

# INTERIM REPORT JANUARY - SEPTEMBER 2011

Stockholm October 20, 2011

## Hans Linnarson, Acting CEO and President:

"Husqvarna's consumer business has been affected by the slowdown in the global consumer demand, the uncertain economic environment and the unfavorable weather. Operating income for the third quarter declined, mainly as a result of lower sales, unfavorable mix and higher costs.

We have maintained our market positions for forest and garden products both in Europe and North America, despite the supply chain challenges in North America. In some categories, like ride-on and robotic mowers in Europe, we have significantly increased our market shares. Accumulated for the year up until September, sales for Europe & Asia/Pacific and Construction have increased while Americas' decreased, adjusted for exchange rate effects.

Construction's performance has been strong all year, resulting in increased operating income and strengthened market positions.

Pre-season production for 2012 has started earlier than last year in order to secure a high customer service level. The Group's listings for forest and garden products are estimated to be unchanged versus 2011, however with an improved mix among the retailers, confirming the success of our efforts to supply market leading, innovative products with strong brands."

## Third quarter

- Net sales for the Group, adjusted for exchange rate effects, decreased by 2%. Net sales for the Group amounted to SEK 6,410m (6,907) and operating income to SEK 113m (411). Income for the period amounted to SEK 55m (402), or SEK 0.10 (0.70) per share.
- Operating income was negatively affected by SEK -83m whereof SEK -38m is directly related to production disturbances, SEK -21m relates to the termination of the former CEO's contract and SEK -24m refers to items affecting comparability. Changes in exchange rates had a positive effect of SEK 8m.

## First nine months

- Strengthened market position for Construction and maintained for forest and garden products.
- Net sales for the Group, adjusted for exchange rate effects, increased by 1%. Net sales for the Group amounted to SEK 25,363m (27,446) and operating income to SEK 1,787m (2,508). Income for the period amounted to SEK 1,220m (1,873), or SEK 2.12 (3.25) per share.
- Operating income was negatively affected by SEK -453m whereof SEK -368m is directly related to production disturbances, SEK -21m relates to the termination of the former CEO's contract and SEK -64m refers to items affecting comparability. Changes in exchange rates had a negative effect of SEK -335m (130).

SEKm	Q3		Change, %		Jan-Sep		Change, %		FY	
	2011	2010	As rep.	Adj. <sup>1</sup>	2011	2010	As rep.	Adj. <sup>1</sup>	LTM <sup>2</sup>	2010
Net sales, Group	6,410	6,907	-7	-2	25,363	27,446	-8	1	30,157	32,240
Europe & Asia/Pacific	3,430	3,708	-7	-5	13,723	14,012	-2	3	16,332	16,621
Americas	2,241	2,482	-10	1	9,521	11,373	-16	-4	11,092	12,944
Construction	739	717	3	9	2,119	2,061	3	12	2,733	2,675
EBITDA	389	701	-44	-40	2,616	3,434	-24	-16	2,848	3,666
EBITDA margin, %	6.1	10.1	-	-	10.3	12.5	-	-	9.4	11.4
Operating income, Group	113	411	-73	-67	1,787	2,508	-29	-22	1,724	2,445
Europe & Asia/Pacific	291	511	-43	-49	2,185	2,388	-8	-5	2,180	2,383
Americas	-172	-92	-87	-34	-364	191	n.a	n.a	-403	152
Construction	50	42	18	183	108	54	99	176	136	82
Operating margin, %	1.8	5.9	-	-	7.0	9.1	-	-	5.7	7.6
Income after financial items	24	310	-92	-	1,510	2,250	-33	-	1,311	2,051
Income for the period	55	402	-86	-	1,220	1,873	-35	-	1,096	1,749
Earnings per share, SEK	0.10	0.70	-86	-	2.12	3.25	-35	-	1.90	3.03

<sup>1</sup> 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> Last twelve months.

## THIRD QUARTER

### Net sales

Net sales for the third quarter amounted to SEK 6,410m (6,907). Sales prices increased slightly. Adjusted for exchange rate effects, sales decreased for the Group by approximately 2% and for Europe & Asia/Pacific by approximately 5%. For Americas adjusted sales increased by approximately 1% and for Construction by 9%.

### Operating income

Operating income for the third quarter amounted to SEK 113m (411). Costs directly related to the production disturbances in North America amounted to approximately SEK -38m. Costs related to terminating the former CEO's contract amounts to SEK -21m. Operating income includes items affecting comparability amounting to SEK -24m, referring to additional costs for the closure of a production facility in Spain, which was announced in the first quarter.

Changes in exchange rates, including both translation and transaction effects net of hedging, had a total positive year-on-year effect on Group operating income of SEK 8m (17). Hedging contracts had a positive effect of SEK 18m (36).

Adjusted operating income was positively affected by higher selling prices, which were more than offset by lower sales, unfavorable mix and higher costs. The Group operating margin declined to 1.8% (5.9).

Adjusted operating income and operating margin for Europe & Asia/Pacific and Americas decreased, while they increased for Construction.

## FIRST NINE MONTHS

### Net sales

Net sales for the first nine months declined by 8% to SEK 25,363m (27,446). Sales prices increased slightly. Adjusted for exchange rate effects, sales increased for the Group by approximately 1% and for Europe & Asia/Pacific by approximately 3%. For Americas adjusted sales decreased by approximately 4% and for Construction adjusted sales increased by 12%.

### Operating income

Operating income for the first nine months decreased by 29% and amounted to SEK 1,787m (2,508). Costs directly related to the production disturbances in North America amounted to approximately SEK -368m. Items affecting comparability amounted to SEK -64m (-207) and costs related to terminating the former CEO's contract amounts to SEK -21m. Adjusted for exchange rate effects and items affecting comparability, operating income decreased by 22% or by approximately SEK -530m.

Changes in exchange rates, including both translation and transaction effects net of hedging, had a total negative year-on-year effect on operating income of SEK -335m (130). Hedging contracts had a negative effect of SEK -132m (88).

