

Interim report January-September 2008

Stockholm 23 October 2008

Magnus Yngen, President and CEO:

“Sales in the third quarter were largely unchanged. The decline in operating income resulted mainly from higher material costs and a less favorable product mix within Consumer Products in the US, as well as lower sales of Professional Products for the construction industry. Other operations have generally performed in line with the previous year. Income was also negatively affected by lower production levels in most of our operations in order to reduce inventories, which means lower absorption of costs.”

- Net sales for the first nine months amounted to SEK 27,216m (28,088) and operating income to SEK 2,833m (3,295). Income for the period was SEK 1,706m (1,956), corresponding to SEK 4.43 (5.06) per share.
- Net sales for the third quarter amounted to SEK 6,830m (6,826). Operating income decreased to SEK 310m (553).
- The decline in operating income refers mainly to Consumer Products in North America, and to the Construction product area within Professional Products.
- Continued good growth in sales and higher operating income for Forestry.
- Strong improvement in cash flow in the quarter.

	Third quarter 2008	Third quarter 2007	Jan-Sep 2008	Jan-Sep 2007	Change January – September, %			Full year 2007
					As reported	Excluding acquisitions	Excl. acq. and adjusted for exchange rates ¹⁾	
SEKm								
Net sales	6,830	6,826	27,216	28,088	-3	-9	-5	33,284
EBITDA	593	836	3,676	4,096	-10	-18	-19	4,645
EBITDA margin, %	8.7	12.2	13.5	14.6	-	-	-	14.0
Operating income	310	553	2,833	3,295	-14	-21	-23	3,564
Operating margin, %	4.5	8.1	10.4	11.7	-	-	-	10.7
Income after financial items	178	391	2,379	2,795	-15	-	-	2,889
Margin, %	2.6	5.7	8.7	10.0	-	-	-	8.7
Income for the period	143	273	1,706	1,956	-13	-	-	2,036
Earnings per share, SEK ²⁾	0.37	0.70	4.43	5.06	-13	-	-	5.29
Return on capital employed, % ³⁾	-	-	14.0	20.2	-	-	-	17.6
Return on equity, % ³⁾	-	-	22.9	31.5	-	-	-	28.6

1) Adjusted for both transaction and translation effects.

2) After dilution and based on an average of 383.4 (384.8) million shares for the third quarter and 383.4 million (385.0) for the nine months period.

3) Calculated on a 12-month rolling basis.

NET SALES AND INCOME

Third Quarter

Net sales

Net sales for the Husqvarna Group in the third quarter of 2008 amounted to SEK 6,830m (6,826). Adjusted for acquisitions and in comparable exchange rates, net sales increased by 1%.

Net sales for Consumer Products increased in particularly North America, while Professional Products reported a downturn. The decline for Professional Products refers to the Construction and Lawn and Garden product areas, while sales increased for the Forestry product area.

Operating income

Operating income declined by 44% to SEK 310m (553), corresponding to an operating margin of 4.5% (8.1). Adjusted for acquisitions and in comparable exchange rates, operating income decreased by 50%.

The decline in operating income refers mainly to Consumer Products in North America and to the Construction product area within Professional Products.

Changes in exchange rates, including both translation and transaction effects net of hedging, had a total positive effect on operating income of SEK 64m. Hedging contracts had a negative effect of SEK -12m (-20).

Financial net

Net financial items for the third quarter amounted to SEK -132m (-162). The improvement refers to lower interest rates, particularly on borrowings in USD.

Income after financial items

Income after financial items declined by 54% to SEK 178m (391), corresponding to a margin of 2.6% (5.7).

Taxes

Total taxes amounted to SEK -35m (-118), corresponding to 20% (30) of income after financial items. The lower tax rate is an effect of changes in the Group's structure as well as lower income in countries with high tax rates.

Earnings per share

Income for the period declined by 48% to SEK 143m (273), corresponding to 0.37 SEK (0.70) per share after dilution.

First nine months

Net sales

The Group's net sales for the first nine months of 2008 declined by 3% to SEK 27,216m (28,088). The decrease in sales refers mainly to Consumer products in North America.

Adjusted for acquisitions and in comparable exchange rates, net sales declined by 5%. The largest acquisitions, i.e. Gardena and Zenoah, were consolidated as of the second quarter of 2007 and thus are not included for the period as a whole.

