

INTERIM REPORT JANUARY - JUNE 2019

Stockholm July 16, 2019



Kai Wärn, President and CEO:

"We delivered a good performance during the second quarter. All divisions improved operating income, which for the Group increased by 10% to SEK 2,125m (1,925). Restructuring activities and efficiency improvements, as well as price increases were executed. Cost increases from tariffs and raw materials were balanced by positive currency effects. The improved operating result was despite a slow start of the lawn and garden season. Net sales for the Group decreased by 7% in the second quarter, adjusted for changes in exchange rates, whereof 4 percentage points were related to the exit of the Consumer Brands business.

The strong first quarter with high sell-in volumes followed by a slow start of the lawn and garden sell-out season in the second quarter resulted in lower net sales within the Husqvarna Division. However, operating income for the division increased by 5%, driven by price increases as well as continued efficiency and restructuring savings.

The Gardena Division had yet another solid quarter as retailers have been conscious to fully stock-up after the strong and extended season of last year. Operating income developed well due to strong product mix as well as efficiency and restructuring savings, and exceeded last year's high reference.

The Construction Division delivered growth in the quarter, driven by a continued strong development in Europe. This growth combined with efficiency savings and price increases supported an increased operating income.

Since we initiated our restructuring measures last year and increased our focus on the profitable growth divisions, we have made significant progress. Our last 12 month operating margin amounts to 8.9%, increasing from 7.9% as at the end of 2018, excluding items affecting comparability. Operating cash flow in the first half year improved to SEK 2,519m (733), driven by higher operating income and positive changes from operating working capital compared to last year. To continue to execute on our profitability improvement trajectory, whilst investing in strategic growth initiatives, remains our top priority for 2019. We will continue to build on our strengths in prioritized customer segments and product categories."

Second quarter 2019

- Net sales amounted to SEK 13,789m (14,270), corresponding to a decrease of 7%, adjusted for changes in exchange rates. Exit of Consumer Brands business had a negative effect of approximately 4 percentage points, adjusted for changes in exchange rates.
- Operating income increased by 10% to SEK 2,125m (1,925).
- Operating margin improved to 15.4% (13.5).
- Operating cash flow increased to SEK 3,959m (2,059).
- Earnings per share after dilution amounted to SEK 2.63 (2.41).

Group SEKm	Q2 2019	Q2 2018	Change, %	Jan-Jun 2019	Jan-Jun 2018	Change, %	Last 12 months	Full-year 2018
Net sales	13,789	14,270	-3	27,440	26,573	3	41,952	41,085
Currency adjusted change, %	-7	7	-	-2	3	-	-	2
Operating income	2,125	1,925	10	3,769	3,298	14	2,541	2,070
Excl. items affecting comparability	2,125	1,925	10	3,811	3,298	16	3,754	3,241
Operating margin, %	15.4	13.5	-	13.7	12.4	-	6.1	5.0
Excl. items affecting comparability	15.4	13.5	-	13.9	12.4	-	8.9	7.9
Income for the period	1,506	1,380	9	2,646	2,320	14	1,539	1,213
Earnings per share after dilution, SEK	2.63	2.41	9	4.62	4.05	14	2.69	2.12
Net sales, Divisions								
Husqvarna ¹	8,688	9,347	-7	18,194	17,831	2	27,519	27,156
Gardena ¹	3,373	3,325	1	6,003	5,808	3	8,313	8,118
Construction	1,720	1,590	8	3,214	2,918	10	6,058	5,762
Operating income, Divisions								
Husqvarna ¹	1,217	1,154	5	2,403	2,198	9	1,433	1,228
Excl. items affecting comparability ¹	1,217	1,154	5	2,445	2,198	11	2,353	2,106
Gardena ¹	703	595	18	1,075	859	25	641	425
Excl. items affecting comparability ¹	703	595	18	1,075	859	25	867	651
Construction	267	251	7	444	409	9	707	672
Excl. items affecting comparability	267	251	7	444	409	9	751	716

¹ Restatement of 2018 amounts due to allocation of the Consumer Brands Division, refer to "Distribution of the Consumer Brands Division".

SECOND QUARTER

Net sales

Net sales for the second quarter amounted to SEK 13,789m (14,270), a decrease of 3% or 7% when adjusted for changes in exchange rates. Exit of Consumer Brands business affected net sales by -4 percentage points in the second quarter, adjusted for changes in exchange rates. Following a strong first quarter, there was a slow start of the lawn and garden sell-out season in the second quarter. Sales of wheeled lawn products declined, whereas robotic lawn mower sales were comparable to prior year.

Operating income

Operating income for the second quarter increased by 10% to SEK 2,125m (1,925) and the corresponding margin increased to 15.4% (13.5). The higher result was primarily related to price increases, product mix effects, restructuring and efficiency savings and was partly offset by continued investments in strategic growth initiatives. Changes in exchange rates contributed positively with approximately SEK 120m compared to last year and balanced higher costs for tariffs and raw materials.

Financial items net

Financial items net amounted to SEK -153m (-130).

Income after financial items

Income after financial items amounted to SEK 1,972m (1,795).

Taxes

Income tax amounted to SEK -466m (-415), corresponding to a tax rate of 24% (23).

Earnings per share

Income for the period attributable to equity holders of the Parent Company amounted to SEK 1,505m (1,380), corresponding to SEK 2.63 (2.41) per share after dilution.

JANUARY - JUNE

Net sales

Net sales for January - June increased by 3% to SEK 27,440m (26,573). Adjusted for changes in exchange rates, net sales decreased by 2%. Exit of the Consumer Brands business affected net sales by -4 percentage points in the period, adjusted for changes in exchange rates. Following a strong first quarter, there was a slow start of the lawn and garden sell-out season in the second quarter. Sales of wheeled lawn products declined, whereas robotic lawn mower sales increased compared to prior year.

Operating income

Operating income for January - June increased by 16% to SEK 3,811m (3,298), excluding items affecting comparability, and the corresponding operating margin was 13.9% (12.4). The higher result was primarily related to price increases, product mix effects, restructuring and efficiency savings and was partly offset by continued investments in strategic growth initiatives. Changes in exchange rates contributed positively with approximately SEK 280m compared to last year and balanced higher costs for raw materials and tariffs.

Financial items net

Financial items net amounted to SEK -313m (-267).

Income after financial items

Income after financial items increased to SEK 3,456m (3,031).

Taxes

Income tax amounted to SEK -810m (-711) corresponding to a tax rate of 23% (23).

Earnings per share

Income for the period attributable to equity holders of the Parent Company increased to SEK 2,645m (2,319), corresponding to SEK 4.62 (4.05) per share after dilution.

CASH FLOW

Operating cash flow for January - June increased to SEK 2,519m (733) and direct operating cash flow increased to SEK 2,084m (450), see definitions on page 22. The increase is related to higher operating income, and positive effects from changes in inventories and trade receivables, partly offset by changes in trade payables.

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 June 30, 2019, excluding non-controlling interests, increased to SEK 17,394m (17,276), corresponding to SEK 30.4 (30.2) per share after dilution.

Net debt increased to SEK 11,340m (8,862). The increase is partly due to an increase in lease liabilities (other interest-bearing liabilities) of approximately SEK 1,500m as a result of the adoption of IFRS 16. For further information on the adoption of IFRS 16 refer to "New standards applicable from January 1, 2019". The net pension liability increased to SEK 2,207m (1,747), other interest-bearing liabilities increased to SEK 11,101m (9,861), liquid funds and other interest-bearing assets decreased to SEK 2,826m (3,603).

