

## INTERIM REPORT JANUARY - MARCH 2010

Stockholm 27 April 2010

### Magnus Yngen, President and CEO:

"The year had a slow start due to an unusually long and cold winter in several markets. The weather affected the sell-in for the garden season and activities in the construction market. However, sales picked up and increased considerably towards the end of the quarter.

The cautious inventory management by the trade, which has been a marked feature during the recession, continued. Inventory in the trade is estimated to be slightly lower than a year ago and retailers are likely to remain cautious.

The introduction of our new global organization is one of the most important steps for improving internal efficiency in the Group. The organization is now in place and several initiatives relating to supply chain, products and marketing and sales are in progress. The initiatives are already paying off, improving efficiency and reducing costs.

The Group's operating margin improved and income was in line with the first quarter of 2009, despite the drop in sales. Construction, which was strongly impacted by the recession, returned to profit on the back of a strong mix and successful cost-reduction measures. Overall, it was very encouraging to see the margin development despite a difficult sell-in quarter."

- Net sales amounted to SEK 9,082m (11,152) and operating income was SEK 778m (786). Income for the period was SEK 535m (464), or SEK 0.92 (0.98) per share.
- Improved Group operating margin.
- Higher operating income and margin for Europe & Asia/Pacific and Construction, lower for Americas.
- Efficiency initiatives continue to generate cost savings.
- Long and cold winter delayed the start of the garden season.

SEKm	Q1 2010	Q1 2009	% change, Q1		Jan-Dec 2009
			As reported	Adjusted <sup>1</sup>	
Net sales, Group	9,082	11,152	-19	-9	34,074
Europe & Asia/Pacific <sup>2</sup>	4,459	5,034	-11	-5	16,594
Americas <sup>2</sup>	4,028	5,470	-26	-14	14,845
Construction <sup>2</sup>	595	648	-8	0	2,635
EBITDA	1,073	1,138	-6	-10	3,060
EBITDA margin, %	11.8	10.2	-	-	9.0
Operating income, Group	778	786	-1	-10	1,560
Europe & Asia/Pacific <sup>2</sup>	732	674	9	-4	1,355
Americas <sup>2</sup>	81	218	-63	-45	492
Construction <sup>2</sup>	1	-67	n.a.	n.a.	-123
Operating margin, %	8.6	7.0	-	-	4.6
Income after financial items	690	590	17	-	1,094
Income for the period	535	464	15	-	903
Earnings per share, SEK <sup>3</sup>	0.92	0.98	-6	-	1.64

<sup>1</sup> Adjusted for items affecting comparability, changes in exchange rates and acquisitions/divestments. Items affecting comparability are provided on page 11.

<sup>2</sup> As of Q1 2010 Husqvarna has a new business area reporting structure. For further information see page 4.

<sup>3</sup> Due to the rights issue in 2009, the average number of shares has increased compared to Q1 2009.

## FIRST QUARTER DEVELOPMENT

### Net sales

Net sales for the first quarter declined by 19% to SEK 9,082m (11,152). Adjusted for currency exchange-rate effects, sales declined by 9%. Prices were unchanged. Americas accounted for 7 percentage points of the adjusted decline, Europe & Asia Pacific for 2 percentage points and Construction was flat. Dealer sales increased.

The first quarter predominantly consists of sell-in to the trade for the coming gardening season. The long and cold winter in Husqvarna's main markets had a negative effect on sales for both garden and construction products. Customers remained cautious regarding build-up of inventory.

### Operating income

Operating income for the first quarter decreased by 1% compared to the corresponding quarter 2009 and amounted to SEK 778m (786). Currency had a positive effect of approximately 11% and the net effect from items affecting comparability was negative 2%. Adjusted operating income declined by 10%.

Operating income includes a charge of SEK 50m for settlement of an engine-capacity lawsuit in the US. For further information see page 6. The first quarter of 2009 included restructuring charges of SEK 35m related to personnel cut-backs.

The decline in operating income was mainly due to lower sales. Savings from previously implemented cost-reductions had a positive effect and costs for materials were slightly favorable.

Changes in exchange rates, including both translation and transaction effects net of hedging, had a total positive effect on operating income of SEK 100m (90). Hedging contracts had a positive effect of SEK 26m (74).

Operating income and operating margin for Europe & Asia/Pacific and Construction increased, but decreased for Americas.

### Financial net

Net financial items amounted to SEK -88m (-196). The improvement is primarily due to lower interest rates and lower net debt. The average interest rate on borrowings at the end of the quarter was 2.9% (3.9).

### Income after financial items

Income after financial items increased by 17% to SEK 690m (590) corresponding to a margin of 7.6% (5.3).

### Taxes

Taxes amounted to SEK -155m (-126), corresponding to a tax rate of 22% (21) of income after financial items.

### Earnings per share

Income for the period increased by 15% to SEK 535m (464), corresponding to SEK 0.92 (0.98) per share after dilution. Due to the rights issue in 2009, the average number of shares has increased compared with Q1 2009.

## OUTLOOK FOR THE SECOND QUARTER 2010

Inventories in the trade of the Group's products at the end of the first quarter were estimated to be slightly lower than a year ago, as result of continued uncertain market conditions as well as a later start to the season due to the late spring. The sell out in the trade is expected to improve slightly compared to the preceding season, both in Europe and in North America. Despite this, retailers are expected to remain cautious about re-stocking inventories due to the remaining economic uncertainty.

In light of the late start to the season and the expectation of a better sell-out, it is estimated that Husqvarna's sales in the second quarter will be in line with the second quarter of 2009 despite reduced listings in North America.

