

# YEAR-END REPORT 2015

Stockholm February 5, 2016



## Kai Wärn, President and CEO:

"The Group's trend of improvement continued into the seasonally less important fourth quarter. Currency adjusted sales were 2% higher than prior year's corresponding quarter. Husqvarna, Gardena and Construction divisions grew by 6%. The decline for Consumer Brands was 10% which reflects our ambitions to prioritize value before revenue. The normal seasonally generated operating loss, excluding items affecting comparability, was reduced to SEK -212m (-265) and the margin recovered to -3.7% (-5.0) despite unfavorable currency impact. The Accelerated Improvement Program continued to yield positive results, mainly related to further cost reductions.

For the full year, the Group's development was positive in several dimensions. Operating income was 27% higher and reached SEK 2,980m, excluding items affecting comparability, with all divisions contributing to the improvement. Operating cash flow increased to SEK 1,668m (1,425) and the net debt declined to SEK 6,375m (7,234).

The Accelerated Improvement Program was successfully closed as of the end of 2015. In two years, the Group's operating income has improved by 85% and the margin has recovered from 5.3 to 8.2%, excluding items affecting comparability, despite a dilution of more than 1 percentage point due to currency translation effects on net sales.

Building on the success of the Accelerated Improvement Program and our strong improvement momentum, we aim to capture further cost reductions and efficiency improvements during 2016-17. The additional efficiency measures will focus on continued product cost out activities, reduction of indirect material and logistic costs, capacity adjustments in the supply chain and improved efficiency in terms of selling and administrative expenses.

The challenge now is to maintain enough momentum to offset the currency head-wind in 2016, which is estimated to up to SEK -500m, as well as to fund new activities related to our profitable growth ambition. The challenge is especially pronounced in the first quarter when we expect half of the full-year currency impact to materialize.

From a market point of view, we expect a stable to slightly higher demand in the preseason of 2016."

## Fourth quarter 2015

- Net sales increased 2% to SEK 5,672 (5,323), adjusted for exchange rate effects.
- Operating income improved to SEK -212m (-265), excluding items affecting comparability.
- Operating income includes restructuring charges amounting to SEK -153m.

## Full-year 2015

- Net sales increased to SEK 36,170m (32,838), but decreased 1% adjusted for exchange rate effects.
- Operating income increased 27% to SEK 2,980m (2,348), excluding items affecting comparability, corresponding to a margin of 8.2% (7.2).
- Earnings per share after dilution rose to SEK 3.28 (1.43).
- Net debt decreased to SEK 6,375m (7,234) and the net debt/equity ratio declined to 0.49 (0.60).
- The Board proposes a dividend of SEK 1.65 per share (1.65).

Group SEKm	Q4		Change, %		Jan-Dec		Change, %	
	2015	2014 <sup>2</sup>	As rep.	Adj. <sup>1</sup>	2015	2014 <sup>2</sup>	As rep.	Adj. <sup>1</sup>
Net sales	5,672	5,323	7	2	36,170	32,838	10	-1
EBITDA	-35	-5	n/a	n/a	3,980	3,315	20	10
EBITDA margin, %	-0.6	-0.1	-	-	11.0	10.1	-	-
Items affecting comparability	-153	-767	-	-	-153	-767	-	-
Operating income	-365	-1,032	65	65	2,827	1,581	79	55
Excl. items affecting comparability	-212	-265	20	21	2,980	2,348	27	15
Operating margin, %	-6.4	-19.4	-	-	7.8	4.8	-	-
Excl. items affecting comparability, %	-3.7	-5.0	-	-	8.2	7.2	-	-
Income after financial items	-432	-1,081	60	n/a	2,483	1,256	98	n/a
Income for the period	-239	-962	75	n/a	1,888	824	129	n/a
Earnings per share after dilution, SEK	-0.42	-1.68	75	n/a	3.28	1.43	129	n/a
<b>Net sales, Divisions</b>								
Husqvarna	3,036	2,789	9	6	17,624	15,449	14	6
Gardena	495	469	5	6	4,669	4,212	11	8
Consumer Brands	1,242	1,259	-1	-10	9,936	9,838	1	-16
Construction	899	806	12	6	3,941	3,339	18	6
<b>Operating income, Divisions</b>								
Husqvarna, excl. items affecting comparability	65	91	-29	-29	2,284	2,008	14	8
Gardena, excl. items affecting comparability	-123	-186	34	35	591	383	55	46
Consumer Brands, excl. items affecting comparability	-168	-158	-6	-1	-120	-155	23	-39
Construction, excl. items affecting comparability	87	49	79	59	465	354	31	15

<sup>1</sup> Adjusted for currency translation effects (i.e. excluding transaction and hedging effects). <sup>2</sup> 2014 has been restated, see page 16.

## FOURTH QUARTER

### Net sales

Net sales for the fourth quarter 2015 increased by 7% to SEK 5,672m (5,323). Adjusted for exchange rate effects, net sales for the Group increased 2%.

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

### Operating income

Operating income for the fourth quarter 2015 was charged with restructuring costs amounting to SEK -153m (see page 3) and the fourth quarter 2014 was charged with an impairment of goodwill amounting to SEK -767m. Both are recorded as items affecting comparability.

Operating income for the fourth quarter improved to SEK -212m (-265), excluding items affecting comparability, corresponding to an operating margin of -3.7% (-5.0).

Operating income was positively impacted by the higher sales volume and cost reductions.

Changes in exchange rates had a total year-on-year negative impact on operating income of approximately SEK -45m compared to the fourth quarter 2014.

### Financial items net

Financial items net amounted to SEK -67m (-49), of which net interest amounted to SEK -93m (-73). The average interest rate on borrowings at December 31, 2015, was 4.0% (3.5).

### Income after financial items

Income after financial items amounted to SEK -432m (-1,081).

### Taxes

Tax amounted to SEK 193m (119). The positive tax impact was due to the seasonally negative result. The impairment of goodwill in Q4 2014 was not tax deductible and has thus impacted prior year's fourth quarter tax rate.

### Earnings per share

Income for the period attributable to equity holders of the Parent Company amounted to SEK -238m (-961), corresponding to SEK -0.42 (-1.68) per share after dilution.