The net debt/EBITDA ratio, excluding items affecting comparability, increased to 1.9 (1.6). The ratio is calculated on average net debt. The equity/assets ratio was 39% (41).

PERFORMANCE BY BUSINESS SEGMENTS

The former Consumer Brands Division has been dissolved and integrated into the Husqvarna and Gardena divisions as of January 1, 2019. The European part, that accounted for approximately 15% of Consumer Brands net sales, has been included in the Gardena Division and the remaining 85%, mainly related to North America, has been included in the Husqvarna Division. The comparative amounts have been restated accordingly in this report. For further information see "Distribution of the Consumer Brands Division", on page 19.

Husqvarna

SEKm	Q2 2019		Q2 2018 ¹	Change, %	Jan-Jun 2019		Jan-Jun 2018 ¹	Change, %	Last 12 months ¹		Full-year 2018 ¹
	2019	2018 ¹			2019	2018 ¹			2019	2018 ¹	
Net sales	8,688	9,347		-7	18,194	17,831		2	27,519	27,156	
<i>Currency adjusted change, %</i>	<i>-11</i>	<i>4</i>		<i>-</i>	<i>-4</i>	<i>0</i>		<i>-</i>	<i>-</i>	<i>-</i>	<i>-2</i>
Operating income	1,217	1,154		5	2,403	2,198		9	1,433	1,228	
<i>Excl. items affecting comparability</i>	<i>1,217</i>	<i>1,154</i>		<i>5</i>	<i>2,445</i>	<i>2,198</i>		<i>11</i>	<i>2,353</i>	<i>2,106</i>	
Operating margin, %	14.0	12.3		-	13.2	12.3		-	5.2	4.5	
<i>Excl. items affecting comparability</i>	<i>14.0</i>	<i>12.3</i>		<i>-</i>	<i>13.4</i>	<i>12.3</i>		<i>-</i>	<i>8.6</i>	<i>7.8</i>	

¹ Restatement due to allocation of the Consumer Brands Division, refer to "Distribution of the Consumer Brands Division".

Net sales for the Husqvarna Division decreased by 7% in the second quarter or 11% when adjusted for changes in exchange rates. Following a strong first quarter, there was a slow start of the lawn and garden sell-out season in the second quarter. Effects from exited Consumer Brands business in the second quarter was approximately -5 percentage points on net sales. For the first half of the year net sales decreased by 4% and adjusted for effects from exited Consumer Brands business the growth was 1%, adjusted for changes in exchange rates.

Operating income for the second quarter increased by 5% to SEK 1,217m (1,154), corresponding to a margin of 14.0% (12.3). Restructuring savings, efficiency measures and price increases contributed positively, partly offset by higher costs for tariffs and raw materials. Changes in exchange rates had a positive impact of approximately SEK 70m on operating income in the second quarter compared to last year.

Gardena

SEKm	Q2 2019	Q2 2018 ¹	Change, %	Jan-Jun 2019	Jan-Jun 2018 ¹	Change, %	Last 12 months ¹	Full-year 2018 ¹
Net sales	3,373	3,325	1	6,003	5,808	3	8,313	8,118
<i>Currency adjusted change, %</i>	<i>-1</i>	<i>10</i>	<i>-</i>	<i>0</i>	<i>7</i>	<i>-</i>	<i>-</i>	<i>8</i>
Operating income	703	595	18	1,075	859	25	641	425
<i>Excl. items affecting comparability</i>	<i>703</i>	<i>595</i>	<i>18</i>	<i>1,075</i>	<i>859</i>	<i>25</i>	<i>867</i>	<i>651</i>
Operating margin, %	20.8	17.9	-	17.9	14.8	-	7.7	5.2
<i>Excl. items affecting comparability</i>	<i>20.8</i>	<i>17.9</i>	<i>-</i>	<i>17.9</i>	<i>14.8</i>	<i>-</i>	<i>10.4</i>	<i>8.0</i>

¹Restatement due to allocation of the Consumer Brands Division, refer to "Distribution of the Consumer Brands Division".

Net sales in the Gardena Division increased by 1% in the second quarter. Adjusted for changes in exchange rates net sales decreased by 1%. Retailers have been conscious to fully stock-up after the strong and extended season of last year. The net sales impact of exited Consumer Brands business was estimated to -2 percentage points for the second quarter.

Operating income for the second quarter increased to SEK 703m (595), mainly as a result of strong product mix, efficiencies and improvements related to the restructuring. The operating margin was 20.8% (17.9). Changes in exchange rates had a positive impact of approximately SEK 20m on operating income in the second quarter compared to last year.

Construction

SEKm	Q2 2019	Q2 2018	Change, %	Jan-Jun 2019	Jan-Jun 2018	Change, %	Last 12 months	Full-year 2018
Net sales	1,720	1,590	8	3,214	2,918	10	6,058	5,762
<i>Currency adjusted change, %</i>	<i>3</i>	<i>16</i>	<i>-</i>	<i>4</i>	<i>16</i>	<i>-</i>	<i>-</i>	<i>12</i>
Operating income	267	251	7	444	409	9	707	672
<i>Excl. items affecting comparability</i>	<i>267</i>	<i>251</i>	<i>7</i>	<i>444</i>	<i>409</i>	<i>9</i>	<i>751</i>	<i>716</i>
Operating margin, %	15.5	15.8	-	13.8	14.0	-	11.7	11.7
<i>Excl. items affecting comparability</i>	<i>15.5</i>	<i>15.8</i>	<i>-</i>	<i>13.8</i>	<i>14.0</i>	<i>-</i>	<i>12.4</i>	<i>12.4</i>

Net sales in the Construction Division increased by 8% in the second quarter and by 3%, adjusted for changes in exchange rates, driven by good growth in Europe.

Operating income for the second quarter increased to SEK 267m (251), driven by net sales growth, efficiencies and price increases. Changes in exchange rates had a positive impact of approximately SEK 30m on operating income in the second quarter compared to last year.

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. During the second quarter, at the request of shareholders, 274,976 Class A shares were converted to Class B shares. Conversion reduces the total number of votes in the Company.

The total number of registered shares in the Company at June 30, 2019 amounted to 576,343,778 of which 112,017,095 were A-shares and 464,326,683 were B-shares. The total number of votes amounted to 158,449,763,3.

PARENT COMPANY

Net sales for January – June 2019 for the Parent Company, Husqvarna AB, amounted to SEK 11,477m (10,943), of which SEK 9,167m (8,720) referred to sales to Group companies and SEK 2,310m (2,223) to external customers.

Income after financial items increased to SEK 8,734m (189), mainly due to Group internal transactions. Income for the period increased to SEK 8,525m (133). Investments in property, plant and equipment and intangible assets amounted to SEK 504m (669). Cash and cash equivalents amounted to SEK 523m (1,095) at the end of the quarter. Undistributed earnings in the Parent Company amounted to SEK 27,353m (20,511).

RESTRUCTURING OF THE CONSUMER BRANDS DIVISION

As communicated in press releases in 2018, Husqvarna Group is exiting certain low-margin petrol-powered product segments in the underperforming former Consumer Brands Division and instead focusing on its strengths in premium offerings under the core brands of Husqvarna and Gardena.

