

## INTERIM REPORT JANUARY - SEPTEMBER 2010

Stockholm October 22, 2010

### Magnus Yngen, President and CEO:

"End-user demand continued to recover in most of our markets during the quarter. Sales as well as operating income for the Group as a whole increased. Europe & Asia/Pacific and Construction showed strong performances. Operating income for Americas was negative due to lower sales and increased costs. Despite a recovery in the market, our sales for Americas decreased due to the reduced listings of low-end lawn mowers with a major retailer in North America for the 2010 season.

Strong growth in sales to the dealer channel continued to be an important driver for the Group's positive earnings development during the year, as were innovative new product launches. Our estimate is that we have gained market shares for lawn and garden products during the season in Europe.

In the fourth quarter, which is the smallest quarter of the year for the Group, we expect Group shipments to be slightly higher than in the fourth quarter of 2009."

- Increased net sales and operating income for the Group.
- Strong performances in Europe & Asia/Pacific and Construction while Americas was weaker.
- Net sales for the third quarter increased to SEK 6,907m (6,709) and operating income increased to SEK 411m (173).
- Operating margin for the third quarter increased to 5.9% (2.6).
- Net sales for the first nine months amounted to SEK 27,446m (29,342) and operating income was SEK 2,508m (2,075). Excluding items affecting comparability, operating income amounted to SEK 2,715m (2,187). Income for the first nine months were SEK 1,873 (1,355), or SEK 3.25 (2.50) per share.

SEKm	Q3	Q3	Change, %		Jan-Sep	Jan-Sep	Change, %		Full-year 2009
	2010	2009	As rep.	Adj. <sup>1</sup>	2010	2009	As rep.	Adj. <sup>1</sup>	
Net sales, Group	6,907	6,709	3	5	27,446	29,342	-6	0	34,074
Europe & Asia/Pacific	3,708	3,446	8	11	14,012	14,119	-1	5	16,594
Americas	2,482	2,584	-4	-5	11,373	13,196	-14	-7	14,845
Construction	717	679	6	8	2,061	2,027	2	7	2,635
EBITDA	701	492	42	25	3,434	3,082	11	11	3,060
EBITDA margin, %	10.1	7.3	-	-	12.5	10.5	-	-	9.0
Operating income, Group	411	173	137	66	2,508	2,075	21	17	1,560
Europe & Asia/Pacific <sup>3</sup>	511	190	168	112	2,388	1,704	40	24	1,410
Americas <sup>3</sup>	-92	-8	n.a	n.a	191	542	-65	-35	437
Construction	42	29	47	109	54	-52	n.a	n.a	-123
Operating margin, %	5.9	2.6	-	-	9.1	7.1	-	-	4.6
Income after financial items	310	108	187	-	2,250	1,642	37	-	1,094
Income for the period	402	130	209	-	1,873	1,355	38	-	903
Earnings per share, SEK <sup>2</sup>	0.70	0.23	204	-	3.25	2.50	30	-	1.64

<sup>1</sup> A adjusted for items affecting comparability (including restructuring charges), changes in exchange rates and acquisitions/divestments. Items affecting comparability are provided on page 13.

<sup>2</sup> Due to the rights issue in 2009, the average number of shares Jan - Sep has increased.

<sup>3</sup> Q3 and Jan - Sep 2009 have been restated. See page 4 for further information.

## THIRD QUARTER

### Net sales

Net sales for the third quarter increased by 3% to SEK 6,907m (6,709). Adjusted for exchange-rate effects, sales increased by 5%. Prices were unchanged. Europe & Asia/Pacific accounted for 6 percentage points of the adjusted increase and Construction for 1 percentage point while Americas accounted for a decrease of 2 percentage points.

Efforts to grow sales in the dealer channel continued to be successful and increased double digit both in Europe & Asia/Pacific and in Americas. In North America, the reduced listings with a major retailer for the 2010 season had a negative impact on sales, which were partly offset by sales to other accounts.

Sales of forestry and construction products are relatively more important in the third and fourth quarter when the gardening season in most of our markets normally comes to an end. Sales of garden products in the third quarter predominantly consist of replenishment orders from the trade.

### Operating income

Third quarter operating income increased by 137% compared to the corresponding quarter 2009 and amounted to SEK 411m (173). Currency had a positive effect of approximately SEK 17m and the net positive effect from items affecting comparability was SEK 59m. Adjusted operating income increased by SEK 162m.

The increase in operating income for the Group was mainly a result of a favorable mix as well as higher sales. Selling and administrative costs increased, mainly due to higher distribution and IT costs. The operating margin, excluding items affecting comparability, increased to 5.9% (3.5). Third quarter operating income 2009 included restructuring charges of SEK 59m.

Operating income and operating margin for Europe & Asia/Pacific and Construction increased. Operating income and operating margin for Americas decreased, due to lower sales and production volumes as well as higher distribution and IT costs.

Changes in exchange rates, including both translation and transaction effects net of hedging, had a total positive effect on operating income of SEK 17m (-74). Hedging contracts had a positive effect of SEK 36m (-30).

## FIRST NINE MONTHS

### Net sales

Net sales for the first nine months declined by 6% to SEK 27,446m (29,342). Adjusted for exchange-rate effects, sales were unchanged. Prices were also unchanged. Europe & Asia/Pacific accounted for a sales increase of 2 percentage points of the adjusted change and Americas for a negative 3 percentage points while Construction's contribution was 1 percentage point. Efforts to grow sales in the dealer channel continued to be successful.