## JANUARY – DECEMBER

### Net sales

Net sales for January – December increased by 10% to SEK 36,170m (32,838). Adjusted for exchange rate effects, net sales for the Group decreased by 1%.

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 was charged with restructuring costs amounting to SEK -153m. Prior year was charged with an impairment of goodwill amounting to SEK -767m. Both are recorded as items affecting comparability.

Operating income, excluding items affecting comparability, for January – December increased by 27% to SEK 2,980m (2,348) and the corresponding operating margin rose to 8.2% (7.2).

Operating income for the full year was positively impacted primarily by favorable price/mix and cost reductions, which was partially offset by the lower sales volume and increased costs for selling and administration.

Changes in exchange rates for the full-year had a total positive impact on operating income of approximately SEK 110m compared to January - December 2014.

## Financial items net

Financial items net amounted to SEK -344m (-325), of which net interest amounted to SEK -336m (-340).

## Income after financial items

Income after financial items increased to SEK 2,483m (1,256), corresponding to a margin of 6.9% (3.8).

## Taxes

Tax amounted to SEK -595m (-432), corresponding to a tax rate of 24% (34) of income after financial items. The higher tax rate prior year is mainly explained by the goodwill impairment charge which was not tax deductible.

## Earnings per share

Income for the period attributable to equity holders of the Parent Company increased to SEK 1,883m (820), corresponding to SEK 3.28 (1.43) per share after dilution.

## RESTRUCTURING

As communicated in the fourth quarter, Husqvarna Group is implementing changes to drive further cost reductions. Changes include adjustments of the manufacturing and logistics footprint in Sweden, the US and China, as well as efficiency improvements in sales and service resources. The cost reductions will be utilized for investments in profitable growth activities and to mitigate unfavorable currency impact going forward. The measures will entail restructuring costs amounting to SEK -153m, which have been included in the Group's income statement for the fourth quarter of 2015. Restructuring charges in the Husqvarna Division amount to SEK -51m, in Gardena SEK -5m, in Consumer Brands SEK -27m and Construction SEK -70m.

## OPERATING CASH FLOW

Operating cash flow for January – December 2015 amounted to SEK 1,668m (1,425). The improved earnings supported an increase in cash flow from operations, excluding changes in operating assets and liabilities. This was partially offset by lower cash flow from changes in operating assets and liabilities, which was negatively affected by a change in divisional mix and somewhat higher inventory.

Operating cash flow SEKm	Q4 2015	Q4 2014 <sup>1</sup>	Jan-Dec 2015	Jan-Dec 2014 <sup>1</sup>
Cash flow from operations, excluding changes in operating assets and liabilities	474	-256	3,639	2,608
Changes in operating assets and liabilities	286	512	-583	203
<b>Cash flow from operations</b>	<b>760</b>	<b>256</b>	<b>3,056</b>	<b>2,811</b>
Cash flow from investments, excluding acquisitions and divestments	-441	-483	-1,388	-1,386
<b>Operating cash flow</b>	<b>319</b>	<b>-227</b>	<b>1,668</b>	<b>1,425</b>

<sup>1</sup> 2014 has been restated, see page 16.

## FINANCIAL POSITION

Group equity as of December 31, 2015, excluding non-controlling interests, increased to SEK 13,041m (12,068), corresponding to SEK 22.7 (21.1) per share after dilution.

Net debt decreased to SEK 6,375m (7,234) of which liquid funds and other interest-bearing assets amounted to SEK 1,972m (2,105) and interest-bearing debt amounted to SEK 6,952m (7,504), excluding pensions. The major currencies used for debt financing are SEK and USD.

The net debt/equity ratio amounted to 0.49 (0.60) and the equity/assets ratio was 44% (41).

Net debt SEKm	Dec 31, 2015	Dec 31, 2014
Net pension liability	1,395	1,835
Other interest-bearing liabilities	6,952	7,504
Less: Liquid funds and other interest-bearing assets	-1,972	-2,105
<b>Net debt</b>	<b>6,375</b>	<b>7,234</b>

On December 31, 2015, non-current borrowings including financial leases amounted to SEK 4,580m (5,598) and current borrowings including financial leases to SEK 2,016m (1,154). Non-current borrowings consist of

SEK 2,932m (3,493) in issued bonds and of SEK 1,648m (2,105) in bank loans and financial leases. The bonds and bank loans mature in 2016 - 2019. The Group also has an unutilized SEK 5bn committed revolving credit facility maturing in 2020, with an option for an additional 1 year.

## PERFORMANCE BY BUSINESS SEGMENT

### Husqvarna

SEKm	Q4		Change, %		Jan-Dec		Change, %	
	2015	2014	rep.	Adj. <sup>1</sup>	2015	2014	rep.	Adj. <sup>1</sup>
Net sales	3,036	2,789	9	6	17,624	15,449	14	6
Operating income	14	91	-84	-84	2,233	2,008	11	6
<i>Excl. items affecting comparability</i>	65	91	-29	-29	2,284	2,008	14	8
Operating margin, %	0.5	3.3	-	-	12.7	13.0	-	-
<i>Excl. items affecting comparability</i>	2.1	3.3	-	-	13.0	13.0	-	-

<sup>1</sup> Adjusted for currency translation effects.

Net sales, adjusted for changes in exchange rates, in the Husqvarna Division increased by 6% in the fourth quarter. The corresponding full-year net sales increase was 6%.

The increase in the fourth quarter was mainly attributable to wheeled products including snow throwers in North America. Over the full-year, all regions showed growth with the largest contribution coming from EMEA where in particular robotic mowers and riders had a strong development.

Operating income for the seasonally small fourth quarter, excluding items affecting comparability, decreased to SEK 65m (91) and the operating margin amounted to 2.1% (3.3). The effect from increased sales volume was offset by adverse currency impact, unfavorable product mix and lower production volumes. The full-year operating income, excluding items affecting comparability, increased SEK 276m or 14% to SEK 2,284m (2,008). The higher sales volume and a favorable product mix development contributed to the full-year increase, whereas higher selling and administrative expenses impacted negatively.

The fourth quarter was charged with restructuring costs of SEK -51m referring to staff reductions in the production facility in Huskvarna, Sweden.

