



Q2 results 2008

18 July 2008

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Summary, Q2 2008

- Net sales declined by 14% and EBIT by 25%
- Decline in sales and income refers mainly to Consumer Products in North America
 - Sales down in line with overall decline in industry shipments
- Lower sales and EBIT for Gardena's irrigation products
 - In comparison with record second quarter in 2007
- Performance for Professional Products in line with previous year
 - Margin remained at a high level



Sales and earnings, Q2 and H1 2008

SEKm	Q2 2008	Q2 2007	Change, %		
			As reported	Excl. acq.	Excl. acq. & FX-effects
Net sales	10 343	12 048	-14%	-10%	-10%
EBIT	1 321	1 758	-25%	-25%	-26%
EBIT-margin,%	12,8%	14,6%	-	-	-
Pre-tax profit	1 141	1 528	-25%	-	-
Income for the period	810	1 070	-24%	-	-

SEKm	Jan-Jun 2008	Jan-Jun 2007	Change, %		
			As reported	Excl. acq.	Excl. acq. & FX-effects
Net sales	20 386	21 262	-4%	-12%	-7%
EBIT	2 523	2 742	-8%	-16%	-17%
EBIT-margin,%	12,4%	12,9%	-	-	-
Pre-tax profit	2 201	2 404	-8%	-	-
Income for the period	1 563	1 683	-7%	-	-
Return on equity,% ¹⁾	25,4%	33,7%	-	-	-

¹⁾ Calculated on a rolling 12 months basis

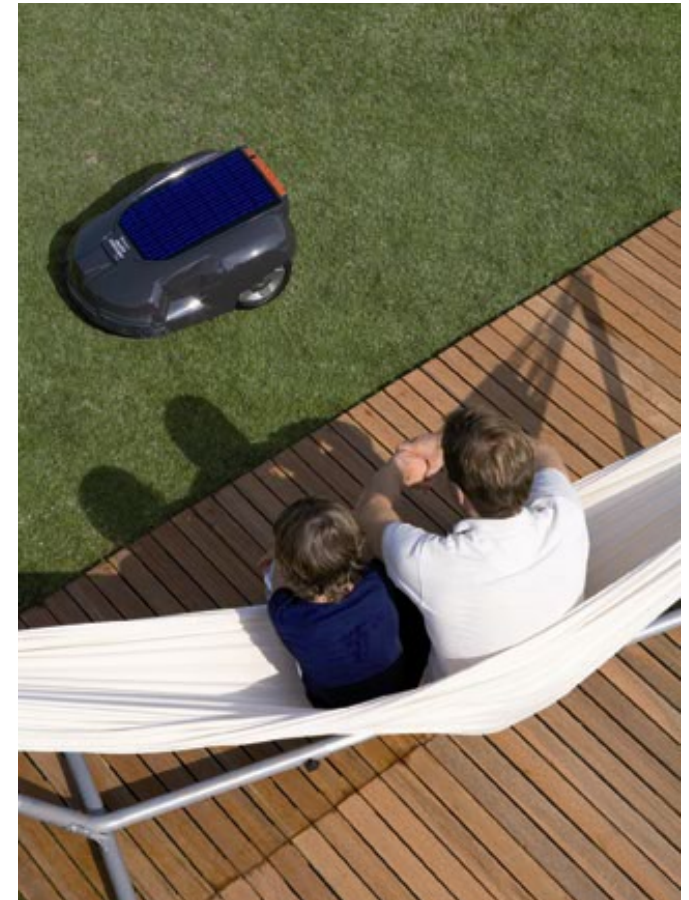
Consumer Products

SEKm	Change, %				
	Q2 2008	Q2 2007	As reported	Excl. acq.	Excl. acq. & FX-effects
Sales	6 773	8 418	-20%	-20%	-15%
EBIT	745	1 164	-36%	-36%	-37%
EBIT-margin	11,0%	13,8%	-	-	-

SEKm	Change, %				
	Jan-Jun 2008	Jan-Jun 2007	As reported	Excl. acq.	Excl. acq. & FX-effects
Sales	13 603	14 625	-7%	-15%	-9%
EBIT	1 472	1 685	-13%	-24%	-27%
EBIT-margin	10,8%	11,5%	-	-	-

