



## **Q4 2008 results presentation Rights issue proposal**

**20 February 2009  
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## Summary, Q4 2008

- Demand weakened gradually in all product areas
- Personnel cutbacks implemented faster than expected
- Retailers continue to be cautious about inventory build-up for next season
- Substantially lower production level to reduce Group's inventories
- Improvement in operating cash flow
- Strengthening of balance sheet through proposal of SEK 3 billion rights issue and no dividend for 2008.



# Group sales and earnings

SEKm	Change, %				Change, %			
	Q4 2008	Q4 2007	As reported	Excl. acq. & FX*	FY 2008	FY 2007	As reported	Excl. acq. & FX*
Net sales	5,126	5,196	-1%	-11%	32,342	33,284	-3%	-6%
EBIT	-472	269	-275%	-142%	2,361	3,564	-34%	-34%
EBIT-margin, %	-9.2%	5.2%	-	-	7.3%	10.7%	-	-
Pre-tax profit	-612	80	-	-	1,767	2,889	-	-
Income for the period	-418	273	-	-	1,288	2,036	-	-

\* Excluding costs for personnel cutbacks

## Comment on FOURTH QUARTER

- Sales increased slightly for Consumer Products North America
- Significant sales decline in all other areas
- Charges for personnel cutbacks amounted to SEK 301m
- EBIT also negatively affected by lower sales and production volumes, as well as higher costs for materials
- Operating cash flow increased to SEK 116m (-215).

## Comment on FULL-YEAR 2008

- Largest declines in sales and income referred to Consumer Products in North America and Rest of the World Mass trade, as well as to Construction
- Forestry's EBIT was in line with 2007, and the margin improved
- Group EBIT negatively affected by costs for personnel cutbacks (SEK 316m), lower sales and higher costs for materials as well as lower cost absorption due to lower production level.

# Consumer Products

SEKm	Change, %				Change, %			
	Q4 2008	Q4 2007	As reported	Excl. acq. & FX	FY 2008	FY 2007	As reported	Excl. acq. & FX
Sales	2,482	2,328	7%	-4%	19,849	20,621	-4%	-6%
EBIT	-438	-113	-288%	-153%	963	1,638	-41%	-50%
EBIT-margin	-17.7%	-4.9%	-	-	4.9%	7.9%	-	-

\* Excluding costs for personnel cutbacks

## Comment on FOURTH QUARTER

- Sales in North America rose slightly, mainly due to chain saws and snow throwers
- Sales in Rest of the World declined substantially
- Retailers very reluctant to build pre-season inventory
- Substantial EBIT decline, mainly due to costs for personnel cutbacks (SEK 74m), higher costs for materials and lower cost absorption due to lower production levels.

## Comment on FULL-YEAR 2008

- Considerable sales decline in North America for all categories except chain saws
- Significant growth for Husqvarna-branded products in dealer channel in Rest of the World
- EBIT declined sharply, due mainly to lower sales, product mix effects and higher costs for materials mainly in the US
- Production cutbacks to reduce inventory also had a negative effect on EBIT.

# Professional Products

SEKm	Change, %				Change, %			
	Q4 2008	Q4 2007	As reported	Excl. acq. & FX*	FY 2008	FY 2007	As reported	Excl. acq. & FX*
Sales	2,644	2,868	-8%	-17%	12,493	12,663	-1%	-6%
EBIT	6	442	-99%	-58%	1,587	2,123	-25%	-19%
EBIT-margin	0.2%	15.4%	-	-	12.7%	16.8%	-	-

\* Excluding costs for personnel cutbacks

## Comment on FOURTH QUARTER

- Sales were significantly lower in all areas
- Dealer financing problems in Russia and Eastern Europe
- Business area EBIT decline mainly traceable to Construction and Lawn & Garden
- EBIT adversely affected by costs for personnel cutbacks (SEK 226m), lower sales, product mix and lower production levels.

