

# INTERIM REPORT JANUARY - SEPTEMBER 2016

Stockholm October 20, 2016



## Kai Wärn, President and CEO:

“The development for the seasonally slower third quarter was generally in line with expectations, with continued improvements in operating income and margin. Successful execution of efficiency measures continued to support earnings growth, offsetting unfavorable currency impact and at the same time creating headroom for investments in profitable growth initiatives in areas that will be key in the years to come. Operating income for the Group increased to SEK 431m (405) and the operating margin rose to 5.9% (5.5).

Sales in the Husqvarna Division increased 5% adjusted for currency, with the European market maintaining its solid growth trend. Operating income for the Division increased to SEK 368m (321) and the margin rose to 9.8% (9.1), mainly driven by the volume increase and operational improvements, however partly offset by adverse currency impact and costs for growth initiatives. The downturn in sales for the Gardena Division in the quarter was expected given the favorable weather conditions last year in Central Europe, but was limited to -6% following a successful launch of a new range of hand tools. Operating income decreased to SEK 50m (113) mainly as a consequence of the volume decline and a higher cost level due to the growth initiatives. On a year-to-date basis Gardena has increased sales by 9% adjusted for currency, reflecting the success in terms of expanded distribution and several new product introductions.

Cost reductions and efficiency enhancements in the Consumer Brands Division are progressing according to plan, however somewhat overshadowed by negative currency effects and the impact from lower sales which decreased by 10% adjusted for currency. The seasonal driven operating loss was reduced to SEK -80m (-119) and the margin improved to -5.2% (-7.0).

The Construction Division continued to deliver higher operating income and margin, despite a lower growth rate than in the previous quarters. Sales were 1% higher adjusted for changes in exchange rates, operating income increased to SEK 155m (144) and the corresponding margin rose to SEK 14.9% (14.1).

The Group's financial targets for the coming years were communicated at the capital market day in September. Following recent years' focus and successful execution of the margin improvement, stronger emphasis will be placed on profitable growth. The growth ambition is to exceed the average industry by around 1-2 percentage points annually. Our targets are to grow net sales by between 3-5% per year, to have an average operating margin of at least 10% and to achieve an operating working capital in relation to sales of below 25%. However, the Consumer Brands Division will continue to have the operating margin improvement as first priority.”

## Third quarter 2016

- Net sales amounted to SEK 7,349m (7,307). Adjusted for changes in exchange rates, net sales decreased by 1%.
- Operating income increased to SEK 431m (405), despite unfavorable currency impact of around SEK -60m, and the corresponding margin increased to 5.9% (5.5).
- Net debt\* decreased to SEK 6,454m (6,666) and the net debt/equity ratio improved to 0.45 (0.50).
- Earnings per share after dilution increased to SEK 0.36 (0.34).

Group SEKm	Q3		Change, %		Jan-Sep		Change, %		FY	
	2016	2015	As rep.	Adj.* <sup>1</sup>	2016	2015	As rep.	Adj.* <sup>1</sup>	LTM* <sup>2</sup>	2015
Net sales	7,349	7,307	1	-1	30,214	30,498	-1	0	35,886	36,170
Items affecting comparability*	-	-	-	-	-	-	-	-	-153	-153
Operating income	431	405	6	2	3,326	3,192	4	5	2,961	2,827
<i>Excl. items affecting comparability*</i>	431	405	6	2	3,326	3,192	4	5	3,114	2,980
Operating margin, %	5.9	5.5	-	-	11.0	10.5	-	-	8.3	7.8
<i>Excl. items affecting comparability*, %</i>	5.9	5.5	-	-	11.0	10.5	-	-	8.7	8.2
Income for the period	205	196	5	n/a	2,225	2,127	5	n/a	1,986	1,888
Earnings per share after dilution, SEK	0.36	0.34	6	n/a	3.87	3.69	5	n/a	3.46	3.28
<b>Net sales, Divisions</b>										
Husqvarna	3,752	3,519	7	5	14,930	14,588	2	4	17,966	17,624
Gardena	1,002	1,060	-5	-6	4,515	4,174	8	9	5,010	4,669
Consumer Brands	1,553	1,708	-9	-10	7,654	8,694	-12	-11	8,896	9,936
Construction	1,042	1,020	2	1	3,115	3,042	2	3	4,014	3,941
<b>Operating income, Divisions</b>										
Husqvarna	368	321	14	11	2,243	2,219	1	1	2,257	2,233
Gardena	50	113	-56	-56	725	714	2	2	597	586
Consumer Brands	-80	-119	33	32	131	48	n/a	n/a	-64	-147
Construction	155	144	8	6	423	378	12	13	440	395

<sup>1</sup> Adjusted for currency translation effects (i.e. excluding transaction and hedging effects). <sup>2</sup> Last twelve months.

\*Alternative Performance Measure, refer to page 16 for definitions and reconciliations.

## THIRD QUARTER

### Net sales

Net sales for the third quarter 2016 increased to SEK 7,349m (7,307). Adjusted for exchange rate effects, net sales for the Group decreased by 1%.

### Operating income

Operating income increased to SEK 431m (405) and the corresponding operating margin rose to 5.9% (5.5). Operating income was positively impacted by a favorable mix, continued efficiency improvements and material cost reductions, which partly were offset by negative currency effects and costs for growth initiatives.

Changes in exchange rates had a total negative impact on operating income of approximately SEK -60m compared to the third quarter 2015.

### Financial items net

Financial items net amounted to SEK -124m (-83), impacted by currency effects and higher interest costs.

### Income after financial items

Income after financial items amounted to SEK 307m (322), corresponding to a margin of 4.2% (4.4).

### Taxes

Tax amounted to SEK -102m (-126) corresponding to a tax rate of 33% (39) of income after financial items.