## OPERATING CASH FLOW

Operating cash flow for the first quarter amounted to SEK -2,433m (714). Cash flow in the first quarter 2009 was positively affected by the sale of trade receivables totaling approximately SEK 2,000m. No trade receivables were sold during the first quarter 2010. Inventory build-up during the first quarter was higher compared to the first quarter of 2009. Inventory at the end of March 2010 was still well below the level at the end of March 2009. Cash flow from change in trade payables during the quarter was lower due to later ramp up of production compared to the first quarter of 2009.

Due to the seasonality of the Group's operations, operating cash flow is normally negative in the first quarter.

Operating cash flow SEKm	Q1 2010	Q1 2009	Jan-Dec 2009
Cash flow from operations, excluding changes in operating assets and liabilities	864	1,095	2,749
Changes in operating assets and liabilities	-3,088	-166	1,897
<b>Cash flow from operations</b>	<b>-2,224</b>	<b>929</b>	<b>4,646</b>
Cash flow from investments, excluding acquisitions	-209	-215	-909
<b>Operating cash flow</b>	<b>-2,433</b>	<b>714</b>	<b>3,737</b>

## FINANCIAL POSITION

Group equity as of 31 March 2010 decreased to SEK 12,410m (12,534). The decrease was due to exchange differences on translating foreign operations to Swedish Krona which were partly offset by the net income. Equity per share amounted to SEK 21.6 (21.9).

Net debt at the end of the quarter amounted to SEK 8,511m (10,312). The reduction was mainly a result of the positive cash flow during the last twelve months, as well as positive exchange-rate effects. Net debt at the end of the first quarter 2009 was positively affected by approximately SEK 2,000m due to the sale of trade receivables.

The Swedish Krona has strengthened against the main currencies used for debt financing, i.e. EUR, USD and JPY, resulting in a decrease of net debt due to foreign exchange-rate effects totaling SEK 1,325m, compared to the end of the first quarter of 2009. The decrease in net debt was SEK 275m due to changes in foreign exchange rates compared to the fourth quarter 2009.

The net debt/equity ratio improved to 0.69 (0.82) and the equity/assets ratio to 37.0% (33.5).

Net debt SEKm	31 Mar 2010	31 Mar 2009	31 Dec 2009
Interest-bearing liabilities	10,418	12,895	9,094
Cash and cash equivalents	1,907	2,583	2,745
<b>Net debt</b>	<b>8,511</b>	<b>10,312</b>	<b>6,349</b>

On 31 March 2010, long-term loans amounted to SEK 5,689m (10,144) and short-term loans to SEK 4,314m (2,356). Long-term loans consist of SEK 1,582m (2,107) in medium-term notes as well as bank loans of SEK 4,107m (8,037). In 2010, medium-term notes totaling SEK 450m will mature. The bank loans mature in 2011 and onwards. In addition to the above funding, Husqvarna has revolving credit facilities totaling SEK 10,000m, all of which are unutilized. The major parts of these facilities mature in 2013.

## PERFORMANCE BY BUSINESS AREA

A new organization was implemented as of 1 January 2010. According to IFRS 8 Operating segments, the external reporting should reflect the internal reporting structure and Husqvarna has therefore adapted its external financial reporting.

As of 1 January 2010, external reporting comprises three business areas:

- Europe & Asia/Pacific, comprising forestry and garden products sold in Europe, Asia and the Pacific region
- Americas, comprising forestry and garden products sold in North America and Latin America
- Construction, comprising products for the global construction and stone industries.

### Europe & Asia/Pacific

SEKm	Q1 2010	Q1 2009	Change, %		LTM*	Full year 2009
			As reported	Adjusted		
Net sales	4,459	5,034	-11	-5	16,019	16,594
Operating income	732	674	9	-4	1,413	1,355
Operating margin, %	16.4	13.4	-	-	8.8	8.2

\* Last twelve months

Sales for Europe & Asia/Pacific declined 11% compared with the first quarter of 2009. Adjusted for currency exchange rate effects, sales declined 5%. Prices were unchanged. Dealer sales were down less than retail sales in the quarter.

The late spring delayed the start of the season in all major markets, and customers were cautious about building up inventories ahead of the season. Sales in Russia and in Eastern Europe increased compared to the first quarter of 2009 while sales in Western Europe declined.

Operating income and operating margin improved compared with the first quarter of 2009. Operating income for the first quarter of 2009 includes a restructuring charge of SEK 34m. Lower sales had a negative effect on operating income which was compensated by lower selling and administration costs.

### Americas

SEKm	Q1 2010	Q1 2009	Change, %		LTM*	Full year 2009
			As reported	Adjusted		
Net sales	4,028	5,470	-26	-14	13,403	14,845
Operating income	81	218	-63	-45	355	492
Operating margin, %	2.0	4.0	-	-	2.6	3.3

\* Last twelve months

Sales for Americas declined 26% compared to the first quarter of 2009. Adjusted for currency exchange rate effects, sales declined 14%. Prices were unchanged. Dealer sales increased.

Sell-in was weak due to the late spring and retailers remained cautious about building up inventories. Reduced listings with a major retailer in North America also had a negative effect on sales, especially for low-end lawn mowers.

Operating income for the first quarter of 2010 includes a charge of SEK 50m for settlement of an engine-capacity lawsuit. Operating income was negatively affected by lower sales and increased marketing costs in order to grow sales in the dealer channel.

