europe, where the majority of the Group's products are sold. An economic downturn in these markets may have an adverse effect on Group sales and earnings. Shifts in product technology as well as shifts in distribution structure could also have a negative impact on Group sales and earnings, as will fluctuations in prices of sourced raw materials and components.

The Group is currently investing in a new production facility for manufacturing of chainsaw chains. As the Group has limited experience of producing saw chains, such an investment involves risks including, but not limited to, unsatisfactory ramp-up of production capacity, or fine tuning of the manufacturing equipment parameters could take longer time to achieve adequate quality of the finished products.

A new organization was fully implemented in the Group as of January 1, 2015. Organizational changes always involve the risk of adverse effects such as creating higher costs than anticipated or losing key personnel.

Demand for the Group's products is also dependent on weather conditions. 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.

The Group's operations are also subject to seasonal variations. Demand for consumer garden products and commercial lawn and garden products normally peaks in the second quarter, while the peak season for chainsaws normally is in the third quarter. Husqvarna has adapted its production processes and supply chain to respond to these conditions. However, parameters such as cash flow and production levels follow the seasonal variations in demand, which results in relatively greater risk exposure for the Group over short periods of time.

The Group operates in many countries and undertakes a great number of international transactions. The operations are subject to complex national and international tax rules, which change over time. From 2013, new restrictions on tax deductibility of interest expenses on intra-group loans apply in Sweden. Interest is only deductible provided one of two exceptions is satisfied: i) the loan is mainly justified by business reasons, or ii) the interest beneficiary is taxed at income tax rate of at least 10% and the loan is not merely tax driven. It is unclear how these exceptions shall be applied. Therefore, Husqvarna Group has made provisions to mitigate potential exposure related to these new restrictions.

In the ordinary course of business, the Group is exposed to legal risks such as commercial, product liability and other disputes and provides for them as appropriate.

Financial risks

Financial risks refer primarily to currency exchange rates, interest rates, financing, and credit risks. Risk management within Husqvarna Group is regulated by a financial policy established by the Board of Directors. A higher indebtedness resulting from the seasonality of the Group's operations involve greater exposure to changes in exchange rates and interest rates, as well as financing risks.

ACCOUNTING PRINCIPLES

This interim report has been prepared in accordance with IAS 34, Interim financial reporting and the Swedish Annual Act. The financial statement of the Parent Company has been prepared in accordance with the Swedish Annual Act, chapter 9 and the Swedish Financial Reporting Board's standard RFR 2 Accounting for Legal Entities.

The accounting policies adopted are consistent with those presented in the Annual Report of 2014. The Annual Report 2014 is available at www.husqvarnagroup.com/ir.

AUDITORS' REVIEW REPORT

This interim report has not been subject to review by the auditors.

Stockholm, October 21, 2015

Kai Wärm
President and CEO

Consolidated income statement

SEKm	Q3 2015	Q3 2014	Jan-Sep 2015	Jan-Sep 2014	Full-year 2014
Net sales	7,307	6,785	30,498	27,515	32,838
Cost of goods sold	-5,232	-4,819	-21,630	-19,567	-23,488
Gross income	2,075	1,966	8,868	7,948	9,350
Gross margin, %	28.4	29.0	29.1	28.9	28.5
Selling expense	-1,333	-1,306	-4,518	-4,344	-5,626
Administrative expense	-350	-328	-1,171	-1,004	-1,392
Other operating income/expense	13	0	13	13	16
Impairment of goodwill	-	-	-	-	-767
Operating income¹	405	332	3,192	2,613	1,581
Operating margin, %	5.5	4.9	10.5	9.5	4.8
Financial items, net	-83	-70	-277	-276	-325
Income after financial items	322	262	2,915	2,337	1,256
Margin, %	4.4	3.9	9.6	8.5	3.8
Income tax	-126	-63	-788	-551	-432
Income for the period	196	199	2,127	1,786	824
Income for the period attributable to:					
Equity holders of the Parent Company	197	199	2,121	1,781	820
Non-controlling interest	-1	0	6	5	4
Earnings per share:					
Before dilution, SEK	0.34	0.35	3.70	3.11	1.43
After dilution, SEK	0.34	0.35	3.69	3.11	1.43
Average number of shares outstanding:					
Before dilution, millions	573.0	572.8	573.0	572.7	572.8
After dilution, millions	574.3	573.0	574.1	572.9	573.1