The restructuring measures are implemented 2018-2019 with an estimated total cost of some SEK 1.2 billion before tax, of which some SEK 400m refers to cash items. In 2018, and in the first quarter of 2019 a total of SEK 1,171m and SEK 42m respectively was reported as restructuring related expenses and charged to the Group's income statement. The restructuring measures are expected to result in annual savings of around SEK 250m gradually from 2019 and with full effect 2020, which exceeds the lost fixed cost contribution from the exited sales volumes. The lower business volume will also reduce the net working capital need in the Group by up to SEK 1 billion over the coming years.

In 2019 the Group is expected to exit net sales of SEK 1.5 - 2 billion and in 2020 another SEK 1 - 1.5 billion of low gross margin business that previously was within the Consumer Brands Division.

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 and sales channels 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.

Husqvarna Group has operations, both sales and production, in the UK and thus can be impacted by a potential Brexit scenario. The Group has performed an analysis and initiated mitigation activities in order to minimize any potential impact.

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 the Annual Report 2018 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 2018, which is available at www.husqvarnagroup.com/ir.

New standards applicable from January 1, 2019

Husqvarna Group applies IFRS 16 "Leases" from January 1, 2019. IFRS 16 replaces IAS 17 "Leases". The new standard results in most leases being recognized in the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased asset) and a financial liability (the obligation to make lease payments) will be recognized, with exceptions for short-term leases and low-value assets. The standard affects the accounting for the Group's operating leases (mainly buildings, cars and forklifts). For further information of the impact of IFRS 16, refer to "New standards applicable from January 1, 2019".

Husqvarna Group applies IFRIC 23 "Uncertainty over income tax treatments" from January 1, 2019. IFRIC 23 is a new interpretation of uncertain income tax treatments within the scope of IAS 12 "Income taxes". IFRIC 23 clarifies how to recognize and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. Uncertain tax liabilities that has previously been recognized as deferred tax liabilities has been reclassified to current tax liabilities as at January 1, 2019 as a result of the adoption of IFRIC 23. For further information of the impact of IFRIC 23, refer to "New standards applicable from January 1, 2019".

The Board of Directors and the President and CEO certify that the interim report gives a fair view of the performance of the business, position and income statements of the Parent Company and Husqvarna Group, and describes the principal risks and uncertainties to which the Parent Company and the Group is exposed.

Stockholm, July 15, 2019

Tom Johnstone
Chairman of the Board

Ulla Litzén
Board member

Katarina Martinson
Board member

Bertrand Neuschwander
Board member

Daniel Nodhäll
Board member

Lars Pettersson
Board member

Christine Robins
Board member

Kai Wärn
President and CEO
and Board member

Soili Johansson
Board member and
employee representative

Carita Svärd
Board member and
employee representative

AUDITORS' REVIEW REPORT

Husqvarna AB (publ), corporate identity number 556000-5331

To the Board of Directors of Husqvarna AB (publ)

Introduction

We have reviewed the condensed interim report for Husqvarna AB (publ) as at June 30, 2019 and for the six months period then ended. The Board of Directors and the CEO are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements, ISRE 2410 Review of Interim Financial Statements Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material aspects, in accordance with IAS 34 and the Swedish Annual Accounts Act regarding the Group, and in accordance with the Swedish Annual Accounts Act regarding the Parent Company.

Stockholm, July 15, 2019

Ernst & Young AB

Hamish Mabon
Authorized Public Accountant

Consolidated income statement

SEKm	Q2 2019	Q2 2018	Jan-Jun 2019	Jan-Jun 2018	Full-year 2018
Net sales	13,789	14,270	27,440	26,573	41,085
Cost of goods sold	-9,176	-9,981	-18,724	-18,737	-30,583
Gross income	4,613	4,289	8,716	7,836	10,502
<i>Gross margin, %</i>	33.5	30.1	31.8	29.5	25.6
Selling expenses	-1,952	-1,838	-3,861	-3,505	-6,473
Administrative expenses	-550	-570	-1,092	-1,076	-2,014
Other operating income/expense	14	44	6	43	55
Operating income	2,125	1,925	3,769	3,298	2,070
<i>Operating margin, %</i>	15.4	13.5	13.7	12.4	5.0
Financial items, net	-153	-130	-313	-267	-509
Income after financial items	1,972	1,795	3,456	3,031	1,561
<i>Margin, %</i>	14.3	12.6	12.6	11.4	3.8
Income tax	-466	-415	-810	-711	-348
Income for the period	1,506	1,380	2,646	2,320	1,213
Income for the period attributable to:					
Equity holders of the Parent Company	1,505	1,380	2,645	2,319	1,212
Non-controlling interest	1	0	1	1	1
Earnings per share:					
Before dilution, SEK	2.63	2.42	4.63	4.06	2.12
After dilution, SEK	2.63	2.41	4.62	4.05	2.12
Average number of shares outstanding:					
Before dilution, millions	572.0	571.5	571.8	571.3	571.5
After dilution, millions	572.4	572.8	572.2	572.6	572.3

Key data	Q2 2019	Q2 2018	Jan-Jun 2019	Jan-Jun 2018	Full-year 2018
<i>Net sales growth, %</i>	-3	9	3	3	4
Operating income, SEKm	2,125	1,925	3,769	3,298	2,070
<i>Excl. items affecting comparability</i>	2,125	1,925	3,811	3,298	3,241
<i>Operating margin, %</i>	15.4	13.5	13.7	12.4	5.0
<i>Excl. items affecting comparability</i>	15.4	13.5	13.9	12.4	7.9
Average number of employees	13,251	13,943	13,334	13,672	13,206

EBITDA	Q2 2019	Q2 2018	Jan-Jun 2019	Jan-Jun 2018	Full-year 2018
Operating income	2,125	1,925	3,769	3,298	2,070
Reversal of depreciation, amortization and impairment ¹	519	378	1,013	721	1,930
EBITDA	2,644	2,303	4,782	4,019	4,000
<i>Excl. items affecting comparability</i>	2,644	2,303	4,824	4,019	4,710
<i>EBITDA margin, %</i>	19.2	16.1	17.4	15.1	9.7
<i>Excl. items affecting comparability</i>	19.2	16.1	17.6	15.1	11.5

¹ "Reversal of depreciation, amortization and impairment" have increased with approximately SEK 100m per quarter, compared with last year, due to depreciation of right of use assets because of the adoption of "IFRS 16 Leases".