Changes in exchange rates had a total negative year-on-year impact of around SEK -15m on operating income in the fourth quarter and around SEK 65m positive impact for January – December.

### Gardena

SEKm	Q4		Change, %		Jan-Dec		Change, %	
	2015	2014	rep.	Adj. <sup>1</sup>	2015	2014	rep.	Adj. <sup>1</sup>
Net sales	495	469	5	6	4,669	4,212	11	8
Operating income	-128	-186	31	32	586	383	53	45
<i>Excl. items affecting comparability</i>	-123	-186	34	35	591	383	55	46
Operating margin, %	-25.9	-39.7	-	-	12.5	9.1	-	-
<i>Excl. items affecting comparability</i>	-24.8	-39.7	-	-	12.7	9.1	-	-

<sup>1</sup> Adjusted for currency translation effects.

Net sales, adjusted for changes in exchange rates, in the Gardena Division increased by 6% in the fourth quarter. The corresponding full-year net sales increase was 8%.

Europe and Asia/Pacific, in particular Australia and New Zealand, contributed to the good growth in the fourth quarter. The full-year increase was mainly attributable to higher sales of mobile watering products and robotic lawn mowers in Europe. Demand over the season was strong, driven by warm and dry weather in Europe in the third quarter.

Operating income in the seasonally weak fourth quarter improved to SEK -123m (-186), excluding items affecting comparability, largely as a result of the volume growth, productivity and improved matching of costs throughout the year. Operating income for the full year, excluding items affecting comparability, rose to SEK 591m (383), mainly as a result of the higher sales volume and favorable product mix driven by good growth in high margin products such as watering and robotic mowers. Improved productivity and reduced material costs also impacted positively whereas higher selling and administrative expenses impacted negatively. The corresponding operating margin rose to 12.7% (9.1).

The fourth quarter was charged with restructuring costs of SEK -5m referring to staff reductions.

Changes in exchange rates had a total negative year-on-year impact of around SEK -10m on operating income in the fourth quarter and around SEK -25m for January – December.

## Consumer Brands

SEKm	Q4	Q4	Change, %		Jan-Dec	Jan-Dec	Change, %	
	2015	2014	rep.	Adj. <sup>1</sup>	2015	2014	rep.	Adj. <sup>1</sup>
Net sales	1,242	1,259	-1	-10	9,936	9,838	1	-16
Operating income	-195	-158	-23	-16	-147	-155	5	-70
<i>Excl. items affecting comparability</i>	-168	-158	-6	-1	-120	-155	23	-39
Operating margin, %	-15.7	-12.5	-	-	-1.5	-1.6	-	-
<i>Excl. items affecting comparability</i>	-13.6	-12.5	-	-	-1.2	-1.6	-	-

<sup>1</sup> Adjusted for currency translation effects.

Net sales, adjusted for changes in exchange rates, in the Consumer Brands Division decreased by 10% in the fourth quarter. The corresponding full-year net sales decrease was 16%.

Sales in North America and Europe continued to decline in the fourth quarter due to the Group's ambition to prioritize value before revenue. The priority is also reflected in all regions and across most product categories over the full-year.

The seasonal operating loss in the fourth quarter, excluding items affecting comparability, was almost in line with prior year's corresponding quarter. Cost reductions offset unfavorable impact from currency, lower sales and production volumes. For the full year, the operating loss, excluding items affecting comparability, declined to SEK -120m (-155) and the margin recovered to -1.2% (-1.6). Cost reductions compensated for the adverse impact due to lower sales and production volumes as well as unfavorable currency effects.

The fourth quarter was charged with an impairment of SEK -27m mainly referring to restructuring of the logistics footprint, which will be fully implemented in 2016 and 2017.

Changes in exchange rates had a total negative year-on-year impact of around SEK -40m on operating income in the fourth quarter and around SEK -50m for January – December.

## Construction

SEKm	Q4	Q4	Change, %		Jan-Dec	Jan-Dec	Change, %	
	2015	2014	rep.	Adj. <sup>1</sup>	2015	2014	rep.	Adj. <sup>1</sup>
Net sales	899	806	12	6	3,941	3,339	18	6
Operating income	17	49	-66	-70	395	354	11	-2
<i>Excl. items affecting comparability</i>	87	49	79	59	465	354	31	15
Operating margin, %	1.9	6.0	-	-	10.0	10.6	-	-
<i>Excl. items affecting comparability</i>	9.7	6.0	-	-	11.8	10.6	-	-

<sup>1</sup> Adjusted for currency translation effects.

Net sales, adjusted for changes in exchange rates, in the Construction Division increased by 6% in the fourth quarter. The corresponding full-year net sales increase was also 6%.

The good sales development in North America continued in the fourth quarter. Sales increased on the basis of higher demand as a result of increased construction activity, as well as market share gains. Sales in Europe also continued to grow, however at a slow pace and with a mixed development between different countries. The full-year sales development followed a trend similar to the fourth quarter's. Sales related to Latin America and Asia/Pacific recovered somewhat towards the end of the year.

Operating income in the fourth quarter, excluding items affecting comparability, rose to SEK 87m (49), mainly as a result of the higher sales volume and favorable mix. Investments in sales and service resources increased. The corresponding operating margin increased to 9.7% (6.0). For the full-year, operating income increased by 31% to SEK 465m (354), excluding items affecting comparability. The operating income was positively impacted by the higher sales volume, which primarily was offset by higher costs due to investments in the sales and service structure.

The fourth quarter was charged with restructuring costs of SEK -70m related to staff reductions and asset impairment in order to increase efficiency in manufacturing and sales.

Changes in exchange rates had a total positive year-on-year impact of around SEK 20m on operating income in the fourth quarter and around SEK 120m for January – December.

## 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 was 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.

## SUSTAINABILITY RECOGNITION

Husqvarna Group has been reconfirmed as member of the FTSE4Good Index Series and of the STOXX® Global ESG Leaders Index. These indices are designed to facilitate investments in companies that meet globally recognized corporate responsibility standards in environmental and social care as well as corporate governance.