Consolidated comprehensive income statement

SEKm	Q3 2015	Q3 2014	Jan-Sep 2015	Jan-Sep 2014	Full-year 2014
Income for the period	196	199	2,127	1,786	824
Items that will not be reclassified to the income statement:					
Remeasurements on defined benefit pension plans, net of tax	31	-140	77	-241	-377
	31	-140	77	-241	-377
Items that may be reclassified to the income statement:					
Currency translation differences	227	379	296	990	1,762
Net investment hedge, net of tax	-176	-198	-342	-243	-721
Cash flow hedges, net of tax	-19	71	-102	59	132
	32	252	-148	806	1,173
Other comprehensive income, net of tax	63	112	-71	565	796
Total comprehensive income for the period	259	311	2,056	2,351	1,620
Total comprehensive income attributable to:					
Equity holders of the Parent Company	261	311	2,051	2,345	1,614
Non-controlling interest	-2	0	5	6	6
¹ Of which depreciation, amortization and impairment	-285	-238	-823	-707	-1,734

Consolidated balance sheet

SEKm	Sep 30, 2015	Sep 30, 2014	Dec 31, 2014
Assets			
Property, plant and equipment	4,718	4,094	4,481
Goodwill	5,672	6,046	5,520
Other intangible assets	3,999	3,890	4,001
Derivatives	0	-	0
Deferred tax assets	1,666	1,281	1,644
Other financial assets	102	93	102
Total non-current assets	16,157	15,404	15,748
Inventories	7,188	6,577	7,709
Trade receivables	4,105	3,970	2,898
Derivatives	306	287	526
Tax receivables	37	37	51
Other current assets	623	523	665
Other short term investments	5	0	0
Cash and cash equivalents	1,920	2,029	1,579
Total current assets	14,184	13,423	13,428
Total assets	30,341	28,827	29,176
Equity and liabilities			
Equity attributable to equity holders of the Parent Company	13,205	12,796	12,068
Non-controlling interests	24	20	20
Total equity	13,229	12,816	12,088
Borrowings	4,591	5,482	5,598
Deferred tax liabilities	1,493	1,289	1,492
Provisions for pensions and other post-employment benefits	1,746	1,599	1,835
Derivatives	42	21	30
Other provisions	912	817	848
Total non-current liabilities	8,784	9,208	9,803
Trade payables	2,659	2,533	3,154
Tax liabilities	493	231	50
Other liabilities	2,327	2,112	1,995
Dividend payable	630	-	-
Borrowings	1,604	1,134	1,154
Derivatives	284	530	722
Other provisions	331	263	210
Total current liabilities	8,328	6,803	7,285
Total equity and liabilities	30,341	28,827	29,176