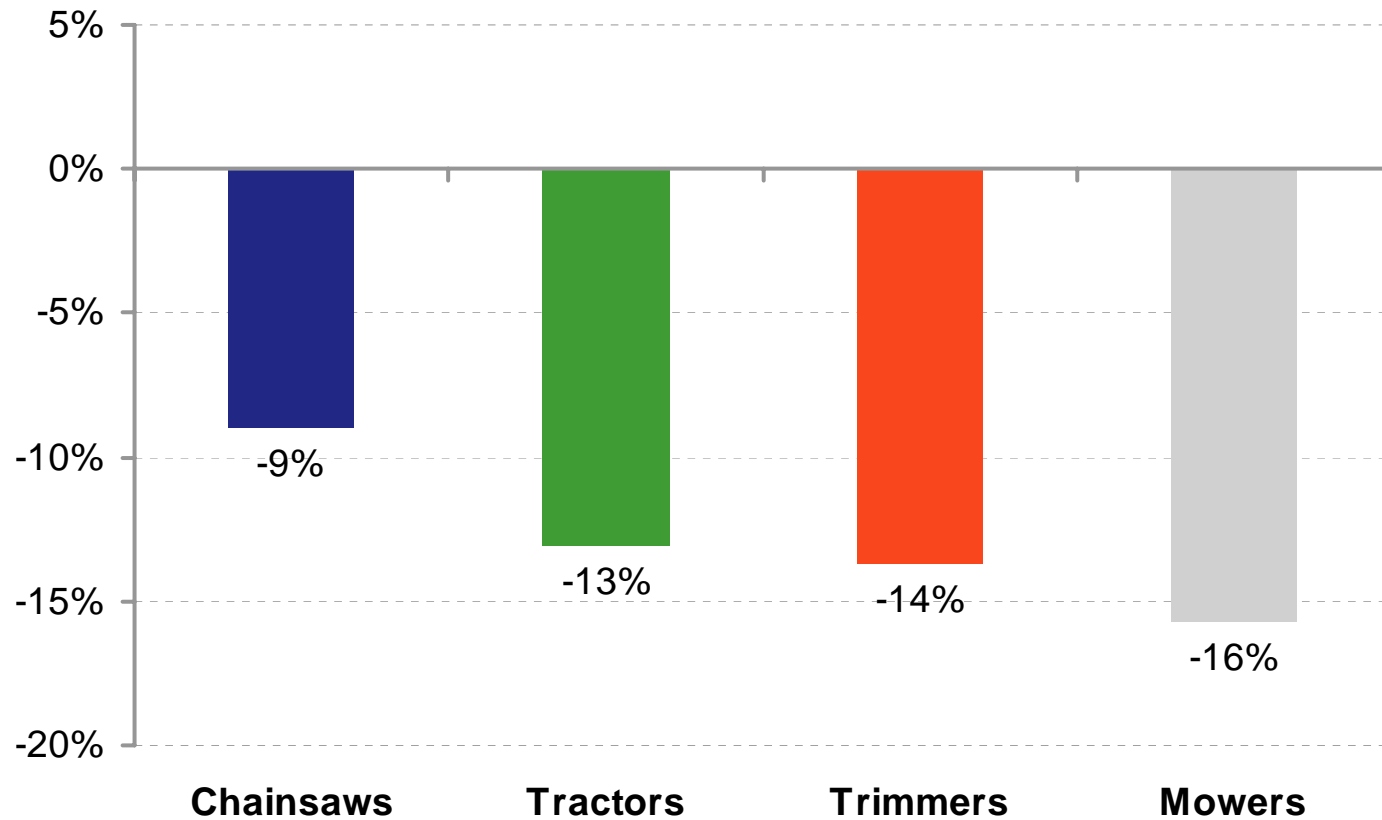
Consumer Products, Q2 2008

- Substantial decline in sales, EBIT and margin in North America
 - More aggressive inventory reductions by retailers
 - EBIT down due to lower volumes, negative mix and higher material costs
- More normal quarter for Gardena, decline vs record quarter in 2007
 - Normal weather 2008 / very favorable 2007
 - EBIT above average for second quarter during 2002-2007
- Positive trend for Husqvarna-branded products in dealer channel
 - New products well received
 - Positive FX impact on EBIT from products imported from US operation