Consolidated comprehensive income statement

SEKm	Q2 2019	Q2 2018	Jan-Jun 2019	Jan-Jun 2018	Full-year 2018
Income for the period	1,506	1,380	2,646	2,320	1,213
Other comprehensive income					
<i>Items that will not be reclassified to the income statement:</i>					
Remeasurements on defined benefit pension plans, net of tax	-94	-29	-156	22	-95
Total items that will not be reclassified to the income statement, net of tax	-94	-29	-156	22	-95
<i>Items that may be reclassified to the income statement:</i>					
Currency translation differences	113	831	774	1,361	1,206
Net investment hedge, net of tax	-36	-675	-442	-842	-826
Cash flow hedges, net of tax	-56	70	-157	33	145
Total items that may be reclassified to the income statement, net of tax	21	226	175	552	525
Other comprehensive income, net of tax	-73	197	19	574	430
Total comprehensive income for the period	1,433	1,577	2,665	2,894	1,643
Total comprehensive income attributable to:					
Equity holders of the Parent Company	1,431	1,577	2,664	2,893	1,642
Non-controlling interest	2	0	1	1	1

Consolidated balance sheet

SEKm	Jun. 30, 2019	Jun. 30, 2018	Dec 31, 2018
Assets			
Property, plant and equipment ¹	6,363	6,123	6,064
Right of use assets ¹	1,584	123	120
Goodwill	7,306	7,156	7,105
Other intangible assets	5,639	5,533	5,534
Derivatives	3	-	0
Other non-current assets	653	555	592
Deferred tax assets	1,477	1,264	1,585
Total non-current assets	23,025	20,754	21,000
Inventories	10,275	9,434	11,067
Trade receivables	6,754	8,107	3,613
Derivatives	317	462	357
Tax receivables	688	72	218
Other current assets	1,083	843	1,006
Cash and cash equivalents	2,116	2,762	1,346
Total current assets	21,233	21,680	17,607
Total assets	44,258	42,434	38,607
Equity and liabilities			
Equity attributable to equity holders of the Parent Company	17,394	17,276	16,007
Non-controlling interests	1	2	2
Total equity	17,395	17,278	16,009
Borrowings ¹	6,081	6,059	6,038
Lease liabilities ¹	1,286	190	191
Derivatives	83	48	34
Deferred tax liabilities	1,671	1,775	1,794
Provisions for pensions and other post-employment benefits	2,391	1,874	2,101
Other provisions	723	720	696
Total non-current liabilities	12,235	10,666	10,854
Trade payables	4,805	5,472	4,622
Tax liabilities	629	484	145
Other liabilities	4,034	3,662	2,557
Dividend payable	858	857	-
Borrowings ¹	2,771	2,694	3,516
Lease liabilities ¹	404	16	16
Derivatives	476	854	218
Other provisions	651	451	670
Total current liabilities	14,628	14,490	11,744
Total equity and liabilities	44,258	42,434	38,607

¹ Most of the previous operating leases have been recognised from January 1, 2019 as right of use assets and lease liabilities, because of the adoption of IFRS 16. Previous finance leases have been included as comparative information for right of use assets and lease liabilities. For further information on the transition to IFRS 16 refer to "New standards applicable from January 1, 2019".

Key data	Jun. 30, 2019	Jun. 30, 2018	Dec 31, 2018
Operating working capital, SEKm	12,224	12,069	10,058
<i>Operating working capital / net sales, %</i>	<i>27.8</i>	<i>26.5</i>	<i>25.9</i>
<i>Return on capital employed, %</i>	<i>9.5</i>	<i>13.4</i>	<i>7.6</i>
<i>Excl. items affecting comparability, %</i>	<i>13.9</i>	<i>13.4</i>	<i>11.7</i>
<i>Return on equity, %</i>	<i>9.1</i>	<i>16.0</i>	<i>7.3</i>
<i>Excl. items affecting comparability, %</i>	<i>14.2</i>	<i>16.0</i>	<i>12.6</i>
Capital turn-over rate, times	1.5	1.7	1.6
<i>Equity/assets ratio, %</i>	<i>39</i>	<i>41</i>	<i>41</i>
Equity per share after dilution, SEK	30.4	30.2	28.0

Net debt SEKm	Jun. 30, 2019	Jun. 30, 2018	Dec 31, 2018
Net pension liability	2,207	1,747	1,943
Other interest-bearing liabilities ¹	11,101	9,861	10,013
Dividend payable	858	857	-
Less: Liquid funds and other interest-bearing assets	-2,826	-3,603	-2,081
Net debt	11,340	8,862	9,875
Net debt/equity ratio	0.65	0.51	0.62
Net debt/EBITDA excl. Items affecting comparability	1.9	1.6	1.8

¹ Lease liabilities of SEK 1,690m is included within other interest-bearing liabilities, the lease liabilities have increased with approximately SEK 1,500m because of the adoption of IFRS 16. For further information refer to "New standards applicable from January 1, 2019".

Consolidated cash flow statement

SEKm	Q2 2019	Q2 2018	Jan-Jun 2019	Jan-Jun 2018	Full-year 2018
Cash flow from operations					
Operating income	2,125	1,925	3,769	3,298	2,070
Non cash items	409	294	1,158	674	2,606
<i>Cash items</i>					
Paid restructuring expenses	-67	-7	-133	-11	-62
Net financial items, received/paid	-76	-139	-248	-255	-448
Taxes paid	-163	-448	-618	-564	-970
Cash flow from operations, excluding change in operating assets and liabilities	2,228	1,625	3,928	3,142	3,196
Change in operating assets and liabilities					
Change in inventories	1,501	1,147	1,159	673	-1,366
Change in trade receivables	2,051	28	-2,994	-4,380	-69
Change in trade payables	-1,817	-729	61	1,078	296
Change in other operating assets/liabilities	484	489	1,331	1,160	-70
Cash flow from operating assets and liabilities	2,219	935	-443	-1,469	-1,209
Cash flow from operations	4,447	2,560	3,485	1,673	1,987
Investments					
Acquisitions and divestments of subsidiaries/operations and divestments of property, plant and equipment	18	21	23	-272	-237
Investments in property, plant and equipment and intangible assets	-488	-501	-966	-940	-2,235
Investments and divestments of financial assets	-	-	-	-1	0
Cash flow from investments	-470	-480	-943	-1,213	-2,472
Cash flow from operations and investments	3,977	2,080	2,542	460	-485
Financing					
Dividend paid to shareholders	-428	-428	-428	-428	-1,286
Dividend paid to non-controlling interests	-2	-1	-2	-6	-6
Other financing activities	-2,971	-1,335	-1,413	793	1,204
Cash flow from financing	-3,401	-1,764	-1,843	359	-88
Total cash flow	576	316	699	819	-573
Cash and cash equivalents at the beginning of the period	1,514	2,426	1,346	1,872	1,872
Exchange rate differences referring to cash and cash equivalents	26	20	71	71	47
Cash and cash equivalents at the end of the period	2,116	2,762	2,116	2,762	1,346
Operating cash flow					
SEKm	Q2 2019	Q2 2018	Jan-Jun 2019	Jan-Jun 2018	Full-year 2018
Cash flow from operations and investments	3,977	2,080	2,542	460	-485
Acquisitions and divestments of subsidiaries/operations and divestments of property, plant and equipment	-18	-21	-23	272	237
Investments and divestments of financial assets	-	-	-	1	0
Operating cash flow	3,959	2,059	2,519	733	-248
Direct operating cash flow					
SEKm	Q2 2019	Q2 2018	Jan-Jun 2019	Jan-Jun 2018	Full-year 2018
EBITDA excl. items affecting comparability	2,644	2,303	4,824	4,019	4,710
Change in inventories	1,501	1,147	1,159	673	-1,366
Change in trade receivables	2,051	28	-2,994	-4,380	-69
Change in trade payables	-1,817	-729	61	1,078	296
Investments in property, plant and equipment and intangible assets	-488	-501	-966	-940	-2,235
Direct operating cash flow	3,891	2,248	2,084	450	1,336

Change in Group equity

SEKm	Attributable to equity holders of the Parent Company	Non-controlling interests	Total equity
Opening balance January 1, 2018¹	15,653	2	15,655
Share-based payment	15	-	15
Dividend	-1,285	-1	-1,286
Total comprehensive income	2,893	1	2,894
Closing balance June 30, 2018	17,276	2	17,278
Opening balance January 1, 2019	16,007	2	16,009
Share-based payment	9	-	9
Dividend	-1,286	-2	-1,288
Total comprehensive income	2,664	1	2,665
Closing balance June 30, 2019	17,394	1	17,395

¹ IFRS 9 restatement is included in the opening balance, for further information refer to the Annual Report 2018.

