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## Interim Report January-March 2008

Stockholm, 23 April 2008

- Net sales rose by 9% to SEK 10,043m (9,214). Excluding acquisitions, net sales declined by 8% and by 3% in comparable exchange rates.
- Operating income rose by 22% to SEK 1,202m (984), corresponding to a margin of 12.0% (10.7). Operating income excluding acquisitions was SEK 986m (984), margin improved to 11.7% (10.7).
- Income for the period was SEK 753m (613), corresponding to SEK 1.97 (1.59) per share.
- Excluding acquisitions, Consumer Products reported lower sales but higher operating income and margin. Sales, income and margin declined in the US but were up outside North America.
- Both sales and operating income were lower for Professional Products, excluding acquisitions, but margin improved.

	First quarter 2008	First quarter 2007	Change, %			Full year 2007
			As reported	Adj. for acquisitions <sup>1)</sup>	Adj. for acquisitions and exchange rates <sup>2)</sup>	
SEKm						
Net sales	10,043	9,214	9	-8	-3	33,284
EBITDA	1,488	1,211	23	-1	-2	4,645
EBITDA margin, %	14.8	13.1	-	-	-	14.0
Operating income	1,202	984	22	0	-2	3,564
Operating margin, %	12.0	10.7	-	-	-	10.7
Income after financial items	1,060	876	21	-	-	2,889
Margin, %	10.6	9.5	-	-	-	8.7
Income for the period	753	613	23	-	-	2,036
Earnings per share, SEK <sup>3)</sup>	1.97	1.59 <sup>3)</sup>	24	-	-	5.29
Return on capital employed, % <sup>4)</sup>	17.4	22.8 <sup>5)</sup>	-	-	-	17.6
Return on equity, % <sup>4)</sup>	29.6	31.4 <sup>5)</sup>	-	-	-	28.6

1) Excluding acquired companies, mainly Gardena, Zenoah and Soff-Cut.

2) Adjusted for both transaction and translation effects, excluding acquisitions.

3) After dilution. Based on an average of 383.2 (385.1) million shares. Earnings per share and number of shares for 2007 are adjusted for the bonus issue in May 2007.

4) Calculated on a 12-month basis.

5) Pro forma.

## **NET SALES AND INCOME**

### **Net sales**

Net sales for the Husqvarna Group in the first quarter of 2008 rose by 9% to SEK 10,043m (9,214).

Adjusted for acquisitions in 2007, net sales declined by 8% in SEK and by 3% in comparable exchange rates. The decline refers to both the Consumer Products and Professional Products business areas.

### **Operating income**

Operating income rose by 22% to SEK 1,202m (984), and operating margin improved to 12.0% (10.7). The improvement refers mainly to Consumer Products.

Adjusted for acquisitions, operating income was in line with the previous year in SEK, but declined slightly in comparable exchange rates. However, operating margin improved. The decline in income refers to Consumer Products in North America.

Changes in exchange rates, including both translation and transaction effects net of hedging, had a total positive effect on operating income of approximately SEK 15m. Hedging contracts had a negative effect of SEK 62m (61).

### **Financial net**

Net financial items for the first quarter amounted to SEK -142m (-108). The financial net was adversely affected by higher net borrowings related to acquisitions.

### **Income after financial items**

Income after financial items amounted to SEK 1,060m (876) corresponding to a margin of 10.6% (9.5).

### **Taxes**

Total taxes amounted to SEK -307m (-263), corresponding to 29% (30) of income after financial items.

### **Earnings per share**

Income for the period was SEK 753m (613), corresponding to 1.97 SEK (1.59) per share after dilution.

## **OUTLOOK FOR SECOND QUARTER**

Retail inventories of the Group's garden products at the end of the first quarter of 2008 are estimated to have been higher than in the previous year, due to a later start of the season.

The higher inventory levels and weaker consumer confidence are expected to have a negative impact on the Group's shipments in the second quarter of 2008. Weather conditions will be an important factor affecting both retail sales and industry shipments in the quarter.

## **OPERATING CASH FLOW**

Operating cash flow amounted to SEK -3,169m (-2,895). Operating cash flow is normally negative in the first quarter due to the seasonality of the Group's sales and income, which has been further increased by the acquisition of Gardena. The decline from the previous year is due mainly to the fact that Gardena was not included in the Group's accounts for the first quarter of 2007.