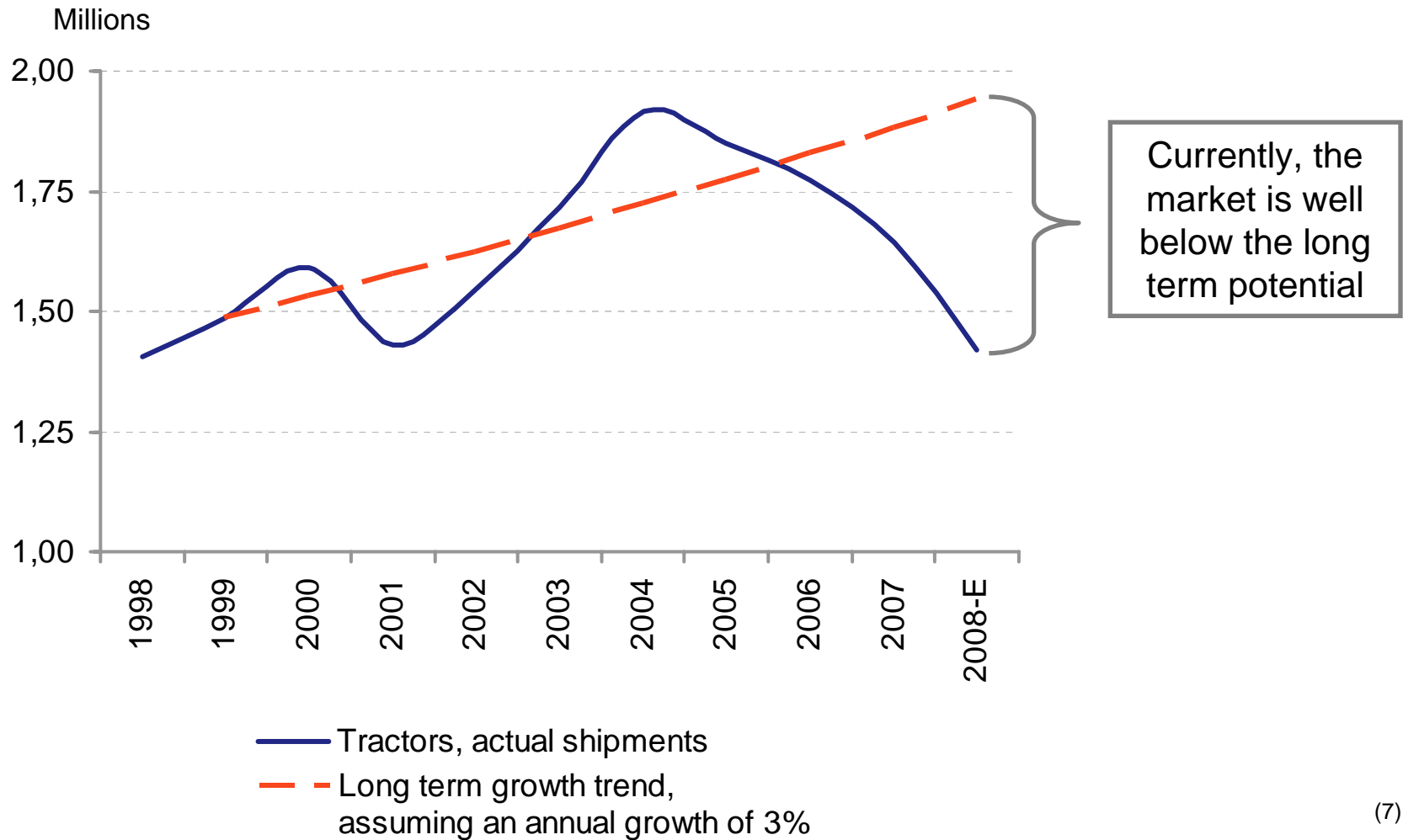
US industry shipments

H1 2008 vs. H1 2007



Tractors

Industry shipments, North America



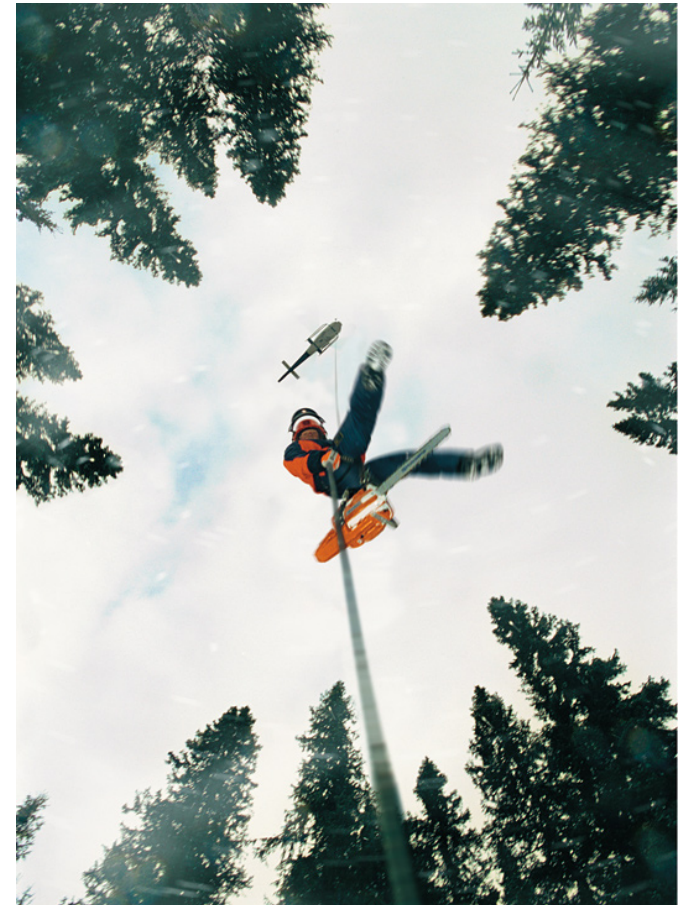
Professional Products

SEKm	Q2 2008	Q2 2007	Change, %		
			As reported	Excl. acq.	Excl. acq. & FX-effects
Sales	3 570	3 630	-2%	-3%	0%
EBIT	623	642	-3%	-4%	-3%
EBIT-margin	17,5%	17,7%	-	-	-

SEKm	Jan-Jun 2008	Jan-Jun 2007	Change, %		
			As reported	Excl. acq.	Excl. acq. & FX-effects
Sales	6 783	6 637	2%	-4%	-1%
EBIT	1 145	1 152	-1%	-4%	0%
EBIT-margin	16,9%	17,4%	-	-	-

Professional Products, Q2 2008

- Forestry
 - Weak demand in North America and Western Europe
 - Growth in sales overall, mainly Eastern Europe and Latin America
 - Higher EBIT and margin
- Lawn and garden
 - Sales up in most categories in Europe, but down in US
 - EBIT and margin up, mainly due to a better mix
- Construction
 - Weaker demand in particularly US and for stone equipment
 - Sales down, substantial decline in EBIT and margin



Income statement, Group

	2008 Q2	2007 Q2	Jan-Jun 2008	Jan-Jun 2007	Change Q2/Q2	Change H1/H1
Net Sales	10 343	12 048	20 386	21 262	-14%	-4%
Cost of goods sold	-7 133	-8 422	-14 155	-15 329	-15%	-8%
Gross operating income	3 210	3 626	6 231	5 933	-11%	5%
Selling expense	-1 531	-1 500	-2 978	-2 534	2%	18%
Administrative expense	-356	-369	-727	-658	-4%	10%
Operating income ^{*)}	1 321	1 758	2 523	2 742	-25%	-8%
Financial items, net	-180	-230	-322	-338	-22%	-5%
Income after financial items	1 141	1 528	2 201	2 404	-25%	-8%
Taxes	-331	-458	-638	-721	-28%	-12%
Income for the period	810	1 070	1 563	1 683	-24%	-7%
^{*)} incl. depreciation/amortization	-274	-291	-560	-518	-6%	8%