## Construction

SEKm	Q1 2010	Q1 2009	Change, %		LTM*	Full year 2009
			As reported	Adjusted		
Net sales	595	648	-8	0	2,582	2,635
Operating income	1	-67	n.a.	n.a.	-55	-123
Operating margin, %	0.1	-10.3	-	-	-2.1	-4.7

\* Last twelve months

Sales for Construction declined 8% compared to the first quarter of 2009. Sales were unchanged adjusted for currency exchange rate effects.

The long winter had negative impact on construction activity in several markets, thus reducing demand for construction products. In Europe, sales were slightly higher compared to the first quarter of 2009 and sales to rental companies increased. The North American market remained soft and sales decreased.

Operating income and margin improved, mainly due to a better mix and lower selling and administration costs.

## PARENT COMPANY

Net sales in the first quarter 2010 for the Parent Company, Husqvarna AB, amounted to SEK 3,036m (3,039), of which SEK 2,460m (2,482) referred to sales to Group Companies and SEK 576m (557) to external customers. Income after financial items amounted to SEK 766m (-258). The increase in income after financial items is mainly related to changes in market value of net investment hedges of SEK 509m (-417). These hedges are made in the Parent Company to limit the effects on the Group's consolidated equity resulting from translation differences. In the Group's financial statements these effects are included in Other comprehensive income. Income for the period was SEK 572m (-188).

Investments in tangible and intangible assets amounted to SEK 69m (52). Cash and cash equivalents amounted to SEK 30m (27). Undistributed earnings in the Parent Company at the end of the period amounted to SEK 17,272m (14,411).

## RESTRUCTURING

As communicated in October 2009, the Group is implementing a number of structural changes in 2009-2011. These measures are aimed at eliminating overlapping and increase efficiency within production and administration, and involve consolidation of production in Sweden and the US, and of the sales organization in Europe & Asia/Pacific.

The total cost for these measures amounts to SEK 399m. Approximately SEK 175m of the SEK 399m refers to non-cash items. Annual savings from these activities are expected to amount to approximately SEK 400m, and will be realized gradually from the second half of 2010 with full effect from the first quarter of 2012. Capital expenditure related to the restructuring is expected to amount to approximately SEK 400m, of which a new plant in Poland will account for approximately SEK 250m.

In September 2008, an initiative to reduce fixed costs through personnel cut-backs was announced. The total costs for the cut-backs were SEK 369m and the annual savings are SEK 450m as of the third quarter 2009.

No restructuring charges were booked in Q1 2010.

The table below summarizes the two programs.

Summary of restructuring charges SEKm	2008		2009				Total	Estimated annual savings
	Q3	Q4	Q1	Q2	Q3	Q4		
Costs for restructuring <sup>1</sup>					-59	-340	-399	400 <sup>3</sup>
Costs for personnel cut-backs <sup>2</sup>	-15	-301	-35	-18			-369	450 <sup>4</sup>

<sup>1</sup> As communicated in October 2009

<sup>2</sup> As communicated in September 2008

<sup>3</sup> Expected to be generated gradually from the second half of 2010, with full effect as of Q1 2012

<sup>4</sup> Full effect as of Q3 2009

## LEGAL MATTERS

### Belgian gas explosion judgement

In a judgment on 22 February 2010, the criminal court of Tournai in Belgium dismissed all claims against Husqvarna in a case regarding a gas explosion on Husqvarna's property in Ghislenghien, Belgium, in July 2004.

The ruling has been appealed by the public prosecutor, as well as by other parties, to the Court of Appeal. The appellate proceedings are expected to commence in the second half of 2010.

### Settlement of engine-capacity lawsuit

On 1 March 2010, Husqvarna and a number of other parties reached a settlement in a lawsuit in a Federal District Court in Illinois, USA, regarding alleged inaccurate specification of engine capacity in lawn mowers. The lawsuit, which has been pending since 2004, will thus be withdrawn.

The other parties are manufacturers or sellers of lawn mowers or engines for lawn mowers. The settlement includes more than 65 similar or parallel lawsuits in all 50 states in the US. Husqvarna's net settlement cost amounts to approximately SEK 50m (USD 7m) and was charged against operating income in the first quarter of 2010.

Husqvarna agreed to the settlement in order to avoid a prolonged and expensive legal process in which the results were uncertain. The Group continues to deny that there is any justification for the claims against the company. The settlement is subject to court approval in the US.

## ANNUAL GENERAL MEETING 2010

The Annual General Meeting of Husqvarna AB (publ) will be held at 16:00 on 27 April 2010, in the Elmia Congress and Concert Hall in Jönköping, Sweden.

Notice, full proposals, minutes and other documents from the Annual General Meeting can be found on [www.husqvarna.com/agm](http://www.husqvarna.com/agm).

### Dividend

The Board of Directors proposes a dividend for 2009 of SEK 1 (0) per share, corresponding to a total dividend payment of SEK 574m (0).

Friday, 30 April, 2010 is proposed as record date for the dividend. If the Annual General Meeting resolves in accordance with the Board of Directors proposal, the estimated date for the payment of the dividend is Wednesday, 5 May, 2010.

## EVENTS AFTER 31 MARCH 2010

### Decision to close production site in Greece

A decision has been taken to close the Group's production site for construction products in Greece. Together with logistical rationalization of Construction's operations in Belgium, the initiatives are estimated to cost SEK 50m and will be charged to operating income in the second quarter. Annual savings from the initiatives are estimated at SEK 20m with full effect as of 2012.

## RISKS AND UNCERTAINTY FACTORS

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

### Operational risks

Operational risks include general economic conditions, as well as trends in consumer and professional 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 sales and earnings. Shifts in product technology as well as shifts in distribution structure could also have a negative impact on Group sales and 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 products. Demand for chainsaws normally increases after storms and during cold winters.