<b>Operating cash flow</b>	<b>First quarter 2008</b>	First quarter 2007	Full year 2007
SEKm			
Cash flow from operations, excluding changes in operating assets and liabilities	1,266	912	3,232
Changes in operating assets and liabilities	-4,182	-3,651	-576
<b>Cash flow from operations</b>	<b>-2,916</b>	<b>-2,739</b>	<b>2,656</b>
Cash flow from investments, excluding acquisitions	-253	-156	-813
<b>Operating cash flow</b>	<b>-3,169</b>	<b>-2,895</b>	<b>1,843</b>

## FINANCIAL POSITION

Group equity as of 31 March 2008, excluding minority interests, amounted to SEK 7,862m (6,953), corresponding to SEK 20.52 (18.05) per share.

The net debt/equity ratio was 1.86 (2.08) and the equity/asset ratio was 23.7% (22.1).

The Group's net borrowings as of 31 March 2008 amounted to SEK 14,734m (14,535). Net borrowings rose by SEK 2,722m from year-end 2007.

<b>Net borrowings</b>	<b>31 March 2008</b>	31 March 2007	31 December 2007
SEKm			
Interest-bearing liabilities	16,245	15,645	13,318
Liquid funds	1,511	1,110	1,306
<b>Net borrowings</b>	<b>14,734</b>	<b>14,535</b>	<b>12,012</b>
Net debt/equity	1.86	2.08	1.63
Equity/assets ratio, %	23.7	22.1	25.7

## PERFORMANCE BY BUSINESS AREA

### Consumer Products

SEKm	<b>First quarter 2008</b>	First quarter 2007	Change, %	Change, adj. for acquisitions, %	Change, adj. for acquisitions and exchange rates, % <sup>1)</sup>	Full year 2007
Net sales	6,830	6,207	10	-10	-2	20,621
Operating income	727	521	40	3	-7	1,638
Operating margin, %	10.6	8.4	-	-	-	7.9

1) Adjusted for both transaction and translation effects.

Sales of garden equipment in the first quarter comprise mainly shipments to retailers prior to the coming season.

Sales for the Consumer Products business area increased substantially due mainly to the acquisition of Gardena. Excluding Gardena, sales were lower than in the previous year. The decline refers to North America, where industry shipments are estimated to have shown a significant downturn. Group sales declined in line with the estimated decline in industry shipments.

Sales for the operation outside North America rose over the previous year, mainly on the basis of a continued strong performance for Husqvarna-branded products in the dealer channel in Europe. The Group's higher inventory at the start of the quarter allowed for earlier shipments to the trade than in the previous year. Sales for Gardena increased slightly over the previous year.

Operating income for the business area increased in SEK and margin improved, both including and excluding Gardena. Excluding Gardena and adjusted for changes in exchange rates, operating income was lower than in the previous year.

The North American operation reported a decline in operating income due to lower volumes, while implemented price increases and improved operational efficiency offset higher costs for materials and components. Income for the operation outside North America improved substantially, also excluding positive exchange-rate effects on products imported from the US operation, following the positive trend in sales of Husqvarna-branded products.

### Professional Products

SEKm	First quarter 2008	First quarter 2007	Change, %	Change, adj. for acquisitions, %	Change, adj. for acquisitions and exchange rates, % <sup>1)</sup>	Full year 2007
Net sales	3,213	3,007	7	-5	-4	12,663
Operating income	522	510	2	-3	5	2,123
Operating margin, %	16.2	17.0	-	-	-	16.8

1) Adjusted for both transaction and translation effects.

Sales for the Professional Products business area rose as a result of acquisitions. Excluding acquisitions, sales declined from the previous year due mainly to lower demand and lower sales of chainsaws in both Western Europe and North America. Sales for Construction also declined, while Lawn and garden showed an increase.

Excluding acquisitions, operating income for this business area declined somewhat, but margin improved despite negative transaction exchange-rate effects. Excluding acquisitions and adjusted for changes in exchange rates, operating income improved over the previous year.

Lawn and Garden reported higher operating income and margin, while income for both Forestry and Construction declined as a result of lower volumes and negative effects of changes in exchange-rates. Operating margin for Forestry improved from the previous year.