Consolidated cash flow statement

SEKm	Q3 2015	Q3 2014 ¹	Jan-Sep 2015	Jan-Sep 2014 ¹	Full-year 2014 ¹
Cash flow from operations					
Operating income	405	332	3,192	2,613	1,581
<i>Non cash items</i>					
Depreciation/amortization and impairment	285	238	823	707	1,734
Capital gain and losses	0	0	0	0	-4
Other non cash items	-175	-103	-146	25	-113
<i>Cash items</i>					
Paid restructuring expenses	-4	-21	-24	-78	-96
Net financial items, received/paid	32	-178	-446	-234	-263
Taxes paid	-78	-69	-234	-169	-231
Cash flow from operations, excluding change in operating assets and liabilities	465	199	3,165	2,864	2,608
Change in operating assets and liabilities					
Change in inventories	655	366	649	752	-60
Change in trade receivables	2,568	2,479	-1,241	-960	137
Change in trade payables	-1,456	-1,219	-587	-478	-10
Change in other operating assets/liabilities	-354	-180	310	377	136
Cash flow from operating assets and liabilities	1,413	1,446	-869	-309	203
Cash flow from operations	1,878	1,645	2,296	2,555	2,811
Investments					
Acquisition of assets/subsidiaries	-	-25	-	-25	-26
Investments in property, plant and equipment	-250	-249	-681	-724	-1,131
Investments in intangible assets	-89	-66	-266	-179	-255
Sale of property, plant and equipment and intangible assets	0	0	0	0	0
Other	0	0	0	0	0
Cash flow from investments	-339	-340	-947	-928	-1,412
Cash flow from operations and investments	1,539	1,305	1,349	1,627	1,399
Financing					
Change in interest-bearing assets and liabilities, net	-1,421	-1,518	-116	-409	-180
Net investment hedge	-55	-44	-627	-44	-557
Transfer of treasury shares	-	-	5	-	5
Dividend paid to shareholders	-	-	-315	-859	-859
Dividend paid to non-controlling interests	-	-	-1	-4	-4
Cash flow from financing	-1,476	-1,562	-1,054	-1,316	-1,595
Total cash flow	63	-257	295	311	-196
Cash and cash equivalents at beginning of period	1,861	2,214	1,579	1,594	1,594
Exchange rate differences referring to cash and cash equivalents	-4	72	46	124	181
Cash and cash equivalents at end of period	1,920	2,029	1,920	2,029	1,579

¹Net investment hedge has been moved from cash flow from operations to cash flow from financing activities, which is a more appropriate presentation under IFRS.

Change in Group equity

SEKm	Attributable to equity holders of the Parent company	Non-controlling interests	Total equity
Opening balance January 1, 2014	11 372	18	11 390
Correction of prior year	-75	-	-75
Opening balance January 1, 2014	11 297	18	11 315
Share-based payment	11	-	11
Transfer of treasury shares ¹	2	-	2
Dividend	-859	-4	-863
Total comprehensive income	2 345	6	2 351
Closing balance September 30, 2014	12 796	20	12 816
Opening balance January 1, 2015	12 068	20	12 088
Share-based payment	26	-	26
Transfer of treasury shares ¹	5	-	5
Dividend ²	-945	-1	-946
Total comprehensive income	2 051	5	2 056
Closing balance September 30, 2015	13 205	24	13 229

¹Options exercised related to 2009 LTI-program.

²Dividend of SEK 630m will be paid in October 2015.

Fair value of financial instruments

The Group's financial instruments carried at fair value are derivatives. Derivatives belong to Level 2 in the fair value hierarchy. Future cash flows have been discounted using current quoted market interest rates and exchange rates for similar instruments. Further information about the accounting principles for financial instruments and methods used for estimating the fair value of the financial instruments are described in note 1 and note 19, respectively, in the Annual Report 2014.

The carrying value approximates fair value for all financial instruments except for non-current borrowings, which are shown in the table below.

SEKm	September 30, 2015		September 30, 2014	
	Book value	Fair value	Book value	Fair value
<i>Non-current borrowings</i>				
Financial leases	157	172	159	174
Loans	4,434	4,570	5,323	5,487
Total non-current borrowing	4,591	4,742	5,482	5,661