Husqvarna's operations are also subject to seasonal variations. Demand for consumer garden products and commercial lawn and garden products normally peaks in the second quarter, while the peak season for chainsaws is normally in 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 levels follow the seasonal variations in demand, which results in relatively greater risk exposure for the Group over short periods of time.

The Group is currently implementing a number of structural changes as well as a new organization. Restructuring and organizational changes always involve the risk of creating higher costs than anticipated and losing key personnel.

### 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. A higher indebtedness resulting from the seasonality of the Group's operations involve greater exposure to changes in exchange rates and interest rates, as well as financing risks.

### Acquisitions

Husqvarna has completed a number of acquisitions. 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.

## 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 1.3 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 2.3 "Accounting for Legal Entities".

The accounting principles applied in this interim report are described in Husqvarna's Annual Report 2009. The annual report is available at [www.husqvarna.com](http://www.husqvarna.com) under Investor relations.

## AUDITORS' REVIEW REPORT

This interim report has not been audited.

Stockholm, 27 April 2010

*Magnus Yngen*  
**President and CEO**

## Consolidated income statement

SEKm	Q1 2010	Q1 2009	Jan-Dec 2009
Net sales	9,082	11,152	34,074
Cost of goods sold	-6,697	-8,485	-25,423
<b>Gross operating income</b>	<b>2,385</b>	<b>2,667</b>	<b>8,651</b>
Margin, %	26.3	23.9	25.4
Selling expense	-1,277	-1,509	-5,547
Administrative expense	-329	-374	-1,541
Other operating income/expense	-1	2	-3
<b>Operating income<sup>1</sup></b>	<b>778</b>	<b>786</b>	<b>1,560</b>
Margin, %	8.6	7.0	4.6
Financial items, net	-88	-196	-466
<b>Income after financial items</b>	<b>690</b>	<b>590</b>	<b>1,094</b>
Margin, %	7.6	5.3	3.2
Taxes	-155	-126	-191
<b>Income for the period</b>	<b>535</b>	<b>464</b>	<b>903</b>
Attributable to:			
<b>Equity holders of the Parent Company</b>	<b>530</b>	<b>463</b>	<b>899</b>
Non-controlling interest in income for the period	5	1	4
Basic earnings per share, SEK			
	0.92	0.98	1.64
Diluted earnings per share, SEK			
	0.92	0.98	1.64
Basic weighted average number of shares outstanding, millions			
	573.6	473.5	548.6
Diluted weighted average number of shares, millions			
	573.8	473.6	548.8

## Consolidated comprehensive income statement

SEKm	Q1 2010	Q1 2009	Jan-Dec 2009
<b>Income for the period</b>	<b>535</b>	<b>464</b>	<b>903</b>
Other comprehensive income, net of tax:			
Exchange differences on translating foreign operations	-234	317	-581
Cash flow hedges	30	-3	-1
<b>Other comprehensive income, net of tax</b>	<b>-204</b>	<b>314</b>	<b>-582</b>
<b>Total comprehensive income for the period</b>	<b>331</b>	<b>778</b>	<b>321</b>
Attributable to:			
Equity holders of the Parent Company	326	776	316
Non-controlling interest in comprehensive income	5	2	5
<sup>1</sup> Of which depreciation, amortization and impairment			
	-295	-352	-1,500



## Consolidated balance sheet

SEKm	31 Mar 2010	31 Mar 2009	31 Dec 2009
<b>Assets</b>			
Property, plant and equipment	4,221	5,150	4,375
Goodwill	6,298	7,000	6,461
Other intangible assets	4,212	4,813	4,411
Investments in associates	6	7	6
Deferred tax assets	728	904	756
Derivatives	-	-	7
Financial assets	177	191	173
<b>Total non-current assets</b>	<b>15,642</b>	<b>18,065</b>	<b>16,189</b>
Inventories	7,326	8,975	6,706
Trade receivables	7,614	6,825	3,385
Derivatives	527	693	160
Tax receivables	313	537	671
Other current assets	678	607	540
Other short term investments	398	0	245
Cash and cash equivalents	982	1,890	2,333
<b>Total current assets</b>	<b>17,838</b>	<b>19,527</b>	<b>14,040</b>
<b>Total assets</b>	<b>33,480</b>	<b>37,592</b>	<b>30,229</b>
<i>Assets pledged</i>	45	42	45
<b>Equity and liabilities</b>			
Equity attributable to equity holders of the Parent Company	12,410	12,534	12,082
Non-controlling interests	48	45	44
<b>Total equity</b>	<b>12,458</b>	<b>12,579</b>	<b>12,126</b>
Long-term borrowings	5,689	10,144	7,934
Deferred tax liabilities	1,840	1,874	1,870
Provisions for pensions and other post-employment benefits	1,057	1,158	1,116
Derivatives	51	-	17
Other provisions	737	762	740
<b>Total non-current liabilities</b>	<b>9,374</b>	<b>13,938</b>	<b>11,677</b>
Trade payables	4,243	5,303	2,854
Tax liabilities	352	408	594
Other liabilities	2,064	2,250	1,494
Short-term borrowings	4,314	2,356	661
Derivatives	364	395	482
Other provisions	311	363	341
<b>Total current liabilities</b>	<b>11,648</b>	<b>11,075</b>	<b>6,426</b>
<b>Total equity and liabilities</b>	<b>33,480</b>	<b>37,592</b>	<b>30,229</b>
<i>Contingent liabilities</i>	64	17	54