### CHANGES IN GROUP STRUCTURE

In March 2008, Husqvarna signed an agreement with Jenn Feng Co. Ltd in Taiwan to acquire the company's outdoor products operation. The product range comprises chainsaws, trimmers and lawn mowers for the consumer market, as well as high-pressure washers and generators. The acquisition also includes the right to the McCulloch brand in North America. In 2007, this operation had sales of approximately USD 120m (approximately SEK 800m). The number of employees is approximately 1,250, and production is based mainly in China. The acquisition is scheduled for completion in the second quarter of 2008, subject to approval by relevant authorities as well as the Annual General Meeting of Jenn Feng in May.

In the beginning of April 2008, Husqvarna signed an agreement to acquire the assets of the American company Meco, Masterpiece Engineering Company, based in Prescott, Arizona. Meco is a leading producer of floor saws for cutting concrete and asphalt, primarily for highway construction and repair. The company has annual sales of approximately USD 9m (approximately SEK 54m), of which the majority is in the US. The acquisition complements Husqvarna's product range for the construction

industry and reinforces the Group's leading position in floor saws. Closing of the transaction is expected to take place at the end of April.

## **RISKS AND UNCERTAINTY FACTORS**

A number of factors can affect Husqvarna's operations in terms of operational risks and financial risks. Operational risks are managed by the operative units and financial risks by the Group Treasury function.

### **Operational risks**

Operational risks include general economic conditions and consumer 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 earnings.

Demand for the Group's products is also dependent on weather conditions. Demand for such products as lawn mowers and tractors tends to decline in dry weather, whereas demand for chainsaws increases after storms.

Husqvarna's operations are also subject to seasonal variations. Demand for Consumer Products and Commercial Lawn and Garden normally peaks in the second quarter, while the peak season for chainsaws is normally the third quarter. Husqvarna has adapted its production processes and supply chain to respond to these conditions. However, parameters such as cash flow and production follow the seasonal variations in demand, which results in relatively greater risk exposure for the Group during concentrated periods of time.

### **Financial risks**

Financial risks refer primarily to exchange rates, interest rates and credit risks. Risk management within the Husqvarna Group is regulated by a financial policy established by the Board of Directors. The increased indebtedness resulting from acquisitions as well as the seasonality of the Group's operations increase the exposure to changes in both exchange rates and interest rates.

### **Acquisitions**

Husqvarna has completed a number of acquisitions during the past 12 months. Although the Group has historically demonstrated ability to successfully integrate acquired businesses, such integration always involves certain risks. Net sales can be negatively affected and costs can be higher than anticipated.

For more information on risk factors, see the Annual Report 2007 on page 32.

## **ACCOUNTING PRINCIPLES**

Husqvarna applies International Financial Reporting Standards (IFRS) as adopted by the European Union. This interim report has been prepared in accordance with IAS 34, Interim Financial Reporting, and RFR 1.1 from the Swedish Financial Reporting Board.

The financial statements of the Parent Company have been prepared in accordance with the Swedish Annual Accounts Act and the accounting standard RFR 2.1 "Accounting for Legal Entities".

The accounting principles applied in this interim report are described in Husqvarna's Annual Report 2007. The accounting principles are also available at [www.husqvarna.com](http://www.husqvarna.com) under Investor Relations.

## PARENT COMPANY

Net sales for the Parent Company, Husqvarna AB, for the first quarter year amounted to SEK 3,364m (3,091), of which SEK 2,652 m (2,507) referred to sales to Group Companies and SEK 712m (584) to external customers. Income after financial items amounted to SEK 608m (443). Income for the period was SEK 451m (363).

Investments in tangible and intangible assets during the period amounted to SEK 69m (55). Cash and cash equivalents amounted to SEK 63m (20) and short-term investments amounted to SEK 0m (221).

Undistributed earnings in the Parent Company at the end of the period amounted to SEK 8,193m (7,668).

Stockholm, 23 April 2008

Bengt Andersson  
President and CEO

## TELEPHONE CONFERENCE

A telephone conference will be held at 14.00 CET on 23 April 2008. In order to participate in the telephone conference, please call +46 (0)8 5052 0110 or +44 (0)20 7162 0025. A replay of the telephone conference will be available at the Group's website [www.husqvarna.com/ir](http://www.husqvarna.com/ir).