### Earnings per share

Income for the period attributable to equity holders of the Parent Company amounted to SEK 206m (197), corresponding to SEK 0.36 (0.34) per share after dilution.

## JANUARY – SEPTEMBER

### Net sales

Net sales for January - September amounted to SEK 30,214m (30,498). Adjusted for exchange rate effects, net sales for the Group were unchanged.

Sales in Husqvarna, Gardena and Construction divisions increased, while sales in the Consumer Brands Division decreased.

### Operating income

Operating income for January - September increased to SEK 3,326m (3,192) and the corresponding operating margin rose to 11.0% (10.5).

Operating income was positively impacted by a favorable mix and material cost reductions, which partly were offset by negative currency effects and costs for growth initiatives.

Changes in exchange rates had a total negative impact on operating income of approximately SEK -450m compared to January - September 2015.

### Financial items net

Financial items net amounted to SEK -338m (-277), mainly related to higher interest costs.

### Income after financial items

Income after financial items increased to SEK 2,988m (2,915) corresponding to a margin of 9.9% (9.6).

### Taxes

Tax amounted to SEK -763m (-788), corresponding to a tax rate of 26% (27) of income after financial items.

## Earnings per share

Income for the period attributable to equity holders of the Parent Company increased to SEK 2,220m (2,121), corresponding to SEK 3.87 (3.69) per share after dilution.

## OPERATING CASH FLOW

Operating cash flow\* for January - September improved to SEK 2,030m (1,569), mainly due to slightly higher earnings and less working capital tied up, reflecting the lower sales in Consumer Brands. Operating cash flow\* for the third quarter amounted to SEK 1,323m (1,443).

Due to the seasonal build-up of working capital, operating cash flow\* is normally negative in the first quarter, followed by positive cash flow in the second and third quarters.

## FINANCIAL POSITION

Group equity as of September 30, 2016, excluding non-controlling interests, increased to SEK 14,216m (13,205), corresponding to SEK 24.8 (23.1) per share after dilution.

Net debt\* decreased to SEK 6,454m (6,666). The net pension liability increased to SEK 2,041m (1,746), other interest-bearing liabilities increased to SEK 7,140m (6,521) and liquid funds and other interest-bearing assets amounted to SEK 3,357m (2,231).

The net debt/equity ratio improved to 0.45 (0.50) and the equity/assets ratio decreased to 43% (44).

\*Alternative Performance Measures, see page 16.

## PERFORMANCE BY BUSINESS SEGMENT

### Husqvarna

SEKm	Q3		Change, %		Jan-Sep		Change, %		LTM <sup>2</sup>	Full-year
	2016	2015	As rep.	Adj. <sup>1</sup>	2016	2015	As rep.	Adj. <sup>1</sup>		
Net sales	3,752	3,519	7	5	14,930	14,588	2	4	17,966	17,624
Operating income	368	321	14	11	2,243	2,219	1	1	2,257	2,233
<i>Excl. items affecting comparability*</i>	368	321	14	11	2,243	2,219	1	1	2,308	2,284
Operating margin, %	9.8	9.1	-	-	15.0	15.2	-	-	12.6	12.7
<i>Excl. items affecting comparability*</i>	9.8	9.1	-	-	15.0	15.2	-	-	12.8	13.0

<sup>1</sup> Adjusted for currency translation effects. <sup>2</sup> Last twelve months. \*Alternative Performance Measure, refer to page 16.

Net sales in the Husqvarna Division increased by 5% in the third quarter, adjusted for changes in exchange rates. Sales rose mainly due to continued strong demand in the EMEA region.

Operating income rose by 14% to SEK 368m (321), corresponding to an operating margin of 9.8% (9.1). Operating income was positively impacted by the volume increase and cost reductions, which were partly offset by adverse currency effects and costs for investments in growth initiatives.

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 -265m for January - September.

### Gardena

SEKm	Q3		Change, %		Jan-Sep		Change, %		LTM <sup>2</sup>	Full-year
	2016	2015	As rep.	Adj. <sup>1</sup>	2016	2015	As rep.	Adj. <sup>1</sup>		
Net sales	1,002	1,060	-5	-6	4,515	4,174	8	9	5,010	4,669
Operating income	50	113	-56	-56	725	714	2	2	597	586
<i>Excl. items affecting comparability*</i>	50	113	-56	-56	725	714	2	2	602	591
Operating margin, %	5.0	10.7	-	-	16.1	17.1	-	-	11.9	12.5
<i>Excl. items affecting comparability*</i>	5.0	10.7	-	-	16.1	17.1	-	-	12.0	12.7

<sup>1</sup> Adjusted for currency translation effects. <sup>2</sup> Last twelve months. \*Alternative Performance Measure, refer to page 16.

Net sales in the Gardena Division decreased by 6% in the third quarter, adjusted for changes in exchange rates. Last year's third quarter was positively impacted by high demand of watering products due to warm and dry weather conditions in Central Europe. The introduction of a new range of hand tools impacted sales positively in the third quarter this year.

Operating income for the third quarter decreased to SEK 50m (113), corresponding to an operating margin of 5.0% (10.7). The decline was mainly a result of the lower sales volume, unfavorable mix as a result of a lower share of watering products and costs for investments in growth initiatives. Cost and efficiency improvements continued to have a positive impact.

Changes in exchange rates had a limited impact on operating income in the third quarter, but impacted January - September negatively by around SEK -60m.

