Husqvarna

Year-end report 2008

Stockholm 20 February 2009

Magnus Yngen, President and CEO:
"Market conditions deteriorated further during the fourth quarter. Retailers were more cautious than last year about building up inventories for the coming garden season. Apart from the negative impact from lower sales and production volumes, we took a charge of SEK 316m for the full year related to the personnel cutbacks that are being implemented to reduce costs in the Group, of which SEK 301m in the fourth quarter. The operating margin for the full year was 7.3% (10.7), including the above mentioned charge."

(See the full comment on next page).

- **Net sales for the full-year 2008 declined by 3% to SEK 32,342m (33,284) and operating income by 34% to SEK 2,361m (3,564). Income for the full year was SEK 1,288m (2,036), corresponding to SEK 3.34 (5.29) per share.**
- **Net sales for the fourth quarter declined by 1% to SEK 5,126m (5,196), and operating income was negative in the amount of SEK -472m (269).**
- **Operating income for the quarter includes a charge of SEK 301m for previously announced personnel cutbacks.**
- **Operating cash flow for the full-year rose to SEK 2,013m (1,843), and for the fourth quarter to SEK 116m (-215).**
- **The Board of Directors proposes that no dividend will be paid for 2008.**
- **The Board has resolved on a rights issue of approximately SEK 3 billion, subject to approval by an Extraordinary General Meeting. The rights issue is fully committed and underwritten.**

					Change, full year, %		
SEKm	Q4 2008	Q4 2007	Full year 2008	Full year 2007	As reported	Excluding acquisitions[1)]	Adjusted for acq. and currency[2)]
Net sales	5,126	5,196	32,342	33,284	-3	-8	-6
EBITDA	-152	549	3,524	4,645	-24	-24	-26
EBITDA margin, %	-3.0	10.6	10.9	14.0	-	-	-
Operating income	-472	269	2,361	3,564	-34	-31	-34
Operating margin, %	-9.2	5.2	7.3	10.7	-	-	-
Income after financial items	-612	94	1,767	2,889	-39	-	-
Margin, %	-11.9	1.8	5.5	8.7	-	-	-
Income for the period	-418	80	1,288	2,036	-37	-	-
Earnings per share, SEK	-1.09	0.21	3.34	5.29	-37	-	-
Return on capital employed, %	-	-	10.7	17.6	-	-	-
Return on equity,%	-	-	15.8	28.6	-	-	-

[1)] *Excluding acquisitions and costs for personnel cutbacks.*
[2)] *Excluding costs for personnel cutbacks, acquisitions and adjusted for currency transaction and translation effects.*

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MAGNUS YNGEN, PRESIDENT AND CEO:

Market conditions deteriorated further during the fourth quarter in most of our product areas. Due to the seasonality of our operations, the fourth quarter accounts for a small share of sales and income and is mainly devoted to production and deliveries for the next garden season.

Group sales for the full year 2008 declined by 6%, exclusive of acquisitions and in comparable currencies. Operating income declined by 34% inclusive of costs for personnel cutbacks, and operating margin declined to 7.3% as against 10.7% in 2007.

The decline in operating income is traceable mainly to lower sales volumes and a less favorable product mix for consumer products, particularly in the US, and for professional products for the construction industry. In light of the weaker demand, we implemented substantial production cutbacks in order to reduce inventories and capacity, which had a considerably adverse effect on income, due to lower cost absorption at our plants.

Lower volumes, including the effect of under-absorption, and a less favorable product mix had a total negative impact on operating income for the full year of approximately SEK 1,100m. Costs for materials were approximately SEK 350m higher than in 2007, referring mainly to Consumer Products in the US. In addition, operating income for the full year was charged with costs of SEK 316m for personnel cutbacks, of which SEK 301m was in the fourth quarter.

The personnel cutbacks were implemented in order to reduce costs in the Group, and affected 960 of our approximately 15,700 employees. Estimated annual savings amount to approximately SEK 350m, and are expected to take full effect as of the third quarter of 2009.

Continued growth in core areas
Despite difficult market conditions, there were positive trends during the year in several product areas. Sales increased for professional chainsaws, particularly in the US. Total sales and operating income for forestry products were unchanged. This was enabled mainly by launches of new products with both improved performance and lower production costs, and by rationalization of production. Other products showing positive performance included Riders, the robotic Automower® lawnmower, and high-end Husqvarna-branded products for consumers.

Looking ahead in 2009
Market conditions will remain weak in 2009, with lower demand in both Europe and the US. We will maintain a high level of flexibility and be prepared to make rapid adjustments if market conditions deteriorate further.

We will focus on maintaining costs and inventory at low levels and prioritize cash flow. With regard to costs, the implemented cutbacks will generate effects during the second half of 2009. Integration of acquisitions will also make a positive contribution, as we are increasing our efforts to realize potential synergies.