## REPORTING DATES IN 2008

July 18          Interim report for January-June  
October 23      Interim report for January-September

*This interim report comprises information which Husqvarna is required to disclose under the Securities Exchange and Clearing Operations Act and/or the Financial Instruments Trading Act. It was released for publication at 12.00 CET on 23 April 2008.*

This report has not been audited.

## CONSOLIDATED INCOME STATEMENT

SEKm	First quarter 2008	First quarter 2007	Full year 2007
<b>Net sales</b>	<b>10,043</b>	<b>9,214</b>	<b>33,284</b>
Cost of goods sold	-7,022	-6,907	-23,509
<b>Gross operating income</b>	<b>3,021</b>	<b>2,307</b>	<b>9,775</b>
Selling expense	-1,447	-1,034	-4,927
Administrative expense	-371	-289	-1,303
Other operating income/expense	-1	0	19
<b>Operating income*</b>	<b>1,202</b>	<b>984</b>	<b>3,564</b>
Margin, %	12.0	10.7	10.7
Financial items, net	-142	-108	-675
<b>Income after financial items</b>	<b>1,060</b>	<b>876</b>	<b>2,889</b>
Margin, %	10.6	9.5	8.7
Taxes	-307	-263	-853
<b>Income for the period</b>	<b>753</b>	<b>613</b>	<b>2,036</b>
Attributable to:			
Equity holders of the Parent Company	749	612	2,029
Minority interests in income for the period	4	1	7
<sup>1)</sup> Operating income includes: Depreciation and amortization	286	227	1,081
Basic earnings per share, SEK <sup>1)</sup>	1.97	1.59	5.29
Diluted earnings per share, SEK <sup>1)</sup>	1.97	1.59	5.29
Basic weighted average number of shares outstanding, millions <sup>1)</sup>	383.2	385.1	384.6
Number of shares, millions <sup>1)</sup>	383.2	385.1	384.6

1) Earnings per share and number of shares for 2007 are adjusted for the bonus issue in May 2007.

**CONSOLIDATED BALANCE SHEET**

SEKm	31 March 2008	31 March 2007	31 December 2007
<b>Assets</b>			
Property, plant and equipment	4,125	4,474	4,312
Goodwill	5,310	5,976	5,461
Other intangible assets	4,001	2,668	4,031
Investments in associates	11	7	12
Deferred tax assets	873	831	898
Financial assets	203	246	207
<b>Total non-current assets</b>	<b>14,523</b>	<b>14,202</b>	<b>14,921</b>
Inventories	7,723	6,578	7,758
Trade receivables	8,789	9,112	3,912
Derivatives	537	50	90
Tax receivables	177	161	256
Other current assets	577	455	650
Cash and cash equivalents	974	1,060	1,216
<b>Total current assets</b>	<b>18,777</b>	<b>17,416</b>	<b>13,882</b>
<b>Total assets</b>	<b>33,300</b>	<b>31,618</b>	<b>28,803</b>
<b>Assets pledged</b>	<b>41</b>	<b>38</b>	<b>44</b>
<b>Equity and liabilities</b>			
Total equity attributable to equity holders of the Parent Company	7,862	6,953	7,349
Minority interests	41	33	40
<b>Total equity</b>	<b>7,903</b>	<b>6,986</b>	<b>7,389</b>
Long-term borrowings	9,371	11,111	2,911
Deferred tax liabilities	1,670	1,345	1,666
Provisions for pensions and other post-employment benefits	1,039	1,104	1,059
Other provisions	523	571	570
<b>Total non-current liabilities</b>	<b>12,603</b>	<b>14,131</b>	<b>6,206</b>
Trade payables	3,284	3,431	2,731
Tax liabilities	433	389	342
Other liabilities	1,983	2,036	1,520
Short-term borrowings	6,699	4,392	10,130
Derivatives	175	142	277
Other provisions	220	111	208
<b>Total current liabilities</b>	<b>12,794</b>	<b>10,501</b>	<b>15,208</b>
<b>Total equity and liabilities</b>	<b>33,300</b>	<b>31,618</b>	<b>28,803</b>
<b>Contingent liabilities</b>	<b>20</b>	<b>102</b>	<b>20</b>