### Operating income

Operating income for the first nine months increased by 21% compared to the first nine months of 2009 and amounted to SEK 2,508m (2,075). Currency had a positive effect of approximately SEK 130m and the net negative effect from items affecting comparability was SEK 95m. Adjusted operating income increased by SEK 398m.

Operating income 2010 includes charges of SEK 207m for the previously announced closure of one factory in North America and one in Greece and costs related to a legal case in North America. For further information see page 6. The first nine months of 2009 included items affecting comparability totaling SEK 112m related to restructuring charges.

The increase in operating income was mainly a result of favorable mix and currency effects, lower costs for direct material and higher sales, which was partly offset by higher IT and distribution costs. The operating margin, excluding items affecting comparability, increased to 9.9% (7.5).

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

Changes in exchange rates, including both translation and transaction effects net of hedging, had a total positive effect on operating income of SEK 130m (-16). Hedging contracts had a positive effect of SEK 88m (-48).

## NET FINANCIAL ITEMS

Net financial items for the third quarter amounted to SEK -101m (-65) and for the first nine months to SEK -258m (-433). The higher net financial cost in the third quarter is mainly due to a negative mark-to-market impact of the interest rate component in the Group's hedge contracts. The improvement for the first nine months is primarily due to lower net debt. The average interest rate on borrowings at the end of the third quarter was 3.6% (3.2).

## INCOME AFTER FINANCIAL ITEMS

Income after financial items for the third quarter increased by 187% to SEK 310m (108) corresponding to a margin of 4.5% (1.6). For the first nine months income after financial items increased by 37% to SEK 2,250m (1,642) corresponding to a margin of 8.2% (5.6).

## TAXES

Taxes for the first nine months amounted to SEK -377m (-287), corresponding to a tax rate of 17% (17) of income after financial items. The tax rate is affected by utilization of tax-losses carried forward. The utilization of tax-losses carried forward are mainly related to the third quarter.

## EARNINGS PER SHARE

Income for the third quarter increased by 209% to SEK 402m (130), corresponding to SEK 0.70 (0.23) per share after dilution. For the first nine months, the increase was 38% and amounted to SEK 1,873m (1,355), corresponding to SEK 3.25 per share (2.50). Due to the rights issue implemented in 2009, the average number of shares for the first nine months of 2010 has increased compared with the first nine months of 2009.

## OUTLOOK FOR THE FOURTH QUARTER 2010

Due to seasonality, the fourth quarter is the smallest quarter of the year in terms of sales and operating income. Inventories in the trade of the Group's products at the end of the third quarter were estimated to be on low levels in both the dealer and retail channels. To date in 2010, end-user demand has increased in most markets compared to the preceding season. However, the trade remains reluctant to build inventory. The positive development for Europe & Asia/Pacific and for Construction is expected to continue, while shipments in Americas are expected to be down. In total, Group shipments in the fourth quarter of 2010 are expected to be slightly higher than in the fourth quarter of 2009.

## OPERATING CASH FLOW

Operating cash flow for the first nine months amounted to SEK 1,275m (2,936). During the first nine months 2009, cash flow was positively affected by an inventory reduction amounting to SEK 2,530m compared to an inventory reduction of SEK 329m in the corresponding period 2010. The opening balance of the inventory was substantially lower in 2010 than in 2009. Inventory at the end of September 2010 was slightly higher than a year earlier.

Operating cash flow SEKm	Q3 2010	Q3 2009	Jan-Sep 2010	Jan-Sep 2009	Full-year 2009
Cash flow from operations, excluding changes in operating assets and liabilities	589	434	2,907	2,788	2,749
Changes in operating assets and liabilities	917	1,188	-771	795	1,897
<b>Cash flow from operations</b>	<b>1,506</b>	<b>1,622</b>	<b>2,136</b>	<b>3,583</b>	<b>4,646</b>
Cash flow from investments, excluding acquisitions	-303	-211	-861	-647	-909
<b>Operating cash flow</b>	<b>1,203</b>	<b>1,411</b>	<b>1,275</b>	<b>2,936</b>	<b>3,737</b>

## FINANCIAL POSITION

Group equity as of 30 September 2010 increased to SEK 12,358m (12,374). Equity per share amounted to SEK 21.54 (21.57).

Net debt as of 30 September amounted to SEK 5,109m (6,918). The major currencies used for debt financing are EUR, USD and JPY. The reduction in net debt was mainly a result of the positive cash flow during the past twelve months and changes in exchange rates. During the second quarter a dividend of SEK 574m was distributed to the shareholders. The impact on net debt due to changes in exchange rates resulted in a decrease of SEK 775m in the third quarter, a decrease of SEK 800m in the first nine months and the impact for the past twelve months was a decrease of SEK 650m.

The net debt/equity ratio improved to 0.41 (0.56) and the equity/assets ratio to 42% (39).

<b>Net debt</b> SEKm	<b>30 Sep</b> <b>2010</b>	30 Sep 2009	<b>31 Dec</b> <b>2009</b>
Interest-bearing liabilities	7,897	10,276	9,094
Liquid funds	2,788	3,358	2,745
<b>Net debt</b>	<b>5,109</b>	<b>6,918</b>	<b>6,349</b>

On 30 September 2010, long-term loans amounted to SEK 6,942m (7,900) and short-term loans to SEK 368m (2,052). Long-term loans consist of SEK 3,148m (1,612) in medium-term notes as well as bank loans of SEK 3,794m (6,288). The medium term notes and the bank loans mature in 2012 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

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.

