



Q2 2011 results presentation
July 19, 2011

Summary Q2 2011

- Good development for Europe & Asia/Pacific and Construction was offset by weaker performance for Americas
- Downturn in industry demand in North America, European market slowed down towards end of quarter
- Measures to fix production disturbances are being implemented and will be finalized during the autumn
 - Directly related costs amounted to SEK 150m in Q1, SEK 180m in Q2 and SEK 100 – 150m are expected during H2
 - Increased pre-season production to further secure deliveries
- Customers first - delivery performance is highest priority
 - Review of ongoing restructuring projects will delay announced savings
- CEO is absent due to illness for the time being, Hans Linnarson acting CEO



Production disturbances

- Orangeburg (South Carolina, USA) is Husqvarna's largest factory
 - Produces mainly garden tractors and other ride-on mowers for the American market and to a lesser extent for the European market
- The production disturbances started in Q1 and were due to increased material complexity and insufficient planning of Beatrice factory integration
- Production rate has improved and costs related directly to the disturbances have gradually decreased
- Timely deliveries to customers is highest priority
 - Measures to make the factory ready for the 2012 season implemented and will be finalized in the autumn
 - More pre-season production to further secure deliveries
- Measures will result in SEK 100 – 150m of costs during H2

Costs related to the production disturbances		
SEKm	Q1 2011	Q2 2011
COGS	120	140
S,G & A	30	40
Total	150	180

Restructuring up-date

- Production capacity and flexibility to secure delivery performance is our highest priority
- As a consequence, on-going restructuring projects are reviewed
- Savings from manufacturing footprint restructuring therefore delayed
- Any further restructuring is put on hold

Financial highlights

SEKm	Q2 2011	Q2 2010	% change, Q2		Jan-Jun 2011	Jan-Jun 2010	% change, H1		LTM ¹	Full-year 2010
			As reported	Adjusted			As reported	Adjusted		
Net sales	10 179	11 457	-11	-1	18 953	20 539	-8	2	30 654	32 240
Gross margin, %	28,9	28,9	-	-	27,8	27,7	-	-	28,6	28,5
EBIT	1 012	1 319	-23	-23	1 674	2 097	-20	-13	2 022	2 445
EBIT margin, %	9,9	11,5	-	-	8,8	10,2	-	-	6,6	7,6

¹ Last 12 months.

- Good development for Europe & Asia/Pacific and Construction was offset by weak performance for Americas
- Lost sales due to US production disturbances and weak US market
- Costs related to US production disturbances
 - SEK 180m in Q2
 - SEK 150m in Q1
- Lower EBIT
 - Positive: Selling prices and mix, lower items affecting comparability
 - Negative: FX, production disturbances, input and marketing cost



Europe & Asia/Pacific

SEKm	Q2 2011	Q2 2010	% change, Q2		Jan-Jun 2011	Jan-Jun 2010	% change, H1		LTM ¹	Full-year 2010
			As reported	Adjusted			As reported	Adjusted		
Net sales	5 752	5 845	-2	4	10 293	10 304	0	7	16 610	16 621
EBIT	1 079	1 145	-6	-4	1 894	1 877	1	9	2 400	2 383
EBIT margin, %	18,8	19,6	-	-	18,4	18,2	-	-	14,4	14,3

¹ Last 12 months.

- Higher sales for both the first half-year and Q2, but market demand slowed down in June
- Good growth in Germany and Scandinavia, while France and southern Europe was weaker
- Double digit growth for watering products and Automower®
- Q2 EBIT decreased mainly due to higher marketing spend
 - Volume and price was positive while FX, mix, input and marketing costs was negative



Americas

SEKm	Q2 2011	Q2 2010	% change, Q2		Jan-Jun 2011	Jan-Jun 2010	% change, H1		LTM ¹	Full-year 2010
			As reported	Adjusted			As reported	Adjusted		
Net sales	3 692	4 863	-24	-9	7 280	8 891	-18	-5	11 333	12 944
EBIT	-98	202	n.a.	n.a.	-192	283	n.a.	n.a.	-323	152
EBIT margin, %	-2,7	4,2	-	-	-2,6	3,2	-	-	-2,9	1,2

¹ Last 12 months.