Key data, Group

	Q3 2015	Q3 2014	Jan-Sep 2015	Jan-Sep 2014	Full-year 2014
Net sales, SEKm	7,307	6,785	30,498	27,515	32,838
Net sales growth, %	7.7	6.9	10.8	7.5	8.4
Gross margin, %	28.4	29.0	29.1	28.9	28.5
Operating income, SEKm	405	332	3,192	2,613	1,581
Excl. items affecting comparability	405	332	3,192	2,613	2,348
Operating margin, %	5.5	4.9	10.5	9.5	4.8
Excl. items affecting comparability	5.5	4.9	10.5	9.5	7.2
Working capital, SEKm	-	-	5,231	5,151	5,066
Return on capital employed, %	-	-	9.6	10.9	7.6
Excl. items affecting comparability	-	-	12.8	10.9	11.1
Return on equity, %	-	-	9.1	12.3	6.7
Excl. items affecting comparability	-	-	14.4	12.3	12.9
Earnings per share after dilution, SEK	0.34	0.35	3.69	3.11	1.43
Capital turn-over rate, times	-	-	1.7	1.7	1.7
Operating cash flow, SEKm	1,539	1,330	1,349	1,652	1,425
Net debt/equity ratio	-	-	0.50	0.50	0.60
Capital expenditure, SEKm	339	315	947	903	1,386
Average number of employees	12,473	13,127	13,886	14,825	14,337

Items affecting comparability

SEKm		Q1	Q2	Q3	Q4	Full-year
Impairment of goodwill	2014	-	-	-	-767	-767

Net sales and income by quarter, Group

SEKm		Q1	Q2	Q3	Q4	Full-year
Net sales	2015	10,928	12,263	7,307		
	2014	9,685	11,045	6,785	5,323	32,838
	2013	9,024	10,227	6,349	4,707	30,307
Operating income	2015	1,112	1,675	405		
	Margin, %	10.2	13.7	5.5		
	2014	908	1,373	332	-1,032	1,581
	Margin, %	9.4	12.4	4.9	-19.4	4.8
	2013	688	1,022	206	-308	1,608
	Margin, %	7.6	10.0	3.2	-6.5	5.3
Income after financial items	2015	1,057	1,536	322		
	Margin, %	9.7	12.5	4.4		
	2014	812	1,263	262	-1,081	1,256
	Margin, %	8.4	11.4	3.9	-20.3	3.8
	2013	602	916	95	-433	1,180
	Margin, %	6.7	9.0	1.5	-9.2	3.9
Income for the period	2015	788	1,143	196		
	2014	620	967	199	-962	824
	2013	467	661	92	-304	916
Earnings per share after dilution, SEK	2015	1.37	1.98	0.34		
	2014	1.08	1.68	0.35	-1.68	1.43
	2013	0.81	1.15	0.16	-0.53	1.60

Net sales and operating income, 12 months rolling, Group

SEKm		Q1	Q2	Q3	Q4
Net sales	2015	34,081	35,299	35,821	
	2014	30,968	31,786	32,222	32,838
	2013	30,047	29,568	30,076	30,307
Operating income	2015	1,785	2,087	2,160	
<i>Excluding items affecting comparability</i>	2015	2,552	2,854	2,927	
	Margin, %	5.2	5.9	6.0	
<i>Excluding items affecting comparability</i>	Margin, %	7.5	8.1	8.2	
	2014	1,828	2,179	2,305	1,581
<i>Excluding items affecting comparability</i>	2014	1,828	2,179	2,305	2,348
	<i>Margin, %</i>	5.9	6.9	7.2	4.8
<i>Excluding items affecting comparability</i>	<i>Margin, %</i>	5.9	6.9	7.2	7.2
	2013	1,433	1,303	1,312	1,608
	<i>Margin, %</i>	4.8	4.4	4.4	5.3

Net sales by segment

SEKm		Q1	Q2	Q3	Q4	Full-year
Husqvarna	2015	5,342	5,727	3,519		
	2014	4,358	5,038	3,264	2,789	15,449
Gardena	2015	1,319	1,795	1,060		
	2014	1,152	1,712	879	469	4,212
Consumer Brands	2015	3,343	3,643	1,708		
	2014	3,393	3,410	1,776	1,259	9,838
Construction	2015	924	1,098	1,020		
	2014	782	885	866	806	3,339
Total Group	2015	10,928	12,263	7,307		
	2014	9,685	11,045	6,785	5,323	32,838

