

INTERIM REPORT JANUARY – MARCH 2017

Stockholm April 21, 2017



Kai Wörn, President and CEO:

“The preseason sell-in to trade partners constitutes a good start of the year for the Group with a net sales increase of 7% adjusted for currency. Group operating income was 22% higher than last year, totaling SEK 1,425m (1,166) and the corresponding margin reached 11.2% (10.3). The execution of the profitable growth strategies in the Husqvarna, Gardena and Construction divisions are proceeding well. The Consumer Brands Division experienced a lower first quarter sell-in, impacted by a couple of larger retail customers adjusting their buying patterns to tighter just-in-time order scheduling. We view this as a periodization between quarters.

The improved operating income for the Group was mainly driven by higher volumes and a strong product mix development. Changes in exchange rates had a positive impact, however partly offset by increased raw material costs.

Sales in the Husqvarna Division increased 11% currency adjusted, with continued strong development of robotic lawn mowers and other battery-powered products. Operating income increased 24% to SEK 1,047m (844). In the Gardena Division sales rose 9% currency adjusted. Further geographical expansion and new sales channels as well as a large number of new product introductions impacted sales positively, even compared to a strong first quarter last year. Operating income increased 11% to SEK 251m (226). Net sales in the Consumer Brands Division were 4% lower adjusted for currency, which impacted operating income and margin negatively.

During the quarter the acquisition of Pullman Ermator was completed. It is an exciting step in the Construction Division’s ambition to build a market-leading position and take share in the attractive concrete surfaces and floors market. In the second quarter we also expect the acquisition of the floor grinding solutions market leader HTC to be finalized, which will further improve our product portfolio and ability to better serve our customers in this important area. Sales in the Construction Division grew 18% in the first quarter adjusted for currency, of which 9% was attributable to acquisitions whereof mainly Pullman Ermator. The strong sales growth impacted operating income positively, which increased 59% to SEK 141m (89) and the operating margin increased to 11.8% (9.2).

To support our profitable growth journey, we continue to invest in strategic growth initiatives along with efforts to improve efficiency. Focus for the second quarter, following the successful sell-in phase, will be to support our trade partners to deliver an equally positive sell-through.”

January – March 2017

- Net sales increased to SEK 12,746m (11,361), corresponding to a currency adjusted* growth of 7%.
- Operating income increased 22% to SEK 1,425m (1,166), corresponding to a margin of 11.2% (10.3).
- Changes in exchange rates, net of raw material costs, impacted operating income by around SEK 80m.
- Operating working capital as a percentage of net sales for the last twelve months was 28.1% (27.1).
- Earnings per share after dilution increased 30% to SEK 1.72 (1.32).

Group	Q1	Q1	Change,		FY
SEKm	2017	2016	%	LTM* ¹	2016
Net sales	12,746	11,361	12	37,367	35,982
Currency adjusted change*, %	7	5	-	-	0
Operating income	1,425	1,166	22	3,477	3,218
Operating margin, %	11.2	10.3	-	9.3	8.9
Income for the period	988	761	30	2,331	2,104
Earnings per share after dilution, SEK	1.72	1.32	30	4.06	3.66
Net sales, Divisions					
Husqvarna	6,372	5,457	17	18,875	17,960
Gardena	1,715	1,518	13	5,230	5,033
Consumer Brands	3,461	3,419	1	8,930	8,888
Construction	1,197	967	24	4,331	4,101
Operating income, Divisions					
Husqvarna	1,047	844	24	2,520	2,317
Gardena	251	226	11	620	595
Consumer Brands	53	64	-17	-8	3
Construction	141	89	59	620	568

*Alternative Performance Measure, refer to page 16 for definitions and reconciliations. ¹ Last Twelve Months.

FIRST QUARTER

Net sales

Net sales for the first quarter 2017 increased 12% to SEK 12,746m (11,361). The currency adjusted increase was 7%.