Operating income

Operating income declined by 14% to SEK 2,833m (3,295), corresponding to an operating margin of 10.4% (11.7). Adjusted for acquisitions and in comparable exchange rates, operating income decreased by 23%.

The decline in operating income after adjustment for acquisitions and changes in exchange rates refers mainly to Consumer Products in North America and to Construction within Professional Products

Changes in exchange rates, including both translation and transaction effects net of hedging contracts, had a positive impact of SEK 93m on operating income. Hedging contracts had a negative effect of SEK -122m (-110).

Financial net

Net financial items amounted to SEK -454m (-500). The improvement refers to lower interest rates, particularly on borrowings in USD.

Income after financial items

Income after financial items decreased by 15% to SEK 2,379m (2,795), corresponding to a margin of 8.7% (10.0).

Taxes

Total taxes amounted to SEK -673m (-839), corresponding to 28% (30) of income after financial items. The lower tax rate is an effect of changes in the Group's structure and lower income in countries with high tax rates.

Earnings per share

Income for the period declined by 13% to SEK 1,706m (1,956), corresponding to SEK 4.43 (5.06) per share after dilution.

OUTLOOK FOR FOURTH QUARTER 2008

The gardening season ends during the third quarter, and production for next year's season starts in the fourth quarter. The major share of Group sales during the fourth quarter comprises chainsaws and other forestry equipment as well as products for the construction industry.

Retail inventories of the Group's garden products at the end of the third quarter are estimated to have been lower than in the previous year. It is expected that retailers will continue to focus on keeping inventories at low levels.

In light of weaker consumer confidence and greater caution on the part of retailers, the Group is not planning to build up inventories for the next season to the same extent as in 2007.

Operating income in the fourth quarter is expected to be charged with costs of approximately SEK 200m related to the previously announced cost-cutting measures.

OPERATING CASH FLOW

Cash flow from operations in the third quarter improved to SEK 2,502m (1,912). The improvement refers to a greater rate of reduction in operating working capital than in 2007, resulting mainly from lower production volumes.

Cash flow from investments, excluding acquisitions, amounted to SEK -286m (-197). The increase in investments refers mainly to production equipment in the US and to a new plant in China. Operating cash flow in the quarter increased to SEK 2,216m (1,715)

Operating cash flow in the first nine months declined to SEK 1,897m (2,058), mainly as a result of the decline in income.

Operating cash flow	Third quarter 2008	Third quarter 2007	Jan-Sep 2008	Jan-Sep 2007	Full year 2007
SEKm					
Cash flow from operations, excluding changes in operating assets and liabilities	355	454	2,818	2,958	3,232
Changes in operating assets and liabilities	2,147	1,458	-129	-293	-576
Cash flow from operations	2,502	1,912	2,689	2,665	2,656
Cash flow from investments, excluding acquisitions	-286	-197	-792	-607	-813
Operating cash flow	2,216	1,715	1,897	2,058	1,843

FINANCIAL POSITION

Group equity as of 30 September 2008, excluding minority interests, increased to SEK 8,566m (7,245), corresponding to SEK 22.36 (18.82) per share.

The net debt/equity ratio improved to 1.39 (1.58) and the equity/asset ratio to 28.6 % (25.5).

The Group's net borrowings as of 30 September 2008 amounted to SEK 12,014m (11,540). Net borrowings declined by SEK 1,373m (1,837) during the quarter.

Net borrowings	30 September 2008	30 september 2007	31 December 2007
SEKm			
Interest-bearing liabilities	13,168	13,262	13,318
Liquid funds	1,154	1,722	1,306
Net borrowings	12,014	11,540	12,012
Net debt/equity	1.39	1.58	1.63
Equity/assets ratio, %	28.6	25.5	25.7

Husqvarna finances its operations on the basis of shareholders' equity, the cash flow, and various types of loans. Husqvarna currently has long-term loans in the amount of SEK 11.2 bn, and short-term loans totalling SEK 1.4 bn. The long-term funding consists of SEK 3.1 bn in medium-term notes, and bank loans of SEK 8.1 bn. In 2009 and 2010, medium-term notes totalling SEK 1.5 will expire. The bank loans mature in 2011 and onward. In addition to the above mentioned funding, Husqvarna has an unutilized revolving credit facility totalling SEK 8 bn, which expires in 2012 and 2013.

Net borrowings normally peak at the end of the first quarter and the beginning of the second quarter, due to the seasonal build-up of working capital.