Operating income by segment

SEKm		Q1	Q2	Q3	Q4	Full-year
Husqvarna	2015	897	1,001	321		
	2014	667	818	432	91	2,008
Gardena	2015	204	397	113		
	2014	177	399	-7	-186	383
Consumer Brands	2015	-11	178	-119		
	2014	44	97	-138	-158	-155
Construction	2015	74	160	144		
	2014	81	117	107	49	354
Group common costs	2015	-52	-61	-54		
	2014	-61	-58	-62	-828	-1,009
<i>Excl. items affecting comparability</i>	2014	-61	-58	-62	-61	-242
Total Group	2015	1,112	1,675	405		
	2014	908	1,373	332	-1,032	1,581
<i>Excl. items affecting comparability</i>	2014	908	1,373	332	-265	2,348

Operating margin by segment

%		Q1	Q2	Q3	Q4	Full-year
Husqvarna	2015	16.8	17.5	9.1		
	2014	15.3	16.2	13.2	3.3	13.0
Gardena	2015	15.5	22.1	10.7		
	2014	15.4	23.3	-0.8	-39.7	9.1
Consumer Brands	2015	-0.3	4.9	-7.0		
	2014	1.3	2.8	-7.8	-12.5	-1.6
Construction	2015	8.0	14.6	14.1		
	2014	10.4	13.2	12.4	6.0	10.6
Total Group	2015	10.2	13.7	5.5		
	2014	9.4	12.4	4.9	-19.4	4.8
<i>Excl. items affecting comparability</i>	2014	9.4	12.4	4.9	-5.0	7.2

Net assets by segment

SEKm	Assets		Liabilities		Net Assets	
	Sep 30, 2015	Sep 30, 2014	Sep 30, 2015	Sep 30, 2014	Sep 30, 2015	Sep 30, 2014
Husqvarna	10,807	9,715	2,803	2,754	8,004	6,961
Gardena	6,406	6,841	776	563	5,630	6,278
Consumer Brands	5,623	5,350	1,591	1,514	4,032	3,836
Construction	3,540	3,226	620	558	2,920	2,668
Other	1,734	1,379	2,425	1,856	-691	-477
Total	28,110	26,511	8,215	7,245	19,895	19,266

Liquid assets, interest-bearing liabilities and equity are not included in the above table.

Other include tax items and Husqvarna's common group services such as Holding, Treasury and Risk Management.

Five-year review, Group

	2014 ²	2013	2012 ¹	2011	2010
Net sales, SEKm	32,838	30,307	30,834	30,357	32,240
Net sales growth, %	8.4	-1.7	1.6	-5.8	-5.4
Gross margin, %	28.5	26.5	26.9	27.7	28.5
Operating income, SEKm	1,581	1,608	1,675	1,551	2,445
<i>Excluding items affecting comparability, SEKm</i>	<i>2,348</i>	<i>1,608</i>	<i>1,931</i>	<i>1,615</i>	<i>2,652</i>
Operating margin, %	4.8	5.3	5.4	5.1	7.6
<i>Excluding items affecting comparability, %</i>	<i>7.2</i>	<i>5.3</i>	<i>6.3</i>	<i>5.3</i>	<i>8.2</i>
Return on capital employed, %	7.6	7.7	7.4	7.4	11.0
<i>Excluding items affecting comparability, %</i>	<i>11.1</i>	<i>7.7</i>	<i>8.5</i>	<i>7.7</i>	<i>12.0</i>
Return on equity, %	6.7	8.1	8.8	8.0	13.9
<i>Excluding items affecting comparability, %</i>	<i>12.9</i>	<i>8.1</i>	<i>10.5</i>	<i>8.6</i>	<i>15.6</i>
Capital turn-over rate, times	1.7	1.6	1.5	1.6	1.7
Operating cash flow, SEKm	1,425	1,813	1,144	-472	962
Capital expenditure, SEKm	1,386	1,078	776	994	1,302
Average number of employees	14,337	14,156	15,429	15,698	14,954

¹⁾ 2012 has been restated due to the amended IAS 19. The years 2010-2011 are not affected by the amendment.