Operating income

Operating income for the first quarter improved by 22% to SEK 1,425m (1,166) and the corresponding operating margin increased to 11.2% (10.3). The higher sales volume and a favorable product mix development impacted positively, which to some extent was offset by increased costs for growth initiatives.

Changes in exchange rates had a total positive year-on-year impact on operating income of approximately SEK 100m compared to the first quarter previous year.

Financial items net

Financial items net amounted to SEK -138m (-142).

Income after financial items

Income after financial items increased to SEK 1,287m (1,024).

Taxes

Tax amounted to SEK -299m (-263) corresponding to a tax rate of 23% (26).

Earnings per share

Income for the period attributable to equity holders of the Parent Company increased to SEK 985m (759), corresponding to SEK 1.72 (1.32) per share after dilution.

OPERATING CASH FLOW

Operating cash flow* for the first quarter decreased to SEK -2,137m (-1,737). An improved cash flow from operations was more than offset by lower cash flow from changes in operating assets and liabilities. Trade receivables increased reflecting the higher volume and the impact from payables decreased affected by an early start of the pre-build for the 2017 season.

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, while cash flow in the fourth quarter is impacted by the pre-season production for the next year.

FINANCIAL POSITION

Group equity as of March 31, 2017, excluding non-controlling interests, increased to SEK 15,372m (13,643), corresponding to SEK 26.8 (23.8) per share after dilution.

Net debt* amounted to SEK 9,800m (8,254) affected by the negative cash flow in the first quarter, the weaker Swedish Krona and the acquisition of Pullman Ermator. The net pension liability increased to SEK 1,736m (1,552), other interest-bearing liabilities increased to SEK 10,297m (8,816) and liquid funds and other interest-bearing assets increased to SEK 2,233m (2,114).

The net debt/equity ratio amounted to 0.64 (0.60) and the equity/assets ratio was 39% (39).

*Alternative Performance Measures, see page 16.

PERFORMANCE BY BUSINESS SEGMENT

Husqvarna

SEKm	Q1 2017	Q1 2016	Change, %	LTM* ¹	Full-year 2016
Net sales	6,372	5,457	17	18,875	17,960
<i>Currency adjusted change*, %</i>	11	4	-	-	2
Operating income	1,047	844	24	2,520	2,317
<i>Operating margin, %</i>	16.4	15.5	-	13.4	12.9

*Alternative Performance Measure, refer to page 16. ¹ Last Twelve Months.

Net sales in the Husqvarna Division increased by 17% in the first quarter. Sales were 11% higher adjusted for currency, primarily related to Europe. Growth was strong for robotic lawn mowers and battery powered handheld products. Walk-behind and ride-on lawn mowers also had a good development.

Operating income increased by 24% to SEK 1,047m (844) and the operating margin rose to 16.4% (15.5). Higher sales volumes and product-mix improvements contributed to the positive development, partly offset by costs for investing in growth initiatives.

Changes in exchange rates had a total positive year-on-year impact of around SEK 75m on operating income compared to the first quarter previous year.

Gardena

SEKm	Q1 2017	Q1 2016	Change, %	LTM* ¹	Full-year 2016
Net sales	1,715	1,518	13	5,230	5,033
<i>Currency adjusted change*, %</i>	9	17	-	-	8
Operating income	251	226	11	620	595
<i>Operating margin, %</i>	14.6	14.9	-	11.9	11.8

*Alternative Performance Measure, refer to page 16. ¹ Last Twelve Months.

Net sales in the Gardena Division increased by 13% in the first quarter, corresponding to 9% adjusted for currency. The positive sales development was mainly attributable to good growth for robotic lawn mowers and garden tools, as well as a continued growth through geographic expansion and new sales channels. Several product launches also impacted positively.

Operating income increased by 11% to SEK 251m (226), positively impacted by the higher sales volume and mix, which to some extent was offset by costs for investing in growth initiatives.

Changes in exchange rates had limited impact on operating income in the first quarter.