## Consumer Brands

SEKm	Q3		Change, %		Jan-Sep		Change, %		LTM <sup>2</sup>	Full-year
	2016	2015	As rep.	Adj. <sup>1</sup>	2016	2015	As rep.	Adj. <sup>1</sup>		
Net sales	1,553	1,708	-9	-10	7,654	8,694	-12	-11	8,896	9,936
Operating income	-80	-119	33	32	131	48	n/a	n/a	-64	-147
<i>Excl. items affecting comparability*</i>	-80	-119	33	32	131	48	n/a	n/a	-37	-120
Operating margin, %	-5.2	-7.0	-	-	1.7	0.6	-	-	-0.7	-1.5
<i>Excl. items affecting comparability*</i>	-5.2	-7.0	-	-	1.7	0.6	-	-	-0.4	-1.2

<sup>1</sup> Adjusted for currency translation effects. <sup>2</sup> Last twelve months. \*Alternative Performance Measure, refer to page 16.

Net sales in the Consumer Brands Division decreased by 10% in the third quarter, adjusted for changes in exchange rates. The decline was affected by a continued pursuit of value before volume strategy.

The operating margin improved to -5.2% (-7.0) and the seasonal operating loss was reduced to SEK -80m (-119). On-going improvement measures such as reductions of manufacturing cost continued to offset the impact of significantly lower sales volume and negative currency impact.

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 -150m for January - September.

## Construction

SEKm	Q3		Change, %		Jan-Sep		Change, %		LTM <sup>2</sup>	Full-year
	2016	2015	As rep.	Adj. <sup>1</sup>	2016	2015	As rep.	Adj. <sup>1</sup>		
Net sales	1,042	1,020	2	1	3,115	3,042	2	3	4,014	3,941
Operating income	155	144	8	6	423	378	12	13	440	395
<i>Excl. items affecting comparability*</i>	155	144	8	6	423	378	12	13	510	465
Operating margin, %	14.9	14.1	-	-	13.6	12.4	-	-	11.0	10.0
<i>Excl. items affecting comparability*</i>	14.9	14.1	-	-	13.6	12.4	-	-	12.7	11.8

<sup>1</sup> Adjusted for currency translation effects. <sup>2</sup> Last twelve months. \*Alternative Performance Measure, refer to page 16.

Net sales in the Construction Division increased by 1% in the third quarter, adjusted for changes in exchange rates. Sales in North America continued to increase, but at a slower pace. The development in Europe remained mixed while emerging markets were down, impacted by the slowdown in demand for stone industry products.

Operating income increased to SEK 155m (144) and the corresponding operating margin increased to 14.9% (14.1). Changes in exchange rates had a small positive year-on-year impact on operating income in the third quarter and around SEK 35m of favorable impact for January - September.

## PARENT COMPANY

Net sales January - September 2016 for the Parent Company, Husqvarna AB, amounted to SEK 11,335m (10,435), of which SEK 8,668m (8,010) referred to sales to Group companies and SEK 2,667m (2,425) to external customers.

Income after financial items amounted to SEK 5,197m (1,488). Income for the period increased to SEK 4,691m (1,366), mainly due to dividends from subsidiaries. Investments in property, plant and equipment and intangible assets amounted to SEK 433m (486). Cash and cash equivalents amounted to SEK 1,600m (473) at the end of the third quarter. Undistributed earnings in the Parent Company amounted to SEK 21,926m (17,854).

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

## NEW FINANCIAL TARGETS

New financial targets for the Group were announced on September 8. The targets, valid for the coming years and as of 2017, are:

- Between 3 and 5% annual net sales growth (new target). The Group aims to grow 1-2 percentage points higher than the annual long term market growth rate which is estimated to 2 - 3%. The target excludes the Consumer Brands Division which will continue to have margin improvement as the first priority.
- An operating margin of at least 10%.
- An operating working capital in relation to net sales of a maximum 25% (new target).

## 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.

513 shares were converted in the third quarter and in October 2016, another 381 A-shares were converted to B-shares at the request of shareholders. The total number of votes thereafter amounts to 159,958,916.

The total number of registered shares in the company at September 30, 2016 amounted to 576,343,778 of which 113,694,312 were A-shares and 462,649,466 were B-shares.

## ANNUAL GENERAL MEETING 2017

The AGM of Husqvarna AB (publ) will be held in Jönköping, Sweden on April 4, 2017.

### Nomination Committee

In accordance with the decision by Husqvarna AB's Annual General Meeting ("AGM") on April 6, 2016, the members of the Nomination Committee for the 2017 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, 2016, 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.

On August 31, 2016, the four largest shareholders in terms of voting rights were Investor AB, L E Lundbergföretagen AB, If Skadeförsäkring AB and Didner & Gerge Fonder AB. Each has appointed one member, 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 AB; Tom Johnstone, Chairman of Husqvarna AB.

The Nomination Committee will prepare proposals for the AGM in 2017, 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 2018.

Shareholders who wish to submit proposals to the Nomination Committee may do so by email to [nominationcommittee@husqvarnagroup.com](mailto:nominationcommittee@husqvarnagroup.com) if possible by February 7, 2017.

## SUBSEQUENT EVENTS

### Dividend

The Annual General Meeting on April 6, 2016, resolved on a dividend for 2015 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 2015. 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, 2016. The payment date for the second installment was October 13.

## RISKS AND UNCERTAINTY FACTORS

A number of factors may affect Husqvarna's operations in terms of operational and financial 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, as will fluctuations in prices of sourced raw materials and components.

Short term, demand for the Group's products is impacted by weather conditions. The Group's production processes and supply chain are therefore adapted to respond to changes in weather conditions. 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 refer primarily to currency exchange rates, interest rates, financing, tax and credit risks. Risk management within Husqvarna Group is regulated by a financial policy established by the Board of Directors.

For further information on risks and uncertainty factors, see pages 44 - 47 in the Annual Report 2015 which is available at [www.husqvarnagroup.com/ir](http://www.husqvarnagroup.com/ir).

## ACCOUNTING PRINCIPLES

This interim report has been prepared in accordance with IAS 34, Interim financial reporting and the Swedish Annual Accounts Act. The financial statement of the Parent Company has been prepared in accordance with the Swedish Annual Accounts 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 2015, which is available at [www.husqvarnagroup.com/ir](http://www.husqvarnagroup.com/ir).