²⁾ 2014 has been restated due to a correction.

CORRECTION OF BALANCE SHEET AND INCOME STATEMENT 2014

Husqvarna Group has established a new brand-driven organization for its forest and garden operations, which was fully effective as of January 1, 2015. The new organization includes three global divisions for the forest and garden operations; Husqvarna, Gardena and Consumer Brands. The Construction Division was not affected by the reorganization. The business area reporting for 2014, restated into the new divisions, is included in the Group's annual report for 2014.

Furthermore, the Group has revisited the calculation model for elimination of internal profits in inventory. The application of the new model results in a correction of the opening balance of Group inventory as of January 1, 2015, by SEK -245m before tax. The impact on Group income for the period 2014 is limited to SEK -7m, with differences between the four individual quarters and divisions. In addition, there has also been a minor correction of prior years' reported equity, primarily related to income tax.

The restatements are shown below and on the next page.

Group Income Statement

SEKm	Q1 2014 restated	Q1 2014	Q2 2014 restated	Q2 2014	Q3 2014 restated	Q3 2014	Q4 2014 restated	Q4 2014	Full-year 2014 restated	Full-year 2014
Cost of goods sold	-7,128	-7,133	-7,620	-7,609	-4,819	-4,850	-3,921	-3,886	-23,488	-23,478
Gross income	2,557	2,552	3,425	3,436	1,966	1,935	1,402	1,437	9,350	9,360
Operating income	908	903	1,373	1,384	332	301	-1,032	-997	1,581	1,591
Income tax	-192	-191	-296	-299	-63	-55	119	110	-432	-435
Income for the period	620	616	967	975	199	176	-962	-936	824	831
Earnings per share before dilution, SEK	1.08	1.07	1.68	1.70	0.35	0.31	-1.68	-1.63	1.43	1.44
Earnings per share after dilution, SEK	1.08	1.07	1.68	1.70	0.35	0.31	-1.68	-1.63	1.43	1.44
Other comprehensive income	606	602	1,434	1,442	311	288	-731	-705	1,620	1,627

Group Balance Sheet

SEKm	Jan 1, 2014 restated	Jan 1, 2014	Mar 31, 2014 restated	Mar 31, 2014	Jun 30, 2014 restated	Jun 30, 2014	Sep 30, 2014 restated	Sep 30, 2014	Dec 31, 2014 restated	Dec 31, 2014
Property, plant and equipment	3,627	3,609	3,704	3,686	3,878	3,860	4,094	4,076	4,481	4,463
Deferred tax assets	1,178	1,122	1,276	1,221	1,326	1,268	1,281	1,231	1,644	1,585
Inventories	6,852	7,087	7,277	7,507	6,704	6,945	6,577	6,787	7,709	7,954
Total assets	26,601	26,762	31,482	31,639	31,301	31,466	28,827	28,969	29,176	29,344
Total equity	11,315	11,390	11,923	11,994	12,497	12,576	12,816	12,872	12,088	12,170
Tax liabilities	10	96	186	272	438	524	231	317	50	136
Total liabilities	15,286	15,372	19,559	19,645	18,804	18,890	16,011	16,097	17,088	17,174
Total equity and liabilities	26,601	26,762	31,482	31,639	31,301	31,466	28,827	28,969	29,176	29,344

Husqvarna

SEKm	Q1 2014 restated	Q1 2014	Q2 2014 restated	Q2 2014	Q3 2014 restated	Q3 2014	Q4 2014 restated	Q4 2014	2014 restated	Full-year 2014
Net sales	4,358	4,358	5,038	5,038	3,264	3,264	2,789	2,789	15,449	15,449
Operating income	667	653	818	818	432	400	91	145	2,008	2,016
%	15.3	15.0	16.2	16.2	13.2	12.2	3.3	5.2	13.0	13.0
Assets	10,720	10,845	10,696	10,827	9,715	9,826	10,025	10,189	10,025	10,189
Liabilities	3,404	3,404	3,356	3,356	2,754	2,754	2,942	2,942	2,942	2,942
Net assets	7,316	7,441	7,340	7,471	6,961	7,072	7,083	7,247	7,083	7,247