PERFORMANCE BY BUSINESS AREA IN THE THIRD QUARTER**Consumer Products**

	Third quarter 2008	Third quarter 2007	Change, %		Jan-Sep 2008	Jan-Sep 2007	Change, %		Full year 2007
			As reported	Adj. for acquisitions and currency ¹⁾			As reported	Adj. for acquisitions and currency ¹⁾	
SEKm									
Net sales	3,764	3,668	3	4	17,367	18,293	-5	-7	20,621
Operating income	-71	66	-208	-172	1,401	1,751	-20	-35	1,638
Operating margin, %	-1.9	1.8	-	-	8.1	9.6	-	-	7.9

1) Adjusted for both transaction and translation effects.

Sales for the Consumer Products business area increased somewhat in comparison with a relatively weak third quarter in 2007. The increase refers to North America and was primarily an effect of retailers refilling their inventories after the substantial reductions in the second quarter. It is estimated that consumer demand remained weak.

Sales for the operation outside North America declined slightly in comparison with the third quarter in 2007, when the weather was more favorable. Products under the Husqvarna brand in the dealer channel showed a continued positive trend, particularly for handheld equipment.

Operating income and margin for this business area showed a substantial downturn. The decline refers mainly to North America and resulted from higher costs for materials, as well as substantially lower production levels in order to reduce inventories. Lower operating income was also reported for the operation outside North America as a result of lower production levels and a less favorable product mix.

Professional Products

	Third quarter 2008	Third quarter 2007	Change, %		Jan-Sep 2008	Jan-Sep 2007	Change, %		Full year 2007
			As reported	Adj. for acquisitions and currency ¹⁾			As reported	Adj. for acquisitions and currency ¹⁾	
SEKm									
Net sales	3,066	3,158	-3	-2	9,849	9,795	1	-2	12,663
Operating income	436	529	-18	-22	1,581	1,681	-6	-7	2,123
Operating margin, %	14.2	16.8	-	-	16.1	17.2	-	-	16.8

1) Adjusted for both transaction and translation effects.

Sales for the Professional Products business area were somewhat lower than in the previous year. The decline refers to the Construction and Lawn and Garden product areas, while Forestry reported good growth.

Sales of construction equipment declined substantially as a result of weaker demand in both the US and Europe. The downturn for Lawn and Garden refers mainly to the US, where the market remained weak, but demand was also lower in several European markets.

Operating income for this business area showed a considerable downturn. The decline is traceable mainly to the Construction product area, where lower sales volumes had a negative impact. Operating income for Lawn and Garden was lower than in 2007, but margin was unchanged. Operating income for Forestry improved on the basis of good growth in volume, particularly in North America, despite a lower production level at the plant in Huskvarna in order to reduce inventories.

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, which has annual sales of approximately USD 120m (approximately SEK 800m). The acquisition will be completed in several steps. The operations in North America and Australia were consolidated as of 30 May 2008 and are included with sales of SEK 41m and sales of SEK 52m in the third quarter and the nine month period respectively. The impact on operating income was marginal. The acquisition is expected to be finalized at the end of the year by the purchase of the Chinese operation.

DECISION ON COST-CUTTING MEASURES

At an extraordinary meeting on 16 September 2008, the Board of Directors decided to implement cost-cutting measures to reduce fixed costs within the Group.

The measures are estimated to involve a total reduction of approximately 850 in the number of employees, of whom approximately 300 in Huskvarna, and will generate annual savings of approximately SEK 300m. The cost of these measures is estimated at approximately SEK 300m.

The measures will be implemented during the autumn of 2008 and the first quarter of 2009, following negotiations with the relevant labor unions. The savings will be achieved gradually during 2009 and will take full effect as of the third quarter of 2009.

During the third quarter, operating income was charged with costs related to these measures in the amount of SEK 15m. Operating income for the fourth quarter is expected to be charged with approximately SEK 200m.

NEW PRESIDENT AND CEO

Magnus Yngen took office as new President and CEO of Husqvarna as of 1 October 2008. He replaced Bengt Andersson, who retired.

Magnus Yngen's most recent position was Executive Vice-President of Electrolux and Head of the Major Appliances Europe business sector, which has annual sales of approximately SEK 45 billion. He has held several leading positions in Electrolux since 1995, and has been a member of Electrolux Group Management since 2002. Magnus Yngen was born in 1958 and has an M. Eng. Lic. Tech degree from the Royal Institute of Technology in Stockholm.