As retailers have been cautious in terms of inventory build-ups for the coming season, production will be ramped up later. We expect a significantly weaker start of the season in 2009 in comparison with the very strong start in 2008.

Although 2009 will be a difficult year in terms of market conditions, I am convinced that there are very good opportunities for Husqvarna to strengthen its market positions both this year and in the years to come.

Magnus Yngen
President and CEO

NET SALES AND INCOME

Fourth quarter

Net sales
Net sales for the Husqvarna Group in the fourth quarter of 2008 decreased by 1% to SEK 5,126m (5,196). Adjusted for acquisitions and in comparable exchange rates, net sales decreased by 11%.

Sales for Consumer Products in North America rose from a low level in the previous year, however, while all other product areas showed considerable downturns.

Operating income
Operating income declined to SEK -472m (269), corresponding to an operating margin of -9.2% (5.2).

Operating income includes a charge of SEK 301m for costs related to the previously announced personnel cutbacks.

Apart from the costs for personnel cutbacks, the decline in income was due primarily to lower sales, lower production levels and higher material costs.

The decline in operating income refers mainly to Consumer Products in Rest of the World, as well as Construction products and Lawn and Garden within Professional Products. Income for Forestry products was largely in line with the previous year.

Changes in exchange rates, including both translation and transaction effects net of hedging, had a total positive effect on operating income of SEK 91m (21). Hedging contracts had a positive effect of SEK 33m (-38).

Financial net
Net financial items amounted to SEK -140m (-175). The improvement refers to lower interest rates.

Income after financial items
Income after financial items declined to SEK -612m (94), corresponding to a margin of -11.9% (1.8).

Taxes
Tax for the fourth quarter was positive and amounted to SEK 194m (-14), following the negative income.

Earnings per share
Income for the period declined to SEK -418m (80), corresponding to -1.09 SEK (0.21) per share after dilution.

Full year 2008

Net sales
Net sales for the full-year 2008 declined by 3% to SEK 32,342m (33,284), and by 6% after adjustment for acquisitions and in comparable exchange rates.

Net sales decreased by 6% for both Consumer Products and Professional Products, after adjustment for acquisitions and in comparable exchange rates. The largest declines referred to Consumer Products in North America and Rest of the World, and to Construction products within Professional Products.

The comparative figures for 2007 do not include the major acquisitions, i.e. Gardena and Zenoah, for the full year.

Operating income
Operating income decreased by 34% to SEK 2,361m (3,564), and margin was 7.3% (10.7). Operating income includes a charge of SEK 316m related to costs for personnel cutbacks. Operating margin was 8.3% after adjustment for these costs.

Apart from the costs for personnel cutbacks, the decline in operating income is due mainly to lower sales and higher costs for materials. Income was also adversely affected by lower production levels in order to reduce inventories, which involved lower absorption of costs.

In terms of business areas, the decline refers to Consumer Products in both North America and Rest of the world, and to Construction products within Professional Products.

Changes in exchange rates, including both translation and transaction effects and net of currency-hedging contracts, had a total positive effect on operating income in the amount of SEK 184m (-21). Currency-hedging contracts had an adverse effect of SEK -89 (-148).

Financial net
Net financial income amounted to SEK -594 (-675). The improvement is due mainly to lower interest rates. As of year-end the average interest rate for total borrowings was 4.3% (5.2).

Income after financial items
Income after financial items declined by 39% to SEK 1,767m (2,889), and margin was 5.5% (8.7).

Taxes
Taxes amounted to SEK -479m (-853), corresponding to 27.1% (29.5) of income after financial items.

Earnings per share
Income for the period declined by 37% to SEK 1,288m (2,036), which corresponds to SEK 3.34 (5.29) per share after dilution.

OUTLOOK FOR THE FIRST QUARTER 2009

Retail inventories of the Group's garden products at year-end are estimated to have been substantially lower than in the previous year. The Group's listings with major retailers for the season are improved in comparison with 2008.

As consumer demand is likely to remain low and retailers are expected to continue to focus on maintaining low inventories, the Group expects shipments in the first quarter of 2009 to be substantially lower than in the first quarter of 2008.

OPERATING CASH FLOW

Cash flow from operations in the fourth quarter improved to SEK 455m (-9). 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 -339m (-206). 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 116m (-215).

Operating cash flow for the full year improved to SEK 2,013m (1,843), mainly as a result of the reduction in operating working capital.