**CONSOLIDATED CASH FLOW STATEMENT**

SEKm	<b>First quarter 2008</b>	First quarter 2007	Full year 2007
<b>Operations</b>			
Income after financial items	1,060	876	2,889
Depreciation and amortization	286	227	1,081
Change in accrued and prepaid interest	2	20	29
Taxes paid	-82	-211	-767
<b>Cash flow from operations, excluding change in operating assets and liabilities</b>	<b>1,266</b>	<b>912</b>	<b>3,232</b>
<b>Change in operating assets and liabilities</b>			
Change in inventories	-275	-390	-1,468
Change in trade receivables	-5,129	-4,688	992
Change in trade payables	664	834	-15
Change in other operating assets/liabilities	558	593	-85
<b>Cash flow from operating assets and liabilities</b>	<b>-4,182</b>	<b>-3,651</b>	<b>-576</b>
<b>Cash flow from operations</b>	<b>-2,916</b>	<b>-2,739</b>	<b>2,656</b>
<b>Investments</b>			
Acquisitions of operations	0	-7,220	-8,876
Capital expenditure in property, plant and equipment	-193	-129	-698
Capitalization of product development and software	-58	-35	-159
Other	-2	8	44
<b>Cash flow from investments</b>	<b>-253</b>	<b>-7,376</b>	<b>-9,689</b>
<b>Total cash flow from operations and investments</b>	<b>-3,169</b>	<b>-10,115</b>	<b>-7,033</b>
<b>Financing</b>			
Change in short-term investments	0	92	0
Change in interest-bearing liabilities	2,974	10,365	8,389
Dividend	-	-	-667
Repurchase of shares	-	-	-166
<b>Cash flow from financing</b>	<b>2,974</b>	<b>10,457</b>	<b>7,556</b>
<b>Total cash flow</b>	<b>-195</b>	<b>342</b>	<b>523</b>
Cash and cash equivalents at beginning of period	1,216	698	698
Exchange-rate differences	-47	20	-5
Cash and cash equivalents at end of period	974	1,060	1,216

## NET SALES BY BUSINESS AREA

SEKm	First quarter 2008	First quarter 2007	Change, %	Change, adj. for acquisitions, %	Change adj. for acquisitions and exchange rates, % <sup>1)</sup>
Consumer Products	6,830	6,207	10	-10	-2
Professional Products	3,213	3,007	7	-5	-4
<b>Total</b>	<b>10,043</b>	<b>9,214</b>	<b>9</b>	<b>-8</b>	<b>-3</b>

1) Adjusted for translation effects.

## OPERATING INCOME BY BUSINESS AREA

SEKm	First quarter 2008	First quarter 2007	Change, %	Change, adj. for acquisitions, %	Change adj. for acquisitions and exchange rates, % <sup>1)</sup>
Consumer Products	727	521	40	3	-7
Margin, %	10.6	8.4			
Professional Products	522	510	2	-3	5
Margin, %	16.2	17.0			
<b>Total business areas</b>	<b>1,249</b>	<b>1,031</b>	<b>21</b>	<b>0</b>	<b>-2</b>
Margin, %	<b>12.4</b>	<b>11.2</b>			
Group common costs etc.	-47	-47			
<b>Total</b>	<b>1,202</b>	<b>984</b>	<b>22</b>	<b>0</b>	<b>-2</b>
Margin, %	<b>12.0</b>	<b>10.7</b>			

1) Adjusted for both transaction and translation effects.

## KEY RATIOS

	First quarter 2008	First quarter 2007	Full year 2007
Net sales, SEKm	10,043	9,214	33,284
Operating income, SEKm	1,202	984	3,564
Net sales growth, %	9	-1	13
Gross margin, %	30.1	25.0	29.4
Operating margin, %	12.0	10.7	10.7
Working capital, SEKm	9,784	8,664	6,146
Return on capital employed, %	17.4	22.8 <sup>1)</sup>	17.6
Return on equity, %	29.6	31.4 <sup>1)</sup>	28.6
Earnings per share, SEK <sup>2)</sup>	1.97	1.59	5.29
Capital-turnover rate, times	1.68	2.23	1.8
Operating cash flow, SEKm	-3,169	-2,895	1,843
Net debt/equity ratio	1.86	2.08	1.63
Capital expenditure, SEKm	251	164	857
Average number of employees	17,300	13,835 <sup>3)</sup>	16,093

1) Pro forma

2) After dilution. Earnings per share and number of shares have been adjusted for the bonus issue made in May 2007.