## Consolidated cash flow statement

SEKm	Q1 2010	Q1 2009	Jan-Dec 2009
<b>Operations</b>			
Income after financial items	690	590	1,094
Depreciation and amortization	295	352	1,325
Capital loss/Impairment	0	0	189
Change in accrued and prepaid interest	10	-13	-39
Provision for restructuring	0	35	213
Taxes paid	-131	131	-33
<b>Cash flow from operations, excluding change in operating assets and liabilities</b>	<b>864</b>	<b>1,095</b>	<b>2,749</b>
<b>Change in operating assets and liabilities</b>			
Change in inventories	-678	-88	1,678
Change in trade receivables	-4,262	-2,494	694
Change in trade payables	1,418	1,837	-345
Change in other operating assets/liabilities	434	579	-130
<b>Cash flow from operating assets and liabilities</b>	<b>-3,088</b>	<b>-166</b>	<b>1,897</b>
<b>Cash flow from operations</b>	<b>-2,224</b>	<b>929</b>	<b>4,646</b>
<b>Investments</b>			
Acquisitions of operations	-	-43	-43
Capital expenditure in property, plant and equipment	-138	-167	-667
Capitalization of product development and software	-69	-57	-247
Other	-2	9	5
<b>Cash flow from investments</b>	<b>-209</b>	<b>-258</b>	<b>-952</b>
<b>Total cash flow from operations and investments</b>	<b>-2,433</b>	<b>671</b>	<b>3,694</b>
<b>Financing</b>			
Change in other short-term investments	-152	-	-243
Change in interest-bearing liabilities	1,229	-3,638	-6,012
Rights issue	-	2,985	2,988
Dividend to non-controlling interests	-1	-	-4
<b>Cash flow from financing</b>	<b>1,076</b>	<b>-653</b>	<b>-3,271</b>
<b>Total cash flow</b>	<b>-1,357</b>	<b>18</b>	<b>423</b>
Cash and cash equivalents at beginning of period	2,333	1,828	1,828
Exchange-rate differences	6	44	82
<b>Cash and cash equivalents at end of period</b>	<b>982</b>	<b>1,890</b>	<b>2,333</b>

## Change in Group equity

SEKm	January - March 2010			January - March 2009		
	Equity holders	Non-controlling interests	Total equity	Equity holders	Non-controlling interests	Total equity
<b>Opening balance</b>	<b>12,082</b>	<b>44</b>	<b>12,126</b>	<b>8,772</b>	<b>43</b>	<b>8,815</b>
Rights issue <sup>1</sup>	-	-	-	2,985	0	2,985
Share-based payment	2	-	2	1	0	1
Dividend	-	-1	-1	-	-	-
Total comprehensive income	326	5	331	776	2	778
<b>Closing balance</b>	<b>12,410</b>	<b>48</b>	<b>12,458</b>	<b>12,534</b>	<b>45</b>	<b>12,579</b>

<sup>1</sup> Reported net of costs associated with the rights issue amounting to SEK 71m, net of tax.

## Key data

	Q1 2010	Q1 2009	Jan-Dec 2009
Net sales, SEKm	9,082	11,152	34,074
Operating income, SEKm	778	786	1,560
Net sales growth, %	-19	11	5
Gross margin, %	26.3	23.9	25.4
Operating margin, %	8.6	7.0	4.6
Working capital, SEKm	7,167	6,700	4,163
Return on capital employed, %	6.9	8.4	6.6
Return on equity, %	7.7	11.2	7.5
Earnings per share, SEK	0.92	0.98	1.64
Capital-turnover rate, times	1.6	1.5	1.6
Operating cash flow, SEKm	-2,433	714	3,737
Net debt/equity ratio	0.69	0.82	0.52
Capital expenditure, SEKm	207	224	914
Average number of employees	15,484	17,000	15,030

## Items affecting comparability

SEKm		Q1	Q2	Q3	Q4	Full year
Restructuring charges	<b>2010</b>	-	-	-	-	-
	2009	-	-	-59	-340	-399
Costs for personnel cut-backs	<b>2010</b>	-	-	-	-	-
	2009	-35	-18	-	-	-53
	2008	-	-	-15	-301	-316
Legal settlement cost	<b>2010</b>	<b>-50</b>	-	-	-	-
Total	<b>2010</b>	<b>-50</b>	-	-	-	-
	2009	-35	-18	-59	-340	-452
	2008	-	-	-15	-301	-316

## Net sales by business area

SEKm	Q1 2010	Q1 2009	Change, %		LTM	Jan-Dec 2009
			As reported	Adjusted		
Europe & Asia/Pacific	4,459	5,034	-11	-5	16,019	16,594
Americas	4,028	5,470	-26	-14	13,403	14,845
Construction	595	648	-8	0	2,582	2,635
<b>Total</b>	<b>9,082</b>	<b>11,152</b>	<b>-19</b>	<b>-9</b>	<b>32,004</b>	<b>34,074</b>

## Operating income by business area

SEKm	Q1 2010	Q1 2009	Change, %		LTM	Jan-Dec 2009
			As reported	Adjusted		
Europe & Asia/Pacific	732	674	9	-4	1,413	1,355
Excl. items affecting comparability	732	708	3	-4	1,679	1,655
Margin excl. items affecting comparability, %	16.4	14.1	-	-	10.5	10.0
Americas	81	218	-63	-45	355	492
Excl. items affecting comparability	131	219	-40	-45	502	590
Margin excl. items affecting comparability, %	3.3	4.0	-	-	3.7	4.0
Construction	1	-67	n.a.	n.a.	-55	-123
Excl. items affecting comparability	1	-67	n.a.	n.a.	-1	-69
Margin excl. items affecting comparability, %	0.1	-10.3	-	-	0.0	-2.6
<b>Total business areas</b>	<b>814</b>	<b>825</b>	<b>-1</b>	<b>-10</b>	<b>1,713</b>	<b>1,724</b>
Excl. items affecting comparability	864	860	0	-10	2,180	2,176
Margin excl. items affecting comparability, %	9.5	7.7	-	-	6.8	6.4
Group common costs	-36	-39	7	7	-161	-164
<b>Total Group</b>	<b>778</b>	<b>786</b>	<b>-1</b>	<b>-10</b>	<b>1,552</b>	<b>1,560</b>
Excl. items affecting comparability	828	821	1	-10	2,019	2,012
Margin excl. items affecting comparability, %	9.1	7.4	-	-	6.3	5.9