Operating cash flow SEKm	Q4 2008	Q4 2007	Full year 2008	Full year 2007
Cash flow from operations, excluding changes in operating assets and liabilities	-115	274	2,703	3,232
Changes in operating assets and liabilities	570	-283	441	-576
Cash flow from operations	**455**	**-9**	**3,144**	**2,656**
Cash flow from investments, excluding acquisitions	-339	-206	-1,131	-813
Operating cash flow	**116**	**-215**	**2,013**	**1,843**

FINANCIAL POSITION

Group equity as of 31 December 2008, excluding minority interests, increased to SEK 8,772m (7,349), corresponding to SEK 22.91 (19.11) per share.

The net debt/equity ratio improved to 1.54 (1.63) and the equity/asset ratio remained at 25.7% (25.7).

The Group's net debt as of 31 December 2008 amounted to SEK 13,552m (12,012). The increase is mainly an effect of changes in exchange rates.

Net debt SEKm	31 December 2008	31 December 2007
Interest-bearing liabilities	16,287	13,318
Liquid funds	2,735	1,306
Net debt	**13,552**	**12,012**
Net debt/equity	1.54	1.63
Equity/assets ratio, %	25.7	25.7

Husqvarna finances its operations on the basis of shareholders' equity, cash flow, and various types of loans. Husqvarna currently has long-term loans in the amount of SEK 10.3 bn, and short-term loans totaling SEK 3.2bn. The long-term funding consists of SEK 2.1 bn in medium-term notes, and bank loans of SEK 8.2 bn. In 2009 and 2010, medium- term notes totaling SEK 1.5 will expire. The bank loans mature in 2011 and onward. In addition to the above mentioned funding, Husqvarna has a revolving credit facility totaling SEK 8 bn, of which SEK 1.5 bn was utilized in the fourth quarter. The major part of this facility expires in 2013.

The Group's net debt normally peaks at the end of the first quarter and the beginning of the second quarter, as a result of the seasonal build-up of working capital.

PERFORMANCE BY BUSINESS AREA

Consumer Products

SEKm	Q4 2008	Q4 2007	Change, % As reported	Change, % Adj. for acquisitions and currency[1)]	Full year 2008	Full year 2007	Change, % As reported	Change, % Adj. for acquisitions and currency[1)]
Net sales	**2,482**	2,328	7	-4	**19,849**	20,621	-4	-6
Operating income	**-438**	-113	-288	-153	**963**	1,638	-41	-50
Operating margin, %	**-17.7**	-4.9	-	-	**4.9**	7.9	-	-

[1)] *Excluding costs for personnel cutbacks and adjusted for acquisitions as well as transaction and translation currency effects.*

Sales of garden equipment, excluding chainsaws, are seasonally low in the fourth quarter and refer mainly to the build-up of inventory at retailers for the coming season.

Sales for the Consumer Products business area in the fourth quarter increased in SEK, but declined after adjustment for acquisitions and in comparable exchange rates. Sales in North America rose over the previous year, while sales outside North America declined considerably. The increase in North America refers mainly to chainsaws and snow throwers.

Retailers were more cautious than in 2007 regarding building-up inventories for the coming season, in both Europe and North America. As a result, the Group's pre-production in the quarter was substantially lower than in the previous year, which resulted in lower absorption of costs.

Operating income and margin showed substantial downturns as a result of the costs for personnel cutbacks, higher direct material costs, and substantially reduced production levels in order to reduce inventories. Costs for personnel cutbacks that are included in income for this business area amount to SEK 74m.

Full-year 2008

Sales for Consumer Products for the full year were lower than in 2007. The decrease is due mainly to North America, where industry shipments and consumer demand showed a substantial decline in most product categories with the exception of chainsaws. Group deliveries decreased in line with the downturn in industry shipments.

Lower sales were also reported for the operation outside North America, both for irrigation equipment and several other product categories. Husqvarna-branded products sold to servicing dealers showed continued good growth, however, primarily for handheld equipment.

Operating income and margin for this business area declined sharply in comparison with the previous year. The decrease is due to lower sales volumes and a less favorable product mix in both North America and Europe, as well as higher costs for materials particularly in the US. Operating income was also adversely affected by substantial cutbacks in production in both North America and Europe in order to reduce inventories, which involved lower cost absorption.

Professional Products

SEKm	Q4 2008	Q4 2007	Change, % As reported	Change, % Adj. for acquisitions and currency[1)]	Full year 2008	Full year 2007	Change, % As reported	Change, % Adj. for acquisitions and currency[1)]
Net sales	**2,644**	2,868	-8	-17	**12,493**	12,663	-1	-6
Operating income	**6**	442	-99	-58	**1,587**	2,123	-25	-19
Operating margin, %	**0.2**	15.4	-	-	**12.7**	16.8	-	-

[1)] *Excluding costs for personnel cutbacks and adjusted for acquisitions as well as transaction and translation currency effects.*

Sales for the Professional Products business area in the fourth quarter were lower than in 2007. All product areas reported significant declines.