## ANNUAL GENERAL MEETING 2016

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

### Proposals to the AGM

The notification to the AGM 2016 will be available on the Group's website [www.husqvarnagroup.com/agm](http://www.husqvarnagroup.com/agm) as of March 3, 2016. The full proposal to the AGM will be published on the Group's website no later than March 16, 2016.

Shareholders who wish to propose an item for the AGM agenda may do so by email to [board@husqvarnagroup.com](mailto:board@husqvarnagroup.com), or by post to Husqvarna AB, General Counsel, PO Box 7454, SE-103 92 Stockholm, if possible by February 17, 2016.

### Dividend

The Board of Directors proposes a dividend for 2015 of SEK 1.65 (1.65) per share, corresponding to a total dividend payment of SEK 945m (945) based on the number of outstanding shares at the end of 2015.

It is also proposed that the dividend is to be paid in two installments in order to better match the Group's cash flow profile. The first payment of SEK 0.55 per share in April and the second payment of SEK 1.10 per share in October.

The proposed record dates are April 8, 2016 for the first payment and October 10, 2016, for the second payment.

## PARENT COMPANY

Net sales January - December 2015 for the Parent Company, Husqvarna AB, amounted to SEK 12,763m (11,453), of which SEK 9,844 (8,923) referred to sales to Group companies and SEK 2,919m (2,530) to external customers.

Income after financial items amounted to SEK 2,079m (985). Income for the period was SEK 1,845m (779). Investments in property, plant and equipment and intangible assets amounted to SEK 865m (658). Cash and cash equivalents amounted to SEK 238m (166) at the end of the quarter. Undistributed earnings in the Parent Company amounted to SEK 18,388m (17,506).

## 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 fourth quarter 2015, 553 A-shares were converted to B-shares. In January 2016, another (1) A-share was converted to B-share at the request of a shareholder. The total number of votes thereafter amounts to 159,959,720.3.

The total number of registered shares in the company at December 31, 2015 amounted to 576,343,778 of which 113,694,826 were A-shares and 462,648,952 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](http://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 year-end 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](http://www.husqvarnagroup.com/ir).

## AUDITORS' REVIEW REPORT

This year-end report has not been subject to review by the auditors.

Stockholm, February 5, 2016

*Kai Wörn*  
**President and CEO**



## Consolidated income statement

SEKm	Q4 2015	Q4 2014 <sup>2</sup>	Jan-Dec 2015	Jan-Dec 2014 <sup>2</sup>
Net sales	5,672	5,323	36,170	32,838
Cost of goods sold	-4,366	-3,921	-25,996	-23,488
<b>Gross income</b>	<b>1,306</b>	<b>1,402</b>	<b>10,174</b>	<b>9,350</b>
Gross margin, %	23.0	26.3	28.1	28.5
Selling expenses	-1,315	-1,282	-5,833	-5,626
Administrative expenses	-361	-388	-1,532	-1,392
Other operating income/expense	5	3	18	16
Impairment of goodwill	-	-767	-	-767
<b>Operating income<sup>1</sup></b>	<b>-365</b>	<b>-1,032</b>	<b>2,827</b>	<b>1,581</b>
Operating margin, %	-6.4	-19.4	7.8	4.8
Financial items, net	-67	-49	-344	-325
<b>Income after financial items</b>	<b>-432</b>	<b>-1,081</b>	<b>2,483</b>	<b>1,256</b>
Margin, %	-7.6	-20.3	6.9	3.8
Income tax	193	119	-595	-432
<b>Income for the period</b>	<b>-239</b>	<b>-962</b>	<b>1,888</b>	<b>824</b>
Income for the period attributable to:				
Equity holders of the Parent Company	-238	-961	1,883	820
Non-controlling interest	-1	-1	5	4
Earnings per share:				
Before dilution, SEK	-0.42	-1.68	3.29	1.43
After dilution, SEK	-0.42	-1.68	3.28	1.43
Average number of shares outstanding:				
Before dilution, millions	573.0	572.9	573.0	572.8
After dilution, millions	574.3	573.5	574.2	573.1

## Consolidated comprehensive income statement

SEKm	Q4 2015	Q4 2014 <sup>2</sup>	Jan-Dec 2015	Jan-Dec 2014 <sup>2</sup>
<b>Income for the period</b>	<b>-239</b>	<b>-962</b>	<b>1,888</b>	<b>824</b>
<i>Items that will not be reclassified to the income statement:</i>				
Remeasurements on defined benefit pension plans, net of tax	218	-136	295	-377
	<b>218</b>	<b>-136</b>	<b>295</b>	<b>-377</b>
<i>Items that may be reclassified to the income statement:</i>				
Currency translation differences	-284	772	12	1,762
Net investment hedge, net of tax	92	-478	-250	-721
Cash flow hedges, net of tax	42	73	-60	132
	<b>-150</b>	<b>367</b>	<b>-298</b>	<b>1,173</b>
<b>Other comprehensive income, net of tax</b>	<b>68</b>	<b>231</b>	<b>-3</b>	<b>796</b>
<b>Total comprehensive income for the period</b>	<b>-171</b>	<b>-731</b>	<b>1,885</b>	<b>1,620</b>
Total comprehensive income attributable to:				
Equity holders of the Parent Company	-169	-731	1,882	1,614
Non-controlling interest	-2	0	3	6
<sup>1</sup> Of which depreciation, amortization and impairment	-330	-1,027	-1,153	-1,734
<sup>2</sup> 2014 has been restated, see page 16.				