## FOOTNOTE

\*Alternative Performance Measures, see page 16 "Definitions and reconciliations of Alternative Performance Measures".

## AUDITORS' REVIEW REPORT

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

Stockholm, October 20, 2016

*Kai Wäm*  
**President and CEO**

## Consolidated income statement

SEKm	Q3 2016	Q3 2015	Jan-Sep 2016	Jan-Sep 2015	Full-year 2015
Net sales	7,349	7,307	30,214	30,498	36,170
Cost of goods sold	-5,058	-5,232	-20,824	-21,630	-25,996
<b>Gross income</b>	<b>2,291</b>	<b>2,075</b>	<b>9,390</b>	<b>8,868</b>	<b>10,174</b>
Gross margin, %	31.2	28.4	31.1	29.1	28.1
Selling expenses	-1,438	-1,333	-4,787	-4,518	-5,833
Administrative expenses	-415	-350	-1,270	-1,171	-1,532
Other operating income/expense	-7	13	-7	13	18
<b>Operating income</b>	<b>431</b>	<b>405</b>	<b>3,326</b>	<b>3,192</b>	<b>2,827</b>
Operating margin, %	5.9	5.5	11.0	10.5	7.8
Financial items, net	-124	-83	-338	-277	-344
<b>Income after financial items</b>	<b>307</b>	<b>322</b>	<b>2,988</b>	<b>2,915</b>	<b>2,483</b>
Margin, %	4.2	4.4	9.9	9.6	6.9
Income tax	-102	-126	-763	-788	-595
<b>Income for the period</b>	<b>205</b>	<b>196</b>	<b>2,225</b>	<b>2,127</b>	<b>1,888</b>
Income for the period attributable to:					
Equity holders of the Parent Company	206	197	2,220	2,121	1,883
Non-controlling interest	-1	-1	5	6	5
Earnings per share:					
Before dilution, SEK	0.36	0.34	3.88	3.70	3.29
After dilution, SEK	0.36	0.34	3.87	3.69	3.28
Average number of shares outstanding:					
Before dilution, millions	572.1	573.0	572.3	573.0	573.0
After dilution, millions	574.0	574.3	573.9	574.1	574.2

## Key data

Net sales growth, %	0.6	7.7	-1.0	10.8	10.1
Items affecting comparability*, SEKm	-	-	-	-	-153
Operating income excl. items affecting comparability*, SEKm	431	405	3,326	3,192	2,980
Operating margin excl. items affecting comparability*, %	5.9	5.5	11.0	10.5	8.2
Average number of employees	11,668	12,473	12,961	13,886	13,572

## EBITDA\*

Operating income, SEKm	431	405	3,326	3,192	2,827
Reversal of depreciation, amortization and impairment, SEKm	305	285	860	823	1,153
<b>EBITDA*, SEKm</b>	<b>736</b>	<b>690</b>	<b>4,186</b>	<b>4,015</b>	<b>3,980</b>
EBITDA margin, %	10.0	9.4	13.9	13.2	11.0

\*Alternative Performance Measure, refer to page 16 for definitions and reconciliations.

## Consolidated comprehensive income statement

SEKm	Q3 2016	Q3 2015	Jan-Sep 2016	Jan-Sep 2015	Full-year 2015
<b>Income for the period</b>	<b>205</b>	<b>196</b>	<b>2,225</b>	<b>2,127</b>	<b>1,888</b>
<b>Other comprehensive income</b>					
<i>Items that will not be reclassified to the income statement:</i>					
Remeasurements on defined benefit pension plans, net of tax	-56	31	-424	77	295
<b>Total items that will not be reclassified to the income statement, net of tax</b>	<b>-56</b>	<b>31</b>	<b>-424</b>	<b>77</b>	<b>295</b>
<i>Items that may be reclassified to the income statement:</i>					
Currency translation differences	399	227	811	296	12
Net investment hedge, net of tax	-166	-176	-317	-342	-250
Cash flow hedges, net of tax	-13	-19	-129	-102	-60
<b>Total items that may be reclassified to the income statement, net of tax</b>	<b>220</b>	<b>32</b>	<b>365</b>	<b>-148</b>	<b>-298</b>
<b>Other comprehensive income, net of tax</b>	<b>164</b>	<b>63</b>	<b>-59</b>	<b>-71</b>	<b>-3</b>
<b>Total comprehensive income for the period</b>	<b>369</b>	<b>259</b>	<b>2,166</b>	<b>2,056</b>	<b>1,885</b>
Total comprehensive income attributable to:					
Equity holders of the Parent Company	370	261	2,159	2,051	1,882
Non-controlling interest	-1	-2	7	5	3