## Net assets by business area

SEKm	Assets		Liabilities		Net Assets	
	31 Mar 2010	31 Mar 2009	31 Mar 2010	31 Mar 2009	31 Mar 2010	31 Mar 2009
Europe & Asia/Pacific	18,801	20,782	4,921	4,818	13,880	15,964
Americas	8,549	8,870	2,538	4,095	6,011	4,775
Construction	3,346	4,107	591	648	2,755	3,459
Other	877	1,250	2,554	2,557	-1,677	-1,307
<b>Total</b>	<b>31,573</b>	<b>35,009</b>	<b>10,604</b>	<b>12,118</b>	<b>20,969</b>	<b>22,891</b>

Liquid assets, interest-bearing liabilities and equity is not included in the above table.

Other includes deferred taxes and Husqvarna's common group services such as Holding, Treasury and Risk Management.

## Net sales by business area

SEKm		Q1	Q2	Q3	Q4	Full year
<b>Europe &amp; Asia/Pacific</b>	<b>2010</b>	<b>4,459</b>				
	2009	5,034	5,639	3,446	2,475	16,594
	2008	5,200	5,677	3,491	2,566	16,934
<b>Americas</b>	<b>2010</b>	<b>4,028</b>				
	2009	5,470	5,142	2,584	1,649	14,845
	2008	4,052	3,777	2,556	1,881	12,266
<b>Construction</b>	<b>2010</b>	<b>595</b>				
	2009	648	700	679	608	2,635
	2008	791	889	783	679	3,142
<b>Total Group</b>	<b>2010</b>	<b>9,082</b>				
	2009	11,152	11,481	6,709	4,732	34,074
	2008	10,043	10,343	6,830	5,126	32,342

## Operating income by business area

SEKm		Q1	Q2	Q3	Q4	Full year
<b>Europe &amp; Asia/Pacific</b>	<b>2010</b>	<b>732</b>				
<i>Excl. items affecting comparability</i>	<b>2010</b>	<b>732</b>				
	2009	674	840	135	-294	1,355
<i>Excl. items affecting comparability</i>	2009	708	858	194	-105	1,655
	2008	957	1,130	317	-188	2,216
<i>Excl. items affecting comparability</i>	2008	957	1,130	323	-42	2,368
<b>Americas</b>	<b>2010</b>	<b>81</b>				
<i>Excl. items affecting comparability</i>	<b>2010</b>	<b>131</b>				
	2009	218	332	47	-105	492
<i>Excl. items affecting comparability</i>	2009	219	332	47	-8	590
	2008	229	158	14	-80	321
<i>Excl. items affecting comparability</i>	2008	229	158	14	-54	347
<b>Construction</b>	<b>2010</b>	<b>1</b>				
<i>Excl. items affecting comparability</i>	<b>2010</b>	<b>1</b>				
	2009	-67	-14	29	-71	-123
<i>Excl. items affecting comparability</i>	2009	-67	-14	29	-17	-69
	2008	63	80	34	-164	13
<i>Excl. items affecting comparability</i>	2008	63	80	43	-36	150
<b>Group common costs</b>	<b>2010</b>	<b>-36</b>				
	2009	-39	-42	-38	-45	-164
	2008	-47	-47	-55	-40	-189
<i>Excl. items affecting comparability</i>	2008	-47	-47	-55	-39	-188
<b>Total Group</b>	<b>2010</b>	<b>778</b>				
<i>Excl. items affecting comparability</i>	<b>2010</b>	<b>828</b>				
	2009	786	1,116	173	-515	1,560
<i>Excl. items affecting comparability</i>	2009	821	1,134	232	-175	2,012
	2008	1,202	1,321	310	-472	2,361
<i>Excl. items affecting comparability</i>	2008	1,202	1,321	325	-171	2,677

## Operating margin by business area

%		Q1	Q2	Q3	Q4	Full year
<b>Europe &amp; Asia/Pacific</b>	<b>2010</b>	<b>16.4</b>				
<i>Excl. items affecting comparability</i>	<b>2010</b>	<b>16.4</b>				
	2009	13.4	14.9	3.9	-11.9	8.2
<i>Excl. items affecting comparability</i>	2009	14.1	15.2	5.6	-4.2	10.0
	2008	18.4	19.9	9.1	-7.3	13.1
<i>Excl. items affecting comparability</i>	2008	18.4	19.9	9.3	-1.6	14.0
<b>Americas</b>	<b>2010</b>	<b>2.0</b>				
<i>Excl. items affecting comparability</i>	<b>2010</b>	<b>3.3</b>				
	2009	4.0	6.5	1.8	-6.4	3.3
<i>Excl. items affecting comparability</i>	2009	4.0	6.5	1.8	-0.5	4.0
	2008	5.7	4.2	0.5	-4.3	2.6
<i>Excl. items affecting comparability</i>	2008	5.7	4.2	0.5	-2.9	2.8
<b>Construction</b>	<b>2010</b>	<b>0.1</b>				
<i>Excl. items affecting comparability</i>	<b>2010</b>	<b>0.1</b>				
	2009	-10.3	-2.0	4.3	-11.7	-4.7
<i>Excl. items affecting comparability</i>	2009	-10.3	-2.0	4.3	-2.8	-2.6
	2008	8.0	9.0	4.3	-24.2	0.4
<i>Excl. items affecting comparability</i>	2008	8.0	9.0	5.5	-5.3	4.8
<b>Total Group</b>	<b>2010</b>	<b>8.6</b>				
<i>Excl. items affecting comparability</i>	<b>2010</b>	<b>9.1</b>				
	2009	7.0	9.7	2.6	-10.9	4.6
<i>Excl. items affecting comparability</i>	2009	7.4	9.9	3.5	-3.7	5.9
	2008	12.0	12.8	4.5	-9.2	7.3
<i>Excl. items affecting comparability</i>	2008	12.0	12.8	4.8	-3.3	8.3