## Consolidated balance sheet

SEKm	Dec 31, 2015	Dec 31, 2014 <sup>1</sup>
<b>Assets</b>		
Property, plant and equipment	4,620	4,481
Goodwill	5,613	5,520
Other intangible assets	3,926	4,001
Derivatives	4	0
Deferred tax assets	1,421	1,644
Other assets	165	102
<b>Total non-current assets</b>	<b>15,749</b>	<b>15,748</b>
Inventories	7,874	7,709
Trade receivables	3,126	2,898
Derivatives	342	526
Tax receivables	70	51
Other current assets	882	665
Other short term investments	4	0
Cash and cash equivalents	1,622	1,579
<b>Total current assets</b>	<b>13,920</b>	<b>13,428</b>
<b>Total assets</b>	<b>29,669</b>	<b>29,176</b>
<b>Equity and liabilities</b>		
Equity attributable to equity holders of the Parent Company	13,041	12,068
Non-controlling interests	20	20
<b>Total equity</b>	<b>13,061</b>	<b>12,088</b>
Borrowings	4,580	5,598
Deferred tax liabilities	1,554	1,492
Provisions for pensions and other post-employment benefits	1,425	1,835
Derivatives	10	30
Other provisions	860	848
<b>Total non-current liabilities</b>	<b>8,429</b>	<b>9,803</b>
Trade payables	3,077	3,154
Tax liabilities	121	50
Other liabilities	2,080	1,995
Borrowings	2,016	1,154
Derivatives	346	722
Other provisions	539	210
<b>Total current liabilities</b>	<b>8,179</b>	<b>7,285</b>
<b>Total equity and liabilities</b>	<b>29,669</b>	<b>29,176</b>

<sup>1</sup> 2014 has been restated, see page 16.

## Consolidated cash flow statement

SEKm	Q4 2015	Q4 2014 <sup>1,2</sup>	Jan-Dec 2015	Jan-Dec 2014 <sup>1,2</sup>
<b>Cash flow from operations</b>				
Operating income	-365	-1,032	2,827	1,581
<i>Non cash items</i>				
Depreciation/amortization and impairment	330	1,027	1,153	1,734
Capital gain and losses	-18	-4	-18	-4
Other non cash items	417	-138	271	-113
<i>Cash items</i>				
Paid restructuring expenses	-3	-18	-27	-96
Net financial items, received/paid	131	-29	-315	-263
Taxes paid	-18	-62	-252	-231
<b>Cash flow from operations, excluding change in operating assets and liabilities</b>	<b>474</b>	<b>-256</b>	<b>3,639</b>	<b>2,608</b>
<b>Change in operating assets and liabilities</b>				
Change in inventories	-738	-812	-89	-60
Change in trade receivables	954	1,097	-287	137
Change in trade payables	412	468	-175	-10
Change in other operating assets/liabilities	-342	-241	-32	136
<b>Cash flow from operating assets and liabilities</b>	<b>286</b>	<b>512</b>	<b>-583</b>	<b>203</b>
<b>Cash flow from operations</b>	<b>760</b>	<b>256</b>	<b>3,056</b>	<b>2,811</b>
<b>Investments</b>				
Acquired and divested assets/subsidiaries	63	-1	63	-26
Investments in property, plant and equipment	-348	-407	-1,029	-1,131
Investments in intangible assets	-93	-76	-359	-255
Other	0	0	0	0
<b>Cash flow from investments</b>	<b>-378</b>	<b>-484</b>	<b>-1,325</b>	<b>-1,412</b>
<b>Cash flow from operations and investments</b>	<b>382</b>	<b>-228</b>	<b>1,731</b>	<b>1,399</b>
<b>Financing</b>				
Change in interest-bearing assets and liabilities, net	120	231	4	-180
Net investment hedge	-147	-513	-774	-557
Transfer of treasury shares	-	3	5	5
Dividend paid to shareholders	-630	-	-945	-859
Dividend paid to non-controlling interests	-2	-	-3	-4
<b>Cash flow from financing</b>	<b>-659</b>	<b>-279</b>	<b>-1,713</b>	<b>-1,595</b>
<b>Total cash flow</b>	<b>-277</b>	<b>-507</b>	<b>18</b>	<b>-196</b>
Cash and cash equivalents at beginning of period	1,920	2,029	1,579	1,594
Exchange rate differences referring to cash and cash equivalents	-21	57	25	181
<b>Cash and cash equivalents at end of period</b>	<b>1,622</b>	<b>1,579</b>	<b>1,622</b>	<b>1,579</b>

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

<sup>2</sup> 2014 has been restated, see page 16.

## Change in Group equity

SEKm	Attributable to equity holders of the Parent company	Non-controlling interests	Total equity
<b>Opening balance January 1, 2014</b>	<b>11,372</b>	<b>18</b>	<b>11,390</b>
Correction of prior year <sup>2</sup>	-75	-	-75
<b>Opening balance January 1, 2014</b>	<b>11,297</b>	<b>18</b>	<b>11,315</b>
Share-based payment	11	-	11
Transfer of treasury shares <sup>1</sup>	5	-	5
Dividend	-859	-4	-863
Total comprehensive income	1,614	6	1,620
<b>Closing balance December 31, 2014</b>	<b>12,068</b>	<b>20</b>	<b>12,088</b>
<b>Opening balance January 1, 2015</b>	<b>12,068</b>	<b>20</b>	<b>12,088</b>
Share-based payment	31	-	31
Transfer of treasury shares <sup>1</sup>	5	-	5
Dividend	-945	-3	-948
Total comprehensive income	1,882	3	1,885
<b>Closing balance December 31, 2015</b>	<b>13,041</b>	<b>20</b>	<b>13,061</b>

<sup>1</sup> Options exercised related to 2009 LTI-program.

<sup>2</sup> 2014 has been restated, see page 16.

## Key data, Group

	Q4 2015	Q4 2014 <sup>1</sup>	Jan-Dec 2015	Jan-Dec 2014 <sup>1</sup>
Net sales, SEKm	5,672	5,323	36,170	32,838
Net sales growth, %	6.6	13.1	10.1	8.4
Gross margin, %	23.0	26.3	28.1	28.5
Operating income, SEKm	-365	-1,032	2,827	1,581
Excl. items affecting comparability	-212	-265	2,980	2,348
Operating margin, %	-6.4	-19.4	7.8	4.8
Excl. items affecting comparability	-3.7	-5.0	8.2	7.2
Working capital, SEKm	-	-	5,275	5,066
Return on capital employed, %	-	-	12.4	7.6
Excl. items affecting comparability	-	-	13.1	11.1
Return on equity, %	-	-	14.6	6.7
Excl. items affecting comparability	-	-	15.5	12.9
Earnings per share after dilution, SEK	-0.42	-1.68	3.28	1.43
Capital turn-over rate, times	-	-	1.7	1.7
Operating cash flow, SEKm	319	-227	1,668	1,425
Net debt/equity ratio	-	-	0.49	0.60
Capital expenditure, SEKm	441	483	1,388	1,386
Average number of employees	12,560	12,852	13,572	14,337

<sup>1</sup> 2014 has been restated, see page 16.