## Consolidated balance sheet

SEKm	Sep. 30, 2016	Sep 30, 2015	Dec 31, 2015
<b>Assets</b>			
Property, plant and equipment	4,948	4,718	4,620
Goodwill	5,927	5,672	5,613
Other intangible assets	4,147	3,999	3,926
Derivatives	0	0	4
Other non-current assets	168	102	165
Deferred tax assets	1,399	1,666	1,421
<b>Total non-current assets</b>	<b>16,589</b>	<b>16,157</b>	<b>15,749</b>
Inventories	7,659	7,188	7,874
Trade receivables	4,475	4,105	3,126
Derivatives	130	306	342
Tax receivables	45	37	70
Other current assets	702	623	882
Other short-term investments	4	5	4
Cash and cash equivalents	3,223	1,920	1,622
<b>Total current assets</b>	<b>16,238</b>	<b>14,184</b>	<b>13,920</b>
<b>Total assets</b>	<b>32,827</b>	<b>30,341</b>	<b>29,669</b>
<b>Equity and liabilities</b>			
Equity attributable to equity holders of the Parent Company	14,216	13,205	13,041
Non-controlling interests	26	24	20
<b>Total equity</b>	<b>14,242</b>	<b>13,229</b>	<b>13,061</b>
Borrowings	6,251	4,591	4,580
Derivatives	76	42	10
Deferred tax liabilities	1,675	1,493	1,554
Provisions for pensions and other post-employment benefits	2,068	1,746	1,425
Other provisions	945	912	860
<b>Total non-current liabilities</b>	<b>11,015</b>	<b>8,784</b>	<b>8,429</b>
Trade payables	2,771	2,659	3,077
Tax liabilities	245	493	121
Other liabilities	2,520	2,327	2,080
Dividend payable	630	630	-
Borrowings	263	1,604	2,016
Derivatives	550	284	346
Other provisions	591	331	539
<b>Total current liabilities</b>	<b>7,570</b>	<b>8,328</b>	<b>8,179</b>
<b>Total equity and liabilities</b>	<b>32,827</b>	<b>30,341</b>	<b>29,669</b>

## Key data

Operating working capital, SEKm	9,363	8,634	7,923
Return on capital employed, %	13.0	9.6	12.4
<i>Excl. items affecting comparability*</i>	14.8	12.8	13.1
Return on equity, %	14.6	9.1	14.6
<i>Excl. items affecting comparability*</i>	15.4	14.4	15.5
Capital turn-over rate, times	1.7	1.7	1.7
Equity/assets ratio, %	43	44	44
Equity per share after dilution, SEK	24.8	23.1	22.7

## Net debt\*

Net pension liability, SEKm	2,041	1,746	1,395
Other interest-bearing liabilities, SEKm	7,140	6,521	6,952
Dividend payable, SEKm	630	630	-
Less: Liquid funds and other interest-bearing assets, SEKm	-3,357	-2,231	-1,972
<b>Net debt*, SEKm</b>	<b>6,454</b>	<b>6,666</b>	<b>6,375</b>
Net debt/equity ratio	0.45	0.50	0.49

\*Alternative Performance Measure, refer to page 16 for definitions and reconciliations.

## Consolidated cash flow statement

SEKm	Q3 2016	Q3 2015	Jan-Sep 2016	Jan-Sep 2015	Full-year 2015
<b>Cash flow from operations</b>					
Operating income	431	405	3,326	3,192	2,827
Non cash items	276	110	908	677	1,406
<i>Cash items</i>					
Paid restructuring expenses	-11	-4	-35	-24	-27
Net financial items, received/paid	-91	-64 <sup>1</sup>	-295	-226 <sup>1</sup>	-251 <sup>1</sup>
Taxes paid	-119	-78	-239	-234	-252
<b>Cash flow from operations, excluding change in operating assets and liabilities</b>	<b>486</b>	<b>369</b>	<b>3,665</b>	<b>3,385</b>	<b>3,703</b>
<b>Change in operating assets and liabilities</b>					
Change in inventories	268	655	513	649	-89
Change in trade receivables	2,400	2,568	-1,131	-1,241	-287
Change in trade payables	-1,145	-1,456	-391	-587	-175
Change in other operating assets/liabilities	-267	-354	425	310	-32
<b>Cash flow from operating assets and liabilities</b>	<b>1,256</b>	<b>1,413</b>	<b>-584</b>	<b>-869</b>	<b>-583</b>
<b>Cash flow from operations</b>	<b>1,742</b>	<b>1,782</b>	<b>3,081</b>	<b>2,516</b>	<b>3,120</b>
<b>Investments</b>					
Acquired and divested assets/subsidiaries	3	-	55	-	63
Investments in property, plant and equipment and intangible assets	-419	-339	-1,051	-947	-1,388
<b>Cash flow from investments</b>	<b>-416</b>	<b>-339</b>	<b>-996</b>	<b>-947</b>	<b>-1,325</b>
<b>Cash flow from operations and investments</b>	<b>1,326</b>	<b>1,443</b>	<b>2,085</b>	<b>1,569</b>	<b>1,795</b>
<b>Financing</b>					
Dividend paid to shareholders	-	-	-315	-315	-945
Dividend paid to non-controlling interests	-	-	-1	-1	-3
Other financing activities	-405	-1,380 <sup>1</sup>	-253	-958 <sup>1</sup>	-829 <sup>1</sup>
<b>Cash flow from financing</b>	<b>-405</b>	<b>-1,380</b>	<b>-569</b>	<b>-1,274</b>	<b>-1,777</b>
<b>Total cash flow</b>	<b>921</b>	<b>63</b>	<b>1,516</b>	<b>295</b>	<b>18</b>
Cash and cash equivalents at beginning of period	2,269	1,861	1,622	1,579	1,579
Exchange rate differences referring to cash and cash equivalents	33	-4	85	46	25
<b>Cash and cash equivalents at end of period</b>	<b>3,223</b>	<b>1,920</b>	<b>3,223</b>	<b>1,920</b>	<b>1,622</b>
<b>Operating cash flow*</b>					
Cash flow from operations and investments, SEKm	1,326	1,443 <sup>1</sup>	2,085	1,569 <sup>1</sup>	1,795 <sup>1</sup>
Acquired and divested assets/subsidiaries, SEKm	-3	-	-55	-	-63
<b>Operating cash flow*, SEKm</b>	<b>1,323</b>	<b>1,443<sup>1</sup></b>	<b>2,030</b>	<b>1,569<sup>1</sup></b>	<b>1,732<sup>1</sup></b>

<sup>1</sup> Hedges related to financing have been moved from operations to financing activities (SEK 96m for the third quarter 2015, SEK -220m for the first three quarters 2015 and SEK -64m for full-year 2015). The equivalent amount has affected the operating cash flow.