### Restatement of the third quarter 2009 between Americas and Europe & Asia/Pacific

Operating income for the third quarter as well as for the first nine months 2009 has been restated between Americas and Europe & Asia/Pacific due to correction of an intercompany transaction. The restatement had no impact on the Group's operating income. Third quarter operating income for Europe and Asia/Pacific has been restated from SEK 135m to SEK 190m and the first nine months of 2009 from SEK 1,649m to SEK 1,704m. Operating income for the third quarter for Americas has been restated from SEK 47m to SEK -8m and for the first nine months of 2009 from SEK 597m to SEK 542m.

### Europe & Asia/Pacific

SEKm	Q3	Q3	Change, %		Jan-Sep	Jan-Sep	Change, %		Full year LTM*	Full year 2009
	2010	2009	As rep.	Adj.	2010	2009	As rep.	Adj.		
Net sales	3,708	3,446	8	11	14,012	14,119	-1	5	16,487	16,594
Operating income	511	190	168	112	2,388	1,704	40	24	2,094	1,410
Operating margin, %	13.8	5.5	-	-	17.0	12.1	-	-	12.7	8.5

\* Last twelve months

Sales for Europe & Asia/Pacific in the third quarter increased 8%. Adjusted for exchange-rate effects the sales increase was 11%. In the first nine months, sales decreased 1%. Adjusted for exchange-rate effects, sales in the first nine months increased by 5%. Prices were unchanged.

Sales to the dealer channel developed strongly throughout the first nine months. Most regions, except for UK and France, had higher sales than in the preceding year. Several new products, including Husqvarna branded lawn mower range, mini rider and an expanded Automower® range, contributed to the increase.

Sales of watering products were also strong. It is estimated that the Group gained market share in Europe during the first nine months.

Operating income and operating margin increased substantially in the third quarter. Performance was especially strong for watering products and accessories. The higher operating income was mainly a result of higher sales and an improved mix.

Operating income for the first nine months the preceding year was charged with restructuring costs amounting to SEK 111m, whereof SEK 59m in the third quarter. Operating margin for the first nine months, excluding items affecting comparability, increased to 17.0% (12.9).

## Americas

SEKm	Q3	Q3	Change, %		Jan-Sep	Jan-Sep	Change, %		Full year	
	2010	2009	As rep.	Adj.	2010	2009	As rep.	Adj.	LTM*	2009
Net sales	2,482	2,584	-4	-5	11,373	13,196	-14	-7	13,022	14,845
Operating income	-92	-8	n.a	n.a	191	542	-65	-35	86	437
Operating margin, %	-3.7	-0.3	-	-	1.7	4.1	-	-	0.7	2.9

\* Last twelve months

Sales for Americas in the third quarter decreased 4%. Adjusted for exchange-rate effects the decrease was 5%. In the first nine months, sales decreased 14%. Adjusted for exchange-rate effects, sales in the first nine months decreased by 7%. Prices were stable during the period.

The reduced listings with a major retailer in North America for the 2010 season had a negative effect on sales, especially for low-end lawn mowers. Efforts to grow sales in the dealer channel and with other retail accounts continued to pay off, but could not compensate for all of the reduced listings.

Operating income in the third quarter was negative and the margin amounted to -3.7% (-0.3). Operating income was negatively affected by lower sales and production volumes and higher costs for distribution and IT.

Operating income for the first nine months in 2010 includes items affecting comparability amounting to SEK 160m. SEK 110m is related to the closure of the factory in Beatrice and the transfer of the production to the Group's plant in Orangeburg in the second quarter. SEK 50m is related to the settlement of an engine-capacity lawsuit in the first quarter. Operating margin for the first nine months, excluding items affecting comparability, decreased to 3.1% (4.1)

## Construction

SEKm	Q3	Q3	Change, %		Jan-Sep	Jan-Sep	Change, %		Full year	
	2010	2009	As rep.	Adj.	2010	2009	As rep.	Adj.	LTM*	2009
Net sales	717	679	6	8	2,061	2,027	2	7	2,669	2,635
Operating income	42	29	47	109	54	-52	n.a	n.a	-17	-123
Operating margin, %	5.9	4.3	-	-	2.6	-2.6	-	-	-0.6	-4.7

\* Last twelve months

Sales for Construction in the third quarter increased 6%. Adjusted for exchange-rate effects the sales increase was 8%. In the first nine months, sales increased 2%. Adjusted for exchange-rate effects, sales in the first nine months increased by 7%.

The market for construction products improved in both North America and Europe during the first nine months. Sales to rental companies increased. A number of new products have been successfully launched during the year and the Group's market shares are estimated to have increased.

Operating income and margin in the third quarter improved, mainly as a result of higher sales and production volumes as well as new products with higher margins. The third quarter operating income includes a cost of SEK 16m related to a legal settlement. Operating margin for the third quarter increased to 5.9% (4.3).

Operating income for the first nine months was charged with restructuring costs amounting to SEK 47m, whereof all was charged in the second quarter. Operating margin for the first nine months, excluding items affecting comparability and the above mentioned charge of SEK 16m, increased to 5.7% (-2.6).

## PARENT COMPANY

Net sales in the first nine months of 2010 for the Parent Company, Husqvarna AB, amounted to SEK 8,416m (7,049), of which SEK 6,452m (5,352) referred to sales to Group Companies and SEK 1,964m (1,697) to external customers. Income after financial items amounted to SEK 2,505m (2,187). Income for the first nine months was SEK 2,093m (1,857).