## 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	December 31, 2015		December 31, 2014	
	Book value	Fair value	Book value	Fair value
<i>Non-current borrowings</i>				
Financial leases	214	225	159	179
Loans	4,366	4,466	5,439	5,608
<b>Total non-current borrowing</b>	<b>4,580</b>	<b>4,691</b>	<b>5,598</b>	<b>5,787</b>

## Items affecting comparability

SEKm		Q1	Q2	Q3	Q4	Full-year
Restructuring charge	2015	-	-	-	-153	-153
Impairment of goodwill	2014	-	-	-	-767	-767

## Five-year review, Group

	2015	2014 <sup>2</sup>	2013	2012 <sup>1</sup>	2011
Net sales, SEKm	36,170	32,838	30,307	30,834	30,357
Net sales growth, %	10.1	8.4	-1.7	1.6	-5.8
Gross margin, %	28.1	28.5	26.5	26.9	27.7
Operating income, SEKm	2,827	1,581	1,608	1,675	1,551
Excluding items affecting comparability, SEKm	2,980	2,348	1,608	1,931	1,615
Operating margin, %	7.8	4.8	5.3	5.4	5.1
Excluding items affecting comparability, %	8.2	7.2	5.3	6.3	5.3
Return on capital employed, %	12.4	7.6	7.7	7.4	7.4
Excluding items affecting comparability, %	13.1	11.1	7.7	8.5	7.7
Return on equity, %	14.6	6.7	8.1	8.8	8.0
Excluding items affecting comparability, %	15.5	12.9	8.1	10.5	8.6
Capital turn-over rate, times	1.7	1.7	1.6	1.5	1.6
Operating cash flow, SEKm	1,668	1,425	1,813	1,144	-472
Capital expenditure, SEKm	1,388	1,386	1,078	776	994
Average number of employees	13,572	14,337	14,156	15,429	15,698

<sup>1</sup>2012 has been restated due to the amended IAS 19. 2011 is not affected by the amendment.

<sup>2</sup>2014 has been restated due to a correction.

## Net sales and income by quarter, Group\*

SEKm		Q1	Q2	Q3	Q4	Full-year
<b>Net sales</b>	<b>2015</b>	10,928	12,263	7,307	<b>5,672</b>	36,170
	2014	9,685	11,045	6,785	5,323	32,838
	2013	9,024	10,227	6,349	4,707	30,307
<b>Operating income</b>	<b>2015</b>	1,112	1,675	405	<b>-365</b>	2,827
	<b>Margin, %</b>	10.2	13.7	5.5	<b>-6.4</b>	7.8
	2014	908	1,373	332	-1,032	1,581
	<b>Margin, %</b>	9.4	12.4	4.9	<b>-19.4</b>	4.8
	2013	688	1,022	206	-308	1,608
	<b>Margin, %</b>	7.6	10.0	3.2	<b>-6.5</b>	5.3
<b>Income after financial items</b>	<b>2015</b>	1,057	1,536	322	<b>-432</b>	2,483
	<b>Margin, %</b>	9.7	12.5	4.4	<b>-7.6</b>	6.9
	2014	812	1,263	262	-1,081	1,256
	<b>Margin, %</b>	8.4	11.4	3.9	<b>-20.3</b>	3.8
	2013	602	916	95	-433	1,180
	<b>Margin, %</b>	6.7	9.0	1.5	<b>-9.2</b>	3.9
<b>Income for the period</b>	<b>2015</b>	788	1,143	196	<b>-239</b>	1,888
	2014	620	967	199	-962	824
	2013	467	661	92	-304	916
<b>Earnings per share after dilution, SEK</b>	<b>2015</b>	1.37	1.98	0.34	<b>-0.42</b>	3.28
	2014	1.08	1.68	0.35	-1.68	1.43
	2013	0.81	1.15	0.16	-0.53	1.60

\* Including items affecting comparability, 2014 has been restated, see page 16.

## Net sales and operating income, 12 months rolling, Group

SEKm		Q1	Q2	Q3	Q4
<b>Net sales</b>	<b>2015</b>	34,081	35,299	35,821	<b>36,170</b>
	2014	30,968	31,786	32,222	32,838
	2013	30,047	29,568	30,076	30,307
<b>Operating income<sup>1</sup></b>	<b>2015</b>	1,785	2,087	2,160	<b>2,827</b>
<i>Excluding items affecting comparability</i>	<b>2015</b>	2,552	2,854	2,927	<b>2,980</b>
	<b>Margin, %</b>	5.2	5.9	6.0	<b>7.8</b>
<i>Excluding items affecting comparability</i>	<b>Margin, %</b>	7.5	8.1	8.2	<b>8.2</b>
	2014	1,828	2,179	2,305	1,581
<i>Excluding items affecting comparability</i>	2014	1,828	2,179	2,305	2,348
	<b>Margin, %</b>	5.9	6.9	7.2	4.8
<i>Excluding items affecting comparability</i>	<b>Margin, %</b>	5.9	6.9	7.2	7.2
	2013	1,433	1,303	1,312	1,608
	<b>Margin, %</b>	4.8	4.4	4.4	5.3

<sup>1</sup> 2014 has been restated due to a correction.