Consumer Brands

SEKm	Q1 2017	Q1 2016	Change, %	LTM* ¹	Full-year 2016
Net sales	3,461	3,419	1	8,930	8,888
<i>Currency adjusted change*, %</i>	-4	2	-	-	-10
Operating income	53	64	-17	-8	3
<i>Operating margin, %</i>	1.5	1.9	-	-0.1	0.0

*Alternative Performance Measure, refer to page 16. ¹ Last Twelve Months.

Net sales in the Consumer Brands Division increased by 1% in the first quarter. Adjusted for currency, sales declined by 4%. Sales in Europe increased while sales in North America declined, partly as a consequence of some retailers adjusting their buying pattern to tighter just-in-time order scheduling, which resulted in later shipments.

Operating income declined to SEK 53m (64). Cost and efficiency measures continued to impact positively, but were not enough to offset the unfavorable impact coming from lower sales and production volumes.

Changes in exchange rates had a total positive year-on-year impact of SEK 10m on operating income compared to the first quarter previous year.

Construction

SEKm	Q1 2017	Q1 2016	Change, %	LTM* ¹	Full-year 2016
Net sales	1,197	967	24	4,331	4,101
<i>Currency adjusted change*, %</i>	18	6	-	-	4
Operating income	141	89	59	620	568
Operating margin, %	11.8	9.2	-	14.3	13.9

*Alternative Performance Measure, refer to page 16. ¹ Last Twelve Months.

Net sales in the Construction Division increased by 24% in the first quarter. The currency adjusted increase was 18%, of which acquisitions contributed with 9%. Demand remained on a high level in North America, resulting in good growth. Pullman Ermator, which was acquired in the beginning of the year, contributed with a strong development in both Europe and North America. The stone related business remained weak.

Operating income for the first quarter increased to SEK 141m (89) positively affected mainly by the strong sales development but also by the contribution from the acquired Pullman Ermator. The operating margin increased to 11.8% (9.2).

Changes in exchange rates had a positive year-on-year impact on operating income of around SEK 15m compared to the first quarter previous year.

ACQUISITION OF HTC

Husqvarna Group's Construction Division has signed an agreement to acquire the Floor Grinding Solutions Division of HTC Group AB headquartered in Söderköping, the market leader in floor grinding solutions. Sales in 2016 amounted to approximately SEK 380m. The around 150 employees are mainly located in Sweden and in the fully-owned subsidiaries in France, Germany, UK and the US, which also are the biggest markets in terms of sales.

Further details will be communicated following the finalization, which is expected in the second quarter. The impact on Husqvarna Group's earnings in 2017 is expected to be limited.

ANNUAL GENERAL MEETING 2017

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

The dividend was set at SEK 1.95 per share and to be paid in two installments. SEK 0.65 per share in April, and SEK 1.30 per share in October.

The Nomination Committee's proposal that the Board of Directors shall comprise eight Board members to be elected by the AGM, and no deputies, was adopted. Tom Johnstone, Ulla Litzén, Katarina Martinson, Bertrand Neuschwander, Daniel Nodhäll, Lars Pettersson and Kai Wärm were re-elected and Christine Robins was elected new Board member. Tom Johnstone was elected Chairman of the Board.

Furthermore, the AGM approved the Board's proposal for a performance based long-term incentive program for 2017, the proposals for principles of remuneration to Husqvarna Group Management, transfer of own shares and authorization for new share issue.

For further information, notice, proposals, minutes and other documents from the Annual General Meeting are found on www.husqvarnagroup.com/agm.

AUTHORIZATION TO SELL OWN SHARES

The Board of Directors has resolved to utilize the authorization given by the Annual General Meeting 2017 on the sale of a maximum of 2,944,409 class B shares in the company up until the AGM 2018.

Transfers will be made on Nasdaq Stockholm exchange for cash payment at a price within the, at each time, registered price interval. The purpose of the authorization is to continuously adapt the number of B-shares held in order to hedge the undertakings within the framework of the Company's incentive programs. On April 4, 2017, Husqvarna AB owned 2,944,409 re-purchased shares of series B.