ANNUAL GENERAL MEETING 2009

The Annual General Meeting of Husqvarna AB (publ) will be held on 23 April 2009, in the Elmia Congress- and Concert Hall in Jönköping, Sweden.

Shareholders who wish to have matters dealt with by the AGM should submit their proposals to the Board by email to board@husqvarna.se, or by post to Husqvarna AB, General Counsel, Box 30224, SE-104 25. Proposals must be received by the Company not later than 27 February 2009.

COMPOSITION OF THE NOMINATION COMMITTEE

In accordance with the decision by the Annual General Meeting in April 2008, Husqvarna shall have a Nomination Committee consisting of representatives of each of the four largest shareholders in terms of voting rights, and the Chairman of the Husqvarna Board.

The members of the Nomination Committee for the AGM in 2009 are Petra Hedengran, Investor AB (chairman), Claes Boustedt, LE Lundbergföretagen AB, Ramsay Brufer, Alecta Mutual Pension Insurance, Anders Ellsall, Investment AB Öresund and Lars Westerberg, Chairman of Husqvarna.

As of 29 August 2008, Investor's shareholding in Husqvarna corresponded to 28.7% of the voting rights in the company, Lundbergföretagen's to 12.7%, Alecta's to 6.1%, and Öresund's to 3.8%.

The Nomination Committee will prepare proposals for the AGM in 2009, including proposals for Board members, fees to the Board members, fees to the auditors, and the tasks and composition of the Nomination Committee for the AGM in 2010.

Shareholders who wish to submit proposals to the Nomination Committee should send an email to: nominationcommittee@husqvarna.se

REPURCHASE OF OWN SHARES

The Annual General Meeting in Husqvarna AB resolved on 23 April 2008 to authorize the Board of Directors, during the period until the next Annual General Meeting, to repurchase so many B-shares that the Company, after each purchase, owns not more than 3% of the total number of shares.

Following the authorization by the AGM, the Board has resolved to repurchase not more than 950,000 B-shares. The shares will be purchased on the OMX Nordic Exchange Stockholm at a price per share within the registered spread at each given time, and will be paid for in cash.

The purpose of the repurchase of shares is to ensure the Company's commitment with regard to existing Long Term Incentive programs. Husqvarna currently owns 1,969,000 B-shares.

PARENT COMPANY

Net sales for the Parent Company, Husqvarna AB, for the first nine months of 2008 amounted to SEK 8,308m (8,168), of which SEK 6,276m (6,294) referred to sales to Group Companies and SEK 2,032m (1,874) to external customers. Income after financial items amounted to SEK 6,725m (1,930). The increase refers mainly to capital gains related to structural changes in the Group. Income for the period was SEK 6,380m (1,677).

Investments in tangible and intangible assets during the first nine months amounted to SEK 187m (158). Cash and cash equivalents at the end of the period amounted to SEK 43m (47) and short-term investments to SEK 0m (521).

Undistributed earnings in the Parent Company at the end of the period amounted to SEK 13,058m (8,136). A dividend to shareholders in the amount of SEK 862m (667) was paid during the period.

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 short 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 higher indebtedness resulting from acquisitions as well as the seasonality of the Group's operations, increase the exposure to changes in exchange rates and interest rates, as well as the possibility to access capital.

Acquisitions

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

For more information on risk factors, see the Annual Report 2007, 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 under Investor Relations.

Stockholm, 23 October 2008

Magnus Yngen
President and CEO

AUDITORS' REVIEW REPORT

To the Board of Directors of Husqvarna AB (publ)

We have reviewed the interim report for Husqvarna AB (publ) for the period 1 January 2008 - 30 September 2008. 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.

We conducted our review in accordance with the Swedish Standard on Review Engagements SÖG 2410, Review of Interim Report 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 Standards on Auditing in Sweden, RS, 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.