Sales of construction equipment showed a substantial decline as a result of continued weak demand in both the US and Europe. The decline for Lawn and Garden refers mainly to the US, but lower demand was also noted in several European markets. Sales for Forestry showed good growth in the premium segments in North America, but declined substantially in Eastern Europe and Russia.

Operating income for this business area showed a major downturn. The decline is due to Construction and Lawn and Garden. Income for both product areas was adversely affected by lower sales volumes, a less favorable product mix and lower production levels. Income for Forestry was largely unchanged and margin improved. Costs for personnel cutbacks amounted to SEK 226m in the quarter.

Full-year 2008

The decline in sales for Professional Products for the full year refers mainly to the Construction product area, in which demand was substantially lower in both Europe and North America. Lower sales were also reported for Lawn and Garden, particularly in the US.

Sales for Forestry were in line with the previous year, mainly as a result of good growth for premium chainsaws in North America. The favorable trend for forestry products is traceable mainly to product launches, increased investment in marketing in the US, and rationalization of production.

Operating income for this business area was substantially lower than in 2007, and margin decreased. The decline resulted mainly from the sharp drop in sales of Construction products. Operating income for Forestry was largely unchanged in comparison with the previous year, and margin remained at a high level. Operating income was adversely affected by substantial cutbacks in production in most operations.

CHANGES IN GROUP STRUCTURE

The acquisition of Jenn Feng's outdoor products operation was completed in December 2008, when the Chinese operation, which accounts for the largest share of sales, was acquired. The operations in North America and Australia were consolidated as of May 2008. This operation has annual sales of approximately SEK 800m and is included in the Group's accounts for 2008 with sales of SEK 89m, of which SEK 36m in the fourth quarter. The acquisition had a marginal impact on Group's full-year operating income.

Decision on cost-cutting measures

As a result of the weak market conditions, the Group has implemented measures to reduce fixed costs in the Group. As previously communicated, these measures will reduce the number of employees by 960 and will be fully implemented during the first half of 2009.

The costs of these measures was SEK 316m, of which SEK 15m was charged against income in the third quarter and SEK 301m in the fourth quarter. Savings are estimated at approximately SEK 350m annually, and will be achieved gradually during 2009 taking full effect as of the third quarter.

RIGHTS ISSUE

The Board of Directors has resolved on a rights issue with the intention of raising SEK 3 billion. The objective of the rights issue is to strengthen the Group's balance sheet.

The rights issue is subject to approval by an Extraordinary Shareholders' Meeting to be held on 9 March 2009.

Shareholders will have primary preferential rights to subscribe for shares in proportion to their existing holdings, i.e. A-shares will be issued to holders of A-shares and B-shares to holders of B-shares. Subscription may also be submitted without preferential rights.

Six major shareholders in Husqvarna, including Investor AB, LE Lundbergföretagen AB, Alecta, AFA Försäkring, Investment AB Öresund and the Fourth Swedish National Pension Fund (AP4) have entered into agreements which include an undertaking to subscribe for their respective pro rata shares in the rights issue, corresponding to approximately 35.6% of the rights issue. In addition, Investor AB, LE Lundbergföretagen AB, Alecta, Investment AB Öresund and the Fourth Swedish National Pension Fund (AP4) have entered into underwriting agreements which include an undertaking to, subject to certain conditions, subscribe for additional shares, bringing the total guaranteed amount to approximately 74.4% of the rights issue. The remainder of the rights issue is, subject to certain conditions, underwritten by SEB, Handelsbanken Capital Markets and Nordea. Consequently, 100% of the rights issue is committed and underwritten

The record date at the Swedish Securities register Center, Euroclear Sweden, for participation in the rights issue will be 12 March 2009. The subscription period is 16 March to 30 March, 2009, or such later period as decided by the Board of Directors.

The subscription price and offer ratio will be announced on 5 March 2009. For further details, see the separate press release.

As a consequence of the rights issue, the report for the first quarter of 2009 will be published on 8 May 2009 instead of previously stated 23 April.

Proposal to the 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.

Dividend

The Board of Directors proposes that no dividend will be paid for 2008. The dividend for 2007 was SEK 2.25 per share, which corresponded to a total dividend payment of SEK 862m equivalent to 42% of income for the period.

Other proposals

New long-term incentive program
The Board of Directors proposes that the AGM adopt a new performance-based incentive program for a maximum of 50 senior managers. The program is based on the same principles as the program for 2008.

Repurchase of own shares
The Board proposes that the AGM authorize the Board to acquire B-shares totaling up to 3% of the total number of shares, and to pay for the shares in cash. The shares may be purchased only on the OMX Nasdaq Stockholm, in order to hedge the company's obligations pursuant to the long-term incentive programs for 2007, 2008 and the proposed 2009 program.