PARENT COMPANY

Net sales for January – March 2017 for the Parent Company, Husqvarna AB, amounted to SEK 5,065m (4,206), of which SEK 4,215m (3,409) referred to sales to Group companies and SEK 850m (797) to external customers.

Income after financial items amounted to SEK 1,079m (644). Income for the period increased to SEK 833m (485). Investments in property, plant and equipment and intangible assets amounted to SEK 163m (127). Cash and cash equivalents amounted to SEK 373m (115) at the end of the quarter. Undistributed earnings in the Parent Company amounted to SEK 22,339m (18,797).

RISKS AND UNCERTAINTY FACTORS

A number of factors may affect Husqvarna Group'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 52 - 55 in the Annual Report 2016 which is available at 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 2016, which is available at 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, April 21, 2017

Kai Wärm
President and CEO

Consolidated income statement

SEKm	Q1 2017	Q1 2016	Full-year 2016
Net sales	12,746	11,361	35,982
Cost of goods sold	-8,950	-8,199	-24,886
Gross income	3,796	3,162	11,096
<i>Gross margin, %</i>	29.8	27.8	30.8
Selling expenses	-1,884	-1,546	-6,168
Administrative expenses	-489	-451	-1,707
Other operating income/expense	2	1	-3
Operating income	1,425	1,166	3,218
<i>Operating margin, %</i>	11.2	10.3	8.9
Financial items, net	-138	-142	-422
Income after financial items	1,287	1,024	2,796
<i>Margin, %</i>	10.1	9.0	7.8
Income tax	-299	-263	-692
Income for the period	988	761	2,104
Income for the period attributable to:			
Equity holders of the Parent Company	985	759	2,100
Non-controlling interest	3	2	4
Earnings per share:			
Before dilution, SEK	1.72	1.32	3.67
After dilution, SEK	1.72	1.32	3.66
Average number of shares outstanding:			
Before dilution, millions	572.1	573.0	572.3
After dilution, millions	574.2	574.3	574.1

Key data

<i>Net sales growth, %</i>	12	4	-1
Operating income, SEKm	1,425	1,166	3,218
<i>Operating margin, %</i>	11.2	10.3	8.9
Average number of employees	13,947	14,170	12,704

EBITDA*

SEKm			
Operating income	1,425	1,166	3,218
Reversal of depreciation, amortization and impairment	327	280	1,164
EBITDA*	1,752	1,446	4,382
<i>EBITDA margin, %</i>	13.7	12.7	12.2

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

Consolidated comprehensive income statement

SEKm	Q1 2017	Q1 2016	Full-year 2016
Income for the period	988	761	2,104
Other comprehensive income			
<i>Items that will not be reclassified to the income statement:</i>			
Remeasurements on defined benefit pension plans, net of tax	0	-110	-249
Total items that will not be reclassified to the income statement, net of tax	0	-110	-249
<i>Items that may be reclassified to the income statement:</i>			
Currency translation differences	-62	-110	1,058
Net investment hedge, net of tax	109	140	-605
Cash flow hedges, net of tax	-10	-86	-33
Total items that may be reclassified to the income statement, net of tax	37	-56	420
Other comprehensive income, net of tax	37	-166	171
Total comprehensive income for the period	1,025	595	2,275
Total comprehensive income attributable to:			
Equity holders of the Parent Company	1,022	593	2,268
Non-controlling interest	3	2	7