Balance sheet, Group

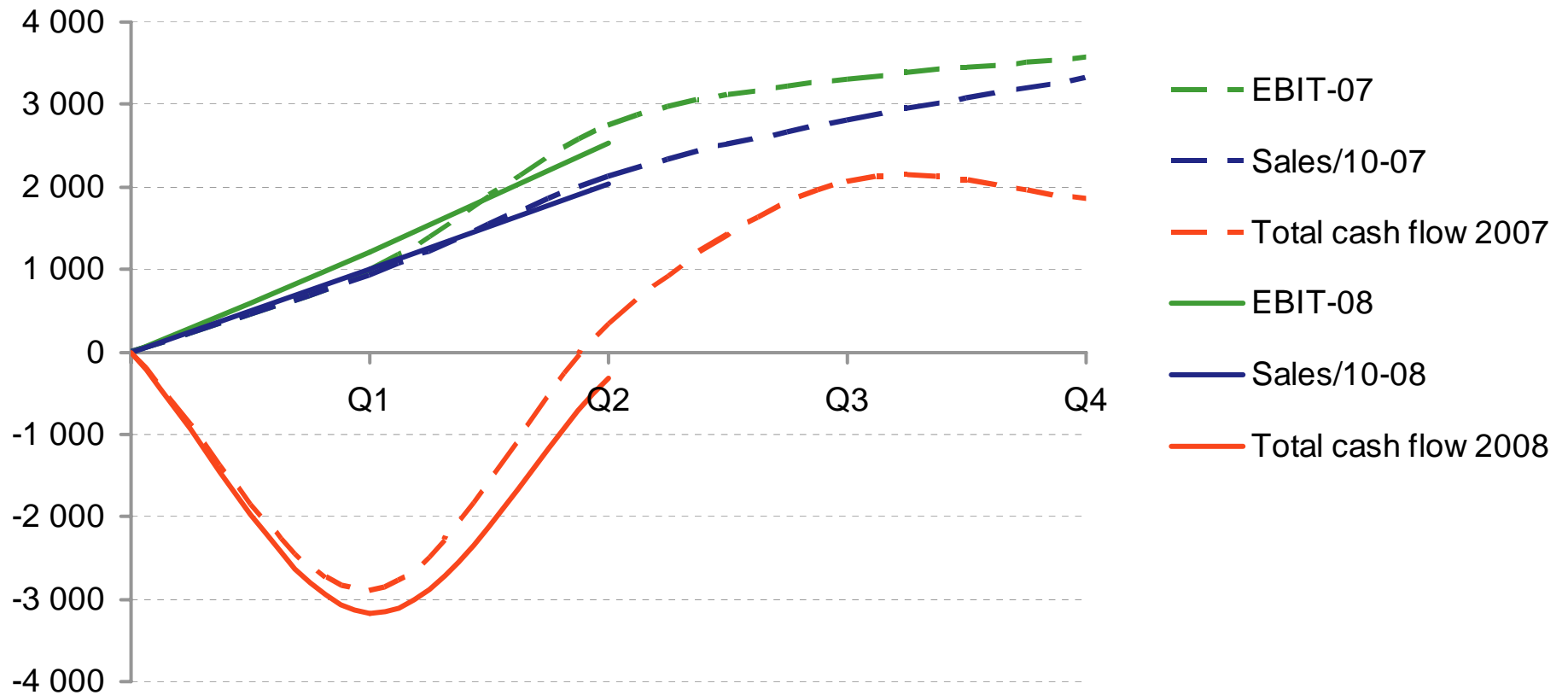
SEKm	Jun 2008	Jun 2007	Dec 2007
Non-current assets	14 917	15 030	14 921
Inventories	6 642	6 157	7 758
Trade receivables	7 757	8 371	3 912
Other current assets	755	702	906
Liquid funds	1 514	1 862	1 306
Total assets	31 585	32 122	28 803
Total equity	7 939	7 334	7 389
Interest bearing liabilities	14 901	15 239	13 318
Provisions	3 518	3 303	3 503
Trade payables	2 598	3 490	2 731
Other current liabilities	2 629	2 756	1 862
Total equity and liabilities	31 585	32 122	28 803