Guidelines for remuneration of senior management
The Board proposes that the AGM adopt principles for remuneration and other conditions of employment for Husqvarna Group Management. The principles will be largely unchanged from those approved in 2008.

More information on the above proposals will be provided well in advance of the AGM.

Nomination Committee's proposal

The Nomination Committee's proposal to the meeting includes:

- Unchanged number of Board members to be elected by the AGM (9)
- Re-election of Lars Westerberg, Peggy Bruzelius, Börje Ekholm, Tom Johnstone, Ulf Lundahl, Anders Moberg, Gun Nilsson and Robert F. Connolly. Bengt Andersson has declined reelection.
- Election of Magnus Yngen, CEO and President of Husqvarna since 1 October 2008.
- Re-election of Lars Westerberg as Chairman of the Board, and proposed Chairman of AGM.
- Unchanged fees to the Board; SEK 1.6m for Chairman and SEK 460,000 each for other members.
- Unchanged remuneration for committee work.
- Part of fees to be paid in synthetic shares.
- Unchanged principles for auditor fees.
- Unchanged principles for appointment of Nomination Committee for AGM 2010.

The proposal includes payment of 25% to 50% of fees to Board members in the form of synthetic shares. Non-Swedish Board members will have the option of receiving 100% of their fees in cash, but will be encouraged to acquire Husqvarna shares corresponding to 25% of net fees after tax.

The synthetic shares would be paid during the fifth year after the Board member takes office in an amount corresponding to the average trading price of B-shares in connection with the payment. Four payments would be made during the fifth year, each corresponding to 25% of the shares.

The commitment to synthetic shares should be hedged, e.g. by repurchase of own shares or through an agreement with a bank. Synthetic shares are not financial instruments in a legal sense, but a cash remuneration based on the trading price of Husqvarna B-shares.

In the opinion of the Nomination Committee, synthetic shares would be more beneficial to the company than conventional fees, since these would link fees to the Board to the long-term development of the company.

The Nomination Committee's complete proposal will be included in the notice of the AGM.

PARENT COMPANY

Net sales for the Parent Company, Husqvarna AB, for 2008 amounted to SEK 10,011m (10,156), of which SEK 7,569m (7,750) referred to sales to Group Companies and SEK 2,442m (2,406) to external customers. Income after financial items amounted to SEK 6,312m (2,208). The increase refers mainly to capital gains related to changes in the Group structure. Income for the period was SEK 6,083m (1,548).

Investments in tangible and intangible assets amounted to SEK 596m (230). Cash and cash equivalents at the end of the period amounted to SEK 682m (158) and short-term investments to SEK 0m (199).

Undistributed earnings in the Parent Company at the end of the period amounted to SEK 12,042m (7,738). A dividend to shareholders in the amount of SEK 862m (667) was paid during the period.

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 B-shares on condition that the Company, does not own more than 3% of the total number of shares after each purchase.

During 2008, 950,000 B-shares were repurchased. The purpose was to ensure the Company's commitment with regard to existing Long Term Incentive programs. At year-end, Husqvarna owned 2,919,000 of its own B-shares, corresponding to 0.76% of outstanding shares.

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. Dry weather can reduce demand for products such as lawn mowers and tractors, but can stimulate demand for irrigation systems. Demand for chainsaws normally increases after storms, and during cold winters.

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, financing 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, involves greater exposure to changes in exchange rates and interest rates, and also affect the possibility of accessing 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, 20 February 2009

Magnus Yngen
President and CEO

This report has not been audited.

CONSOLIDATED INCOME STATEMENT

SEKm	Q4 2008	Q4 2007	Full year 2008	Full year 2007
Net sales	**5,126**	**5,196**	**32,342**	**33,284**
Cost of goods sold	-3,909	-3,490	-22,965	-23,509
Gross operating income	**1,217**	**1,706**	**9,377**	**9,775**
Selling expense	-1,300	-1,140	-5,496	-4,927
Administrative expense	-348	-307	-1,474	-1,303
Other operating income/expense	-41	10	-46	19
Operating income*	**-472**	**269**	**2,361**	**3,564**
Margin, %	-9.2	5.2	7.3	10.7
Financial items, net	-140	-175	-594	-675
Income after financial items	**-612**	**94**	**1,767**	**2,889**
Margin, %	-11.9	1.8	5.5	8.7
Taxes	194	-14	-479	-853
Income for the period	**-418**	**80**	**1,288**	**2,036**
Attributable to:				
Equity holders of the Parent Company	-420	79	1,278	2,029
Minority interests in income for the period	2	1	10	7
*) of which depreciation and amortization	-320	-280	-1,163	-1,081
Basic earnings per share, SEK	-1.09	0.21	3.34	5.29
Diluted earnings per share, SEK	-1.09	0.21	3.34	5.29
Basic weighted average number of shares outstanding, millions	382.4	383.2	383,0	384.6
Diluted weighted average number of shares, millions	382.6	383.2	383,2	384.6