Consolidated balance sheet

SEKm	Mar. 31, 2017	Mar. 31, 2016	Dec. 31, 2016
Assets			
Property, plant and equipment	5,455	4,617	5,472
Goodwill	6,491	5,577	6,014
Other intangible assets	4,633	3,938	4,176
Other non-current assets	100	162	93
Deferred tax assets	1,406	1,381	1,414
Total non-current assets	18,085	15,675	17,169
Inventories	9,252	8,331	9,225
Trade receivables	8,727	7,766	3,290
Derivatives	208	442	349
Tax receivables	63	53	41
Other current assets	990	1,067	963
Other short-term investments	4	5	4
Cash and cash equivalents	2,021	1,667	1,937
Total current assets	21,265	19,331	15,809
Total assets	39,350	35,006	32,978
Equity and liabilities			
Equity attributable to equity holders of the Parent Company	15,372	13,643	14,339
Non-controlling interests	31	22	26
Total equity	15,403	13,665	14,365
Borrowings	6,672	4,569	4,953
Derivatives	37	49	44
Deferred tax liabilities	1,759	1,546	1,656
Provisions for pensions and other post-employment benefits	1,768	1,580	1,759
Other provisions	828	883	824
Total non-current liabilities	11,064	8,627	9,236
Trade payables	5,418	5,110	3,752
Tax liabilities	389	222	211
Other liabilities	2,902	2,596	2,512
Borrowings	3,303	4,010	1,494
Derivatives	285	188	905
Other provisions	586	588	503
Total current liabilities	12,883	12,714	9,377
Total equity and liabilities	39,350	35,006	32,978
Key data			
Operating working capital, SEKm	12,561	10,987	8,763
Return on capital employed, %	14.2	12.7	13.7
Excl. items affecting comparability*	14.2	13.3	13.7
Return on equity, %	16.3	14.2	15.2
Excl. items affecting comparability*	16.3	15.0	15.2
Capital turn-over rate, times	1.7	1.8	1.7
Equity/assets ratio, %	39	39	44
Equity per share after dilution, SEK	26.8	23.8	25.0
Net debt*			
SEKm			
Net pension liability	1,736	1,552	1,727
Other interest-bearing liabilities	10,297	8,816	7,396
Less: Liquid funds and other interest-bearing assets	-2,233	-2,114	-2,290
Net debt*	9,800	8,254	6,833
Net debt/equity ratio	0.64	0.60	0.48

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

Consolidated cash flow statement

SEKm	Q1 2017	Q1 2016	Full-year 2016
Cash flow from operations			
Operating income	1,425	1,166	3,218
Non cash items	412	397	1,073
<i>Cash items</i>			
Paid restructuring expenses	-1	-17	-45
Net financial items, received/paid	-83	-42	-353
Taxes paid	-174	-85	-280
Cash flow from operations, excluding change in operating assets and liabilities	1,579	1,419	3,613
Change in operating assets and liabilities			
Change in inventories	-18	-525	-821
Change in trade receivables	-5,391	-4,706	56
Change in trade payables	1,672	2,122	537
Change in other operating assets/liabilities	365	264	170
Cash flow from operating assets and liabilities	-3,372	-2,845	-58
Cash flow from operations	-1,793	-1,426	3,555
Investments			
Acquired and divested assets/subsidiaries	-942	82	59
Investments in property, plant and equipment and intangible assets	-344	-311	-1,889
Cash flow from investments	-1,286	-229	-1,830
Cash flow from operations and investments	-3,079	-1,655	1,725
Financing			
Dividend paid to shareholders	-	-	-944
Dividend paid to non-controlling interests	-	-	-1
Other financing activities	3,154	1,714	-577
Cash flow from financing	3,154	1,714	-1,522
Total cash flow	75	59	203
Cash and cash equivalents at beginning of period	1,937	1,622	1,622
Exchange rate differences referring to cash and cash equivalents	9	-14	112
Cash and cash equivalents at end of period	2,021	1,667	1,937
Operating cash flow*			
SEKm			
Cash flow from operations and investments	-3,079	-1,655	1,725
Acquired and divested assets/subsidiaries	942	-82	-59
Operating cash flow*	-2,137	-1,737	1,666

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

Change in Group equity

SEKm	Attributable to equity		Total equity
	holders of the Parent company	Non-controlling interests	
Opening balance January 1, 2016	13,041	20	13,061
Share-based payment	8	-	8
Transfer of treasury shares ¹	1	-	1
Total comprehensive income	593	2	595
Closing balance March 31, 2016	13,643	22	13,665
Opening balance January 1, 2017	14,339	26	14,365
Share-based payment	12	-	12
Transfer of treasury shares ¹	1	-	1
Divestment of non-controlling interest	-2	2	-
Total comprehensive income	1,022	3	1,025
Closing balance March 31, 2017	15,372	31	15,403

¹ Options exercised related to 2009 LTI-program.