## Information regarding earlier business area structure

As of Q1 2010 Husqvarna introduces a new business area reporting structure as described on page 4.

Net sales and operating income according to the earlier business area structure will be provided until Q4 2010.

### Net sales according to earlier business area structure

SEKm		Q1	Q2	Q3	Q4	Full year
<b>Consumer Products</b>	<b>2010</b>	<b>6,115</b>				
	2009	8,092	8,297	3,937	2,346	22,672
	2008	6,830	6,773	3,764	2,482	19,849
<b>Professional Products</b>	<b>2010</b>	<b>2,967</b>				
	2009	3,060	3,184	2,772	2,386	11,402
	2008	3,213	3,570	3,066	2,644	12,493
<b>Total Group net sales</b>	<b>2010</b>	<b>9,082</b>				
	2009	11,152	11,481	6,709	4,732	34,074
	2008	10,043	10,343	6,830	5,126	32,342

### Operating profit according to earlier business area structure

SEKm		Q1	Q2	Q3	Q4	Full year
<b>Consumer Products</b>	<b>2010</b>	<b>363</b>				
<i>Excl. items affecting comparability</i>	<b>2010</b>	<b>413</b>				
<i>Excl. items affecting comparability</i>	<b>Margin, %</b>	<b>6.8</b>				
	2009	532	730	-191	-612	459
<i>Excl. items affecting comparability</i>	2009	532	730	-131	-412	719
<i>Excl. items affecting comparability</i>	<i>Margin, %</i>	6.6	8.8	-3.3	-17.6	3.2
	2008	727	745	-71	-438	963
<i>Excl. items affecting comparability</i>	2008	727	745	-65	-364	1,043
<i>Excl. items affecting comparability</i>	<i>Margin, %</i>	10.6	11.0	-1.7	-14.7	5.3
<b>Professional Products</b>	<b>2010</b>	<b>451</b>				
<i>Excl. items affecting comparability</i>	<b>2010</b>	<b>451</b>				
<i>Excl. items affecting comparability</i>	<b>Margin, %</b>	<b>15.2</b>				
	2009	293	428	402	142	1,265
<i>Excl. items affecting comparability</i>	2009	328	446	401	282	1,457
<i>Excl. items affecting comparability</i>	<i>Margin, %</i>	10.7	14.0	14.5	11.8	12.8
	2008	522	623	436	6	1,587
<i>Excl. items affecting comparability</i>	2008	522	623	445	232	1,822
<i>Excl. items affecting comparability</i>	<i>Margin, %</i>	16.2	17.5	14.5	8.8	14.6
<b>Group common costs</b>	<b>2010</b>	<b>-36</b>				
	2009	-39	-42	-38	-45	-164
<i>Excl. items affecting comparability</i>	2009	-39	-42	-38	-45	-164
	2008	-47	-47	-55	-40	-189
<i>Excl. items affecting comparability</i>	2008	-47	-47	-55	-39	-188
<b>Total Group operating profit</b>	<b>2010</b>	<b>778</b>				
<i>Excl. items affecting comparability</i>	<b>2010</b>	<b>828</b>				
<i>Excl. items affecting comparability</i>	<b>Margin, %</b>	<b>9.1</b>				
	2009	786	1,116	173	-515	1,560
<i>Excl. items affecting comparability</i>	2009	821	1,134	232	-175	2,012
<i>Excl. items affecting comparability</i>	<i>Margin, %</i>	7.4	9.9	3.5	-3.7	5.9
	2008	1,202	1,321	310	-472	2,361
<i>Excl. items affecting comparability</i>	2008	1,202	1,321	325	-171	2,677
<i>Excl. items affecting comparability</i>	<i>Margin, %</i>	12.0	12.8	4.8	-3.3	8.3

## Net sales and income by quarter, Group

SEKm		Q1	Q2	Q3	Q4	Full year
<b>Net sales</b>	<b>2010</b>	<b>9,082</b>				
	2009	11,152	11,481	6,709	4,732	34,074
	2008	10,043	10,343	6,830	5,126	32,342
<b>Operating income</b>	<b>2010</b>	<b>778</b>				
	<b>Margin, %</b>	<b>8.6</b>				
	2009	786	1,116	173	-515	1,560
	Margin, %	7.0	9.7	2.6	-10.9	4.6
	2008	1,202	1,321	310	-472	2,361
	Margin, %	12.0	12.8	4.5	-9.2	7.3
<b>Income after financial items</b>	<b>2010</b>	<b>690</b>				
	<b>Margin, %</b>	<b>7.6</b>				
	2009	590	944	108	-548	1,094
	Margin, %	5.3	8.2	1.6	-11.6	3.2
	2008	1,060	1,141	178	-612	1,767
	Margin, %	10.6	11.0	2.6	-11.9	5.5
<b>Income for the period</b>	<b>2010</b>	<b>535</b>				
	2009	464	761	130	-452	903
	2008	753	810	143	-418	1,288
<b>Earnings per share, SEK</b>	<b>2010</b>	<b>0.92</b>				
	2009	0.98	1.35	0.23	-0.79	1.64
	2008 <sup>1</sup>	1.65	1.77	0.32	-0.93	2.81

<sup>1</sup> Earnings per share have been restated as an effect of the rights issue.