Investments in tangible and intangible assets for the first nine months amounted to SEK 205m (191). Cash and cash equivalents amounted to SEK 503m (1,311) at the end of the period. Undistributed earnings in the Parent Company at the end of the period amounted to SEK 17,985m (16,416). A dividend payment to shareholders in the amount of SEK 574m (0) was made during the second quarter.

## RESTRUCTURING

In the second quarter 2010, the Group announced further restructuring in line with its strategy which includes increasing efficiency by consolidating the manufacturing footprint. The factory in Beatrice, Nebraska, will be closed and the production will be transferred to the factory in Orangeburg, South Carolina. The factory for construction equipment in Athens, Greece will also be closed. Annual savings from the initiatives will amount to SEK 60m and will be realized gradually with full effect from the first quarter of 2012. Second-quarter operating income was charged with SEK 157m, of which the closure of the Beatrice factory accounted for SEK 110m.

In October 2009, the Group announced the implementation of a number of structural changes in 2009-2011. These measures are aimed at eliminating overlaps 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 of these measures amounts to SEK 399m and 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.

A table summarizing items affecting comparability is provided on page 13.

## ANNUAL GENERAL MEETING 2011

The Annual General Meeting of Husqvarna AB (publ) will be held on 4 May 2011, 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](mailto:board@husqvarna.se), or by post to Husqvarna AB, General Counsel, Box 30224, SE 104 25 Stockholm. Proposals must be received by the Company no later than 4 March 2011.

## COMPOSITION OF NOMINATION COMMITTEE

In accordance with the decision by Husqvarna's Annual General Meeting on April 27, 2010, the members of the Nomination Committee for the 2011 AGM are to be appointed by the four largest shareholders in terms of voting rights in the company as of August 31, 2010. In addition, the Nomination Committee shall also include the Chairman of the Husqvarna Board.

The Nomination Committee has been appointed by Investor AB, LE Lundbergföretagen AB, Alecta Mutual Pension Insurance and Skandia Liv. Each has appointed one member, as shown below, who will form Husqvarna's Nomination Committee together with the Chairman of the Husqvarna Board.

The Nomination Committee's members are Petra Hedengran (chairman), Investor AB, Claes Boustedt, LE Lundbergföretagen AB, Ramsay Brufer, Alecta Mutual Pension Insurance, Torbjörn Callvik, Skandia Liv and Lars Westerberg, Chairman of Husqvarna AB.

The Nomination Committee will prepare proposals for the AGM in 2011, including proposals for the Chairman of the AGM, Board members, Chairman of the Board, fees to Board members, fees to the auditors, and the tasks and composition of the Nomination Committee for the AGM in 2012.

Shareholders who wish to submit proposals to the Nomination Committee should send an email to [nominationcommittee@husqvarna.se](mailto:nominationcommittee@husqvarna.se) by 4 March 2011.

## REPURCHASE OF OWN SHARES

In April 2010, The Annual General Meeting in Husqvarna AB resolved to authorize the Board of Directors, during the period until the next Annual General Meeting, to repurchase so many Class 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 1,270,000 Class B-shares. The shares will be purchased on the NASDAQ OMX Stockholm at a price per share within the registered spread at each given time, and will be paid for in cash. No shares were repurchased during the third quarter.

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 2,636,007 B shares.

## CONVERSION OF SHARES

According to the company's articles of association, owners of Class A shares have the right to have such shares converted to Class B shares. Conversion reduces the total number of votes in the company. When such a conversion has occurred, the company is obligated by law to disclose any such changes.

During the third quarter of 2010, 4,294,369 Class A shares were converted to Class B shares at the request of shareholders. After the close of the third quarter, another 8,520,574 Class A shares were converted to Class B shares at the request of shareholders. The total number of votes thereafter amounts to 178,913,956.1.

The total number of registered shares in the company amounts to 576,343,778 shares of which 134,755,087 are Class A shares and 441,588,691 are Class B shares.

## 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 such products 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 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 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 "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.

Stockholm October 22, 2010

*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 2010 - 30 September 2010. 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, October 22, 2010  
PricewaterhouseCoopers AB

Anders Lundin  
Authorized Public Accountant  
Auditor in charge

Christine Rankin Johansson  
Authorized Public Accountant

## Consolidated income statement

SEKm	Q3 2010	Q3 2009	Jan-Sep 2010	Jan-Sep 2009	Full-year 2009
Net sales	6,907	6,709	27,446	29,342	34,074
Cost of goods sold	-4,815	-4,998	-19,657	-21,813	-25,423
<b>Gross operating income</b>	<b>2,092</b>	<b>1,711</b>	<b>7,789</b>	<b>7,529</b>	<b>8,651</b>
Margin, %	30.3	25.5	28.4	25.7	25.4
Selling expense	-1,270	-1,199	-4,121	-4,369	-5,547
Administrative expense	-411	-336	-1,160	-1,084	-1,541
Other operating income/expense	0	-3	0	-1	-3
<b>Operating income<sup>1</sup></b>	<b>411</b>	<b>173</b>	<b>2,508</b>	<b>2,075</b>	<b>1,560</b>
Margin, %	5.9	2.6	9.1	7.1	4.6
Financial items, net	-101	-65	-258	-433	-466
<b>Income after financial items</b>	<b>310</b>	<b>108</b>	<b>2,250</b>	<b>1,642</b>	<b>1,094</b>
Margin, %	4.5	1.6	8.2	5.6	3.2
Taxes	92	22	-377	-287	-191
<b>Income for the period</b>	<b>402</b>	<b>130</b>	<b>1,873</b>	<b>1,355</b>	<b>903</b>
Attributable to:					
<b>Equity holders of the Parent Company</b>	<b>402</b>	<b>132</b>	<b>1,862</b>	<b>1,351</b>	<b>899</b>
Non-controlling interest in income for the period	0	-2	11	4	4
Basic earnings per share, SEK					
	0.70	0.23	3.25	2.50	1.64
Diluted earnings per share, SEK					
	0.70	0.23	3.25	2.50	1.64
Basic weighted average number of shares outstanding, millions					
	573.7	573.6	573.7	540.2	548.6
Diluted weighted average number of shares, millions					
	574.3	573.8	574.0	540.5	548.8