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 2016.

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

SEKm	Mar. 31, 2017		Mar. 31, 2016		Dec. 31, 2016	
	Book value	Fair value	Book value	Fair value	Book value	Fair value
<i>Non-current borrowings</i>						
Financial leases	189	201	222	238	207	221
Loans	6,483	6,564	4,347	4,440	4,746	4,843
Total non-current borrowings	6,672	6,765	4,569	4,678	4,953	5,064

Five-year review, Group

	2016	2015	2014 ¹	2013	2012 ²
Net sales, SEKm	35,982	36,170	32,838	30,307	30,834
Net sales growth, %	-0.5	10.1	8.4	-1.7	1.6
Gross margin, %	30.8	28.1	28.5	26.5	26.9
Operating income, SEKm	3,218	2,827	1,581	1,608	1,675
Excluding items affecting comparability*, SEKm	3,218	2,980	2,348	1,608	1,931
Operating margin, %	8.9	7.8	4.8	5.3	5.4
Excluding items affecting comparability*, %	8.9	8.2	7.2	5.3	6.3
Return on capital employed, %	13.7	12.4	7.6	7.7	7.4
Excluding items affecting comparability*, %	13.7	13.1	11.1	7.7	8.5
Return on equity, %	15.2	14.6	6.7	8.1	8.8
Excluding items affecting comparability*, %	15.2	15.5	12.9	8.1	10.5
Capital turn-over rate, times	1.7	1.7	1.7	1.6	1.5
Operating cash flow ³ , SEKm	1,666	1,732	1,274	1,411	1,499
Capital expenditure, SEKm	1,889	1,388	1,386	1,078	776
Average number of employees	12,704	13,572	14,337	14,156	15,429

¹ 2014 has been restated due to a correction. ² 2012 has been restated due to the amended IAS 19.

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

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

Net sales and income by quarter, Group

SEKm		Q1	Q2	Q3	Q4	Full-year
Net sales	2017	12,746				
	2016	11,361	11,504	7,349	5,768	35,982
	2015	10,928	12,263	7,307	5,672	36,170
Operating income	2017	1,425				
	2016	1,166	1,729	431	-108	3,218
	2015	1,112	1,675	405	-365	2,827
Operating margin, %	2017	11.2				
	2016	10.3	15.0	5.9	-1.9	8.9
	2015	10.2	13.7	5.5	-6.4	7.8
Income for the period	2017	988				
	2016	761	1,259	205	-121	2,104
	2015	788	1,143	196	-239	1,888
Earnings per share after dilution, SEK	2017	1.72				
	2016	1.32	2.19	0.36	-0.21	3.66
	2015	1.37	1.98	0.34	-0.42	3.28

Net sales and operating income, last twelve months, Group

SEKm		Q1	Q2	Q3	Q4
Net sales	2017	37,367			
	2016	36,603	35,844	35,886	35,982
	2015	34,081	35,299	35,821	36,170
Operating income	2017	3,477			
	2016	2,881	2,935	2,961	3,218
<i>Excl. items affecting comparability*</i>	2016	3,034	3,088	3,114	3,218
	2015	1,785	2,087	2,160	2,827
<i>Excl. items affecting comparability*</i>	2015	2,552	2,854	2,927	2,980
Operating margin, %	2017	9.3			
	2016	7.9	8.2	8.3	8.9
<i>Excl. items affecting comparability*</i>	2016	8.3	8.6	8.7	8.9
	2015	5.2	5.9	6.0	7.8
<i>Excl. items affecting comparability*</i>	2015	7.5	8.1	8.2	8.2