Adjusted operating income was positively affected by higher sales prices, which were offset by costs related to the production disturbances in North America, higher input costs and higher costs for selling and administration. The Group operating margin decreased to 7.0% (9.1).

Adjusted operating income and operating margin for Europe & Asia/Pacific and Americas decreased while Construction increased.

## OUTLOOK FOR THE FOURTH QUARTER OF 2011

Due to seasonality, the fourth quarter is a minor quarter in terms of sales and earnings. The outlook is primarily based on an expectation of continued economic uncertainty and the current high inventory levels in the trade. Shipments of forest and garden products are estimated to decline while the positive trend for Construction is expected to continue. In total, the Group expects shipments in the fourth quarter 2011 to be lower than in the fourth quarter of 2010. The fourth quarter will be charged with costs amounting to approximately SEK 30m related to the production disturbances in North America.

## FINANCIAL ITEMS NET

Net financial items for the third quarter amounted to SEK -89m (-101) and for the first nine months to SEK -277m (-258). The increase for the first nine months is primarily due to higher interest rates and higher net debt. The average interest rate on borrowings at the end of the third quarter was 4.1% (3.6).

## INCOME AFTER FINANCIAL ITEMS

Income after financial items for the third quarter amounted to SEK 24m (310) corresponding to a margin of 0.4% (4.5). For the first nine months, income after financial items amounted to SEK 1,510m (2,250) corresponding to a margin of 6.0% (8.2).

## TAXES

Taxes for the first nine months 2011 amounted to SEK -290m (-377), corresponding to a tax rate of 19% (17) of income after financial items.

## EARNINGS PER SHARE

Income for the third quarter 2011 amounted to SEK 55m (402), corresponding to SEK 0.10 (0.70) per share after dilution. For the first nine months, income amounted to SEK 1,220m (1,873), corresponding to SEK 2.12 (3.25) per share.

## OPERATING CASH FLOW

Operating cash flow for the first nine months amounted to SEK -328m (1,275). The lower cash flow is mainly due to the lower result and increased inventory mainly as a result of pre-production.

Operating cash flow SEKm	Q3 2011	Q3 2010	Jan-Sep 2011	Jan-Sep 2010	FY 2010
Cash flow from operations, excluding changes in operating assets and liabilities	255	589	2,041	2,907	2,888
Changes in operating assets and liabilities	898	917	-1,720	-771	-613
<b>Cash flow from operations</b>	<b>1,153</b>	<b>1,506</b>	<b>321</b>	<b>2,136</b>	<b>2,275</b>
Cash flow from investments, excluding acquisitions	-259	-303	-649	-861	-1,313
<b>Operating cash flow</b>	<b>894</b>	<b>1,203</b>	<b>-328</b>	<b>1,275</b>	<b>962</b>

## FINANCIAL POSITION

Group equity as of September 30, 2011 increased to SEK 12,813m (12,358). Equity per share amounted to SEK 22.38 (21.54).

Net debt as of September 30, 2011 amounted to SEK 6,628m (5,109). The major currencies used for debt financing are SEK and USD. The increase of net debt was mainly a result of lower result, an increase in working capital and higher paid dividend. During the second quarter a dividend of SEK 859m (574) was distributed to the shareholders. The impact on net debt due to changes in exchange rates during the first nine months was an increase of SEK 140m.

The net debt/equity ratio amounted to 0.51 (0.41) and the equity/assets ratio to 43% (42).

<b>Net debt</b>	<b>Sep</b>	Sep	31 Dec
SEKm	<b>2011</b>	2010	2010
Interest-bearing liabilities	8,260	7,897	7,667
Liquid funds	1,632	2,788	2,067
<b>Net debt</b>	<b>6,628</b>	<b>5,109</b>	<b>5,600</b>

On September 30, 2011, long-term loans including financial leases amounted to SEK 5,516m (6,942) and short-term loans including financial leases to SEK 2,445m (368). Long-term loans consist of SEK 2,723m (3,148) in issued bonds, and bank loans of SEK 2,793m (3,794). The issued bonds and the bank loans mature in 2012 and onwards.

Husqvarna has initiated the refinancing of its existing SEK 9bn revolving credit facility maturing in 2012 and 2013. A new revolving credit facility of SEK 6bn has been launched to Husqvarna's core relationship banks and is expected to be signed before the year end.

## PERFORMANCE BY BUSINESS AREA

### Europe & Asia/Pacific

SEKm	Q3		Change, %		Jan-Sep		Change, %		Full-year	
	2011	2010	As rep.	Adj.	2011	2010	As rep.	Adj.	LTM <sup>1</sup>	2010
Net sales	3,430	3,708	-7	-5	13,723	14,012	-2	3	16,332	16,621
Operating income	291	511	-43	-49	2,185	2,388	-8	-5	2,180	2,383
Operating margin, %	8.5	13.8	-	-	15.9	17.0	-	-	13.3	14.3

<sup>1</sup>Last twelve months

Net sales for Europe & Asia/Pacific in the third quarter decreased by 7%. Adjusted for exchange rate effects, sales decreased by 5%. In the first nine months, sales decreased 2%. Adjusted for exchange rate effects, sales increased 3%. Sales prices increased and volumes were slightly negatively affected by the production disturbances in North America, since some of the production is sold in the Europe and the Asia/Pacific region.

Total market demand in the Europe and Asia/Pacific region was strong but slowed down toward the end of the second quarter. The weakness in market demand continued into the third quarter which also was impacted by unfavorable weather conditions.

For the first nine months, Husqvarna's sales increased in several major markets including Germany, France, UK and the Nordic countries. Sales for the robotic lawn mower, Automower, have increased substantially year-to-date and snow-thrower sales increased significantly in the third quarter. Sales to the dealer channel increased while sales to the retail channel were flat. Over-all, Husqvarna's market shares in the region are estimated to be unchanged.