CONSOLIDATED BALANCE SHEET

SEKm	31 December 2008	31 December 2007
Assets		
Property, plant and equipment	5,035	4,312
Goodwill	6,788	5,461
Other intangible assets	4,789	4,031
Investments in associates	7	12
Deferred tax assets	928	898
Financial assets	187	207
Total non-current assets	**17,734**	**14,921**
Inventories	8,556	7,758
Trade receivables	4,184	3,912
Derivatives	907	90
Tax receivables	577	256
Other current assets	551	650
Cash and cash equivalents	1,828	1,216
Total current assets	**16,603**	**13,882**
Total assets	**34,337**	**28,803**
Assets pledged	**49**	44
Equity and liabilities		
Total equity attributable to equity holders of the Parent Company	8,772	7,349
Minority interests	43	40
Total equity	**8,815**	**7,389**
Long-term borrowings	10,694	2,911
Deferred tax liabilities	1,829	1,666
Provisions for pensions and other post-employment benefits	1,170	1,059
Other provisions	686	570
Total non-current liabilities	**14,379**	**6,206**
Trade payables	3,280	2,731
Tax liabilities	367	342
Other liabilities	1,474	1,520
Short-term borrowings	3,159	10,130
Derivatives	2,434	277
Other provisions	429	208
Total current liabilities	**11,143**	**15,208**
Total equity and liabilities	**34,337**	**28,803**
Contingent liabilities	**24**	**20**

CONSOLIDATED CASH FLOW STATEMENT

SEKm	Q4 2008	Q4 2007	Full year 2008	Full year 2007
Operations				
Income after financial items	-612	94	1,767	2,889
Depreciation and amortization	320	280	1,163	1,081
Capital loss/write downs	40	0	40	0
Change in accrued and prepaid interest	-17	-10	12	29
Provision for restructuring	264	0	264	0
Taxes paid	-110	-90	-543	-767
Cash flow from operations, excluding change in operating assets and liabilities	**-115**	**274**	**2,703**	**3,232**
Change in operating assets and liabilities				
Change in inventories	-1,407	-1,799	260	-1,468
Change in trade receivables	1,776	1,620	196	992
Change in trade payables	817	373	114	-15
Change in other operating assets/liabilities	-616	-477	-129	-85
Cash flow from operating assets and liabilities	**570**	**-283**	**441**	**-576**
Cash flow from operations	**455**	**-9**	**3,144**	**2,656**
Investments				
Acquisitions of operations	-209	-9	-845	-8,876
Sale of fixed assets	30	0	30	0
Capital expenditure in property, plant and equipment	-267	-207	-909	-698
Capitalization of product development and software	-99	-33	-254	-159
Other	-3	34	2	44
Cash flow from investments	**-548**	**-215**	**-1,976**	**-9,689**
Total cash flow from operations and investments	**-93**	**-224**	**1,168**	**-7,033**
Financing				
Change in interest-bearing liabilities	844	-176	175	8,389
Dividend paid to shareholders	-	-	-862	-667
Repurchase of shares	-48	-	-48	-166
Dividend to minorities	-11	-	-11	-
Cash flow from financing	**785**	**-176**	**-746**	**7,556**
Total cash flow	**692**	**-400**	**422**	**523**
Cash and cash equivalents at beginning of period	986	1,604	1,216	698
Exchange-rate differences	150	12	190	-5
Cash and cash equivalents at end of period	1,828	1,216	1,828	1,216

NET SALES BY BUSINESS AREA

SEKm	Q4 2008	Q4 2007	Change, % As reported	Change, % Excluding acquisitions	Change, % Excl. acq. and adjusted for exchange rates[1)]	Full year 2008	Full year 2007
Consumer Products	2,482	2,328	7	5	-4	19,849	20,621
Professional Products	2,644	2,868	-8	-8	-17	12,493	12,663
Total	**5,126**	**5,196**	**-1**	**-2**	**-11**	**32,342**	**33,284**