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

Items affecting comparability*

SEKm		Q1	Q2	Q3	Q4	Full-year
No items	2017	-				
No items	2016	-	-	-	-	-
Restructuring expenses	2015	-	-	-	-153	-153
Impairment of goodwill	2014	-	-	-	-767	-767
No items	2013	-	-	-	-	-
Cost for personnel cut-backs	2012	-	-	-	-256	-256

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

Net sales (external) by segment

SEKm		Q1	Q2	Q3	Q4	Full-year
Husqvarna	2017	6,372				
	2016	5,457	5,721	3,752	3,030	17,960
	2015	5,342	5,727	3,519	3,036	17,624
Gardena	2017	1,715				
	2016	1,518	1,995	1,002	518	5,033
	2015	1,319	1,795	1,060	495	4,669
Consumer Brands	2017	3,461				
	2016	3,419	2,682	1,553	1,234	8,888
	2015	3,343	3,643	1,708	1,242	9,936
Construction	2017	1,197				
	2016	967	1,106	1,042	986	4,101
	2015	924	1,098	1,020	899	3,941
Group common costs¹	2017	1				
	2016	-	-	-	-	-
	2015	-	-	-	-	-
Total Group	2017	12,746				
	2016	11,361	11,504	7,349	5,768	35,982
	2015	10,928	12,263	7,307	5,672	36,170

¹ Royalty income is included in Group Common Cost as of 2017.

Operating income by segment

SEKm		Q1	Q2	Q3	Q4	Full-year
Husqvarna	2017	1,047				
	2016	844	1,031	368	74	2,317
	2015	897	1,001	321	14	2,233
<i>Excl. items affecting comparability*</i>	2015	897	1,001	321	65	2,284
Gardena	2017	251				
	2016	226	449	50	-130	595
	2015	204	397	113	-128	586
<i>Excl. items affecting comparability*</i>	2015	204	397	113	-123	591
Consumer Brands	2017	53				
	2016	64	147	-80	-128	3
	2015	-11	178	-119	-195	-147
<i>Excl. items affecting comparability*</i>	2015	-11	178	-119	-168	-120
Construction	2017	141				
	2016	89	179	155	145	568
	2015	74	160	144	17	395
<i>Excl. items affecting comparability*</i>	2015	74	160	144	87	465
Group common costs	2017	-67				
	2016	-57	-77	-62	-69	-265
	2015	-52	-61	-54	-73	-240
Total Group	2017	1,425				
	2016	1,166	1,729	431	-108	3,218
	2015	1,112	1,675	405	-365	2,827
<i>Excl. items affecting comparability*</i>	2015	1,112	1,675	405	-212	2,980

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

Operating margin by segment

%		Q1	Q2	Q3	Q4	Full-year
Husqvarna	2017	16.4				
	2016	15.5	18.0	9.8	2.4	12.9
	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
Gardena	2017	14.6				
	2016	14.9	22.5	5.0	-25.2	11.8
	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
Consumer Brands	2017	1.5				
	2016	1.9	5.5	-5.2	-10.3	0.0
	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
Construction	2017	11.8				
	2016	9.2	16.2	14.9	14.7	13.9
	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
Total Group	2017	11.2				
	2016	10.3	15.0	5.9	-1.9	8.9
	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

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

Net assets by segment

	Assets		Liabilities		Net Assets	
	Mar. 31, 2017	Mar. 31, 2016	Mar. 31, 2017	Mar. 31, 2016	Mar. 31, 2017	Mar. 31, 2016
SEKm						
Husqvarna	15,140	13,378	4,779	4,308	10,361	9,070
Gardena	7,853	7,286	1,218	1,016	6,635	6,270
Consumer Brands	7,719	7,286	2,549	2,828	5,170	4,458
Construction	4,865	3,444	747	614	4,118	2,830
Other	1,508	1,470	2,589	2,179	-1,081	-709
Total	37,085	32,864	11,882	10,945	25,203	21,919

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.