## Net sales by segment

SEKm		Q1	Q2	Q3	Q4	Full-year
<b>Husqvarna</b>	<b>2015</b>	5,342	5,727	3,519	<b>3,036</b>	17,624
	2014	4,358	5,038	3,264	2,789	15,449
<b>Gardena</b>	<b>2015</b>	1,319	1,795	1,060	<b>495</b>	4,669
	2014	1,152	1,712	879	469	4,212
<b>Consumer Brands</b>	<b>2015</b>	3,343	3,643	1,708	<b>1,242</b>	9,936
	2014	3,393	3,410	1,776	1,259	9,838
<b>Construction</b>	<b>2015</b>	924	1,098	1,020	<b>899</b>	3,941
	2014	782	885	866	806	3,339
<b>Total Group</b>	<b>2015</b>	10,928	12,263	7,307	<b>5,672</b>	36,170
	2014	9,685	11,045	6,785	5,323	32,838

## Operating income by segment

SEKm		Q1	Q2	Q3	Q4	Full-year
<b>Husqvarna</b>	<b>2015</b>	897	1,001	321	<b>14</b>	2,233
<i>Excluding items affecting comparability</i>	<b>2015</b>	897	1,001	321	<b>65</b>	2,284
	2014	667	818	432	91	2,008
<b>Gardena</b>	<b>2015</b>	204	397	113	<b>-128</b>	586
<i>Excluding items affecting comparability</i>	<b>2015</b>	204	397	113	<b>-123</b>	591
	2014	177	399	-7	-186	383
<b>Consumer Brands</b>	<b>2015</b>	-11	178	-119	<b>-195</b>	-147
<i>Excluding items affecting comparability</i>	<b>2015</b>	-11	178	-119	<b>-168</b>	-120
	2014	44	97	-138	-158	-155
<b>Construction</b>	<b>2015</b>	74	160	144	<b>17</b>	395
<i>Excluding items affecting comparability</i>	<b>2015</b>	74	160	144	<b>87</b>	465
	2014	81	117	107	49	354
<b>Group common costs</b>	<b>2015</b>	-52	-61	-54	<b>-73</b>	-240
	2014	-61	-58	-62	-828	-1,009
<i>Excluding items affecting comparability</i>	2014	-61	-58	-62	-61	-242
<b>Total Group</b>	<b>2015</b>	1,112	1,675	405	<b>-365</b>	2,827
<i>Excluding items affecting comparability</i>	<b>2015</b>	1,112	1,675	405	<b>-212</b>	2,980
	2014	908	1,373	332	-1,032	1,581
<i>Excluding items affecting comparability</i>	2014	908	1,373	332	-265	2,348

## Operating margin by segment

%		Q1	Q2	Q3	Q4	Full-year
<b>Husqvarna</b>	<b>2015</b>	16.8	17.5	9.1	<b>0.5</b>	12.7
<i>Excluding items affecting comparability</i>	<b>2015</b>	16.8	17.5	9.1	<b>2.1</b>	13.0
	2014	15.3	16.2	13.2	3.3	13.0
<b>Gardena</b>	<b>2015</b>	15.5	22.1	10.7	<b>-25.9</b>	12.5
<i>Excluding items affecting comparability</i>	<b>2015</b>	15.5	22.1	10.7	<b>-24.8</b>	12.7
	2014	15.4	23.3	-0.8	-39.7	9.1
<b>Consumer Brands</b>	<b>2015</b>	-0.3	4.9	-7.0	<b>-15.7</b>	-1.5
<i>Excluding items affecting comparability</i>	<b>2015</b>	-0.3	4.9	-7.0	<b>-13.6</b>	-1.2
	2014	1.3	2.8	-7.8	-12.5	-1.6
<b>Construction</b>	<b>2015</b>	8.0	14.6	14.1	<b>1.9</b>	10.0
<i>Excluding items affecting comparability</i>	<b>2015</b>	8.0	14.6	14.1	<b>9.7</b>	11.8
	2014	10.4	13.2	12.4	6.0	10.6
<b>Total Group</b>	<b>2015</b>	10.2	13.7	5.5	<b>-6.4</b>	7.8
<i>Excluding items affecting comparability</i>	<b>2015</b>	10.2	13.7	5.5	<b>-3.7</b>	8.2
	2014	9.4	12.4	4.9	-19.4	4.8
<i>Excluding items affecting comparability</i>	2014	9.4	12.4	4.9	-5.0	7.2

## Net assets by segment

SEKm	Assets		Liabilities		Net Assets	
	Dec 31, 2015	Dec 31, 2014	Dec 31, 2015	Dec 31, 2014	Dec 31, 2015	Dec 31, 2014
Husqvarna	10,917	10,025	3,021	2,942	7,896	7,083
Gardena	6,434	6,449	735	639	5,699	5,810
Consumer Brands	5,443	5,645	1,699	1,723	3,744	3,922
Construction	3,342	3,215	624	538	2,718	2,677
Other	1,531	1,737	2,152	1,907	-621	-170
<b>Total</b>	<b>27,667</b>	<b>27,071</b>	<b>8,231</b>	<b>7,749</b>	<b>19,436</b>	<b>19,322</b>

Liquid assets and other interest-bearing 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.

## 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
<b>Gross income</b>	<b>2,557</b>	<b>2,552</b>	<b>3,425</b>	<b>3,436</b>	<b>1,966</b>	<b>1,935</b>	<b>1,402</b>	<b>1,437</b>	<b>9,350</b>	<b>9,360</b>
<b>Operating income</b>	<b>908</b>	<b>903</b>	<b>1,373</b>	<b>1,384</b>	<b>332</b>	<b>301</b>	<b>-1,032</b>	<b>-997</b>	<b>1,581</b>	<b>1,591</b>
Income tax	-192	-191	-296	-299	-63	-55	119	110	-432	-435
<b>Income for the period</b>	<b>620</b>	<b>616</b>	<b>967</b>	<b>975</b>	<b>199</b>	<b>176</b>	<b>-962</b>	<b>-936</b>	<b>824</b>	<b>831</b>
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
<b>Other comprehensive income</b>	<b>606</b>	<b>602</b>	<b>1,434</b>	<b>1,442</b>	<b>311</b>	<b>288</b>	<b>-731</b>	<b>-705</b>	<b>1,620</b>	<b>1,627</b>

### 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
<b>Total assets</b>	<b>26,601</b>	<b>26,762</b>	<b>31,482</b>	<b>31,639</b>	<b>31,301</b>	<b>31,466</b>	<b>28,827</b>	<b>28,969</b>	<b>29,176</b>	<b>29,344</b>
<b>Total equity</b>	<b>11,315</b>	<b>11,390</b>	<b>11,923</b>	<b>11,994</b>	<b>12,497</b>	<b>12,576</b>	<b>12,816</b>	<b>12,872</b>	<b>12,088</b>	<b>12,170</b>
Tax liabilities	10	96	186	272	438	524	231	317	50	136
<b>Total liabilities</b>	<b>15,286</b>	<b>15,372</b>	<b>19,559</b>	<b>19,645</b>	<b>18,804</b>	<b>18,890</b>	<b>16,011</b>	<b>16,097</b>	<b>17,088</b>	<b>17,174</b>
<b>Total equity and liabilities</b>	<b>26,601</b>	<b>26,762</b>	<b>31,482</b>	<b>31,639</b>	<b>31,301</b>	<b>31,466</b>	<b>28,827</b>	<b>28,969</b>	<b>29,176</b>	<b>29,344</b>