[1)] *Adjusted for translation effects.*

OPERATING INCOME BY BUSINESS AREA

SEKm	Q4 2008	Q4 2007	Change, % As reported	Change, % Excluding acquisitions[1)]	Change, % Excl. acq. and adjusted for exchange rates[2)]	Full year 2008	Full year 2007
Consumer Products	-438	-113	-288	-204	-153	963	1,638
Margin, %	-17.7	-4.9	-	-	-	4.9	7.9
Professional Products	6	442	-99	-48	-58	1,587	2,123
Margin, %	0.2	15.4	-	-	-	12.7	16.8
Total business areas	**-432**	**329**	**-231**	**-134**	**-127**	**2,550**	**3,761**
Margin, %	-8.4	6.3	-	-	-	7.9	11.3
Group common costs etc.	-40	-60	33	35	37	-189	-197
Total	**-472**	**269**	**-275**	**-156**	**-142**	**2,361**	**3,564**
Margin, %	-9.2	5.2	-	-	-	7.3	10.7

[1)] *Excluding costs for personnel cutbacks.*
[2)] *Excluding costs for personnel cutbacks, acquisitions and adjusted for currency transaction and translation effects.*

KEY RATIOS

	Q4 2008	Q4 2007	Full year 2008	Full year 2007
Net sales, SEKm	5,126	5,196	32,342	33,284
Operating income, SEKm	-472	269	2,361	3,564
Net sales growth, %	-1	14	-3	13
Gross margin, %	23.7	32.8	29.0	29.4
Operating margin, %	-9.2	5.2	7.3	10.7
Working capital, SEKm	6,462	6,146	6,462	6,146
Return on capital employed, %	-	-	10.7	17.6
Return on equity, %	-	-	15.8	28.6
Earnings per share, SEK	-1.09	0.21	3.34	5.29
Capital-turnover rate, times	-	-	1.5	1.8
Operating cash flow, SEKm	116	-215	2,013	1,843
Net debt/equity ratio	-	-	1.54	1.63
Capital expenditure, SEKm	366	240	1,163	857
Average number of employees	-	-	15,720	16,093

NET SALES AND INCOME BY QUARTER

SEKm		Q1	Q2	Q3	Q4	Full year
Net sales	**2008**	10,043	10,343	6,830	**5,126**	**32,342**
	2007	9,214	12,048	6,826	5.196	33,284
Operating income	**2008**	1,202	1,321	310	**-472**	**2,361**
	Margin, %	12.0	12.8	4.5	-9.2	7.3
	2007	984	1,758	553	269	3,564
	Margin, %	10.7	14.6	8.1	5.2	10.7
Income after financial items	**2008**	1,060	1,141	178	**-612**	**1,767**
	Margin, %	10.6	11.0	2.6	-11.9	5.5
	2007	876	1,528	391	94	2,889
	Margin, %	9.5	12.7	5.7	1.8	8.7
Income for the period	**2008**	753	810	143	**-418**	**1,288**
	2007	613	1,070	273	80	2,036
Earnings per share, SEK	**2008**	1.97	2.09	0.37	**-1.09**	**3.34**
	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	**2,482**	**19,849**
	2007	6,207	8,418	3,668	2,328	20,621
Professional Products	**2008**	3,213	3,570	3,066	**2,644**	**12,493**
	2007	3,007	3,630	3,158	2,868	12,663
Total	**2008**	10,043	10,343	6,830	**5,126**	**32,342**
	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	**-438**	**963**
	Margin, %	10.6	11.0	-1.9	-17.6	4.9
	2007	521	1,164	66	-113	1,638
	Margin, %	8.4	13.8	1.8	-4.9	7.9
Professional Products	**2008**	522	623	436	**6**	**1,587**
	Margin, %	16.2	17.5	14.2	0.2	12.7
	2007	510	642	529	442	2,123
	Margin, %	17.0	17.7	16.8	15.4	16.8
Group common costs etc.	**2008**	-47	-47	-55	**-40**	**-189**
	2007	-47	-48	-42	-60	-197
Total	**2008**	1,202	1,321	310	**-472**	**2,361**
	Margin, %	12.0	12.8	4.5	-9.2	7.3
	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**
Net sales	**2008**	34,113	32,408	32,412	32,342
	2007	29,278	31,193	32,627	33,284
Operating income	**2008**	3,782	3,345	3,102	2,361
	Margin, %	*11.1*	*10.3*	*9.6*	*7,3*
	2007	3,176	3,659	3,641	3,564
	Margin, %	*10.8*	*11.7*	*11.2*	*10.7*

CHANGE IN GROUP EQUITY

	January – December 2008			January – December 2007		
SEKm	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	-447	-	-447	-102	-	-102
Dividend	-862	-11	-873	-667	-	-667
Available for sale instruments	3	-	3	-3	-	-3
Translation difference	1,497	4	1,501	0	-	0
Share-based payment	2	-	2	6	-	6
Repurchase of shares	-48	-	-48	-166	-	-166
Other	-	-	-	-	21	21
Income for the period	1,278	10	1,288	2,029	7	2,036
Closing balance	**8,772**	**43**	**8,815**	**7,349**	**40**	**7,389**