Business combinations

Husqvarna Group acquired 100% of Pullman Ermator AB on January 12, 2017. Pullman Ermator AB is a market leader in dust and slurry management solutions including dust extractor systems, dry/wet vacuums, and air scrubbers for the light construction industry. The acquired product range complements the Construction Division's market leading cutting, drilling and grinding systems and supports the Construction Division's ambition to grow in the surface preparation market.

The goodwill of SEK 514m arising from the acquisition is attributable to economies of scale from distributing the Pullman Ermator range of products in the Construction Division's distribution network. None of the goodwill recognized is expected to be deductible for income tax purposes.

The following table summarizes the fair value of assets acquired and liabilities assumed at the acquisition date.

Recognized amounts of identifiable assets acquired and liabilities assumed

SEKm	
Property, plant and equipment	3
Other intangible assets	451
Inventories	57
Trade receivables and other current assets	52
Cash and cash equivalents	22
Deferred tax liabilities	-101
Trade payables and other liabilities	-32
Total identifiable net assets	452
Goodwill	514
Total net assets	966
Less acquired cash	-22
Net cash flow - investments	944

Acquisition-related costs of SEK 3m have been charged to other operating expenses in the consolidated income statement, whereof SEK 1m was included in the result of 2016 and SEK 2m in 2017.

The fair value of trade and other receivables is SEK 52m and includes trade receivables with contractual amount of SEK 50m. No trade receivables are expected to be uncollectible.

The revenue included in the consolidated statement of comprehensive income since the acquisition date contributed by Pullman Ermator AB was SEK 83m. Pullman Ermator AB also contributed with a positive operating profit. No transactions before the acquisition date have been recognized.

PARENT COMPANY

Income statement

SEKm	Q1 2017	Q1 2016	Jan-Dec 2016
Net sales	5,065	4,206	14,231
Cost of goods sold	-3,481	-3,098	-10,288
Gross income	1,584	1,108	3,943
Selling expense	-321	-376	-1,139
Administrative expense	-251	-217	-927
Other operating income/expense	0	0	1
Operating income	1,012	515	1,878
Financial items, net	67	129	3,011
Income after financial items	1,079	644	4,889
Appropriations	-16	-20	-204
Income before taxes	1,063	624	4,685
Tax on profit for the year	-230	-139	-141
Income for the period	833	485	4,544

Balance sheet

SEKm	Mar. 31, 2017	Mar. 31, 2016	Jan-Dec 2016
Non-current assets	32,446	32,356	32,473
Current assets	9,752	7,751	6,700
Total assets	42,198	40,107	39,173
Equity	23,901	19,972	23,044
Provisions	128	144	108
Non-current liabilities	6,316	4,215	4,591
Current liabilities	11,853	15,776	11,430
Total equity and liabilities	42,198	40,107	39,173

Number of shares

	Outstanding A-shares	Outstanding B-shares	Re-purchased B-shares ²	Total
Number of shares as of December 31, 2016	113,393,909	458,686,636	4,263,233	576,343,778
<i>Options exercised related to 2009 LTI-program</i>	-	18,824	-18,824	-
Number of shares as of March 31, 2017¹	113,393,909	458,705,460	4,244,409	576,343,778

¹In April 2017, 900 A-shares were converted.

²Includes 1,300,000 B-shares in third party share swap agreement.

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.

Currency adjusted change

Net sales adjusted for currency translation effects. Net sales 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.

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 6.

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 11. 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 11.

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 8.

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 9.

For additional definitions refer to page 113 of the Group's Annual Report 2016.

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 April 21, 2017. 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. A replay will be available later the same day.

DATES FOR FINANCIAL REPORTS 2017

July 18	Interim report for January-June
October 20	Interim report for January-September

CONTACTS

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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 April 21, 2017.

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.