Operating income and operating margin for the third quarter decreased, mainly due to lower sales of watering products. Adjusted operating income for the first nine months was positively affected by higher selling prices and volume while an unfavorable product mix and costs for materials, R&D and selling and administration had a negative effect.

Costs directly related to the production disturbances in North America amounted to SEK -5m for the third quarter and SEK -45m for the first nine months.

Changes in exchange rates had a positive year-on-year effect on operating income by approximately SEK 60m in the third quarter and a negative effect of SEK -80m in the first nine months.

## Americas

SEKm	Q3	Q3	Change, %		Jan-Sep	Jan-Sep	Change, %		LTM <sup>1</sup>	Full-year 2010
	2011	2010	As rep.	Adj.	2011	2010	As rep.	Adj.		
Net sales	2,241	2,482	-10	1	9,521	11,373	-16	-4	11,092	12,944
Operating income	-172	-92	-87	-34	-364	191	n.a	n.a	-403	152
Operating margin, %	-7.7	-3.7	-	-	-3.8	1.7	-	-	-3.6	1.2

<sup>1)</sup>Last twelve months

Net sales for Americas in the third quarter decreased by 10%. Adjusted for exchange rate effects, sales increased by 1%. For the first nine months, sales decreased by 16%, or by 4% when adjusted for exchange rate effects.

Total market demand for garden products in North America has decreased during the year to date. Demand for chainsaws increased due to weather conditions, while industry shipments for most other major product categories, such as consumer garden tractors, have decreased. Husqvarna's over-all market share has been stable during the year.

Operating income for the third quarter decreased to SEK -172m (-92). Changes in exchange rates had a negative year-on-year effect on operating income of approximately SEK -36m. The higher costs directly related to the production disturbances amounted to approximately SEK -33m. Costs for marketing and IT were also higher.

Operating income for the first nine months decreased to SEK -364m (191). Changes in exchange rates had a negative year-on-year effect on operating income of approximately SEK -216m and the higher costs directly related to the production disturbances amounted to approximately SEK -323m. Costs for marketing and IT were also higher.

Operating income in the second quarter 2010 was charged with items affecting comparability amounting to SEK -110m and the first quarter 2010 was charged with SEK -50m. There were no items affecting comparability in the first nine months of 2011.

## Construction

SEKm	Q3	Q3	Change, %		Jan-Sep	Jan-Sep	Change, %		LTM <sup>1</sup>	Full-year 2010
	2011	2010	As rep.	Adj.	2011	2010	As rep.	Adj.		
Net sales	739	717	3	9	2,119	2,061	3	12	2,733	2,675
Operating income	50	42	18	183	108	54	99	176	136	82
Operating margin, %	6.7	5.9	-	-	5.1	2.6	-	-	5.0	3.1

<sup>1)</sup>Last twelve months

Net sales for Construction in the third quarter increased by 3%. Adjusted for exchange rate effects, sales increased by 9%. For the first nine months, sales increased by 3% and by 12% if adjusted for exchange rate effects. Sales prices increased slightly.

Total market demand for construction products increased in emerging markets and was flat in Western Europe while the market environment in North America was more challenging. The business area's sales increased on the back of a strong product portfolio with several new innovative products as well as a replacement need in the rental channel and by construction contractors. Market shares are estimated to have increased in North America.

Operating income and operating margin increased. Adjusted for exchange rate effects and items affecting comparability, operating income for the third quarter increased by 183% or by approximately SEK 48m. For the first nine months, the corresponding increase was 176% or SEK 110m.

Adjusted operating income was positively affected mainly by higher sales.

Items affecting comparability referring to restructuring costs amounted to SEK -24m in the third quarter 2011 and SEK -40m in the first quarter 2011. In 2010, the second quarter was charged with items affecting comparability referring to restructuring costs amounting to SEK -47m and the third quarter SEK -16m referring to a legal settlement cost.

Changes in exchange rates had a negative year-on-year effect on operating income by approximately SEK -16m in the third quarter 2011 and SEK -39m in the first nine months 2011.

## PARENT COMPANY

Net sales in the first nine months for the Parent Company, Husqvarna AB, amounted to SEK 8,906m (8,416), of which SEK 6,794m (6,452) referred to sales to Group Companies and SEK 2,112m (1,964) to external customers. Income after financial items amounted to SEK 1,133m (2,505). Income for the period was SEK 983m (2,093).

Investments in tangible and intangible assets amounted to SEK 237m (205). Cash and cash equivalents amounted to SEK 109m (503) at the end of September. Undistributed earnings in the Parent Company amounted to SEK 17,500m (17,985).

## RESTRUCTURING UPDATE

During 2009 – 2011, the Group has implemented a number of structural changes, aiming at eliminating overlaps and increasing efficiency within production and administration. The changes involved mainly consolidation of production in Sweden and the US, and of the sales organization in Europe & Asia/Pacific.

As production capacity and flexibility to guarantee customers the highest delivery performance will be prioritized, the pace and priority of ongoing restructuring projects is being reviewed. As a consequence, remaining savings from manufacturing footprint restructuring will be delayed to beyond 2012.

Extensive efforts to eliminate the supply chain disturbances in the Orangeburg production facility in the North American supply chain organization have progressed successfully. To ensure a successful delivery of committed volumes in 2012, the ramp up of pre-season production has also started earlier than in the previous year.

### Costs related to production disturbances

SEKm, 2011	Q1	Q2	Q3	YTD
Americas	-132	-158	<b>-33</b>	-323
Europe & Asia/Pacific	-18	-22	<b>-5</b>	-45
Total	-150	-180	<b>-38</b>	-368

## ORGANIZATIONAL CHANGES

On August 29, the Board of Directors' terminated the former President & CEO Magnus Yngen's contract. Hans Linnarson, Executive Vice President, Head of Sales Europe & Asia/Pacific, was appointed acting CEO and President on June 9 and will continue as Acting until a permanent CEO has been appointed. Hans Linnarson will also remain as Head of Sales Europe & Asia/Pacific.