## Consolidated comprehensive income statement

SEKm	Q3 2010	Q3 2009	Jan-Sep 2010	Jan-Sep 2009	Full-year 2009
<b>Income for the period</b>	<b>402</b>	<b>130</b>	<b>1,873</b>	<b>1,355</b>	<b>903</b>
Other comprehensive income, net of tax:					
Exchange differences on translating foreign operations	-1,036	-751	-1,019	-750	-581
Cash flow hedges	-42	31	-4	7	-1
<b>Other comprehensive income, net of tax</b>	<b>-1,078</b>	<b>-720</b>	<b>-1,023</b>	<b>-743</b>	<b>-582</b>
<b>Total comprehensive income for the period</b>	<b>-676</b>	<b>-590</b>	<b>850</b>	<b>612</b>	<b>321</b>
Attributable to:					
Equity holders of the Parent Company	-669	-586	843	609	316
Non-controlling interest in comprehensive	-7	-4	7	3	5
<sup>1</sup> Of which depreciation, amortization and impairment					
	-290	-319	-926	-1,007	-1,500

## Consolidated balance sheet

SEKm	30 Sep 2010	30 Sep 2009	31 Dec 2009
<b>Assets</b>			
Property, plant and equipment	3,984	4,462	4,375
Goodwill	5,973	6,364	6,461
Other intangible assets	3,991	4,428	4,411
Investments in associates	5	6	6
Deferred tax assets	704	766	756
Derivatives	0	0	7
Financial assets	172	187	173
<b>Total non-current assets</b>	<b>14,829</b>	<b>16,213</b>	<b>16,189</b>
Inventories	6,006	5,823	6,706
Trade receivables	4,694	5,326	3,385
Derivatives	948	720	160
Tax receivables	341	571	671
Other current assets	576	568	540
Other short term investments	361	187	245
Cash and cash equivalents	1,479	2,451	2,333
<b>Total current assets</b>	<b>14,405</b>	<b>15,646</b>	<b>14,040</b>
<b>Total assets</b>	<b>29,234</b>	<b>31,859</b>	<b>30,229</b>
<i>Assets pledged</i>	41	35	45
<b>Equity and liabilities</b>			
Equity attributable to equity holders of the Parent Company	12,358	12,374	12,082
Non-controlling interests	48	42	44
<b>Total equity</b>	<b>12,406</b>	<b>12,416</b>	<b>12,126</b>
Long-term borrowings	6,942	7,900	7,934
Deferred tax liabilities	1,691	1,673	1,870
Provisions for pensions and other post-employment benefits	1,041	1,080	1,116
Derivatives	95	0	17
Other provisions	649	733	740
<b>Total non-current liabilities</b>	<b>10,418</b>	<b>11,386</b>	<b>11,677</b>
Trade payables	2,406	2,461	2,854
Tax liabilities	538	968	594
Other liabilities	2,184	1,966	1,494
Short-term borrowings	368	2,052	661
Derivatives	492	324	482
Other provisions	422	286	341
<b>Total current liabilities</b>	<b>6,410</b>	<b>8,057</b>	<b>6,426</b>
<b>Total equity and liabilities</b>	<b>29,234</b>	<b>31,859</b>	<b>30,229</b>
<i>Contingent liabilities</i>	26	22	54