3) Gardena is not included.

**NET SALES AND INCOME BY QUARTER**

SEKm		Q1	Q2	Q3	Q4	Full year
<b>Net sales, SEKm</b>	<b>2008</b>	<b>10,043</b>				
	2007	9,214	12,048	6,826	5,196	33,284
<b>Operating income, SEKm</b>	<b>2008</b>	<b>1,202</b>				
	Margin, %	12.0				
	2007	984	1,758	553	269	3,564
	Margin, %	10.7	14.6	8.1	5.2	10.7
<b>Income after financial items, SEKm</b>	<b>2008</b>	<b>1,060</b>				
	Margin, %	10.6				
	2007	876	1,528	391	94	2,889
	Margin, %	9.5	12.7	5.7	1.8	8.7
<b>Income for the period, SEKm</b>	<b>2008</b>	<b>753</b>				
	2007	613	1,070	273	80	2,036
<b>Earnings per share, SEK</b>	<b>2008</b>	<b>1.97</b>				
	2007	1.59 <sup>1)</sup>	2.77	0.70	0.21	5.29

1) After dilution. Earnings per share and number of shares have been adjusted for the bonus issue made in May 2007.

**NET SALES BY BUSINESS AREA PER QUARTER**

SEKm		Q1	Q2	Q3	Q4	Full year
<b>Consumer Products</b>	<b>2008</b>	<b>6,830</b>				
	2007	6,207	8,418	3,668	2,328	20,621
<b>Professional Products</b>	<b>2008</b>	<b>3,213</b>				
	2007	3,007	3,630	3,158	2,868	12,663
<b>Total</b>	<b>2008</b>	<b>10,043</b>				
	2007	9,214	12,048	6,826	5,196	33,284

**OPERATING INCOME BY BUSINESS AREA PER QUARTER**

SEKm		Q1	Q2	Q3	Q4	Full year
<b>Consumer Products</b>	<b>2008</b>	<b>727</b>				
	Margin, %	10.6				
	2007	521	1,164	66	-113	1,638
	Margin, %	8.4	13.8	1.8	-4.9	7.9
<b>Professional Products</b>	<b>2008</b>	<b>522</b>				
	Margin, %	16.2				
	2007	510	642	529	442	2,123
	Margin, %	17.0	17.7	16.8	15.4	16.8
<b>Group common costs etc.</b>	<b>2008</b>	<b>-47</b>				
	2007	-47	-48	-42	-60	-197
<b>Total</b>	<b>2008</b>	<b>1,202</b>				
	Margin, %	12.0				
	2007	984	1,758	553	269	3,564
	Margin, %	10.7	14.6	8.1	5.2	10.7

### NET SALES AND OPERATING INCOME, 12 MONTHS ROLLING

SEKm		Q1	Q2	Q3	Q4
<b>Net sales, SEKm</b>	<b>2008</b>	<b>34,113</b>			
	2007	29,278	31,193	32,627	33,284
<b>Operating income, SEKm</b>	<b>2008</b>	<b>3,782</b>			
	Margin, %	11,1			
	2007	3,176	3,659	3,641	3,564
	Margin, %	10.8	11.7	11.2	10.7

### CHANGE IN GROUP EQUITY

SEKm	First quarter 2008			First quarter 2007		
	Equity	Minority interest	Total Equity	Equity	Minority interest	Total Equity
<b>Opening balance</b>	<b>7,349</b>	<b>40</b>	<b>7,389</b>	<b>6,252</b>	<b>12</b>	<b>6,264</b>
Change in hedge reserve	98	-	98	-65	-	-65
Translation difference	-336	-2	-338	153	-	153
Share-based payment	2	-	2	1	-	1
Other		-1	-1	-	20	20
Income for the period	749	4	753	612	1	613
<b>Closing balance</b>	<b>7,862</b>	<b>41</b>	<b>7,903</b>	<b>6,953</b>	<b>33</b>	<b>6,986</b>