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 2018. The carrying value approximates fair value for all financial instruments except for non-current borrowings, which are shown in the table below.

SEKm	Jun. 30, 2019		Jun. 30, 2018		Dec. 31, 2018	
	Book value	Fair value	Book value	Fair value	Book value	Fair value
<i>Non-current borrowings</i>						
Loans	6,081	6,006	6,059	6,164	6,038	6,026
Total non-current borrowings	6,081	6,006	6,059	6,164	6,038	6,026

Five-year overview, Group

	2018	2017	2016	2015	2014
Net sales, SEKm	41,085	39,394	35,982	36,170	32,838
<i>Net sales growth, %</i>	4.3	9.5	-0.5	10.1	8.4
<i>Gross margin¹, %</i>	25.6	29.1	30.8	28.1	28.5
Operating income, SEKm	2,070	3,790	3,218	2,827	1,581
<i>Excl. items affecting comparability, SEKm</i>	3,241	3,790	3,218	2,980	2,348
<i>Operating margin, %</i>	5.0	9.6	8.9	7.8	4.8
<i>Excl. items affecting comparability, %</i>	7.9	9.6	8.9	8.2	7.2
<i>Return on capital employed, %</i>	7.6	14.7	13.7	12.4	7.6
<i>Excl. items affecting comparability, %</i>	11.7	14.7	13.7	13.1	11.1
<i>Return on equity, %</i>	7.3	17.4	15.2	14.6	6.7
<i>Excl. items affecting comparability, %</i>	12.6	17.4	15.2	15.5	12.9
Capital turn-over rate, times	1.6	1.7	1.7	1.7	1.7
Operating cash flow ² , SEKm	-248	1,847	1,666	1,732	1,274
Capital expenditure, SEKm	2,235	1,892	1,889	1,388	1,386
Average number of employees	13,206	13,252	12,704	13,572	14,337

¹ 2017 has been restated due to IFRS 15 transition and reclassification of certain exchange rate effects, refer to note 27 in the Annual Report 2018.

² Hedges related to financing have been moved from operations to financing activities (SEK -64m for 2015 and SEK 151m for 2014).

Net sales and income by quarter, Group

SEKm		Q1	Q2	Q3	Q4	Full-year
Net sales, finished goods	2019	13,575	13,708			
	2018	12,248	14,184	7,964	6,401	40,797
	2017	12,734	13,058	7,437	6,117	39,346
Net sales, services, royalty and other	2019	76	81			
	2018	55	86	78	69	288
	2017	12	11	12	13	48
Net sales total	2019	13,651	13,789			
	2018	12,303	14,270	8,042	6,470	41,085
	2017	12,746	13,069	7,449	6,130	39,394
Operating income	2019	1,644	2,125			
	2018	1,373	1,925	-124	-1,104	2,070
	2017	1,425	2,002	433	-70	3,790
Operating margin, %	2019	12.0	15.4			
	2018	11.2	13.5	-1.5	-17.1	5.0
	2017	11.2	15.3	5.8	-1.1	9.6
Income for the period	2019	1,140	1,506			
	2018	940	1,380	-185	-922	1,213
	2017	988	1,401	210	61	2,660
Earnings per share after dilution, SEK	2019	1.99	2.63			
	2018	1.64	2.41	-0.32	-1.61	2.12
	2017	1.72	2.43	0.37	0.10	4.62

Net sales and operating income, last twelve months, Group

SEKm		Q1	Q2	Q3	Q4
Net sales	2019	42,433	41,952		
	2018	38,951	40,152	40,745	41,085
	2017	37,367	38,932	39,032	39,394
Operating income	2019	2,341	2,541		
Excl. items affecting comparability	2019	3,554	3,754		
	2018	3,738	3,661	3,104	2,070
Excl. items affecting comparability	2018	3,738	3,661	3,453	3,241
	2017	3,477	3,750	3,752	3,790
Operating margin, %	2019	5.5	6.1		
Excl. items affecting comparability	2019	8.4	8.9		
	2018	9.6	9.1	7.6	5.0
Excl. items affecting comparability	2018	9.6	9.1	8.5	7.9
	2017	9.3	9.6	9.6	9.6

Items affecting comparability

SEKm		Q1	Q2	Q3	Q4	Full-year
Restructuring related expenses ¹	2019	-42	-			
Restructuring related expenses ¹	2018	-	-	-349	-822	-1,171
No items	2017	-	-	-	-	-
No items	2016	-	-	-	-	-
Restructuring related expenses	2015	-	-	-	-153	-153
Impairment of goodwill	2014	-	-	-	-767	-767

¹ Includes restructuring provisions, impairment of non-current assets and write down of inventory and other restructuring related expenses.

Restructuring related expenses SEKm	Q2	Q2	Jan-Jun	Jan-Jun	Full-year
	2019	2018	2019	2018	2018
Restructuring provisions	-	-	-9	-	-382
Impairment of non-current assets	-	-	-	-	-461
Write down of inventory	-	-	-	-	-328
Other restructuring related expenses	-	-	-33	-	-
Total items affecting comparability	-	-	-42	-	-1,171

Classification in the income statement SEKm	Q2	Q2	Jan-Jun	Jan-Jun	Full-year
	2019	2018	2019	2018	2018
Cost of goods sold	-	-	-42	-	-1,077
Selling expenses	-	-	-	-	-48
Administrative expenses	-	-	-	-	-46
Total items affecting comparability	-	-	-42	-	-1,171

Net sales (external) by segment

SEKm		Q1	Q2	Q3	Q4	Full-year
Husqvarna	2019	9,506	8,688			
	2018 ¹	8,484	9,347	5,015	4,310	27,156
	2017 ^{1,2}	9,238	8,867	4,931	4,185	27,221
Gardena	2019	2,630	3,373			
	2018 ¹	2,483	3,325	1,564	746	8,118
	2017 ¹	2,310	2,859	1,255	727	7,151
Construction	2019	1,494	1,720			
	2018	1,328	1,590	1,446	1,398	5,762
	2017	1,197	1,341	1,260	1,217	5,015
Group common costs³	2019	21	8			
	2018	8	8	17	16	49
	2017	1	1	3	2	7
Total Group	2019	13,651	13,789			
	2018	12,303	14,270	8,042	6,470	41,085
	2017	12,746	13,069	7,449	6,130	39,394

¹ Restatement due to allocation of the Consumer Brands Division, refer to "Distribution of the Consumer Brands Division".

² Restatement due to reclassification of certain sales between segments, refer to note 27 in the Annual Report 2018.

³ Royalty income is included in Group common costs.