Gardena

SEKm	Q1 2014 restated	Q1 2014	Q2 2014 restated	Q2 2014	Q3 2014 restated	Q3 2014	Q4 2014 restated	Q4 2014	2014 restated	Full-year 2014
Net sales	1,152	1,152	1,712	1,712	879	879	469	469	4,212	4,212
Operating income	177	186	399	401	-7	2	-186	-207	383	382
%	15.4	16.1	23.3	23.4	-0.8	0.3	-39.7	-44.2	9.1	9.1
Assets	7,285	7,321	7,441	7,473	6,841	6,873	6,449	6,460	6,449	6,460
Liabilities	804	804	867	867	563	563	639	639	639	639
Net assets	6,481	6,517	6,574	6,606	6,278	6,310	5,810	5,821	5,810	5,821

Consumer Brands

SEKm	Q1 2014 restated	Q1 2014	Q2 2014 restated	Q2 2014	Q3 2014 restated	Q3 2014	Q4 2014 restated	Q4 2014	2014 restated	Full-year 2014
Net sales	3,393	3,393	3,410	3,410	1,776	1,776	1,259	1,259	9,838	9,838
Operating income	44	48	97	102	-138	-148	-158	-156	-155	-154
Operating margin, %	1.3	1.4	2.8	3.0	-7.8	-8.3	-12.5	-12.4	-1.6	-1.6
Assets	7,330	7,325	6,194	6,193	5,350	5,336	5,645	5,635	5,645	5,635
Liabilities	2,599	2,599	2,068	2,068	1,514	1,514	1,723	1,723	1,723	1,723
Net assets	4,731	4,726	4,126	4,125	3,836	3,822	3,922	3,912	3,922	3,912

Construction

SEKm	Q1 2014 restated	Q1 2014	Q2 2014 restated	Q2 2014	Q3 2014 restated	Q3 2014	Q4 2014 restated	Q4 2014	Full-year 2014 restated	Full-year 2014
Net sales	782	782	885	885	866	866	806	806	3,339	3,339
Operating income	81	77	117	121	107	109	49	49	354	356
Operating margin, %	10.4	9.8	13.2	13.7	12.4	12.6	6.0	6.0	10.6	10.7
Assets	3,023	3,080	3,179	3,240	3,226	3,288	3,215	3,278	3,215	3,278
Liabilities	507	507	565	565	558	558	538	538	538	538
Net assets	2,516	2,573	2,614	2,675	2,668	2,730	2,677	2,740	2,677	2,740

Liquid assets, interest bearing liabilities, tax items and equity are not included in the tables above.

PARENT COMPANY

Income statement

SEKm	Q3 2015	Q3 2014	Jan-Sep 2015	Jan-Sep 2014	Full-year 2014
Net sales	2,421	2,400	10,435	9,507	11,453
Cost of goods sold	-2,067	-1,989	-8,049	-7,106	-8,762
Gross income	354	411	2,386	2,401	2,691
Selling expense	-363	-333	-1,069	-963	-1,300
Administrative expense	-160	-161	-589	-502	-693
Other operating income/expense	0	0	0	0	0
Operating income	-169	-83	728	936	698
Financial items, net	796	-126	760	-316	287
Income after financial items	627	-209	1,488	620	985
Appropriations	-23	-109	-109	-291	-406
Income before taxes	604	-318	1,379	329	579
Tax on profit for the year	103	113	-13	-29	200
Income for the period	707	-205	1,366	300	779