### FOUR-YEAR REVIEW

	2007	2006 <sup>2)</sup>	2005 <sup>2)</sup>	2004 <sup>1) 2)</sup>
Net sales, SEKm	33,284	29,402	28,768	27,202
Operating income, SEKm	3,564	3,121	2,898	2,983
Net sales growth, %	13	2	6	1
Gross margin, %	29,4	27.0	26.6	26.9
Operating margin, %	10.7	10.6	10.1	11.0
Return on capital employed, %	17.6	24.1	31.0	31.1
Return on equity, %	28.6	43.2	46.0	41.9
Capital turn-over rate, times	1.8	2.4	2.6	2.9
Operating cash flow, SEKm	1,843	1,157	1,736	2,073
Capital expenditure, SEKm	857	890	1,259	1,040
Average number of employees	16,093	11,412	11,681	11,657

1) Restated to comply with IFRS, except for IAS 39. If IAS 39 had been applied in 2004, the volatility in income, net borrowings and equity would most probably have been higher.

2) Combined financial statements.

## PARENT COMPANY

### INCOME STATEMENT

SEKm	First quarter 2008	First quarter 2007	Full year 2007
<b>Net sales</b>	<b>3,364</b>	<b>3,091</b>	<b>10,156</b>
Cost of goods sold	-2,470	-2,316	-7,389
<b>Gross operating income</b>	<b>894</b>	<b>775</b>	<b>2,767</b>
Selling expense	-268	-226	-902
Administrative expense	-90	-94	-376
Other operating income/expense	-1	-2	-2
<b>Operating income</b>	<b>534</b>	<b>455</b>	<b>1,487</b>
Financial items, net	74	-12	721
<b>Income after financial items</b>	<b>608</b>	<b>443</b>	<b>2,208</b>
Appropriations	19	10	-302
<b>Income before taxes</b>	<b>628</b>	<b>454</b>	<b>1,906</b>
Taxes	-177	-91	-358
<b>Income for the period</b>	<b>451</b>	<b>363</b>	<b>1,548</b>

### BALANCE SHEET

SEKm	First quarter 2008	First quarter 2007	Full year 2007
Non-current assets	5,068	4,182	5,055
Current assets	26,172	23,734	23,261
<b>Total assets</b>	<b>31,240</b>	<b>27,916</b>	<b>28,316</b>
Equity	8,986	8,283	8,530
Untaxed reserves	944	760	963
Provisions	56	46	62
Interest-bearing liabilities	18,550	16,250	16,345
Current liabilities	2,704	2,577	2,416
<b>Total equity and liabilities</b>	<b>31,240</b>	<b>27,916</b>	<b>28,316</b>

## DEFINITIONS

### Capital indicators

Net assets	Total assets exclusive of liquid funds and interest-bearing financial receivables, less operating liabilities, non-interest-bearing provisions and deferred tax liabilities.
Operating working capital	Inventories and trade receivables less trade payables.
Working capital	Current assets exclusive of liquid funds and interest-bearing financial receivables, less operating liabilities and non-interest-bearing provisions.
Net borrowings	Total interest-bearing liabilities less liquid funds.
Liquid funds	Cash and cash equivalents, short term investments as well as fair value derivative assets.
Net debt/equity ratio	Net borrowings in relation to total adjusted equity.
Capital employed	Total liabilities and equity less non-interest bearing debt including deferred tax liability.
Equity/assets ratio	Equity as a percentage of total assets.

### Other key ratios

Earnings per share	Income for the period divided by the number of shares.
Net sales growth	Net sales as a percentage of the preceding period.
Gross margin	Gross operating income as a percentage of net sales.
Operating margin	Operating income as a percentage of net sales.
Return on equity	Income for the period as a percentage of average equity.
Return on capital employed	Operating income plus financial income as a percentage of average capital employed.
Operating cash flow	Total cash flow from operations and investments, excluding acquisitions and divestments of operations.
EBITDA	Earnings before interest, taxes, depreciation and amortization.
Capital expenditure	Property, plant and equipment and capitalization of product development and software.

### 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 of 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 of sales by important distributors, any success in developing new products and in marketing, outcome of any product responsibility litigation, progress when it comes to reach the goals set for productivity and efficient use of capital, successful identification of growth opportunities and acquisition objects, and to integrate these into the existing business and successful achievement of goals to make the supply chain more efficient.