- Market demand decreased
- Lost sales due to production disturbances
- SEK 180m of higher costs directly related to the production disturbances in Q2 (SEK 150m in Q1 whereof majority in March)
- EBIT decreased due to the production disturbances, negative FX effects, lower volumes and higher input costs



Construction

SEKm	Q2 2011	Q2 2010	% change, Q2		Jan-Jun 2011	Jan-Jun 2010	% change, H1		LTM ¹	Full-year 2010
			As reported	Adjusted			As reported	Adjusted		
Net sales	735	749	-2	10	1 380	1 344	3	13	2 711	2 675
EBIT	75	11	n.a.	80	59	12	n.a.	175	129	82
EBIT margin, %	10,3	1,5	-	-	4,3	0,9	-	-	4,8	3,1

¹ Last 12 months.

- Market demand increased in Europe and in emerging markets while US market demand development was weaker
- Q2 adjusted sales increased 10%
 - Strong product portfolio and new products continue to be important drivers
 - Pent up replacement need in market
- Q2 EBIT increased
 - Higher volumes, favorable mix, lower items affecting comparability
 - Negative FX, higher costs



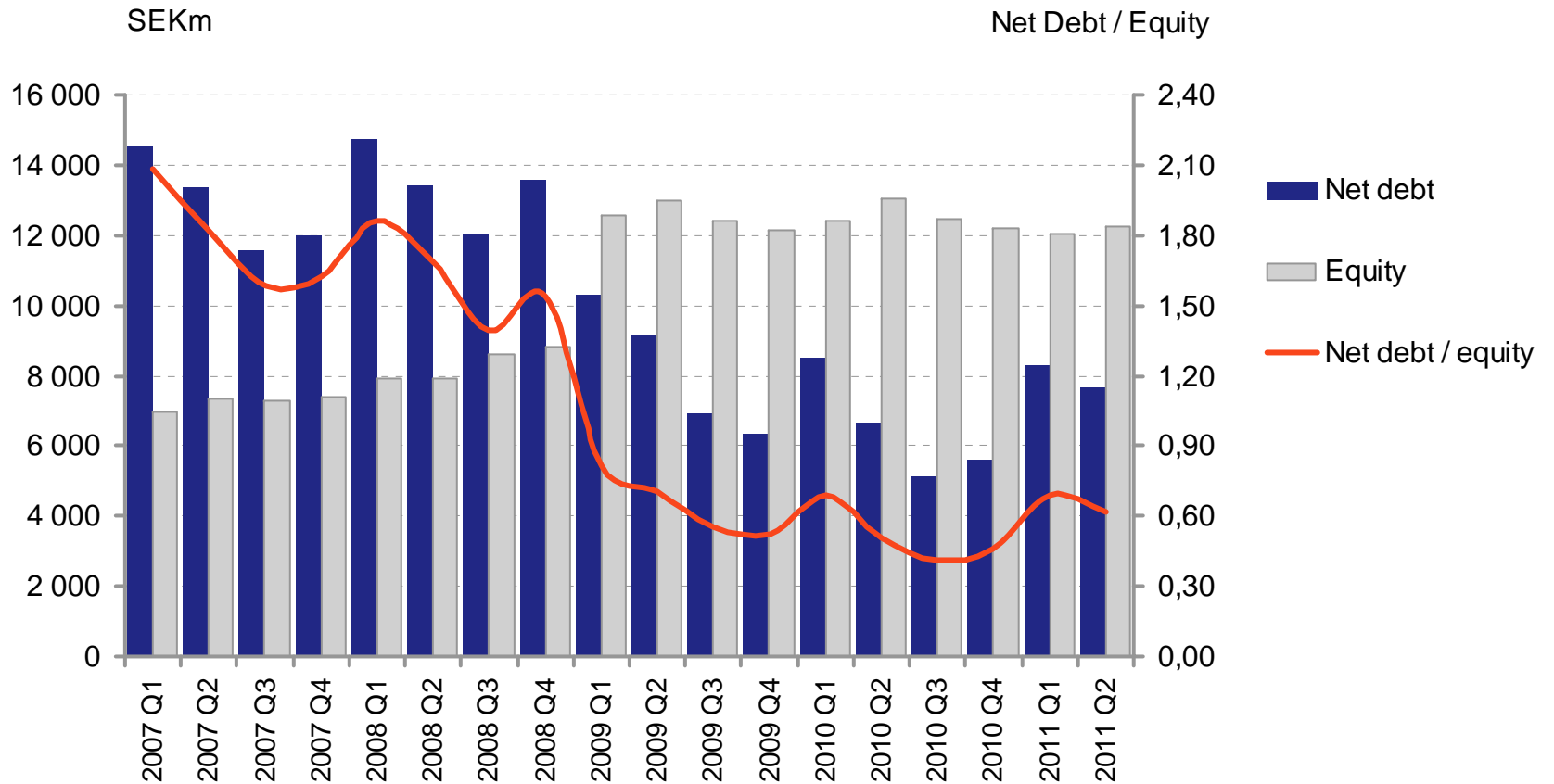
Income statement

SEKm	Q2 2011	Q2 2010	Jan-Jun 2011	Jan-Jun 2010	Full-year 2010
Net sales	10 179	11 457	18 953	20 539	32 240
Cost of goods sold	-7 238	-8 145	-13 682	-14 842	-23 037
Gross operating income	2 941	3 312	5 271	5 697	9 203
<i>Margin, %</i>	28,9	28,9	27,8	27,7	28,5
Selling expense	-1 566	-1 574	-2 864	-2 851	-5 232
Administrative expense	-364	-420	-739	-749	-1 524
Other operating income/expense	1	1	6	0	-2
Operating income¹	1 012	1 319	1 674	2 097	2 445
<i>Margin, %</i>	9,9	11,5	8,8	10,2	7,6
Financial items, net	-115	-69	-188	-157	-394
Income after financial items	897	1 250	1 486	1 940	2 051
<i>Margin, %</i>	8,8	10,9	7,8	9,4	6,4
Taxes	-216	-314	-321	-469	-302
Income for the period	681	936	1 165	1 471	1 749
Basic earnings per share, SEK	1,18	1,62	2,02	2,54	3,03
Diluted earnings per share, SEK	1,18	1,62	2,02	2,54	3,03
¹ Of which depreciation, amortization and impairment	-269	-341	-553	-636	-1 221