Per Ericson, previously head of Human Resources at Haldex, has been appointed Senior Vice President, Human Resources as of October 5, 2011, replacing Lars Worsöe-Petersen who has left for a position outside Husqvarna.

Martin Austermann, Vice President Purchasing, has been appointed member of Group Management. Sascha Menges has been appointed Acting Head of Logistics and Manufacturing and will also be a member of Group Management. Thomas Andersson, Head of the global supply chain organization, and Martin Bertinchamp, Head of Products & Marketing, will leave Husqvarna as of October 31, 2011.

## CONVERSION OF SHARES

According to the company's articles of association, owners of A-shares have the right to have such shares converted to B-shares. Conversion reduces the total number of votes in the company.

In July 2011, 3,262,684 A-shares were converted to B-shares at the request of shareholders. In October, another 1,057,629 A-shares were converted to B-shares at the request of shareholders. The total number of votes thereafter amounts to 174,148,682.9.

The total number of registered shares in the company at September 30, 2011 amounted to 576,343,778 shares of which 130,517,968 were A-shares and 445,825,810 were B-shares.

## ANNUAL GENERAL MEETING 2012

The Annual General Meeting (AGM) of Husqvarna AB (publ) will be held in Jönköping, Sweden, on March 28 2012.

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 7454, SE-103 92 Stockholm. Proposals must be received by the Company no later than February 8, 2012.

### Nomination Committee for the 2012 AGM

In accordance with the decision by Husqvarna's Annual General Meeting on May 4, 2011, the members of the Nomination Committee for the 2012 AGM are to be appointed by the four largest shareholders in terms of voting rights in the company as of August 31, 2011, who expressed their willingness to participate. In addition, the Nomination Committee shall also include the Chairman of the Husqvarna Board.

The Nomination Committee has been appointed by Investor AB, L E Lundbergföretagen AB, Alecta Mutual Pension Insurance and Swedbank Robur fonder. 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, L E Lundbergföretagen AB; Ramsay Brufer, Alecta Mutual Pension Insurance; Jan Andersson, Swedbank Robur fonder and Lars Westerberg, Chairman of Husqvarna AB.

The Nomination Committee will prepare proposals for the AGM in 2012, including proposals for the Chairman of the AGM, Board members, Chairman of the Board, remuneration for Board members, fees to the auditors, and the tasks and composition of the Nomination Committee for the AGM in 2013.

Shareholders who wish to submit proposals to the Nomination Committee should send an email to [nominationcommittee@husqvarna.se](mailto:nominationcommittee@husqvarna.se) by 1 February 2012.

## LEGAL MATTERS

In a judgment of February 2010, the criminal court of Tournai in Belgium acquitted Husqvarna in a case regarding a gas explosion on Husqvarna's property in Ghislenghien, Belgium in 2004. The ruling was appealed by the public prosecutor, as well as by other parties, to the Court of Appeal. Eight of the 14 parties were judged guilty by the Court of Appeal in June 2011, among them Husqvarna Belgium. Husqvarna has appealed to the Belgian Supreme Court.

In December 2011, the Court of Appeal in Mons will commence proceedings adjudicating the damages for each victim and is also expected to rule on the distribution of liability for damages between the parties finally found guilty. Today, the damages claims are only partly known, but it cannot be ruled out that, if the verdict is upheld, this may lead to negative financial effects for Husqvarna. The damages claims are expected to become fully known latest at the commencement of the claims proceedings in the Court of Appeal in December. A final outcome of these damages proceedings may take 1 - 2 years.

## 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.

For more information on risk than stated below, see the Annual Report.

### 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 watering 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.

## ACCOUNTING PRINCIPLES

Husqvarna's consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union, the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's standard RFR 1 Supplementary Accounting Rules for Groups. The financial statement of the Parent Company has been prepared in accordance with the Swedish Annual Accounts Act and RFR 2 Accounting for Legal Entities.

This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act.

Husqvarna has in all material aspects presented its interim report in accordance with the accounting and valuation principles presented in the Annual Report for 2010. The annual report is available at [www.husqvarna.com](http://www.husqvarna.com) under Investor Relations.

Stockholm October 20, 2011

*Hans Linnarson*  
**Acting CEO and President**



## 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 2011 - 30 September 2011. 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 International Standards on Auditing, ISA, 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 20, 2011  
PricewaterhouseCoopers AB

Anders Lundin  
Authorized Public Accountant  
Auditor in charge

## Consolidated income statement

SEKm	Q3 2011	Q3 2010	Jan-Sep 2011	Jan-Sep 2010	Full-year 2010
Net sales	6,410	6,907	25,363	27,446	32,240
Cost of goods sold	-4,658	-4,815	-18,340	-19,657	-23,037
<b>Gross operating income</b>	<b>1,752</b>	<b>2,092</b>	<b>7,023</b>	<b>7,789</b>	<b>9,203</b>
Margin, %	27.3	30.3	27.7	28.4	28.5
Selling expense	-1,277	-1,270	-4,141	-4,121	-5,232
Administrative expense	-363	-411	-1,102	-1,160	-1,524
Other operating income/expense	1	0	7	0	-2
<b>Operating income<sup>1</sup></b>	<b>113</b>	<b>411</b>	<b>1,787</b>	<b>2,508</b>	<b>2,445</b>
Margin, %	1.8	5.9	7.0	9.1	7.6
Financial items, net	-89	-101	-277	-258	-394
<b>Income after financial items</b>	<b>24</b>	<b>310</b>	<b>1,510</b>	<b>2,250</b>	<b>2,051</b>
Margin, %	0.4	4.5	6.0	8.2	6.4
Taxes	31	92	-290	-377	-302
<b>Income for the period</b>	<b>55</b>	<b>402</b>	<b>1,220</b>	<b>1,873</b>	<b>1,749</b>
Attributable to:					
<b>Equity holders of the Parent Company</b>	<b>55</b>	<b>402</b>	<b>1,212</b>	<b>1,862</b>	<b>1,739</b>
Non-controlling interest in income for the period	0	0	8	11	10
Basic earnings per share, SEK	0.10	0.70	2.12	3.25	3.03
Diluted earnings per share, SEK	0.10	0.70	2.12	3.25	3.03
Basic weighted average number of shares outstanding, millions	572.5	573.7	572.5	573.7	573.4
Diluted weighted average number of shares, millions	572.6	574.3	572.7	574.0	574.2