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 respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Stockholm, 23 October 2008
PricewaterhouseCoopers AB

Anders Lundin
Authorized Public Accountant
Auditor in charge

Christine Rankin Johansson
Authorized Public Accountant

CONSOLIDATED INCOME STATEMENT

SEKm	Third quarter 2008	Third quarter 2007	Jan-Sep 2008	Jan-Sep 2007	Full year 2007
Net sales	6,830	6,826	27,216	28,088	33,284
Cost of goods sold	-4,901	-4,690	-19,056	-20,019	-23,509
Gross operating income	1,929	2,136	8,160	8,069	9,775
Selling expense	-1,218	-1,253	-4,196	-3,787	-4,927
Administrative expense	-399	-338	-1,126	-996	-1,303
Other operating income/expense	-2	8	-5	9	19
Operating income*	310	553	2,833	3,295	3,564
Margin, %	4.5	8.1	10.4	11.7	10.7
Financial items, net	-132	-162	-454	-500	-675
Income after financial items	178	391	2,379	2,795	2,889
Margin, %	2.6	5.7	8.7	10.0	8.7
Taxes	-35	-118	-673	-839	-853
Income for the period	143	273	1,706	1,956	2,036
Attributable to:					
Equity holders of the Parent Company	143	271	1,698	1,950	2,029
Minority interests in income for the period	0	2	8	6	7
*) of which depreciation and amortization	283	283	843	801	1,081
Basic earnings per share, SEK	0.37	0.70	4.43	5.06	5.29
Diluted earnings per share, SEK	0.37	0.70	4.43	5.06	5.29
Basic weighted average number of shares outstanding, millions	383.2	384.8	383.2	385.0	384.6
Diluted weighted average number of shares, millions	383.4	384.8	383.4	385.0	384.6

CONSOLIDATED BALANCE SHEET

SEKm	30 September 2008	30 September 2007	31 December 2007
Assets			
Property, plant and equipment	4,485	4,317	4,312
Goodwill	5,811	6,462	5,461
Other intangible assets	4,516	2,789	4,031
Investments in associates	13	10	12
Deferred tax assets	892	810	898
Financial assets	225	242	207
Total non-current assets	15,942	14,630	14,921
Inventories	6,361	5,965	7,758
Trade receivables	5,794	5,477	3,912
Derivatives	160	118	90
Tax receivables	272	146	256
Other current assets	596	667	650
Cash and cash equivalents	994	1,604	1,216
Total current assets	14,177	13,977	13,882
Total assets	30,119	28,607	28,803
Assets pledged	35	45	44
Equity and liabilities			
Total equity attributable to equity holders of the Parent Company	8,566	7,245	7,349
Minority interests	48	39	40
Total equity	8,614	7,284	7,389
Long-term borrowings	11,159	10,369	2,911
Deferred tax liabilities	1,695	1,398	1,666
Provisions for pensions and other post-employment benefits	1,111	1,067	1,059
Other provisions	646	556	570
Total non-current liabilities	14,611	13,390	6,206
Trade payables	2,104	2,361	2,731
Tax liabilities	590	385	342
Other liabilities	1,979	2,130	1,520
Short-term borrowings	1,386	2,767	10,130
Derivatives	623	126	277
Other provisions	212	164	208
Total current liabilities	6,894	7,933	15,208
Total equity and liabilities	30,119	28,607	28,803
Contingent liabilities	23	70	20

CONSOLIDATED CASH FLOW STATEMENT

SEKm	Third quarter 2008	Third quarter 2007	Jan-Sep 2008	Jan-Sep 2007	Full year 2007
Operations					
Income after financial items	178	391	2,379	2,795	2,889
Depreciation and amortization	283	283	843	801	1,081
Change in accrued and prepaid interest	40	-24	29	39	29
Taxes paid	-146	-196	-433	-677	-767
Cash flow from operations, excluding change in operating assets and liabilities	355	454	2,818	2,958	3,232
Change in operating assets and liabilities					
Change in inventories	678	64	1,667	331	-1,468
Change in trade receivables	2,327	2,831	-1,580	-628	992
Change in trade payables	-643	-1,084	-703	-388	-15
Change in other operating assets/liabilities	-215	-353	487	392	-85
Cash flow from operating assets and liabilities	2,147	1,458	-129	-293	-576
Cash flow from operations	2,502	1,912	2,689	2,665	2,656
Investments					
Acquisitions of operations	-133	-11	-636	-8,867	-8,876
Capital expenditure in property, plant and equipment	-260	-146	-642	-491	-698
Capitalization of product development and software	-35	-51	-155	-126	-159
Other	9	0	5	10	44
Cash flow from investments	-419	-208	-1,428	-9,474	-9,689
Total cash flow from operations and investments	2,083	1,704	1,261	-6,809	-7,033
Financing					
Change in short-term investments	0	-25	0	0	0
Change in interest-bearing liabilities	-2,272	-1,623	-669	8,565	8,389
Dividend	0	0	-862	-667	-667
Repurchase of shares	0	-166	0	-166	-166
Cash flow from financing	-2,272	-1,814	-1,531	7,732	7,556
Total cash flow	-189	-110	-270	923	523
Cash and cash equivalents at beginning of period	1,110	1,698	1,216	698	698
Exchange-rate differences	65	16	40	-17	-5
Cash and cash equivalents at end of period	986	1,604	986	1,604	1,216