## Consolidated cash flow statement

SEKm	Q3 2010	Q3 2009	Jan-Sep 2010	Jan-Sep 2009	Full-year 2009
<b>Operations</b>					
Income after financial items	310	108	2,250	1,642	1,094
Depreciation and amortization	290	308	885	996	1,325
Capital loss/Impairment	0	11	41	11	189
Change in accrued and prepaid interest	8	9	-1	-22	-39
Provision for restructuring	0	48	116	101	213
Taxes paid	-19	-50	-384	60	-33
<b>Cash flow from operations, excluding change in operating assets and liabilities</b>	<b>589</b>	<b>434</b>	<b>2,907</b>	<b>2,788</b>	<b>2,749</b>
<b>Change in operating assets and liabilities</b>					
Change in inventories	262	773	329	2,530	1,678
Change in trade receivables	2,168	1,075	-1,515	-1,412	694
Change in trade payables	-1,335	-425	-331	-710	-345
Change in other operating assets/liabilities	-178	-235	746	387	-130
<b>Cash flow from operating assets and liabilities</b>	<b>917</b>	<b>1,188</b>	<b>-771</b>	<b>795</b>	<b>1,897</b>
<b>Cash flow from operations</b>	<b>1,506</b>	<b>1,622</b>	<b>2,136</b>	<b>3,583</b>	<b>4,646</b>
<b>Investments</b>					
Acquisitions of operations	-	-	-	-43	-43
Capital expenditure in property, plant and equipment	-266	-170	-650	-497	-667
Capitalization of product development and software	-43	-42	-207	-151	-247
Other	6	1	-4	1	5
<b>Cash flow from investments</b>	<b>-303</b>	<b>-211</b>	<b>-861</b>	<b>-690</b>	<b>-952</b>
<b>Total cash flow from operations and investments</b>	<b>1,203</b>	<b>1,411</b>	<b>1,275</b>	<b>2,893</b>	<b>3,694</b>
<b>Financing</b>					
Change in other short-term investments	18	-197	-145	-197	-243
Change in interest-bearing liabilities	-2,586	-1,629	-1,351	-5,046	-6,012
Rights issue	-	-	-	2,988	2,988
Dividend to shareholders	-	-	-574	-	-
Dividend to non-controlling interests	0	0	-3	-4	-4
<b>Cash flow from financing</b>	<b>-2,568</b>	<b>-1,826</b>	<b>-2,073</b>	<b>-2,259</b>	<b>-3,271</b>
<b>Total cash flow</b>	<b>-1,365</b>	<b>-415</b>	<b>-798</b>	<b>634</b>	<b>423</b>
Cash and cash equivalents at beginning of period	2,872	2,877	2,333	1,828	1,828
Exchange-rate differences	-28	-11	-56	-11	82
<b>Cash and cash equivalents at end of period</b>	<b>1,479</b>	<b>2,451</b>	<b>1,479</b>	<b>2,451</b>	<b>2,333</b>

## Change in Group equity

SEKm	January - September 2010			January - September 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>	-	-	-	2,988	0	2,988
Share-based payment	7	-	7	5	0	5
Dividend	-574	-3	-577	0	-4	-4
Total comprehensive income	843	7	850	609	3	612
<b>Closing balance</b>	<b>12,358</b>	<b>48</b>	<b>12,406</b>	<b>12,374</b>	<b>42</b>	<b>12,416</b>

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

## Key data

	Q3 2010	Q3 2009	Jan-Sep 2010	Jan-Sep 2009	year 2009
Net sales, SEKm	6,907	6,709	27,446	29,342	34,074
Operating income, SEKm	411	173	2,508	2,075	1,560
Net sales growth, %	3	-2	-6	8	5
Gross margin, %	30.3	25.5	28.4	25.7	25.4
Operating margin, %	5.9	2.6	9.1	7.1	4.6
Working capital, SEKm	4,377	4,794	4,377	4,794	4,163
Return on capital employed, %	-	-	9.0	6.8	6.6
Return on equity, %	-	-	11.3	8.3	7.5
Earnings per share, SEK	0.70	0.23	3.25	2.50	1.64
Capital-turnover rate, times	-	-	1.7	1.6	1.6
Operating cash flow, SEKm	1,203	1,411	1,275	2,936	3,737
Net debt/equity ratio	-	-	0.41	0.56	0.52
Capital expenditure, SEKm	309	212	857	648	914
Average number of employees	13,926	14,088	15,051	15,816	15,030

## Items affecting comparability

SEKm		Q1	Q2	Q3	Q4	Full year
Restructuring charges	<b>2010</b>	-	-157	-	-	-
	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>	-50	-	-	-	-
Total	<b>2010</b>	-50	-157	-	-	-
	2009	-35	-18	-59	-340	-452
	2008	-	-	-15	-301	-316

## Net sales by business area

SEKm	Q3	Q3	Change, %		Jan-Sep	Jan-Sep	Change, %		Full-year
	2010	2009	As rep.	Adj.	2010	2009	As rep.	Adj.	
Europe & Asia/Pacific	3,708	3,446	8	11	14,012	14,119	-1	5	16,594
Americas	2,482	2,584	-4	-5	11,373	13,196	-14	-7	14,845
Construction	717	679	6	8	2,061	2,027	2	7	2,635
<b>Total</b>	<b>6,907</b>	<b>6,709</b>	<b>3</b>	<b>5</b>	<b>27,446</b>	<b>29,342</b>	<b>-6</b>	<b>0</b>	<b>34,074</b>

## Operating income by business area

SEKm	Q3	Q3	Change, %		Jan-Sep	Jan-Sep	Change, %		Full-year
	2010	2009	As rep.	Adj.	2010	2009	As rep.	Adj.	
<b>Europe &amp; Asia/Pacific</b>	511	190	168	112	2,388	1,704	40	24	1,410
Excl. items affecting comparability	511	249	105	112	2,388	1,815	32	24	1,710
<i>Margin excl. items affecting comparability, %</i>	13.8	7.2	-	-	17.0	12.9	-	-	10.3
<b>Americas</b>	-92	-8	n.a	n.a	191	542	-65	-35	437
Excl. items affecting comparability	-92	-8	n.a	n.a	351	543	-35	-35	535
<i>Margin excl. items affecting comparability, %</i>	-3.7	-0.3	-	-	3.1	4.1	-	-	3.6
<b>Construction</b>	42	29	47	109	54	-52	n.a	n.a	-123
Excl. items affecting comparability	42	29	47	109	101	-52	n.a	n.a	-69
<i>Margin excl. items affecting comparability, %</i>	5.9	4.3	-	-	4.9	-2.6	-	-	-2.6
<b>Total business areas</b>	<b>461</b>	<b>211</b>	<b>118</b>	<b>62</b>	<b>2,633</b>	<b>2,194</b>	<b>20</b>	<b>17</b>	<b>1,724</b>
Excl. items affecting comparability	461	270	71	62	2,840	2,306	23	17	2,176
<i>Margin excl. items affecting comparability, %</i>	6.7	4.0	-	-	10.3	7.9	-	-	6.4
Group common costs	-50	-38	-32	-33	-125	-119	-5	-5	-164
<b>Total Group</b>	<b>411</b>	<b>173</b>	<b>137</b>	<b>66</b>	<b>2,508</b>	<b>2,075</b>	<b>21</b>	<b>17</b>	<b>1,560</b>
Excl. items affecting comparability	411	232	77	66	2,715	2,187	24	17	2,012
<i>Margin excl. items affecting comparability, %</i>	5.9	3.5	-	-	9.9	7.5	-	-	5.9