## Comment on FULL-YEAR 2008

- Sales decline referred mainly to Construction
- Sales for Forestry were in line with 2007. Good growth for premium chainsaws in North America
- EBIT decline traceable mainly to Construction
- Forestry EBIT was unchanged and margin improved
- Business area EBIT adversely affected by lower production level and costs for personnel cutbacks (SEK 235m).

## Summary, Full-year 2008

- Lower demand in North America and Europe, especially in the second half
- Sales declined 3% and EBIT declined 34%, as reported
  - mainly due to Consumer Products and Construction within Professional products
  - Continued positive full-year trend for Forestry
  - Husqvarna branded product sales continued to grow
- Cost cutting measures introduced
- Operating cash flow improved to SEK 2,013m (1,843)
- Strengthening of balance sheet through proposal of SEK 3 billion rights issue and no dividend for 2008.



## Income statement, Group

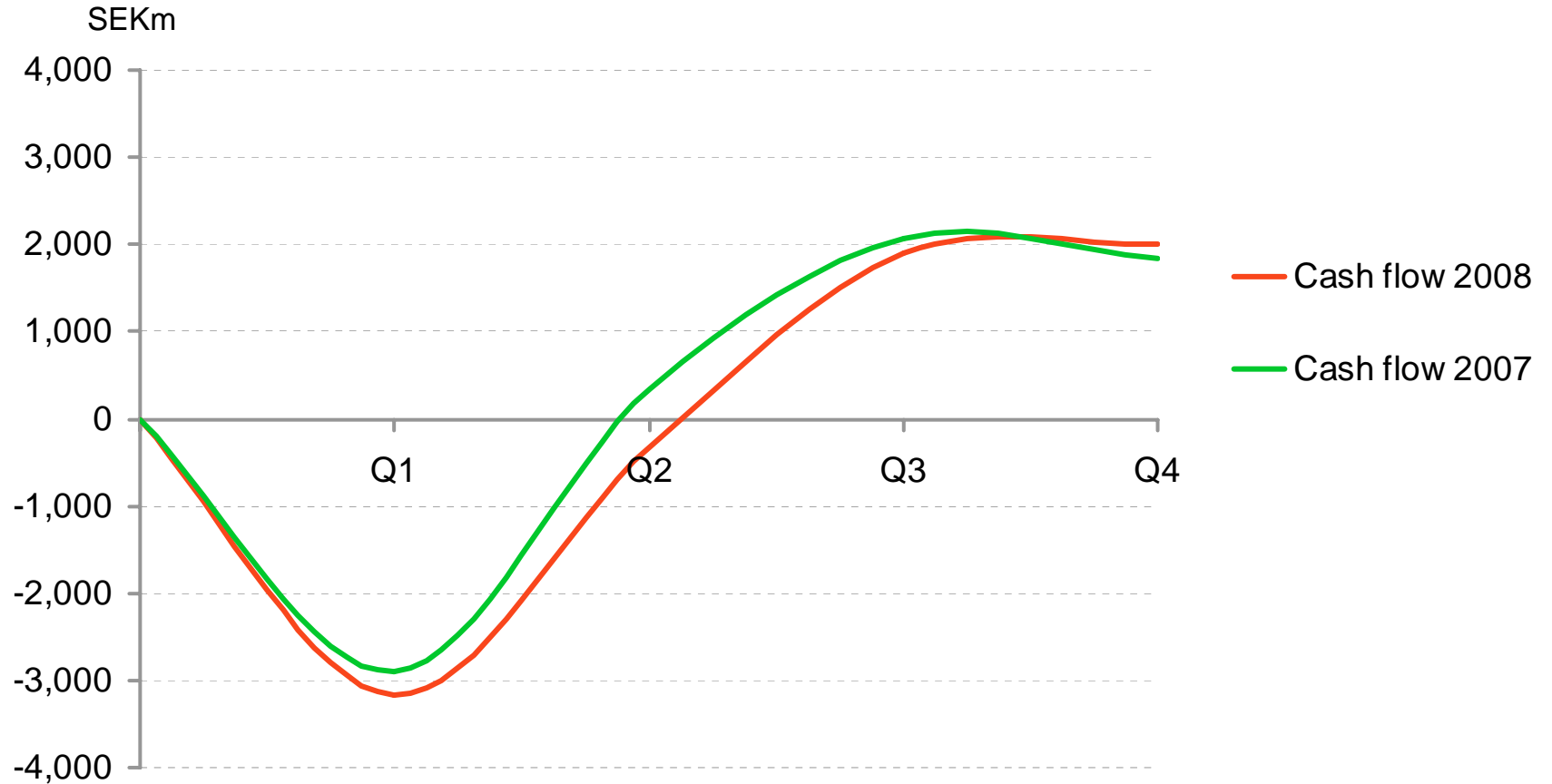
	2008 Q4	2007 Q4	FY 2008	FY 2007	Change, quarter	Change, period
<b>Net Sales</b>	<b>5,126</b>	<b>5,196</b>	<b>32,342</b>	<b>33,284</b>	<b>-1%</b>	<b>-3%</b>
Cost of goods sold	-3,909	-3,490	-22,965	-23,509	-12%	2%
<b>Gross operating income</b>	<b>1,217</b>	<b>1,706</b>	<b>9,377</b>	<b>9,775</b>	<b>-29%</b>	<b>-4%</b>
Selling expense	-1,300	-1,140	-5,496	-4,927	-14%	-12%
Administrative expense	-348	-307	-1,474	-1,303	-13%	-13%
<b>Operating income<sup>*)</sup></b>	<b>-472</b>	<b>269</b>	<b>2,361</b>	<b>3,564</b>	<b>-275%</b>	<b>-34%</b>
Financial items, net	-140	-175	-594	-675	20%	12%
<b>Income after financial items</b>	<b>-612</b>	<b>94</b>	<b>1,767</b>	<b>2,889</b>	<b>-751%</b>	<b>-39%</b>
Taxes	194	-14	-479	-853	-	44%
<b>Income for the period</b>	<b>-418</b>	<b>80</b>	<b>1,288</b>	<b>2,036</b>	<b>-623%</b>	<b>-37%</b>
<sup>*)</sup> Incl. depreciation/amortization	-320	-280	-1,163	-1,081	-14%	-8%