NET SALES BY BUSINESS AREA

SEKm	Third quarter 2008	Third quarter 2007	Change, %			Jan-Sep 2008	Jan-Sep 2007
			As reported	Excluding acquisitions	Excl. acq. and adjusted for exchange rates ¹⁾		
Consumer Products	3,764	3,668	3	1	4	17,367	18,293
Professional Products	3,066	3,158	-3	-3	-2	9,849	9,795
Total	6,830	6,826	0	-1	1	27,216	28,088

¹⁾ Adjusted for translation effects.

OPERATING INCOME BY BUSINESS AREA

SEKm	Third quarter 2008	Third quarter 2007	Change, %			Jan-Sep 2008	Jan-Sep 2007
			As reported	Excluding acquisitions	Excl. acq. and adjusted for exchange rates ¹⁾		
Consumer Products	-71	66	-208	-211	-172	1,401	1,751
Margin, %	-1.9	1.8				8.1	9.6
Professional Products	436	529	-18	-18	-22	1,581	1,681
Margin, %	14.2	16.8				16.1	17.2
Total business areas	365	595	-39	-39	-45	2,982	3,432
Margin, %	5.3	8.7				11.0	12.2
Group common costs etc.	-55	-42	-31	-31	-34	-149	-137
Total	310	553	-44	-44	-50	2,833	3,295
Margin, %	4.5	8.1				10.4	11.7

¹⁾ Adjusted for both transaction and translation effects.

KEY RATIOS

	Third quarter 2008	Third quarter 2007	Jan- Sep 2008	Jan-Sep 2007	Full year 2007
Net sales, SEKm	6,830	6,826	27,216	28,088	33,284
Operating income, SEKm	310	553	2,833	3,295	3,564
Net sales growth, %	0	27	-3	13	13
Gross margin, %	28.2	31.3	30.0	28.7	29.4
Operating margin, %	4.5	8.1	10.4	11.7	10.7
Working capital, SEKm	6,381	5,592	6,381	5,592	6,146
Return on capital employed, %	-	-	14.0	20.2	17.6
Return on equity, %	-	-	22.9	31.5	28.6
Earnings per share, SEK	0.37	0.70	4.43	5.06	5.29
Capital-turnover rate, times	-	-	1.6	1.9	1.8
Operating cash flow, SEKm	2,216	1,715	1,897	2,058	1,843
Net debt/equity ratio	-	-	1.39	1.58	1.63
Capital expenditure, SEKm	295	197	797	617	857
Average number of employees	14,985	15,801	16,284	15,828	16,093

NET SALES AND INCOME BY QUARTER

SEKm		Q1	Q2	Q3	Q4	Full year
Net sales	2008	10,043	10,343	6,830		
	2007	9,214	12,048	6,826	5,196	33,284
Operating income	2008	1,202	1,321	310		
	<i>Margin, %</i>	12.0	12.8	4.5		
	2007	984	1,758	553	269	3,564
	<i>Margin, %</i>	10.7	14.6	8.1	5.2	10.7
Income after financial items	2008	1,060	1,141	178		
	<i>Margin, %</i>	10.6	11.0	2.6		
	2007	876	1,528	391	94	2,889
	<i>Margin, %</i>	9.5	12.7	5.7	1.8	8.7
Income for the period	2008	753	810	143		
	2007	613	1,070	273	80	2,036
Earnings per share, SEK	2008	1.97	2.09	0.37		
	2007	1.59 ¹⁾	2.77	0.70	0.21	5.29