## Net assets by business area

SEKm	Assets		Liabilities		Net Assets	
	30 Sep 2010	30 Sep 2009	30 Sep 2010	30 Sep 2009	30 Sep 2010	30 Sep 2009
Europe & Asia/Pacific	15,945	16,601	4,155	3,948	11,790	12,653
Americas	6,462	7,274	1,530	2,115	4,932	5,159
Construction	3,187	3,375	603	616	2,584	2,759
Other	852	1,251	2,643	2,488	-1,791	-1,237
<b>Total</b>	<b>26,446</b>	<b>28,501</b>	<b>8,931</b>	<b>9,167</b>	<b>17,515</b>	<b>19,334</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>	4,459	5,845	<b>3,708</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>	4,028	4,863	<b>2,482</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>	595	749	<b>717</b>		
	2009	648	700	679	608	2,635
	2008	791	889	783	679	3,142
<b>Total Group</b>	<b>2010</b>	9,082	11,457	<b>6,907</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>	732	1,145	<b>511</b>		
<i>Excl. items affecting comparability</i>	<b>2010</b>	732	1,145	<b>511</b>		
	2009	674	840	190	-294	1,410
<i>Excl. items affecting comparability</i>	2009	708	858	249	-105	1,710
	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>	81	202	<b>-92</b>		
<i>Excl. items affecting comparability</i>	<b>2010</b>	131	312	<b>-92</b>		
	2009	218	332	-8	-105	437
<i>Excl. items affecting comparability</i>	2009	219	332	-8	-8	535
	2008	229	158	14	-80	321
<i>Excl. items affecting comparability</i>	2008	229	158	14	-54	347
<b>Construction</b>	<b>2010</b>	1	11	<b>42</b>		
<i>Excl. items affecting comparability</i>	<b>2010</b>	1	58	<b>42</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>	-36	-39	<b>-50</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>	778	1,319	<b>411</b>		
<i>Excl. items affecting comparability</i>	<b>2010</b>	828	1,476	<b>411</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>	16.4	19.6	<b>13.8</b>		
<i>Excl. items affecting comparability</i>	<b>2010</b>	16.4	19.6	<b>13.8</b>		
	2009	13.4	14.9	5.5	-11.9	8.5
<i>Excl. items affecting comparability</i>	2009	14.1	15.2	7.2	-4.2	10.3
	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>	2.0	4.2	<b>-3.7</b>		
<i>Excl. items affecting comparability</i>	<b>2010</b>	3.3	6.4	<b>-3.7</b>		
	2009	4.0	6.5	-0.3	-6.4	2.9
<i>Excl. items affecting comparability</i>	2009	4.0	6.5	-0.3	-0.5	3.6
	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>	0.1	1.5	<b>5.9</b>		
<i>Excl. items affecting comparability</i>	<b>2010</b>	0.1	7.8	<b>5.9</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>	8.6	11.5	<b>5.9</b>		
<i>Excl. items affecting comparability</i>	<b>2010</b>	9.1	12.9	<b>5.9</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 introduced a new business area reporting structure as described on page 4 in the Q1 interim report 2010. 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>	6,115	7,630	<b>3,780</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>	2,967	3,827	<b>3,127</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>	9,082	11,457	<b>6,907</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 according to earlier business area structure