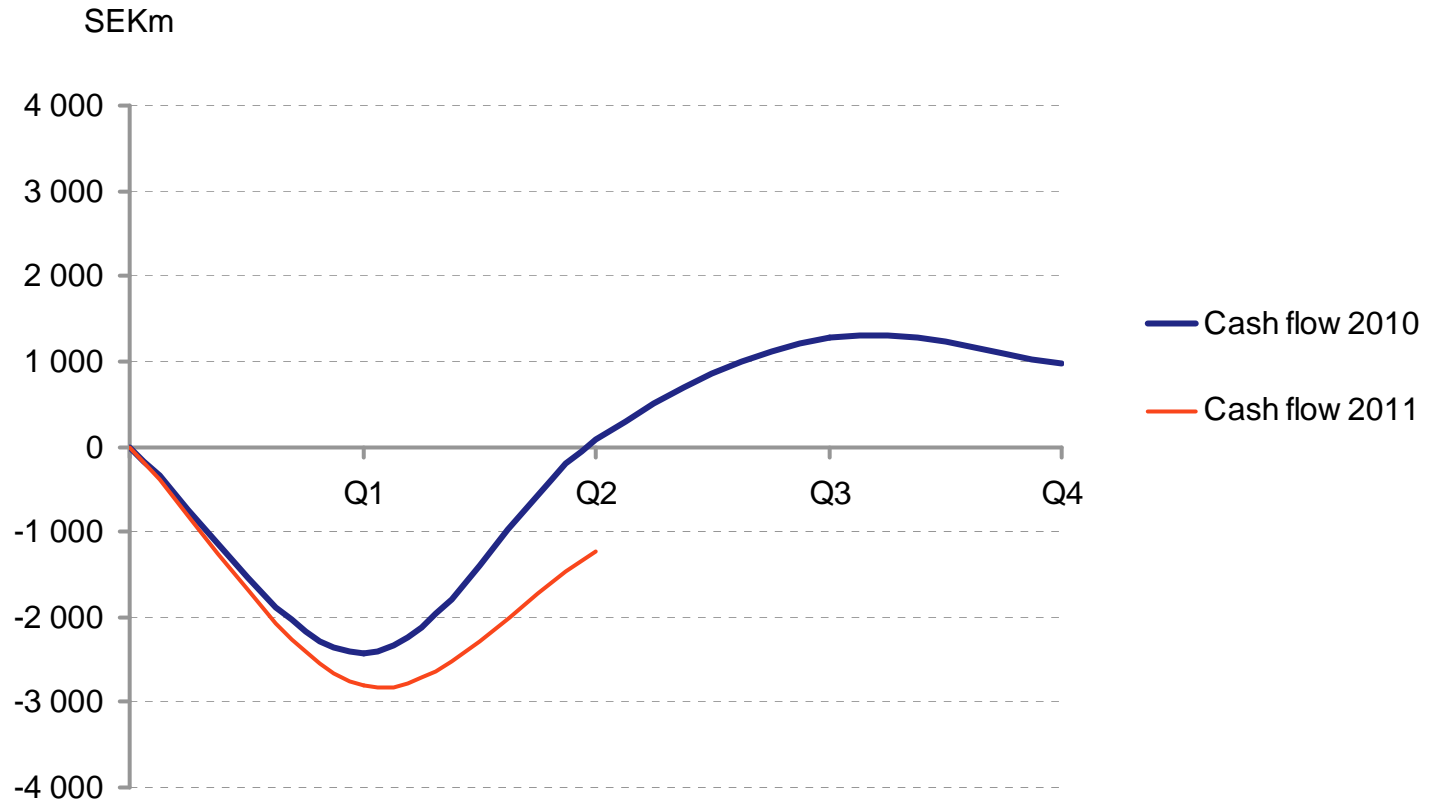
Consolidated balance sheet

SEKm	30 Jun 2011	30 Jun 2010	31 Dec 2010
Non-current assets	14 573	15 929	14 897
Inventories	7 157	6 769	7 000
Trade receivables	7 039	7 198	3 575
Other current assets	909	871	864
Liquid funds	1 615	3 893	2 066
Total assets	31 293	34 660	28 402
Total equity	12 228	13 079	12 203
Interest-bearing liabilities	9 247	10 525	7 667
Provisions	3 744	4 250	3 599
Trade payables	3 464	3 992	2 810
Other current liabilities	2 610	2 814	2 123
Total equity and liabilities	31 293	34 660	28 402

Net debt and equity



Operating cash flow



Key figures

	Q2 2011	Q2 2010	Jan-Jun 2011	Jan-Jun 2010	Full-year 2010
Net sales, SEKm	10 179	11 457	18 953	20 539	32 240
Operating income, SEKm	1 012	1 319	1 674	2 097	2 445
Gross margin, %	28,9	28,9	27,8	27,7	28,5
Operating margin, %	9,9	11,5	8,8	10,2	7,6
Working capital, SEKm	7 060	5 720	7 060	5 720	4 478
Return on capital employed, %	-	-	9,3	7,8	11,0
Return on equity, %	-	-	11,7	9,1	13,9
Earnings per share, SEK	1,18	1,62	2,02	2,54	3,03
Capital-turnover rate, times	-	-	1,6	1,6	1,7
Operating cash flow, SEKm	1 773	2 503	-832	72	962
Net debt/equity ratio	-	-	0,62	0,51	0,46
Capital expenditure, SEKm	196	341	412	548	1 302
Average number of employees	18 588	16 038	17 792	15 648	14 954

Outlook for Q3 2011

Group shipments of forest and garden products in the third quarter 2011 are estimated to be lower than in the third quarter 2010. Inventories in the trade of the Group's forest and garden products at the end of the second quarter were estimated to be high except for in the European retail where trade inventory was estimated to be on a low level. The garden season in Europe ended strongly last year, resulting in a good third quarter 2010. Shipments of Construction products in the third quarter 2011 are estimated to be higher than in the corresponding quarter previous year. In total, Group shipments in the third quarter of 2011 are expected to be lower than in the third quarter of 2010



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Factors affecting forward-looking statements

This presentation contains forward-looking statements that reflect management's current views with respect to certain future events and potential financial performance. Although Husqvarna believes that the expectations reflected in such forward looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct. Accordingly, results could differ materially from those set out in the forward-looking statements as a result of various factors.

Important factors that may cause such a difference for Husqvarna include, but are not limited to: (i) the macroeconomic development, (ii) change in the competitive climate and (iii) change in interest rate level.

This presentation does not imply that Husqvarna has undertaken to revise these forward-looking statements, beyond what is required by applicable law or applicable stock exchange regulations if and when circumstances arise that will lead to changes compared to the date when these statements were provided.