Key figures

	Q2 2008	Q2 2007	Jan-Jun 2008	Jan-Jun 2007
Operating cash flow, SEKm	2 850	3 238	-319	343
Working capital, SEKm	-	-	8 101	7 159
Net borrowings, SEKm	-	-	13 387	13 377
Return on capital employed, % ¹⁾	-	-	15,2	22,8
Return on equity, % ¹⁾	-	-	25,4	33,7
Net debt/equity ratio	-	-	1,69	1,82
Equity/assets ratio, %	-	-	25,1	22,8
Earnings per share, SEK	2,09	2,77	4,06	4,36

¹⁾ Calculated on a rolling 12 months basis

Cash flow *



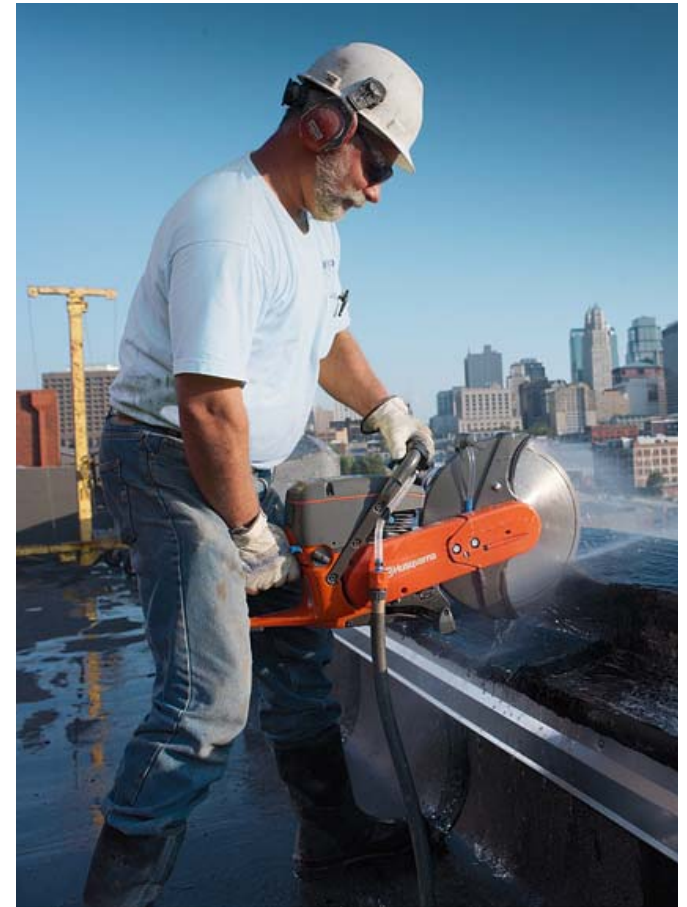
* Cash flow from operations and investments, excluding payments for acquisitions