## Net sales and operating income, 12 months rolling, group

SEKm		Q1	Q2	Q3	Q4
<b>Net sales</b>	<b>2,010</b>	<b>32,004</b>			
	2009	33,451	34,589	34,468	34,074
	2008	34,113	32,408	32,412	32,342
<b>Operating income</b>	<b>2010</b>	<b>1,552</b>			
	<b>Margin, %</b>	<b>4.8</b>			
	2009	1,945	1,740	1,603	1,560
	Margin, %	5.8	5.0	4.7	4.6
	2008	3,782	3,345	3,102	2,361
	Margin, %	11.1	10.3	9.6	7.3

## Five-year review

	2009	2008	2007	2006	2005 <sup>1</sup>
Net sales, SEKm	34,074	32,342	33,284	29,402	28,768
Operating income, SEKm	1,560	2,361	3,564	3,121	2,927
Net sales growth, %	5	-3	13	2	6
Gross margin, %	25.4	29.0	29.4	27.0	26.6
Operating margin, %	4.6	7.3	10.7	10.6	10.2
Return on capital employed, %	6.6	10.7	17.6	23.8 <sup>1</sup>	24.1
Return on equity, %	7.5	15.8	28.6	32.5 <sup>1</sup>	40.1
Capital turn-over rate, times	1.6	1.5	1.8	2.4	2.6
Operating cash flow, SEKm	3,737	2,013	1,843	535 <sup>1</sup>	949
Capital expenditure, SEKm	914	1,163	857	890	1,259
Average number of employees	15,030	15,720	16,093	11,412	11,681

<sup>1</sup> Pro forma.



## PARENT COMPANY

## Income statement

SEKm	Q1 2010	Q1 2009	Jan-Dec 2009
<b>Net sales</b>	<b>3,036</b>	<b>3,039</b>	<b>8,694</b>
Cost of goods sold	-2,421	-2,434	-7,024
<b>Gross operating income</b>	<b>615</b>	<b>605</b>	<b>1,670</b>
Selling expense	-179	-248	-846
Administrative expense	-109	-88	-379
Other operating income/expense	1	3	4
<b>Operating income</b>	<b>328</b>	<b>272</b>	<b>449</b>
Financial items, net	438	-530	2,484
<b>Income after financial items</b>	<b>766</b>	<b>-258</b>	<b>2,933</b>
Appropriations	17	5	3
<b>Income before taxes</b>	<b>783</b>	<b>-253</b>	<b>2,936</b>
Taxes	-211	65	-238
<b>Income for the period</b>	<b>572</b>	<b>-188</b>	<b>2,698</b>

## Balance sheet

SEKm	31 Mar 2010	31 Mar 2009
Non-current assets	31,102	30,376
Current assets	6,055	9,993
<b>Total assets</b>	<b>37,157</b>	<b>40,369</b>
Equity	18,447	15,586
Untaxed reserves	885	898
Provisions	136	130
Interest-bearing liabilities	14,003	18,980
Current liabilities	3,686	4,775
<b>Total equity and liabilities</b>	<b>37,157</b>	<b>40,369</b>

## Number of shares

	A-shares	B-shares	Total
<b>Number of shares as of 31 December 2009</b>	<b>147,570,030</b>	<b>428,773,748</b>	<b>576,343,778</b>
<i>Of which re-purchased shares</i>	-	2,723,128	2,723,128
<b>Number of shares as of 31 March 2010</b>	<b>147,570,030</b>	<b>428,773,748</b>	<b>576,343,778</b>
<i>Of which re-purchased shares</i>	-	2,723,128	2,723,128

## 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.
Liquid funds	Cash and cash equivalents, short term investments and fair-value derivative 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.
Working capital	Current assets exclusive of liquid funds and interest-bearing financial receivables, less operating liabilities and non-interest-bearing provisions.

### Other definitions

Adjusted	Reported adjusted for items affecting comparability, changes in exchange rates and acquisitions/divestments
Average number of shares	Weighted number of outstanding shares during the period, after repurchase of own shares.
Capital expenditure	Property, plant and equipment and capitalization of product development and software.
Earnings per share	Income for the period divided by the average number of shares.
EBITDA	Earnings before interest, taxes, depreciation, amortization and impairment.
Gross margin	Gross operating income as a percentage of net sales.
LTM	Last twelve months
Net sales growth	Net sales as a percentage of net sales in the preceding period.
Operating cash flow	Total cash flow from operations and investments, excluding acquisitions and divestments.
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 telephone conference will be held at 14.00 CET on 27 April 2010. To participate, please call +46 (0)8 5052 0110 or +44 (0) 20 7162 0077 ten minutes prior to the start of the conference. A replay of the telephone conference will be available at [www.husqvarna.com/ir](http://www.husqvarna.com/ir).

## FINANCIAL REPORTS 2010

July 20                      Interim report for January-June  
October 22                Interim report for 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 12.00 CET on 27 April 2010.*

### **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 product responsibility litigation, progress in terms of 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.