Balance sheet

SEKm	Sep 30, 2015	Sep 30, 2014	Dec 31, 2014
Non-current assets	32,487	32,825	32,152
Current assets	4,641	5,102	5,330
Total assets	37,128	37,927	37,482
Equity	19,029	18,139	18,681
Untaxed reserves	23	25	25
Provisions	118	125	75
Non-current liabilities	13,047	16,441	13,763
Current liabilities	4,911	3,197	4,938
Total equity and liabilities	37,128	37,927	37,482

Number of shares

	Outstanding A-shares	Outstanding B-shares	Re-purchased B-shares	Total
Number of shares as of 31 December 2014	122,425,469	450,469,775	3,448,534	576,343,778
<i>Conversion of A-shares into B-shares</i>	-8,730,090	8,730,090	-	-
<i>Options exercised related to 2009 LTI-program</i>	-	130,855	-130,855	-
Number of shares as of 30 September 2015 ¹	113,695,379	459,330,720	3,317,679	576,343,778

¹ In October 2015 another 553 A-shares have been converted to B-shares.

DEFINITIONS

Capital indicators

Capital employed	Total liabilities and equity less non-interest-bearing debt, including deferred tax liability.
Equity/assets ratio	Equity as a percentage of total assets.
Liquid funds	Cash and cash equivalents, short-term investments and fair-value derivative assets.
Net assets	Total assets exclusive of liquid funds, less operating liabilities, non-interest-bearing provisions and deferred tax liabilities.
Net debt	Total interest-bearing liabilities plus dividend payable, less liquid funds.
Net debt/equity ratio	Net debt in relation to total adjusted equity.
Operating working capital	Inventories and trade receivables less trade payables.
Working capital	Current assets exclusive of liquid funds, less operating liabilities and non-interest-bearing provisions.

Other definitions

Adjusted	As reported adjusted for translation effects due to changes in exchange rates and acquisitions/divestments.
Average number of shares	Weighted number of outstanding shares during the period, after repurchase of own shares.
Capital expenditure	Property, plant and equipment and capitalization of product development and software.
Earnings per share	Income for the period divided by the average number of shares.
EBITDA	Earnings before interest, taxes, depreciation, amortization and impairment charges.
Gross margin	Gross operating income as a percentage of net sales.
LTM	Last twelve months.
Net sales growth	Net sales as a percentage of net sales in the preceding period.
Operating cash flow	Total cash flow from operations and investments, excluding acquisitions and divestments.
Operating margin	Operating income as a percentage of net sales.
Return on capital employed	Operating income plus financial income as a percentage of average capital employed on rolling 12 months.
Return on equity	Income for the period as a percentage of average equity on rolling 12 months.

TELEPHONE CONFERENCE

A combined press and telephone conference, hosted by Kai Wörn, President and CEO, and Jan Ytterberg, CFO, will be held at Husqvarna's office on Regeringsgatan 28 in Stockholm at 10:00 CET on October 21, 2015. To participate, please dial +46 (0) 8 5052 0110 (Sweden) or +44 (0)20 7162 0077 (UK) ten minutes prior to the start of the conference. The conference call will also be audio cast live on www.husqvarnagroup.com/ir. A replay will be available at <http://www.husqvarnagroup.com/ir> later the same day.

DATES FOR FINANCIAL REPORTS

February 5, 2016

Year-end Report 2015

The AGM 2016 will be held in Jönköping, Sweden, on April 6, 2016.

CONTACTS

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This interim report comprises information which Husqvarna Group is required to disclose under the Securities Markets Act and/or the Financial Instruments Trading Act. It was released for publication at 08:00 CET on October 21, 2015.

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 in 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 operates, the effects of currency fluctuations, downward pressure on prices due to competition, a material reduction in sales by important distributors, success in developing new products and in marketing, outcome of product responsibility litigation, progress in terms of reaching the goals set for productivity and efficient use of capital, successful identification of growth opportunities and acquisition objects, integration of these into the existing business and successful achievement of goals for making the supply chain