Outlook for Q3

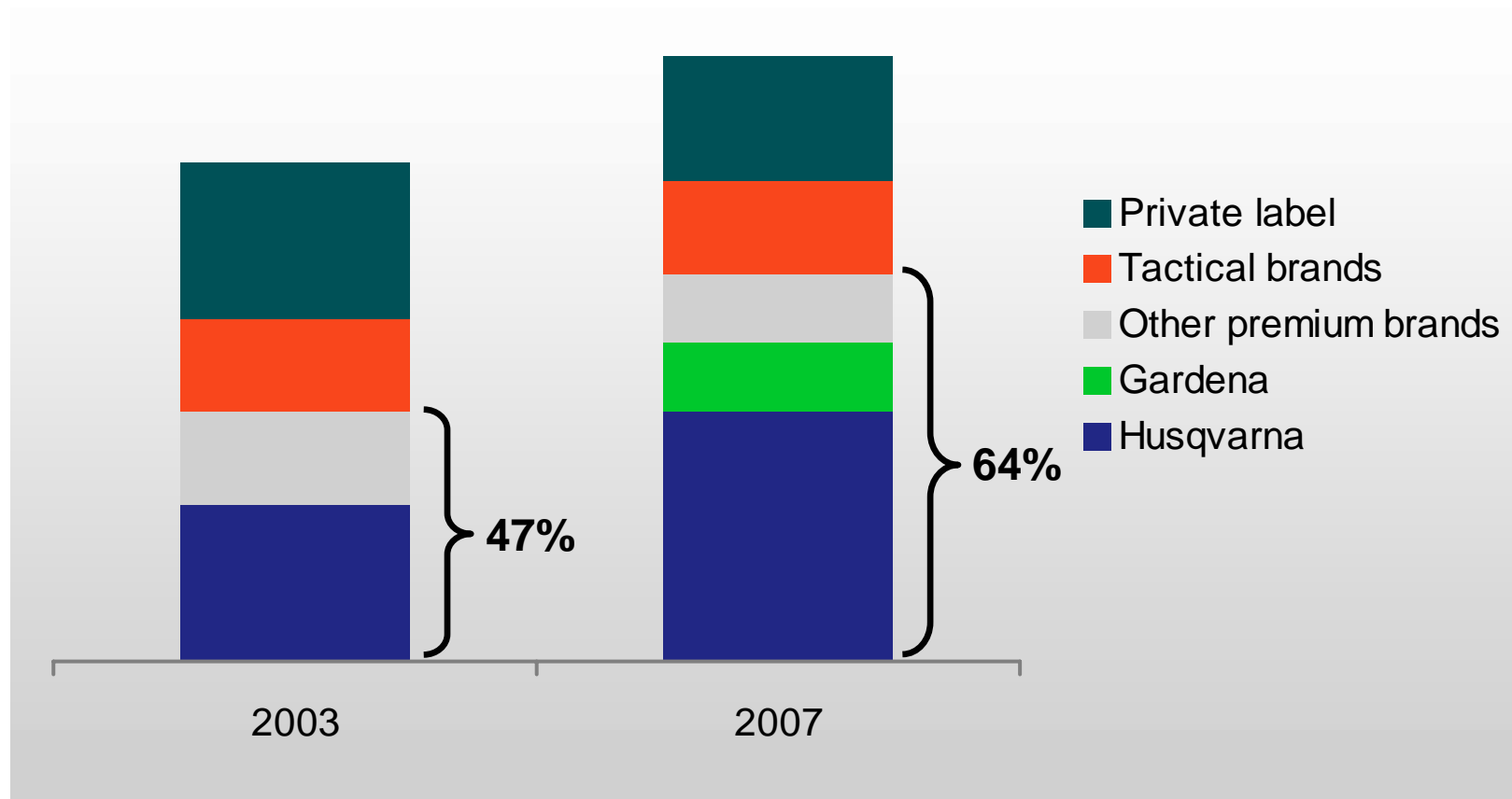
- Retail inventories of the Group's products at the end of the second quarter are estimated to have been largely unchanged overall from the previous year, with a decline in the US and an increase in Europe.
- The inventory levels and weaker consumer confidence may have a negative impact on the Group's shipments in the third quarter of 2008, even though this quarter is of less importance in terms of gardening products.
- Weather conditions, which may impact the length of the grass season, will be another factor affecting retail sales and industry shipments in the quarter.

Priorities ahead

- Review / adjustment of manufacturing capacity and structure
- Fully realize cost-savings from acquisitions
- Price/mix management
 - Price increases
 - Utilize strength of premium brand
- Increase market shares



Growing share of sales under premium brands



Actions within petrol handheld products

- Manufacturing relocation to reduce costs
 - 4 chainsaw models moved from Sweden to US
 - New plant in China to go on-stream Q1 09
 - Expanded component production in Japan starting Q1 09
- Synergies from Zenoah acquisition
 - Cross-selling of chainsaws between Husqvarna/Zenoah started in Q2 08
 - Utilize Zenoah's supplier network in Asia
- Acquisition of Jenn Feng adds potential
- Introduction of new, cost-efficient, low-emission products
 - Chainsaws, trimmers and brush cutters




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Q & A



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