## Consolidated comprehensive income statement

SEKm	Q3 2011	Q3 2010	Jan-Sep 2011	Jan-Sep 2010	Full-year 2010
<b>Income for the period</b>	<b>55</b>	<b>402</b>	<b>1,220</b>	<b>1,873</b>	<b>1,749</b>
Other comprehensive income, net of tax:					
Exchange differences on translating foreign operations	529	-1,036	274	-1,019	-1,056
Cash flow hedges	57	-42	27	-4	10
<b>Other comprehensive income, net of tax</b>	<b>586</b>	<b>-1,078</b>	<b>301</b>	<b>-1,023</b>	<b>-1,046</b>
<b>Total comprehensive income for the period</b>	<b>641</b>	<b>-676</b>	<b>1,521</b>	<b>850</b>	<b>703</b>
Attributable to:					
Equity holders of the Parent Company	638	-669	1,512	843	695
Non-controlling interest in comprehensive	3	-7	9	7	8
<sup>1</sup> Of which depreciation, amortization and impairment	-276	-290	-829	-926	-1,221

## Consolidated balance sheet

SEKm	30 Sep 2011	30 Sep 2010	31 Dec 2010
<b>Assets</b>			
Property, plant and equipment	3,973	3,984	4,125
Goodwill	6,099	5,973	5,995
Other intangible assets	4,031	3,991	3,989
Investments in associates	5	5	5
Deferred tax assets	644	704	614
Derivatives	0	0	1
Financial assets	205	172	168
<b>Total non-current assets</b>	<b>14,957</b>	<b>14,829</b>	<b>14,897</b>
Inventories	7,080	6,006	7,000
Trade receivables	4,938	4,694	3,575
Derivatives	398	948	417
Tax receivables	373	341	335
Other current assets	563	576	529
Other short term investments	95	361	173
Cash and cash equivalents	1,139	1,479	1,476
<b>Total current assets</b>	<b>14,586</b>	<b>14,405</b>	<b>13,505</b>
<b>Total assets</b>	<b>29,543</b>	<b>29,234</b>	<b>28,402</b>
<i>Assets pledged</i>	32	41	42
<b>Equity and liabilities</b>			
Equity attributable to equity holders of the Parent Company	12,813	12,358	12,154
Non-controlling interests	57	48	49
<b>Total equity</b>	<b>12,870</b>	<b>12,406</b>	<b>12,203</b>
Long-term borrowings	5,516	6,942	6,985
Deferred tax liabilities	1,769	1,691	1,571
Provisions for pensions and other post-employment benefits	996	1,041	992
Derivatives	93	95	39
Other provisions	720	649	707
<b>Total non-current liabilities</b>	<b>9,094</b>	<b>10,418</b>	<b>10,294</b>
Trade payables	2,332	2,406	2,810
Tax liabilities	175	538	340
Other liabilities	2,053	2,184	1,783
Short-term borrowings	2,445	368	309
Derivatives	206	492	334
Other provisions	368	422	329
<b>Total current liabilities</b>	<b>7,579</b>	<b>6,410</b>	<b>5,905</b>
<b>Total equity and liabilities</b>	<b>29,543</b>	<b>29,234</b>	<b>28,402</b>
<i>Contingent liabilities</i>	79	26	28

## Consolidated cash flow statement

SEKm	Q3 2011	Q3 2010	Jan-Sep 2011	Jan-Sep 2010	Full-year 2010
<b>Operations</b>					
Income after financial items	24	310	1,510	2,250	2,051
Depreciation and amortization	276	290	821	885	1,180
Capital gain/Impairment	-1	0	2	41	41
Change in accrued and prepaid interest	0	8	-10	-1	11
Provision for restructuring	24	0	56	116	108
Taxes paid	-68	-19	-338	-384	-503
<b>Cash flow from operations, excluding change in operating assets and liabilities</b>	<b>255</b>	<b>589</b>	<b>2,041</b>	<b>2,907</b>	<b>2,888</b>
<b>Change in operating assets and liabilities</b>					
Change in inventories	256	262	-85	329	-645
Change in trade receivables	2,197	2,168	-1,330	-1,515	-331
Change in trade payables	-1,247	-1,335	-483	-331	73
Change in other operating assets/liabilities	-308	-178	178	746	290
<b>Cash flow from operating assets and liabilities</b>	<b>898</b>	<b>917</b>	<b>-1,720</b>	<b>-771</b>	<b>-613</b>
<b>Cash flow from operations</b>	<b>1,153</b>	<b>1,506</b>	<b>321</b>	<b>2,136</b>	<b>2,275</b>
<b>Investments</b>					
Sale of fixed assets	2	-	25	-	0
Capital expenditure in property, plant and equipment	-203	-266	-498	-650	-991
Capitalization of product development and software	-59	-43	-176	-207	-311
Other	1	6	0	-4	-11
<b>Cash flow from investments</b>	<b>-259</b>	<b>-303</b>	<b>-649</b>	<b>-861</b>	<b>-1,313</b>
<b>Total cash flow from operations and investments</b>	<b>894</b>	<b>1,203</b>	<b>-328</b>	<b>1,275</b>	<b>962</b>
<b>Financing</b>					
Change in other short-term investments	95	18	92	-145	63
Change in interest-bearing liabilities	-1,270	-2,586	649	-1,351	-1,250
Dividend to shareholders	-	-	-859	-574	-574
Repurchase of shares	-	-	-	-	-59
Dividend to non-controlling interests	-	0	-1	-3	-3
<b>Cash flow from financing</b>	<b>-1,175</b>	<b>-2,568</b>	<b>-119</b>	<b>-2,073</b>	<b>-1,823</b>
<b>Total cash flow</b>	<b>-281</b>	<b>-1,365</b>	<b>-447</b>	<b>-798</b>	<b>-861</b>
Cash and cash equivalents at beginning of period	1,274	2,872	1,476	2,333	2,333
Exchange-rate differences	146	-28	110	-56	4
<b>Cash and cash equivalents at end of period</b>	<b>1,139</b>	<b>1,479</b>	<b>1,139</b>	<b>1,479</b>	<b>1,476</b>