Operating income by segment

SEKm		Q1	Q2	Q3	Q4	Full-year
Husqvarna	2019	1,186	1,217			
<i>Excl. items affecting comparability</i>	2019	1,228	1,217			
	2018 ¹	1,044	1,154	-344	-626	1,228
<i>Excl. items affecting comparability</i>	2018¹	1,044	1,154	-15	-77	2,106
	2017 ^{1,2}	1,054	1,250	341	71	2,716
Gardena	2019	372	703			
	2018 ¹	264	595	64	-498	425
<i>Excl. items affecting comparability</i>	2018¹	264	595	66	-274	651
	2017 ¹	297	580	12	-224	665
Construction	2019	177	267			
	2018	158	251	192	71	672
<i>Excl. items affecting comparability</i>	2018	158	251	192	115	716
	2017	141	233	143	132	649
Group common costs	2019	-91	-62			
	2018	-93	-75	-36	-51	-255
<i>Excl. items affecting comparability</i>	2018	-93	-75	-18	-46	-232
	2017	-67	-62	-63	-48	-240
Total Group	2019	1,644	2,125			
<i>Excl. items affecting comparability</i>	2019	1,686	2,125			
	2018	1,373	1,925	-124	-1,104	2,070
<i>Excl. items affecting comparability</i>	2018	1,373	1,925	225	-282	3,241
	2017	1,425	2,002	433	-70	3,790

¹ Restatement due to allocation of the Consumer Brands Division, refer to "Distribution of the Consumer Brands Division".

² Restatement due to reclassification of certain sales between segments, refer to note 27 in the Annual Report 2018.

Operating margin by segment

%		Q1	Q2	Q3	Q4	Full-year
Husqvarna	2019	12.5	14.0			
<i>Excl. items affecting comparability</i>	2019	12.9	14.0			
2018 ¹	12.3	12.3	-6.9	-14.5	4.5	
<i>Excl. items affecting comparability</i>	2018¹	12.3	12.3	-0.3	-1.8	7.8
2017 ^{1,2}	11.4	14.1	6.9	1.7	10.0	
Gardena	2019	14.1	20.8			
2018 ¹	10.6	17.9	4.1	-66.8	5.2	
<i>Excl. items affecting comparability</i>	2018¹	10.6	17.9	4.2	-36.7	8.0
2017 ¹	12.9	20.3	1.0	-30.8	9.3	
Construction	2019	11.8	15.5			
2018	11.9	15.8	13.3	5.0	11.7	
<i>Excl. items affecting comparability</i>	2018	11.9	15.8	13.3	8.2	12.4
2017	11.8	17.4	11.4	10.9	12.9	
Total Group	2019	12.0	15.4			
<i>Excl. items affecting comparability</i>	2019	12.3	15.4			
2018	11.2	13.5	-1.5	-17.1	5.0	
<i>Excl. items affecting comparability</i>	2018	11.2	13.5	2.8	-4.4	7.9
2017	11.2	15.3	5.8	-1.1	9.6	

¹ Restatement due to allocation of the Consumer Brands Division, refer to "Distribution of the Consumer Brands Division".

² Restatement due to reclassification of certain sales between segments, refer to note 27 in the Annual Report 2018.

Net assets by segment¹

SEKm	Assets		Liabilities		Net Assets	
	Jun. 30, 2019	Jun. 30, 2018	Jun. 30, 2019	Jun. 30, 2018	Jun. 30, 2019	Jun. 30, 2018
Husqvarna ²	21,145	20,369	5,983	6,298	15,162	14,071
Gardena ²	10,497	10,460	2,622	2,472	7,875	7,988
Construction	7,258	6,528	1,206	1,124	6,052	5,404
Other ³	2,348	1,347	2,702	2,670	-354	-1,323
Total	41,248	38,704	12,513	12,564	28,735	26,140

¹Liquid assets and other interest-bearing assets, interest-bearing liabilities and equity are not included in the table above.

² Restatement due to allocation of the Consumer Brands Division, refer to "Distribution of the Consumer Brands Division".

³Other includes tax items and Husqvarna Group's common group services such as Holding, Treasury and Risk Management.

NEW STANDARDS APPLICABLE FROM JANUARY 1, 2019

a) IFRS 16 “Leases” transition

Husqvarna Group applies IFRS 16 “Leases” from January 1, 2019. IFRS 16 replaces IAS 17 “Leases”. The accounting principles have changed accordingly, the new accounting principles have been disclosed in the Annual Report 2018 (www.husqvarnagroup.com/ir). IFRS 16 results in most leases being recognized in the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased asset) and a financial liability (the obligation to make lease payments) will be recognized, with exceptions for short-term leases and low-value assets. The standard affects the accounting for the Group’s operating leases (mainly buildings, cars and forklifts).

Husqvarna Group adopts IFRS 16 “Leases” retrospectively from January 1, 2019 with the cumulative effect of initially applying the new standard recognized on January 1, 2019. Comparatives for the 2018 financial year have not been restated. On adoption of IFRS 16 the Group will recognize lease liabilities in relation to leases which have previously been classified as operating leases under IAS 17. These liabilities will be measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate as at January 1, 2019. The weighted average discount rate was 2.2% as at January 1, 2019. The lease liability recognized as of January 1, 2019 increased by SEK 1,502m as a result of the adoption of IFRS16. The Group had non-cancellable operating lease commitments of SEK 1,586m as at December 31, 2018, SEK 1,484m when discounted. The difference can be explained by the exceptions for short-term leases and low-value assets and the use of extension options as according to IFRS 16.

The Group has used the practical expedient permitted by the standard to exclude initial direct cost for the measurement of the right of use asset at the date of initial application, and the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease. The right of use assets has been measured at an amount equal to the lease liability at transition. Non-current assets increased by SEK 1,502m on January 1, 2019 due to recognized right of use assets.

The total effect in the income statement is not significant, there is a slight shift in the income statement, where operating income increase and the financial items decrease.

b) IFRIC 23 “Uncertainty over income tax treatments”

Husqvarna Group applies IFRIC 23 “Uncertainty over income tax treatments” from January 1, 2019. IFRIC 23 is a new interpretation of uncertain income tax treatments within the scope of IAS 12 Income taxes. IFRIC 23 clarifies how to recognize and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the tax authority.

Husqvarna Group adopts IFRIC 23 “Uncertainty over income tax treatments” retrospectively from January 1, 2019 with the cumulative effect of initially applying the new standard recognized on January 1, 2019. Comparatives for the 2018 financial year have not been restated. Uncertain tax liabilities of SEK 167m that has previously been recognized as deferred tax liabilities has been reclassified to current tax liabilities as at January 1, 2019, as a result of the adoption of IFRIC 23.

The following table shows the adjustments for each individual line item.

Consolidated balance sheet

SEKm	Dec 31, 2018	a) IFRS 16	b) IFRIC 23	Jan 1, 2019 restated
Assets				
Property, plant and equipment	6,064	-	-	6,064
Right of use assets	120	1,502	-	1,622
Goodwill	7,105	-	-	7,105
Other intangible assets	5,534	-	-	5,534
Derivatives	0	-	-	0
Other non-current assets	592	-	-	592
Deferred tax assets	1,585	-	-	1,585
Total non-current assets	21,000	1,502	-	22,502
Total current assets	17,607	-	-	17,607
Total assets	38,607	1,502	-	40,109
 Equity and liabilities				
Total equity	16,009	-	-	16,009
Borrowings	6,038	-	-	6,038
Lease liabilities	191	1,123	-	1,314
Derivatives	34	-	-	34
Deferred tax liabilities	1,794	-	-167	1,627
Provisions for pensions and other post-employment benefits	2,101	-	-	2,101
Other provisions	696	-	-	696
Total non-current liabilities	10,854	1,123	-167	11,810
Trade payables	4,622	-	-	4,622
Tax liabilities	145	-	167	312
Other liabilities	2,557	-	-	2,557
Borrowings	3,516	-	-	3,516
Lease liabilities	16	379	-	395
Derivatives	218	-	-	218
Other provisions	670	-	-	670
Total current liabilities	11,744	379	167	12,290
Total equity and liabilities	38,607	1,502	-	40,109