\*Alternative Performance Measure, refer to page 16 for definitions and reconciliations.

## Change in Group equity

SEKm	Attributable to equity holders of the Parent company	Non-controlling interests	Total equity
<b>Opening balance January 1, 2015</b>	<b>12,068</b>	<b>20</b>	<b>12,088</b>
Share-based payment	26	-	26
Transfer of treasury shares <sup>1</sup>	5	-	5
Dividend <sup>2</sup>	-945	-1	-946
Total comprehensive income	2,051	5	2,056
<b>Closing balance September 30, 2015</b>	<b>13,205</b>	<b>24</b>	<b>13,229</b>
<b>Opening balance January 1, 2016</b>	<b>13,041</b>	<b>20</b>	<b>13,061</b>
Share-based payment	31	-	31
Transfer of treasury shares <sup>1</sup>	7	-	7
Hedge for LTI-programs	-77	-	-77
Dividend <sup>2</sup>	-945	-1	-946
Total comprehensive income	2,159	7	2,166
<b>Closing balance September 30, 2016</b>	<b>14,216</b>	<b>26</b>	<b>14,242</b>

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

<sup>2</sup> Dividend of SEK 630m (630) will be paid in October 2016.

## 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 2015.

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

SEKm	Sep 30, 2016		Sep 30, 2015		Dec 31, 2015	
	Book value	Fair value	Book value	Fair value	Book value	Fair value
<i>Non-current borrowings</i>						
Financial leases	195	213	157	172	214	225
Loans	6,056	6,162	4,434	4,570	4,366	4,466
<b>Total non-current borrowings</b>	<b>6,251</b>	<b>6,375</b>	<b>4,591</b>	<b>4,742</b>	<b>4,580</b>	<b>4,691</b>

## Five-year review, Group

	2015	2014 <sup>1</sup>	2013	2012 <sup>2</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 <sup>*3</sup> , SEKm	1,732	1,274	1,411	1,499	-554
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> 2014 has been restated due to a correction.

<sup>2</sup> 2012 has been restated due to the amended IAS 19. 2011 is not affected by the amendment.

<sup>3</sup> Hedges related to financing have been moved from operations to financing activities (SEK -64m for 2015, SEK 151m for 2014, SEK 402m for 2013, SEK -355m for 2012 and SEK 82m for 2011).

\*Alternative Performance Measure, refer to page 16 for definitions and reconciliations.

Net sales and income by quarter, Group<sup>1</sup>

SEKm		Q1	Q2	Q3	Q4	Full-year
<b>Net sales</b>	<b>2016</b>	11,361	11,504	<b>7,349</b>		
	2015	10,928	12,263	7,307	5,672	36,170
	2014	9,685	11,045	6,785	5,323	32,838
<b>Operating income</b>	<b>2016</b>	1,166	1,729	<b>431</b>		
	2015	1,112	1,675	405	-365	2,827
	2014	908	1,373	332	-1,032	1,581
<b>Operating margin, %</b>	<b>2016</b>	<b>10.3</b>	<b>15.0</b>	<b>5.9</b>		
	2015	10.2	13.7	5.5	-6.4	7.8
	2014	9.4	12.4	4.9	-19.4	4.8
<b>Income for the period</b>	<b>2016</b>	761	1,259	<b>205</b>		
	2015	788	1,143	196	-239	1,888
	2014	620	967	199	-962	824
<b>Earnings per share after dilution, SEK</b>	<b>2016</b>	1.32	2.19	<b>0.36</b>		
	2015	1.37	1.98	0.34	-0.42	3.28
	2014	1.08	1.68	0.35	-1.68	1.43

<sup>1</sup>Including items affecting comparability.

## Net sales and operating income, last twelve months, Group

SEKm		Q1	Q2	Q3	Q4
<b>Net sales</b>	<b>2016</b>	36,603	35,844	<b>35,886</b>	
	2015	34,081	35,299	35,821	36,170
	2014	30,968	31,786	32,222	32,838
<b>Operating income</b>	<b>2016</b>	2,881	2,935	<b>2,961</b>	
<i>Excl. items affecting comparability*</i>	<b>2016</b>	3,034	3,088	<b>3,114</b>	
	2015	1,785	2,087	2,160	2,827
<i>Excl. items affecting comparability*</i>	2015	2,552	2,854	2,927	2,980
	2014	1,828	2,179	2,305	1,581
<i>Excl. items affecting comparability*</i>	2014	1,828	2,179	2,305	2,348
<b>Operating margin, %</b>	<b>2016</b>	7.9	8.2	<b>8.3</b>	
<i>Excl. items affecting comparability*</i>	<b>2016</b>	8.3	8.6	<b>8.7</b>	
	2015	5.2	5.9	6.0	7.8
<i>Excl. items affecting comparability*</i>	2015	7.5	8.1	8.2	8.2
	2014	5.9	6.9	7.2	4.8
<i>Excl. items affecting comparability*</i>	2014	5.9	6.9	7.2	7.2

\*Alternative Performance Measure, refer to page 16 for definitions and reconciliations.

## Items affecting comparability\*

SEKm		Q1	Q2	Q3	Q4	Full-year
No items	<b>2016</b>	-	-	-		
Restructuring charge	2015	-	-	-	-153	-153
Impairment of goodwill	2014	-	-	-	-767	-767
No items	2013	-	-	-	-	-
Cost for personell cut-backs	2012	-	-	-	-256	-256
Restructuring charge	2011	-40	-	-24	-	-64

\*Alternative Performance Measure, refer to page 16 for definitions and reconciliations.