## Change in Group equity

SEKm	January - September 2011			January - September 2010		
	Equity holders	Non-controlling interests	Total equity	Equity holders	Non-controlling interests	Total equity
<b>Opening balance</b>	<b>12,154</b>	<b>49</b>	<b>12,203</b>	<b>12,082</b>	<b>44</b>	<b>12,126</b>
Share-based payment	6	-	6	7	-	7
Dividend	-859	-1	-860	-574	-3	-577
Total comprehensive income	1,512	9	1,521	843	7	850
<b>Closing balance</b>	<b>12,813</b>	<b>57</b>	<b>12,870</b>	<b>12,358</b>	<b>48</b>	<b>12,406</b>

## Key data

	Q3 2011	Q3 2010	Jan-Sep 2011	Jan-Sep 2010	Full-year 2010
Net sales, SEKm	6,410	6,907	25,363	27,446	32,240
Operating income, SEKm	113	411	1,787	2,508	2,445
Net sales growth, %	-7	3	-8	-6	-5
Gross margin, %	27.3	30.3	27.7	28.4	28.5
Operating margin, %	1.8	5.9	7.0	9.1	7.6
Working capital, SEKm	6,310	4,377	6,310	4,377	4,478
Return on capital employed, %	-	-	8.0	9.0	11.0
Return on equity, %	-	-	8.9	11.3	13.9
Earnings per share, SEK	0.10	0.70	2.12	3.25	3.03
Capital-turnover rate, times	-	-	1.6	1.7	1.7
Operating cash flow, SEKm	894	1,203	-328	1,275	962
Net debt/equity ratio	-	-	0.51	0.41	0.46
Capital expenditure, SEKm	262	309	674	857	1,302
Average number of employees	15,562	13,926	16,948	15,051	14,954

## Items affecting comparability

SEKm		Q1	Q2	Q3	Q4	Full year
Restructuring charges	<b>2011</b>	-40	-	<b>-24</b>		
	2010	-	-157	-	-	-157
	2009	-	-	-59	-340	-399
Costs for personnel cut-backs	2009	-35	-18	-	-	-53
Legal settlement cost	2010	-50	-	-	-	-50
Total	<b>2011</b>	-40	-	<b>-24</b>		
	2010	-50	-157	-	-	-207
	2009	-35	-18	-59	-340	-452

## Net sales by business area

SEKm	Q3	Q3	Change, %		Jan-Sep	Jan-Sep	Change, %		Full-year 2010
	2011	2010	As rep.	Adj.	2011	2010	As rep.	Adj.	
Europe & Asia/Pacific	3,430	3,708	-7	-5	13,723	14,012	-2	3	16,621
Americas	2,241	2,482	-10	1	9,521	11,373	-16	-4	12,944
Construction	739	717	3	9	2,119	2,061	3	12	2,675
<b>Total</b>	<b>6,410</b>	<b>6,907</b>	<b>-7</b>	<b>-2</b>	<b>25,363</b>	<b>27,446</b>	<b>-8</b>	<b>1</b>	<b>32,240</b>

## Operating income by business area

SEKm	Q3	Q3	Change, %		Jan-Sep	Jan-Sep	Change, %		Full-year 2010
	2011	2010	As rep.	Adj.	2011	2010	As rep.	Adj.	
<b>Europe &amp; Asia/Pacific</b>	291	511	-43	-49	2,185	2,388	-8	-5	2,383
Excl. items affecting comparability	291	511	-43	-49	2,185	2,388	-8	-5	2,383
<i>Margin excl.</i>									
<i>items affecting comparability, %</i>	8.5	13.8	-	-	15.9	17.0	-	-	14.3
<b>Americas</b>	-172	-92	-87	-34	-364	191	n.a	n.a	152
Excl. items affecting comparability	-172	-92	-87	-34	-364	351	n.a	n.a	312
<i>Margin excl.</i>									
<i>items affecting comparability, %</i>	-7.7	-3.7	-	-	-3.8	3.1	-	-	2.4
<b>Construction</b>	50	42	18	183	108	54	99	176	82
Excl. items affecting comparability	74	42	75	183	172	101	70	176	129
<i>Margin excl.</i>									
<i>items affecting comparability, %</i>	9.9	5.9	-	-	8.1	4.9	-	-	4.8
<b>Total business areas</b>	<b>169</b>	<b>461</b>	<b>-63</b>	<b>-59</b>	<b>1,929</b>	<b>2,633</b>	<b>-27</b>	<b>-20</b>	<b>2,617</b>
Excl. items affecting comparability	193	461	-58	-59	1,993	2,840	-30	-20	2,824
<i>Margin excl.</i>									
<i>items affecting comparability, %</i>	3.0	6.7	-	-	7.9	10.3	-	-	8.8
Group common costs	-56	-50	-12	-12	-142	-125	-13	-13	-172
<b>Total Group</b>	<b>113</b>	<b>411</b>	<b>-73</b>	<b>-67</b>	<b>1,787</b>	<b>2,508</b>	<b>-29</b>	<b>-22</b>	<b>2,445</b>
Excl. items affecting comparability	137	411	-67	-67	1,851	2,715	-32	-22	2,652
<i>Margin excl.</i>									
<i>items affecting comparability, %</i>	2.1	5.9	-	-	7.3	9.9	-	-	8.2