PARENT COMPANY

Income statement

SEKm	Q2 2019	Q2 2018	Jan-Jun 2019	Jan-Jun 2018	Full-year 2018
Net sales	5,425	5,489	11,477	10,943	17,185
Cost of goods sold	-3,982	-4,226	-8,337	-8,174	-14,109
Gross income	1,443	1,263	3,140	2,769	3,076
Selling expense	-415	-366	-803	-683	-1,334
Administrative expense	-305	-341	-661	-636	-1,192
Other operating income/expense	8	0	0	0	0
Operating income	731	556	1,676	1,450	550
Financial items, net	7,658	-950	7,058	-1,261	-965
Income after financial items	8,389	-394	8,734	189	-415
Appropriations	-13	-15	-25	-21	337
Income before taxes	8,376	-409	8,709	168	-78
Tax on profit for the year	-120	95	-184	-35	133
Income for the period	8,256	-314	8,525	133	55

Balance sheet

SEKm	Jun. 30, 2019	Jun. 30, 2018	Dec 31, 2018
Non-current assets	38,684	33,627	33,734
Current assets	12,220	10,942	10,437
Total assets	50,904	44,569	44,171
Equity	29,679	22,526	22,536
Untaxed reserves	794	806	794
Provisions	182	97	159
Non-current liabilities	5,905	5,823	5,810
Current liabilities	14,344	15,317	14,872
Total equity and liabilities	50,904	44,569	44,171

Number of shares

	Outstanding A-shares	Outstanding B-shares	Re-purchased B-shares ²	Total
Number of shares as of December 31, 2018	112,437,551	459,235,811	4,670,416	576,343,778
Conversion of A-shares into B-shares	-420,456	420,456	-	-
Shares allocated to 2016 LTI-program	-	529,252	-529,252	-
Number of shares as of June 30, 2019¹	112,017,095	460,185,519	4,141,164	576,343,778

¹In July 2019, 150 A-shares were converted.

²The 4,141,164 B-shares are entirely in a third party share swap agreement.

Distribution of the Consumer Brands Division

(Dissolved as of January 1, 2019)

The Consumer Brands Division has been dissolved and integrated into the Husqvarna and Gardena divisions as of January 1, 2019. The European part, that accounted for approximately 15% of Consumer Brands net sales, has been included in the Gardena Division and the remaining 85%, mainly related to North America, has been included in the Husqvarna Division. The segment reporting in 2019 consists of three divisions: Husqvarna, Gardena and Construction. A restatement of the segment reporting in the new structure is presented below and the comparative amounts have been restated accordingly in this report.

Husqvarna

SEKm	Q1 2018	Allocation of CBD	Q1 2018 restated	Q2 2018	Allocation of CBD	Q2 2018 restated	Q3 2018	Allocation of CBD	Q3 2018 restated
Net sales	6,049	2,435	8,484	6,719	2,628	9,347	3,689	1,326	5,015
Operating income	1,070	-26	1,044	1,201	-47	1,154	-19	-325	-344
Excl. items affecting comparability	1,070	-26	1,044	1,201	-47	1,154	47	-62	-15
Operating margin, %	17.7		12.3	17.9		12.3	-0.5		-6.9
Excl. items affecting comparability	17.7		12.3	17.9		12.3	1.3		-0.3
Assets	15,948	5,593	21,541	15,155	5,214	20,369	13,669	4,073	17,742
Liabilities	5,301	1,562	6,863	4,856	1,442	6,298	3,707	884	4,591
Net Assets	10,647	4,031	14,678	10,299	3,772	14,071	9,962	3,189	13,151

SEKm	Q4 2018	Allocation of CBD	Q4 2018 restated	Full-year 2018	Allocation of CBD	Full-year 2018 restated
Net sales	3,323	987	4,310	19,780	7,376	27,156
Operating income	-140	-486	-626	2,112	-884	1,228
Excl. items affecting comparability	-41	-36	-77	2,277	-171	2,106
Operating margin, %	-4.2		-14.5	10.7		4.5
Excl. items affecting comparability	-1.2		-1.8	11.5		7.8
Assets	14,647	4,054	18,701	14,647	4,054	18,701
Liabilities	4,100	1,220	5,320	4,100	1,220	5,320
Net Assets	10,547	2,834	13,381	10,547	2,834	13,381

SEKm	Q1 2017 ¹	Allocation of CBD	Q1 2017 restated	Q2 2017 ¹	Allocation of CBD	Q2 2017 restated	Q3 2017 ¹	Allocation of CBD	Q3 2017 restated
Net sales	6,136	3,102	9,238	6,164	2,703	8,867	3,669	1,262	4,931
Operating income	1,032	22	1,054	1,180	70	1,250	388	-47	341
Operating margin, %	16.8		11.4	19.1		14.1	10.6		6.9
Assets	14,883	6,184	21,067	13,470	4,788	18,258	12,018	4,337	16,355
Liabilities	4,776	1,744	6,520	4,224	1,464	5,688	3,395	980	4,375
Net Assets	10,107	4,440	14,547	9,246	3,324	12,570	8,623	3,357	11,980

SEKm	Q4 2017 ¹	Allocation of CBD	Q4 2017 restated	Full-year 2017 ¹	Allocation of CBD	Full-year 2017 restated
Net sales	3,240	945	4,185	19,209	8,012	27,221
Operating income	127	-56	71	2,727	-11	2,716
Operating margin, %	3.9		1.7	14.2		10.0
Assets	12,741	4,430	17,171	12,741	4,430	17,171
Liabilities	3,856	1,025	4,881	3,856	1,025	4,881
Net Assets	8,885	3,405	12,290	8,885	3,405	12,290

SEKm	Full-year 2015	Allocation of CBD	Full-year 2015 restated	Full-year 2016	Allocation of CBD	Full-year 2016 restated
Net sales	17,624	8,174	25,798	17,960	7,325	25,285
Operating income	2,233	65	2,298	2,317	71	2,388
Excl. items affecting comparability	2,284	89	2,373	2,317	71	2,388
Operating margin, %	12.7		8.9	12.9		9.4
Excl. items affecting comparability	13.0		9.2	12.9		9.4
Assets	10,917	4,135	15,052	12,317	4,947	17,264
Liabilities	3,021	1,091	4,112	3,642	1,414	5,056
Net Assets	7,896	3,044	10,940	8,675	3,533	12,208

¹ Restatement due to reclassification of certain sales between segments, see note 27 in the Annual Report 2018.