## Net sales (external) by segment

SEKm		Q1	Q2	Q3	Q4	Full-year
<b>Husqvarna</b>	<b>2016</b>	5,457	5,721	<b>3,752</b>		
	2015	5,342	5,727	3,519	3,036	17,624
	2014	4,358	5,038	3,264	2,789	15,449
<b>Gardena</b>	<b>2016</b>	1,518	1,995	<b>1,002</b>		
	2015	1,319	1,795	1,060	495	4,669
	2014	1,152	1,712	879	469	4,212
<b>Consumer Brands</b>	<b>2016</b>	3,419	2,682	<b>1,553</b>		
	2015	3,343	3,643	1,708	1,242	9,936
	2014	3,393	3,410	1,776	1,259	9,838
<b>Construction</b>	<b>2016</b>	967	1,106	<b>1,042</b>		
	2015	924	1,098	1,020	899	3,941
	2014	782	885	866	806	3,339
<b>Total Group</b>	<b>2016</b>	11,361	11,504	<b>7,349</b>		
	2015	10,928	12,263	7,307	5,672	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>2016</b>	844	1,031	<b>368</b>		
	2015	897	1,001	321	14	2,233
<i>Excl. items affecting comparability*</i>	2015	897	1,001	321	65	2,284
	2014	667	818	432	91	2,008
<b>Gardena</b>	<b>2016</b>	226	449	<b>50</b>		
	2015	204	397	113	-128	586
<i>Excl. items affecting comparability*</i>	2015	204	397	113	-123	591
	2014	177	399	-7	-186	383
<b>Consumer Brands</b>	<b>2016</b>	64	147	<b>-80</b>		
	2015	-11	178	-119	-195	-147
<i>Excl. items affecting comparability*</i>	2015	-11	178	-119	-168	-120
	2014	44	97	-138	-158	-155
<b>Construction</b>	<b>2016</b>	89	179	<b>155</b>		
	2015	74	160	144	17	395
<i>Excl. items affecting comparability*</i>	2015	74	160	144	87	465
	2014	81	117	107	49	354
<b>Group common costs</b>	<b>2016</b>	-57	-77	<b>-62</b>		
	2015	-52	-61	-54	-73	-240
	2014	-61	-58	-62	-828	-1,009
<i>Excl. items affecting comparability*</i>	2014	-61	-58	-62	-61	-242
<b>Total Group</b>	<b>2016</b>	1,166	1,729	<b>431</b>		
	2015	1,112	1,675	405	-365	2,827
<i>Excl. items affecting comparability*</i>	2015	1,112	1,675	405	-212	2,980
	2014	908	1,373	332	-1,032	1,581
<i>Excl. items affecting comparability*</i>	2014	908	1,373	332	-265	2,348

\*Alternative Performance Measure, refer to page 16 for definitions and reconciliations.

## Operating margin by segment

%		Q1	Q2	Q3	Q4	Full-year
<b>Husqvarna</b>	<b>2016</b>	15.5	18.0	<b>9.8</b>		
	2015	16.8	17.5	9.1	0.5	12.7
<i>Excl. items affecting comparability*</i>	2015	16.8	17.5	9.1	2.1	13.0
	2014	15.3	16.2	13.2	3.3	13.0
<b>Gardena</b>	<b>2016</b>	14.9	22.5	<b>5.0</b>		
	2015	15.5	22.1	10.7	-25.9	12.5
<i>Excl. items affecting comparability*</i>	2015	15.5	22.1	10.7	-24.8	12.7
	2014	15.4	23.3	-0.8	-39.7	9.1
<b>Consumer Brands</b>	<b>2016</b>	1.9	5.5	<b>-5.2</b>		
	2015	-0.3	4.9	-7.0	-15.7	-1.5
<i>Excl. items affecting comparability*</i>	2015	-0.3	4.9	-7.0	-13.6	-1.2
	2014	1.3	2.8	-7.8	-12.5	-1.6
<b>Construction</b>	<b>2016</b>	9.2	16.2	<b>14.9</b>		
	2015	8.0	14.6	14.1	1.9	10.0
<i>Excl. items affecting comparability*</i>	2015	8.0	14.6	14.1	9.7	11.8
	2014	10.4	13.2	12.4	6.0	10.6
<b>Total Group</b>	<b>2016</b>	10.3	15.0	<b>5.9</b>		
	2015	10.2	13.7	5.5	-6.4	7.8
<i>Excl. items affecting comparability*</i>	2015	10.2	13.7	5.5	-3.7	8.2
	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

\*Alternative Performance Measure, refer to page 16 for definitions and reconciliations.

## Net assets by segment

	Assets		Liabilities		Net Assets	
	Sep 30, 2016	Sep 30, 2015	Sep 30, 2016	Sep 30, 2015	Sep 30, 2016	Sep 30, 2015
<b>SEKm</b>						
Husqvarna	11,837	10,807	3,353	2,803	8,484	8,004
Gardena	6,804	6,406	867	776	5,937	5,630
Consumer Brands	5,716	5,623	1,514	1,591	4,202	4,032
Construction	3,591	3,540	655	620	2,936	2,920
Other	1,494	1,734	2,358	2,425	-864	-691
<b>Total</b>	<b>29,442</b>	<b>28,110</b>	<b>8,747</b>	<b>8,215</b>	<b>20,695</b>	<b>19,895</b>

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

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

## PARENT COMPANY

### Income statement

SEKm	Q3 2016	Q3 2015	Jan-Sep 2016	Jan-Sep 2015	Full-year 2015
Net sales	2,662	2,421	11,335	10,435	12,763
Cost of goods sold	-1,779	-2,067	-7,607	-8,049	-9,376
<b>Gross income</b>	<b>883</b>	<b>354</b>	<b>3,728</b>	<b>2,386</b>	<b>3,387</b>
Selling expense	-413	-363	-1,282	-1,069	-1,385
Administrative expense	-228	-160	-673	-589	-814
Other operating income/expense	1	0	1	0	-1
<b>Operating income</b>	<b>243</b>	<b>-169</b>	<b>1,774</b>	<b>728</b>	<b>1,187</b>
Financial items, net	3,726	796	3,423	760	892
<b>Income after financial items</b>	<b>3,969</b>	<b>627</b>	<b>5,197</b>	<b>1,488</b>	<b>2,079</b>
Appropriations	4	-23	-305	-109	-99
<b>Income before taxes</b>	<b>3,973</b>	<b>604</b>	<b>4,892</b>	<b>1,379</b>	<b>1,980</b>
Tax on profit for the year	2	103	-201	-13	-135
<b>Income for the period</b>	<b>3,975</b>	<b>707</b>	<b>4,691</b>	<b>1,366</b>	<b>1,845</b>