## Net assets by business area

SEKm	Assets		Liabilities		Net Assets	
	30 Sep 2011	30 Sep 2010	30 Sep 2011	30 Sep 2010	30 Sep 2011	30 Sep 2010
Europe & Asia/Pacific	16,890	15,945	3,972	4,155	12,918	11,790
Americas	6,928	6,462	1,358	1,530	5,570	4,932
Construction	3,348	3,187	715	603	2,633	2,584
Other	745	852	2,368	2,643	-1,623	-1,791
<b>Total</b>	<b>27,911</b>	<b>26,446</b>	<b>8,413</b>	<b>8,931</b>	<b>19,498</b>	<b>17,515</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>2011</b>	4,541	5,752	<b>3,430</b>		
	2010	4,459	5,845	3,708	2,609	16,621
	2009	5,034	5,639	3,446	2,475	16,594
<b>Americas</b>	<b>2011</b>	3,588	3,692	<b>2,241</b>		
	2010	4,028	4,863	2,482	1,571	12,944
	2009	5,470	5,142	2,584	1,649	14,845
<b>Construction</b>	<b>2011</b>	645	735	<b>739</b>		
	2010	595	749	717	614	2,675
	2009	648	700	679	608	2,635
<b>Total Group</b>	<b>2011</b>	8,774	10,179	<b>6,410</b>		
	2010	9,082	11,457	6,907	4,794	32,240
	2009	11,152	11,481	6,709	4,732	34,074

## Operating income by business area

SEKm		Q1	Q2	Q3	Q4	Full year
<b>Europe &amp; Asia/Pacific</b>	<b>2011</b>	815	1,079	<b>291</b>		
<i>Excl. items affecting comparability</i>	<b>2011</b>	815	1,079	<b>291</b>		
	2010	732	1,145	511	-5	2,383
<i>Excl. items affecting comparability</i>	2010	732	1,145	511	-5	2,383
	2009	674	840	190	-294	1,410
<i>Excl. items affecting comparability</i>	2009	708	858	249	-105	1,710
<b>Americas</b>	<b>2011</b>	-94	-98	<b>-172</b>		
<i>Excl. items affecting comparability</i>	<b>2011</b>	-94	-98	<b>-172</b>		
	2010	81	202	-92	-39	152
<i>Excl. items affecting comparability</i>	2010	131	312	-92	-39	312
	2009	218	332	-8	-105	437
<i>Excl. items affecting comparability</i>	2009	219	332	-8	-8	535
<b>Construction</b>	<b>2011</b>	-17	75	<b>50</b>		
<i>Excl. items affecting comparability</i>	<b>2011</b>	23	75	<b>74</b>		
	2010	1	11	42	28	82
<i>Excl. items affecting comparability</i>	2010	1	58	42	28	129
	2009	-67	-14	29	-71	-123
<i>Excl. items affecting comparability</i>	2009	-67	-14	29	-17	-69
<b>Group common costs</b>	<b>2011</b>	-42	-44	<b>-56</b>		
	2010	-36	-39	-50	-47	-172
	2009	-39	-42	-38	-45	-164
<b>Total Group</b>	<b>2011</b>	662	1,012	<b>113</b>		
<i>Excl. items affecting comparability</i>	<b>2011</b>	702	1,012	<b>137</b>		
	2010	778	1,319	411	-63	2,445
<i>Excl. items affecting comparability</i>	2010	828	1,476	411	-63	2,652
	2009	786	1,116	173	-515	1,560
<i>Excl. items affecting comparability</i>	2009	821	1,134	232	-175	2,012

## Operating margin by business area

%		Q1	Q2	Q3	Q4	Full year
<b>Europe &amp; Asia/Pacific</b>	<b>2011</b>	17.9	18.8	<b>8.5</b>		
<i>Excl. items affecting comparability</i>	<b>2011</b>	17.9	18.8	<b>8.5</b>		
	2010	16.4	19.6	13.8	-0.2	14.3
<i>Excl. items affecting comparability</i>	2010	16.4	19.6	13.8	-0.2	14.3
	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
<b>Americas</b>	<b>2011</b>	-2.6	-2.7	<b>-7.7</b>		
<i>Excl. items affecting comparability</i>	<b>2011</b>	-2.6	-2.7	<b>-7.7</b>		
	2010	2.0	4.2	-3.7	-2.5	1.2
<i>Excl. items affecting comparability</i>	2010	3.3	6.4	-3.7	-2.5	2.4
	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
<b>Construction</b>	<b>2011</b>	-2.6	10.3	<b>6.7</b>		
<i>Excl. items affecting comparability</i>	<b>2011</b>	3.6	10.3	<b>9.9</b>		
	2010	0.1	1.5	5.9	4.6	3.1
<i>Excl. items affecting comparability</i>	2010	0.1	7.8	5.9	4.6	4.8
	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
<b>Total Group</b>	<b>2011</b>	7.5	9.9	<b>1.8</b>		
<i>Excl. items affecting comparability</i>	<b>2011</b>	8.0	9.9	<b>2.1</b>		
	2010	8.6	11.5	5.9	-1.3	7.6
<i>Excl. items affecting comparability</i>	2010	9.1	12.9	5.9	-1.3	8.2
	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