FIVE-YEAR REVIEW

	2008	2007	2006[2]	2005[2]	2004[1) 2)]
Net sales, SEKm	32,342	33,284	29,402	28,768	27,202
Operating income, SEKm	2,361	3,564	3,121	2,898	2,983
Net sales growth, %	-3	13	2	6	1
Gross margin, %	29.0	29.4	27.0	26.6	26.9
Operating margin, %	7.3	10.7	10.6	10.1	11.0
Return on capital employed, %	10.7	17.6	24.1	31.0	31.1
Return on equity, %	15.8	28.6	43.2	46.0	41.9
Capital turn-over rate, times	1.5	1.8	2.4	2.6	2.9
Operating cash flow, SEKm	2,013	1,843	1,157	1,736	2,073
Capital expenditure, SEKm	1,163	857	890	1,259	1,040
Average number of employees	15,720	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.

ACQUISITIONS DURING 2008

Date	Acquisition	Business area	Consideration paid[1)]
30 April	Meco	Professional Products	48
30 April	Sandvik Nora AB	Professional Products	26
24 December	Jenn Feng	Consumer Products	684
	Other acquisitions	Consumer/Professional Products	87
Total			845

1) Includes acquisition costs. All acquisitions are asset deals and did not include any net debt.

SPECIFICATION OF ALL NET ASSETS ACQUIRED AND GOODWILL

SEKm	Acquired companies book values	Fair value adjustment	Fair value, acquisition balance
Goodwill	0	0	0
Other intangible assets	0	128	128
Property, plant and equipment	165	0	165
Other non-current assets	6	0	6
Inventories	162	0	162
Trade receivables	52	0	52
Trade payables	-4	0	-4
Other operating liabilities	-11	0	-11
Net Debt	0	0	0
Net identifiable assets	370	128	498
Goodwill			347
Consideration paid			845

Total contribution from acquisitions to the Group's net sales amounted to SEK 140m and SEK -17m to operating income

JENN FENG

Jenn Feng is the most significant acquisition during 2008 and is shown separately below. The acquisition was finalized on 24 December 2008 and the acquisition balance is preliminary.

SEKm	Acquired companies book values	Fair value adjustment	Fair value, acquisition balance
Goodwill	0	0	0
Other intangible assets	0	64	64
Property, plant and equipment	165	0	165
Inventories	113	0	113
Trade receivables	50	0	50
Trade payables	-2	0	-2
Other operating liabilities	-10	0	-10
Net Debt	0	0	0
Net identifiable assets	316	64	380
Goodwill			304
Consideration paid			684

The majority of the other intangible assets consist of the trademark McCulloch and the rights to use this trademark in North America. Net sales for the Jenn Feng operation during the fourth quarter amounted to SEK 36m and operating income to SEK -21m. Jenn Feng's total contribution to net sales during 2008 amounted to SEK 89 with a negative result of SEK -19m.

PARENT COMPANY

INCOME STATEMENT

SEKm	Full year 2008	Full year 2007
Net sales	**10,011**	**10,156**
Cost of goods sold	-7,281	-7,389
Gross operating income	**2,730**	**2,767**
Selling expense	-861	-902
Administrative expense	-336	-376
Other operating income/expense	5,006	-2
Operating income	**6,539**	**1,487**
Financial items, net	-227	721
Income after financial items	**6,312**	**2,208**
Appropriations	61	-302
Income before taxes	**6,373**	**1,906**
Taxes	-290	-358
Income for the period	**6,083**	**1,548**

BALANCE SHEET

SEKm	31 December 2008	31 December 2007
Non-current assets	30,824	5,055
Current assets	6,037	23,261
Total assets	**36,861**	**28,316**
Equity	12,834	8,530
Untaxed reserves	902	963
Provisions	108	62
Interest-bearing liabilities	17,551	16,345
Current liabilities	5,466	2,416
Total equity and liabilities	**36,861**	**28,316**

DEFINITIONS

Capital indicators

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

Other key ratios

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

TELEPHONE CONFERENCE

A combined press- and telephone conference will be held at 14.00 CET on 20 February 2009 at Husqvarna's head-quarters on Lindhagensgatan 126 in Stockholm.
To participate by phone, please call +46 (0) 8 5052 0110 (Sweden) or +44 (0)20 7162 0077 (UK) ten minutes in advance. A replay of the telephone conference will be available at www.husqvarna.com/ir as of late afternoon the same day.

FINANCIAL REPORTS 2009

10 March	Annual Report available on www.husqvarna.com/ir
23 April	Annual General Meeting
8 May	Interim report January-March
17 July	Interim report January-June
23 October	Interim report January-September

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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 08.30 CET on 20 February 2009.

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.