### Balance sheet

SEKm	Sep. 30, 2016	Sep 30, 2015	Dec 31, 2015
Non-current assets	32,418	32,487	32,485
Current assets	6,808	4,641	5,243
<b>Total assets</b>	<b>39,226</b>	<b>37,128</b>	<b>37,728</b>
Equity	23,101	19,029	19,563
Untaxed reserves	252	23	-
Provisions	169	118	127
Non-current liabilities	5,919	13,047	4,205
Current liabilities	9,785	4,911	13,833
<b>Total equity and liabilities</b>	<b>39,226</b>	<b>37,128</b>	<b>37,728</b>

### Number of shares

	Outstanding A-shares	Outstanding B-shares	Re-purchased B-shares	Total
<b>Number of shares as of 31 December 2015</b>	<b>113,694,826</b>	<b>459,305,937</b>	<b>3,343,015</b>	<b>576,343,778</b>
<i>Conversion of A-shares into B-shares</i>	-514	514	-	-
<i>Options exercised related to 2009 LTI-program</i>	-	142,843	-142,843	-
<i>Shares allocated to 2013 LTI-program</i>	-	236,939	-236,939	-
<i>Hedge for LTI-programs</i>	-	-1,300,000	1,300,000	-
<b>Number of shares as of 30 September 2016 <sup>1</sup></b>	<b>113,694,312</b>	<b>458,386,233</b>	<b>4,263,233</b>	<b>576,343,778</b>

<sup>1</sup> In October 2016, another 381A-shares were converted.

## DEFINITIONS AND RECONCILIATIONS OF ALTERNATIVE PERFORMANCE MEASURES

The European Securities and Markets Authority (ESMA) has issued guidelines on Alternative Performance Measures (APMs) for listed issuers. The guidelines apply to APMs disclosed by issuers on or after July 3, 2016.

APMs refer to measures used by management and investors to analyze trends and performance of the Group's operations that cannot be directly read or derived from the financial statements. These measures are relevant to assist management and investors in analyzing the Group's performance. Investors should not consider these APMs as substitutes, but rather as additions, to the financial reporting measures prepared in accordance with IFRS. It should be noted that these APMs as defined, may not be comparable to similarly titled measures used by other companies.

### Adjusted

As reported adjusted for currency translation effects (i.e. excluding transaction and hedging effects) and material acquisitions/divestments. There are no material acquisitions/divestments in the periods disclosed within this report. Net sales and operating income are disclosed adjusted for currency translation effects as Husqvarna Group is a global company generating significant transactions in other currencies than the reporting currency (SEK) and the currency rates have proven to be volatile. Refer to page 1 of this report for adjusted measures.

### EBITDA

EBITDA is a measure of earnings before interest, taxes, depreciation, amortization and impairment charges. EBITDA measures Husqvarna Group's operating performance and the ability to generate cash from operations, without considering the capital structure of the Group or its fiscal environment. For a reconciliation of EBITDA refer to page 7.

### Items affecting comparability

To assist in understanding Husqvarna Group's operations, we believe that it is useful to consider certain measures and ratios exclusive of items affecting comparability. Items affecting comparability includes items that are non-recurring, have a significant impact and are considered to be important for understanding the operating performance when comparing results between periods. The items affecting comparability are disclosed on page 12. All measures and ratios in this report have been disclosed including items affecting comparability first and then excluding items affecting comparability as a second measure when deemed appropriate.

### Last twelve months (LTM)

Last twelve months rolling have been included to assist investors in their analysis of the seasonality that the Husqvarna Group's business is exposed to, refer to page 1.

### Net debt

Net debt is a measure to describe the Group's gearing and its ability to repay its debts from cash generated from the Group's ordinary business (see operating cash flow below), if they were all due today. It's also used to analyze whether the Group is over- or underfunded and how future net interest costs will impact earnings. Net debt is defined as total interest-bearing liabilities plus dividend payable, less liquid funds and interest-bearing assets. For a reconciliation of net debt refer to page 9.

### Operating cash flow

Operating cash flow is a measure of the amount of cash generated by the Group's ordinary business operations. The measure is defined as total cash flow from operations and investments, excluding acquisitions and divestments. For a reconciliation of operating cash flow refer to page 10.

For additional definitions refer to page 103 of the Group's Annual Report 2015.



## TELEPHONE CONFERENCE

A combined press and telephone conference, hosted by Kai Wärm, President and CEO, and Jan Ytterberg, CFO, will be held at Husqvarna Group's office, Regeringsgatan 28, Stockholm at 10:00 CET on October 20, 2016. To participate, please dial +46 (0) 8 5033 6434 (Sweden) or +44 (0) 8444933800 (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

February 9, 2017                      Year-end report for 2016

The Annual General Meeting 2017 will be held April 4, 2017, in Jönköping, Sweden.

## CONTACTS

- Jan Ytterberg, CFO, +46 8 738 90 77
- Tobias Norrby, Investor Relations Manager, +46 8 738 93 35

*This press release contains insider information that Husqvarna AB is required to disclose under the EU Market Abuse Regulation. The information was submitted for publication, through the contact person set out above, at 08.00 CET on October 20, 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.