## Net sales and income by quarter, Group

SEKm		Q1	Q2	Q3	Q4	Full year
<b>Net sales</b>	<b>2011</b>	8,774	10,179	<b>6,410</b>		
	2010	9,082	11,457	6,907	4,794	32,240
	2009	11,152	11,481	6,709	4,732	34,074
<b>Operating income</b>	<b>2011</b>	662	1,012	<b>113</b>		
	<b>Margin, %</b>	7.5	9.9	<b>1.8</b>		
	2010	778	1,319	411	-63	2,445
	<b>Margin, %</b>	8.6	11.5	5.9	-1.3	7.6
	2009	786	1,116	173	-515	1,560
	<b>Margin, %</b>	7.0	9.7	2.6	-10.9	4.6
<b>Income after financial items</b>	<b>2011</b>	589	897	<b>25</b>		
	<b>Margin, %</b>	6.7	8.8	<b>0.4</b>		
	2010	690	1,250	310	-199	2,051
	<b>Margin, %</b>	7.6	10.9	4.5	-4.2	6.4
	2009	590	944	108	-548	1,094
	<b>Margin, %</b>	5.3	8.2	1.6	-11.6	3.2
<b>Income for the period</b>	<b>2011</b>	484	681	<b>55</b>		
	2010	535	936	402	-124	1,749
	2009	464	761	130	-452	903
<b>Earnings per share, SEK</b>	<b>2011</b>	0.84	1.18	<b>0.10</b>		
	2010	0.92	1.62	0.70	-0.21	3.03
	2009	0.98	1.35	0.23	-0.79	1.64

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

SEKm		Q1	Q2	Q3	Q4
<b>Net sales</b>	<b>2011</b>	31,932	30,654	<b>30,157</b>	
	2010	32,004	31,980	32,178	32,240
	2009	33,451	34,589	34,468	34,074
<b>Operating income</b>	<b>2011</b>	2,329	2,022	<b>1,724</b>	
	<b>Margin, %</b>	7.3	6.6	<b>5.7</b>	
	2010	1,552	1,755	1,993	2,445
	<b>Margin, %</b>	4.8	5.5	6.2	7.6
	2009	1,945	1,740	1,603	1,560
	<b>Margin, %</b>	5.8	5.0	4.7	4.6

## Five-year review

	2010	2009	2008	2007	2006
Net sales, SEKm	32,240	34,074	32,342	33,284	29,402
Operating income, SEKm	2,445	1,560	2,361	3,564	3,121
Net sales growth, %	-5	5	-3	13	2
Gross margin, %	28.5	25.4	29.0	29.4	27.0
Operating margin, %	7.6	4.6	7.3	10.7	10.6
Return on capital employed, %	11.0	6.6	10.7	17.6	23.8 <sup>1</sup>
Return on equity, %	13.9	7.5	15.8	28.6	32.5 <sup>1</sup>
Capital turn-over rate, times	1.7	1.6	1.5	1.8	2.4
Operating cash flow, SEKm	962	3,737	2,013	1,843	535 <sup>1</sup>
Capital expenditure, SEKm	1,302	914	1,163	857	890
Average number of employees	14,954	15,030	15,720	16,093	11,412

<sup>1</sup> Pro forma.

## PARENT COMPANY

## Income statement

SEKm	Q3 2011	Q3 2010	Jan-Sep 2011	Jan-Sep 2010	Full-year 2010
<b>Net sales</b>	<b>2,368</b>	<b>2,215</b>	<b>8,906</b>	<b>8,416</b>	<b>10,304</b>
Cost of goods sold	-1,786	-1,678	-6,862	-6,482	-8,027
<b>Gross operating income</b>	<b>582</b>	<b>537</b>	<b>2,044</b>	<b>1,934</b>	<b>2,277</b>
Selling expense	-236	-203	-748	-597	-823
Administrative expense	-128	-113	-409	-357	-473
Other operating income/expense	1	2	3	4	126
<b>Operating income</b>	<b>219</b>	<b>223</b>	<b>890</b>	<b>984</b>	<b>1,107</b>
Financial items, net	117	764	243	1,521	1,388
<b>Income after financial items</b>	<b>336</b>	<b>987</b>	<b>1,133</b>	<b>2,505</b>	<b>2,495</b>
Appropriations	5	-24	27	-8	-109
<b>Income before taxes</b>	<b>341</b>	<b>963</b>	<b>1,160</b>	<b>2,497</b>	<b>2,386</b>
Taxes	-33	-136	-177	-404	-335
<b>Income for the period</b>	<b>308</b>	<b>827</b>	<b>983</b>	<b>2,093</b>	<b>2,051</b>

## Balance sheet

SEKm	30 Sep 2011	30 Sep 2010	31 Dec 2010
Non-current assets	30,166	30,205	30,227
Current assets	6,710	5,826	5,978
<b>Total assets</b>	<b>36,876</b>	<b>36,031</b>	<b>36,205</b>
Equity	18,674	19,160	18,686
Untaxed reserves	982	910	1,010
Provisions	166	175	110
Interest-bearing liabilities	14,786	12,992	13,028
Current liabilities	2,268	2,794	3,371
<b>Total equity and liabilities</b>	<b>36,876</b>	<b>36,031</b>	<b>36,205</b>

## Number of shares

	Outstanding A-shares	Outstanding B-shares	Re-purchased B-shares	Total
<b>Number of shares as of 31 December 2010</b>	<b>134,755,087</b>	<b>437,682,684</b>	<b>3,906,007</b>	<b>576,343,778</b>
Conversion of A-shares into B-shares	-4,237,119	4,237,119		
LTI 2008		82,634	-82,634	
<b>Number of shares as of 30 September 2011 <sup>1</sup></b>	<b>130,517,968</b>	<b>442,002,437</b>	<b>3,823,373</b>	<b>576,343,778</b>

<sup>1)</sup> After September 30, 2011, another 1 057 629 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.

## TELEPHONE CONFERENCE

A combined press and telephone conference will be held at the Hotel Anglais in Stockholm at 11:00 CET on October 20, 2011. To participate by telephone, 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, 2012:	Year-end report for 2011
April 26, 2012:	Interim report for January-March 2012
July 19, 2012:	Interim report for January-June 2012
October 26, 2012:	Interim report for January-September 2012

The AGM 2012 will be held in Jönköping, Sweden, on March 28.

## CONTACTS

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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 20, 2011.*

### 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.