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

NET SALES BY BUSINESS AREA PER QUARTER

SEKm		Q1	Q2	Q3	Q4	Full year
Consumer Products	2008	6,830	6,773	3,764		
	2007	6,207	8,418	3,668	2,328	20,621
Professional Products	2008	3,213	3,570	3,066		
	2007	3,007	3,630	3,158	2,868	12,663
Total	2008	10,043	10,343	6,830		
	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
Consumer Products	2008	727	745	-71		
	<i>Margin, %</i>	10.6	11.0	-1.9		
	2007	521	1,164	66	-113	1,638
	<i>Margin, %</i>	8.4	13.8	1.8	-4.9	7.9
Professional Products	2008	522	623	436		
	<i>Margin, %</i>	16.2	17.5	14.2		
	2007	510	642	529	442	2,123
	<i>Margin, %</i>	17.0	17.7	16.8	15.4	16.8
Group common costs etc.	2008	-47	-47	-55		
	2007	-47	-48	-42	-60	-197
Total	2008	1,202	1,321	310		
	<i>Margin, %</i>	12.0	12.8	4.5		
	2007	984	1,758	553	269	3,564
	<i>Margin, %</i>	10.7	14.6	8.1	5.2	10.7

NET SALES AND OPERATING INCOME, 12 MONTHS ROLLING

SEKm		Q1	Q2	Q3	Q4
Net sales	2008	34,113	32,408	32,412	
	2007	29,278	31,193	32,627	33,284
Operating income	2008	3,782	3,345	3,102	
	Margin, %	11.1	10.3	9.6	
	2007	3,176	3,659	3,641	3,564
	Margin, %	10.8	11.7	11.2	10.7

CHANGE IN GROUP EQUITY

SEKm	January – September 2008			January – September 2007		
	Equity	Minority interest	Total Equity	Equity	Minority interest	Total Equity
Opening balance	7,349	40	7,389	6,252	12	6,264
Change in hedge reserve	2	-	2	-47	-	-47
Dividend	-862	-1	-863	-667	-	-667
Translation difference	374	1	375	-82	-	-82
Share-based payment	5	-	5	5	-	5
Repurchase of shares	-	-	-	-166	-	-166
Other	-	-	-	-	21	21
Income for the period	1,698	8	1,706	1,950	6	1,956
Closing balance	8,566	48	8,614	7,245	39	7,284

FOUR-YEAR REVIEW

	2007	2006 ²⁾	2005 ²⁾	2004 ^{1) 2)}
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	Third quarter 2008	Third quarter 2007	Jan-Sep 2008	Jan-Sep 2007	Full year 2007
Net sales	2,055	2,237	8,308	8,168	10,156
Cost of goods sold	-1,446	-1,597	-6,014	-5,991	-7,389
Gross operating income	610	640	2,294	2,177	2,767
Selling expense	-186	-213	-715	-692	-902
Administrative expense	-93	-79	-275	-285	-376
Other operating income/expense	-1	-1	-2	-2	-2
Operating income	329	347	1,301	1,198	1,487
Financial items, net	5,248	59	5,424	732	721
Income after financial items	5,577	406	6,725	1,930	2,208
Appropriations	14	7	46	25	-302
Income before taxes	5,591	413	6,771	1,955	1,906
Taxes	-66	-39	-391	-277	-358
Income for the period	5,525	374	6,380	1,677	1,548

BALANCE SHEET

SEKm	September 2008	September 2007	December 2007
Non-current assets	19,748	4,177	5,055
Current assets	13,726	21,212	23,261
Total assets	33,474	25,389	28,316
Equity	13,850	8,961	8,530
Untaxed reserves	918	637	963
Provisions	75	47	62
Interest-bearing liabilities	16,046	14,001	16,345
Current liabilities	2,585	1,743	2,416
Total equity and liabilities	33,474	25,389	28,316

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 and 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.

Excluding acquisitions Figures excluding acquisitions are reported in order to make the current period comparable with the corresponding period in the previous year. Adjustment is made for acquisitions with annual sales of SEK 100m or more.

TELEPHONE CONFERENCE

A telephone conference will be held at 13.00 CET on 23 October 2008. In order to participate in the telephone conference, please call +46 (0)8 5052 0110 or +44 (0)20 7162 0077. A replay of the telephone conference will be available at www.husqvarna.com/ir.

NEXT REPORT

The Group's report for the fourth quarter and the full year 2008 will be published on 20 February 2009.

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This interim report comprises information which Husqvarna is required to disclose under the Securities Markets Act and/or the Financial Instruments Trading Act. It was released for publication at 08.00 CET on 23 October 2008.

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 any product responsibility litigation, progress when it comes to 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.