SEKm		Q1	Q2	Q3	Q4	Full year
<b>Consumer Products</b>	<b>2010</b>	363	910	<b>-25</b>		
<i>Excl. items affecting comparability</i>	<b>2010</b>	413	910	<b>-25</b>		
<i>Excl. items affecting comparability</i>	<b>Margin, %</b>	6.8	11.9	<b>-0.7</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>	<b>Margin, %</b>	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>	<b>Margin, %</b>	10.6	11.0	-1.7	-14.7	5.3
<b>Professional Products</b>	<b>2010</b>	451	448	<b>486</b>		
<i>Excl. items affecting comparability</i>	<b>2010</b>	451	605	<b>486</b>		
<i>Excl. items affecting comparability</i>	<b>Margin, %</b>	15.2	15.8	<b>15.5</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>	<b>Margin, %</b>	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>	<b>Margin, %</b>	16.2	17.5	14.5	8.8	14.6
<b>Group common costs</b>	<b>2010</b>	-36	-39	<b>-50</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>	778	1,319	<b>411</b>		
<i>Excl. items affecting comparability</i>	<b>2010</b>	828	1,476	<b>411</b>		
<i>Excl. items affecting comparability</i>	<b>Margin, %</b>	9.1	12.9	<b>5.9</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>	<b>Margin, %</b>	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>	<b>Margin, %</b>	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>	9,082	11,457	<b>6,907</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>	778	1,319	<b>411</b>		
	<b>Margin, %</b>	8.6	11.5	<b>5.9</b>		
	2009	786	1,116	173	-515	1,560
	<b>Margin, %</b>	7.0	9.7	2.6	-10.9	4.6
	2008	1,202	1,321	310	-472	2,361
	<b>Margin, %</b>	12.0	12.8	4.5	-9.2	7.3
<b>Income after financial items</b>	<b>2010</b>	690	1,250	<b>310</b>		
	<b>Margin, %</b>	7.6	10.9	<b>4.5</b>		
	2009	590	944	108	-548	1,094
	<b>Margin, %</b>	5.3	8.2	1.6	-11.6	3.2
	2008	1,060	1,141	178	-612	1,767
	<b>Margin, %</b>	10.6	11.0	2.6	-11.9	5.5
<b>Income for the period</b>	<b>2010</b>	535	936	<b>402</b>		
	2009	464	761	130	-452	903
	2008	753	810	143	-418	1,288
<b>Earnings per share, SEK</b>	<b>2010</b>	0.92	1.62	<b>0.70</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>2010</b>	32,004	31,980	<b>32,178</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>	1,552	1,755	<b>1,993</b>	
	<b>Margin, %</b>	4.8	5.5	<b>6.2</b>	
	2009	1,945	1,740	1,603	1,560
	<b>Margin, %</b>	5.8	5.0	4.7	4.6
	2008	3,782	3,345	3,102	2,361
	<b>Margin, %</b>	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	Q3 2010	Q3 2009	Jan-Sep 2010	Jan-Sep 2009	Full-year 2009
<b>Net sales</b>	<b>2,215</b>	<b>1,677</b>	<b>8,416</b>	<b>7,049</b>	<b>8,694</b>
Cost of goods sold	-1,678	-1,260	-6,482	-5,570	-7,024
<b>Gross operating income</b>	<b>537</b>	<b>417</b>	<b>1,934</b>	<b>1,479</b>	<b>1,670</b>
Selling expense	-203	-176	-597	-701	-846
Administrative expense	-113	-87	-357	-265	-379
Other operating income/expense	2	0	4	0	4
<b>Operating income</b>	<b>223</b>	<b>154</b>	<b>984</b>	<b>513</b>	<b>449</b>
Financial items, net	764	1,508	1,521	1,674	2,484
<b>Income after financial items</b>	<b>987</b>	<b>1,662</b>	<b>2,505</b>	<b>2,187</b>	<b>2,933</b>
Appropriations	-24	-3	-8	9	3
<b>Income before taxes</b>	<b>963</b>	<b>1,659</b>	<b>2,497</b>	<b>2,196</b>	<b>2,936</b>
Taxes	-136	-261	-404	-339	-238
<b>Income for the period</b>	<b>827</b>	<b>1,398</b>	<b>2,093</b>	<b>1,857</b>	<b>2,698</b>

## Balance sheet

SEKm	30 Sep 2010	30 Sep 2009	31 Dec 2009
Non-current assets	30,205	30,819	31,093
Current assets	5,826	5,825	5,092
<b>Total assets</b>	<b>36,031</b>	<b>36,644</b>	<b>36,185</b>
Equity	19,160	17,591	17,928
Untaxed reserves	910	895	901
Provisions	175	171	133
Interest-bearing liabilities	12,992	15,712	14,255
Current liabilities	2,794	2,275	2,968
<b>Total equity and liabilities</b>	<b>36,031</b>	<b>36,644</b>	<b>36,185</b>

## Number of shares

	Outstanding A-shares	Outstanding B-shares	Re-purchased shares	Total
<b>Number of shares as of 31 December 2009</b>	<b>147,570,030</b>	<b>426,050,620</b>	<b>2,723,128</b>	<b>576,343,778</b>
Conversion of A-shares into B-shares	-4,294,369	4,294,369		0
Shares allotted to senior managers for 2007 LTI-program <sup>1)</sup>		87,121	-87,121	0
<b>Number of shares as of 30 September 2010 <sup>2)</sup></b>	<b>143,275,661</b>	<b>430,432,110</b>	<b>2,636,007</b>	<b>576,343,778</b>

1) Long-term incentive program, see note 19 in the Annual report 2009 for more information.

2) After 30 September 2010, another 8,520,574 A-shares have been converted to B-shares.

## 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	As 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.

## PRESS AND TELEPHONE CONFERENCE

A combined press and telephone conference will be held at 13.00 CET on 22 October 2010 at the Scandic Anglais Hotel, Humlegårdsgatan 23, Stockholm. To participate in the telephone conference, please call +46 (0)8 5052 0110 or +44 (0) 20 7162 0077 ten minutes prior to the start of the conference. The conference call will also be audio cast live. To participate in the audio cast, log on to [www.husqvarna.com/ir](http://www.husqvarna.com/ir). A replay of the telephone conference will be available at [www.husqvarna.com/ir](http://www.husqvarna.com/ir).

## DATES FOR FINANCIAL REPORTS

February 23, 2011	Year-end report for 2010
April 19, 2011	Interim report for January – March 2011
July 19, 2011	Interim report for January – June 2011
October 20, 2011	Interim report for January – September 2011

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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 October 22, 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.