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SEKm	Q1 2018	Allocation of CBD	Q1 2018 restated	Q2 2018	Allocation of CBD	Q2 2018 restated	Q3 2018	Allocation of CBD	Q3 2018 restated
Net sales	2,059	424	2,483	2,770	555	3,325	1,368	196	1,564
Operating income	301	-37	264	585	10	595	113	-49	64
Excl. items affecting comparability	301	-37	264	585	10	595	113	-47	66
Operating margin, %	14.6		10.6	21.1		17.9	8.3		4.1
Excl. items affecting comparability	14.6		10.6	21.1		17.9	8.3		4.2
Assets	8,507	1,598	10,105	8,810	1,650	10,460	7,876	1,343	9,219
Liabilities	1,570	643	2,213	1,736	736	2,472	1,262	469	1,731
Net Assets	6,937	955	7,892	7,074	914	7,988	6,614	874	7,488
SEKm	Q4 2018	Allocation of CBD	Q4 2018 restated	Full-year 2018	Allocation of CBD	Full-year 2018 restated			
Net sales	604	142	746	6,801	1,317	8,118			
Operating income	-213	-285	-498	786	-361	425			
Excl. items affecting comparability	-213	-61	-274	786	-135	651			
Operating margin, %	-35.3		-66.8	11.6		5.2			
Excl. items affecting comparability	-35.3		-36.7	11.6		8.0			
Assets	8,091	1,307	9,398	8,091	1,307	9,398			
Liabilities	1,126	636	1,762	1,126	636	1,762			
Net Assets	6,965	671	7,636	6,965	671	7,636			
SEKm	Q1 2017	Allocation of CBD	Q1 2017 restated	Q2 2017	Allocation of CBD	Q2 2017 restated	Q3 2017	Allocation of CBD	Q3 2017 restated
Net sales	1,715	595	2,310	2,326	533	2,859	1,033	222	1,255
Operating income	251	46	297	565	15	580	62	-50	12
Operating margin, %	14.6		12.9	24.3		20.3	6.0		1.0
Assets	7,853	1,792	9,645	7,781	1,511	9,292	6,959	1,273	8,232
Liabilities	1,218	808	2,026	1,385	627	2,012	991	417	1,408
Net Assets	6,635	984	7,619	6,396	884	7,280	5,968	856	6,824
SEKm	Q4 2017	Allocation of CBD	Q4 2017 restated	Full-year 2017	Allocation of CBD	Full-year 2017 restated			
Net sales	556	171	727	5,630	1,521	7,151			
Operating income	-172	-52	-224	706	-41	665			
Operating margin, %	-30.9		-30.8	12.5		9.3			
Assets	7,430	1,341	8,771	7,430	1,341	8,771			
Liabilities	1,034	433	1,467	1,034	433	1,467			
Net Assets	6,396	908	7,304	6,396	908	7,304			
SEKm	Full-year 2015	Allocation of CBD	Full-year 2015 restated	Full-year 2016	Allocation of CBD	Full-year 2016 restated			
Net sales	4,669	1,762	6,431	5,033	1,563	6,596			
Operating income	586	-211	375	595	-68	527			
Excl. items affecting comparability	591	-209	382	595	-68	527			
Operating margin, %	12.5		5.8	11.8		8.0			
Excl. items affecting comparability	12.7		5.9	11.8		8.0			
Assets	6,434	1,308	7,742	6,952	1,312	8,264			
Liabilities	735	608	1,343	808	589	1,397			
Net Assets	5,699	700	6,399	6,144	723	6,867			

DEFINITIONS

This report includes financial measures as required by the financial reporting framework applicable to Husqvarna Group, which is based on IFRS. In addition, there are other measures (alternative performance measures) used by management and other stakeholders to analyze trends and performance of the Group's operations that cannot be directly read or derived from the financial statements. Husqvarna stakeholders should not consider these as substitutes, but rather as additions, to the financial reporting measures prepared in accordance with IFRS. Please note that the alternative performance measures as defined, may not be comparable to similarly titled measures used by other companies. Refer below for a list of definitions of all measures and indicators used, referred to and presented in this report.

Computation of average amounts

In computation of key ratios where averages of capital balances are included, the average capital balances are based on the opening balance and all quarter-end closing balances included in the reporting period, i.e five quarters.

Growth measures

Net sales adjusted for changes in exchange rates
Change in net sales adjusted for currency translation effects. Net sales are also 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.

Net sales growth

Change in net sales compared to previous period in percent.

Organic growth

Change in net sales, adjusted for acquisitions, divestments and currency translation effects.

Profitability 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 table below the income statement.

EBITDA margin

EBITDA as a percentage of net sales.

Gross margin

Gross income as a percentage of net sales.

Last twelve months (LTM)

Last twelve months rolling has been included to assist stakeholders in their analysis of the seasonality that the Husqvarna Group's business is exposed to.

Operating margin

Operating income as a percentage of net sales.

Return on capital employed

Operating income plus financial income (last twelve months) as a percentage of average capital employed.

Return on equity

Net income attributable to equity holders of the Parent Company last twelve months as a percentage of average equity attributable to equity holders of the Parent Company.

Share-based measures

Earnings per share, after dilution

Net income attributable to equity holders of the Parent Company divided by the weighted average number of shares outstanding (net of treasury shares), after dilution.

Equity per share, after dilution

Equity attributable to equity holders of the Parent Company divided by the weighted average number of shares outstanding (net of treasury shares), after dilution.

Capital indicators

Capital employed

Total equity and liabilities less non-interest-bearing debt including deferred tax liabilities.

Capital expenditure

Investments in property, plant and equipment, right of use assets and intangible assets.

Interest bearing liabilities

Long-term and short-term borrowings, net pension liability and fair value derivative liabilities.

Liquid funds

Cash and cash equivalents, short-term investments and fair value derivative assets.

Net assets

Total assets excluding liquid funds and interest-bearing assets less operating liabilities, non-interest-bearing provisions and deferred tax liabilities.

Net debt

Net debt describes 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 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 table below the balance sheet.

Operating working capital

Inventories and trade receivables less trade payables.

Capital measures

Equity/assets ratio

Equity attributable to equity holders of the Parent Company as a percentage of total assets.

Capital turnover rate

Net sales last twelve months divided with average net assets.

Net debt/EBITDA excl. items affecting comparability

Average net debt in relation to EBITDA last twelve months, excluding items affecting comparability.

Net debt/equity ratio

Net debt in relation to total equity.

Operating working capital/net sales

Average operating working capital as a percentage of net sales last twelve months.

Other measures

Direct operating cash flow

Direct operating cash flow is a measure of the cash generated by the Groups operating business. The measure is defined as EBITDA, excluding items affecting comparability, adjusted for change in trade payables, inventory and trade receivables and investments in property, plant and equipment and intangible assets. For a reconciliation of direct operating cash flow refer to the table below the cash flow statement.

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 13. 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.

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 of subsidiaries/operations, divestments of property plant and equipment and investments/divestments of financial assets. For a reconciliation of operating cash flow refer to table below the cash flow statement.

TELEPHONE CONFERENCE

A combined press and telephone conference, hosted by Kai Wärn, President and CEO, and Glen Instone, CFO, will be held at Husqvarna Group's office, Regeringsgatan 28, Stockholm at 10:00 CET on July 16, 2019. To participate, please dial +46 (0) 8 566 184 30 (Sweden) or +44 (0) 8 448 228 902 (UK) ten minutes prior to the start of the conference. Conference ID: Husqvarna or 9480637#. 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 2019

October 22 Interim report for January-September

A Capital Markets Day will be held in Huskvarna, Sweden on September 17, 2019.

CONTACTS

- Glen Instone, CFO, Senior Vice President, Finance, IR & Communication, +46 72 716 5032
- Johan Andersson, Director, Group Corporate Communications and Investor Relations, +46 702 100 451

This press release contains insider information that Husqvarna AB is required to disclose under the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the contact person set out above, at 08.00 CET on July 16, 2019.

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.