## Husqvarna

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	4,358	4,358	5,038	5,038	3,264	3,264	2,789	2,789	15,449	15,449
<b>Operating income</b>	<b>667</b>	<b>653</b>	<b>818</b>	<b>818</b>	<b>432</b>	<b>400</b>	<b>91</b>	<b>145</b>	<b>2,008</b>	<b>2,016</b>
%	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
<b>Net assets</b>	<b>7,316</b>	<b>7,441</b>	<b>7,340</b>	<b>7,471</b>	<b>6,961</b>	<b>7,072</b>	<b>7,083</b>	<b>7,247</b>	<b>7,083</b>	<b>7,247</b>

## Gardena

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	1,152	1,152	1,712	1,712	879	879	469	469	4,212	4,212
<b>Operating income</b>	<b>177</b>	<b>186</b>	<b>399</b>	<b>401</b>	<b>-7</b>	<b>2</b>	<b>-186</b>	<b>-207</b>	<b>383</b>	<b>382</b>
%	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
<b>Net assets</b>	<b>6,481</b>	<b>6,517</b>	<b>6,574</b>	<b>6,606</b>	<b>6,278</b>	<b>6,310</b>	<b>5,810</b>	<b>5,821</b>	<b>5,810</b>	<b>5,821</b>

## Consumer Brands

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	3,393	3,393	3,410	3,410	1,776	1,776	1,259	1,259	9,838	9,838
<b>Operating income</b>	<b>44</b>	<b>48</b>	<b>97</b>	<b>102</b>	<b>-138</b>	<b>-148</b>	<b>-158</b>	<b>-156</b>	<b>-155</b>	<b>-154</b>
%	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
<b>Net assets</b>	<b>4,731</b>	<b>4,726</b>	<b>4,126</b>	<b>4,125</b>	<b>3,836</b>	<b>3,822</b>	<b>3,922</b>	<b>3,912</b>	<b>3,922</b>	<b>3,912</b>

## 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
<b>Operating income</b>	<b>81</b>	<b>77</b>	<b>117</b>	<b>121</b>	<b>107</b>	<b>109</b>	<b>49</b>	<b>49</b>	<b>354</b>	<b>356</b>
%	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
<b>Net assets</b>	<b>2,516</b>	<b>2,573</b>	<b>2,614</b>	<b>2,675</b>	<b>2,668</b>	<b>2,730</b>	<b>2,677</b>	<b>2,740</b>	<b>2,677</b>	<b>2,740</b>

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

## PARENT COMPANY

### Income statement

SEKm	Q4 2015	Q4 2014	Jan-Dec 2015	Jan-Dec 2014
Net sales	2,328	1,946	12,763	11,453
Cost of goods sold	-1,327	-1,656	-9,376	-8,762
<b>Gross income</b>	<b>1,001</b>	<b>290</b>	<b>3,387</b>	<b>2,691</b>
Selling expense	-316	-337	-1,385	-1,300
Administrative expense	-225	-191	-814	-693
Other operating income/expense	-1	0	-1	0
<b>Operating income</b>	<b>459</b>	<b>-238</b>	<b>1,187</b>	<b>698</b>
Financial items, net	131	603	892	287
<b>Income after financial items</b>	<b>590</b>	<b>365</b>	<b>2,079</b>	<b>985</b>
Appropriations	11	-115	-99	-406
<b>Income before taxes</b>	<b>601</b>	<b>250</b>	<b>1,980</b>	<b>579</b>
Tax on profit for the year	-122	229	-135	200
<b>Income for the period</b>	<b>479</b>	<b>479</b>	<b>1,845</b>	<b>779</b>

### Balance sheet

SEKm	Dec 31, 2015	Dec 31, 2014
Non-current assets	32,485	32,152
Current assets	5,243	5,330
<b>Total assets</b>	<b>37,728</b>	<b>37,482</b>
Equity	19,563	18,681
Untaxed reserves	0	25
Provisions	127	75
Non-current liabilities	4,205	5,292
Current liabilities	13,833	13,409
<b>Total equity and liabilities</b>	<b>37,728</b>	<b>37,482</b>

### Number of shares

	Outstanding A-shares	Outstanding B-shares	Re-purchased B-shares	Total
<b>Number of shares as of 31 December 2014</b>	<b>122,425,469</b>	<b>450,469,775</b>	<b>3,448,534</b>	<b>576,343,778</b>
Conversion of A-shares into B-shares	-8,730,643	8,730,643	-	-
Options exercised related to 2009 LTI-program	-	105,519	-105,519	-
<b>Number of shares as of 31 December 2015 <sup>1</sup></b>	<b>113,694,826</b>	<b>459,305,937</b>	<b>3,343,015</b>	<b>576,343,778</b>

<sup>1</sup> In January 2016 another (1) A-share was converted.

## 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 and interest-bearing assets, less operating liabilities, non-interest-bearing provisions and deferred tax liabilities.
Net debt	Total interest-bearing liabilities plus dividend payable, less liquid funds and interest-bearing assets.
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 the Scandic Anglais Hotel, Humlegårdsgatan 23, Stockholm at 10:00 CET on February 5, 2016. 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](http://www.husqvarnagroup.com/ir). A replay will be available later the same day.

## DATES FOR FINANCIAL REPORTS

April 21, 2016	Interim report for January - March
July 15, 2016	Interim report for January - June
October 20, 2016	Interim report for January - September

The Group's Annual Report 2015 will be available on [www.husqvarnagroup.com](http://www.husqvarnagroup.com) as of week 11.

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

## CONTACTS

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- Tobias Norrby, Investor Relations Manager, +46 8 738 93 35

*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 February 5, 2016.*

### 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 more efficient.