## Balance sheet, Group

SEKm	Dec 2008	Dec 2007	Ch. Y-onY	<i>of which FX- effects and acq.</i>
Non-current assets	17 734	14 921	2 813	3 026
Inventories	8 556	7 758	798	1 184
Trade receivables	4 184	3 912	272	558
Other current assets	1 128	906	222	145
Liquid funds	2 735	1 306	1 429	145
<b>Total assets</b>	<b>34 337</b>	<b>28 803</b>	<b>5 534</b>	<b>5 058</b>
Total equity	8 815	7 389	1 426	1 822
Interest-bearing liabilities	16 287	13 318	2 969	2 046
Provisions	4 114	3 503	611	533
Trade payables	3 280	2 731	549	441
Other current liabilities	1 841	1 862	-21	216
<b>Total equity and liabilities</b>	<b>34 337</b>	<b>28 803</b>	<b>5 534</b>	<b>5 058</b>



# Cash flow\*

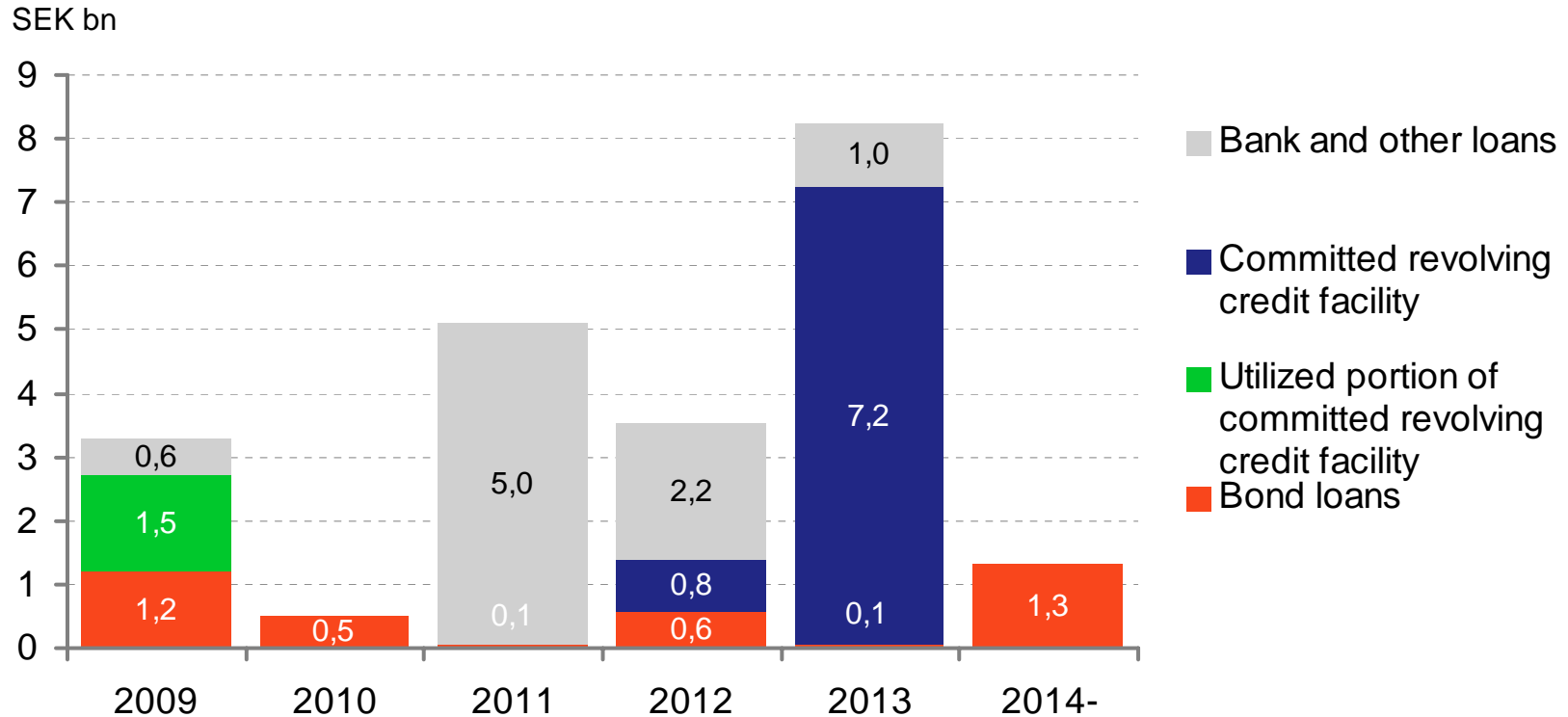


\* Cash flow from operations and investments, excluding payments for acquisitions

## Key figures

	Q4 2008	Q4 2007	FY 2008	FY 2007
Operating cash flow, SEKm	116	-215	2,013	1,843
Working capital, SEKm	-	-	6,462	6,146
Net debt, SEKm	-	-	13,552	12,012
Return on capital employed, %	-	-	10.7	17.6
Return on equity, %	-	-	15.8	28.6
Net debt/equity ratio	-	-	1.54	1.63
Equity/assets ratio, %	-	-	25.7	25.7
Earnings per share, SEK	-1.09	0.21	3.34	5.29

# Maturity structure of funding, Dec. 2008



- Husqvarna has committed credit facilities of approx. SEK 20 bn

## Expectations for 2009

### Negative

- Retailers more cautious about increasing inventories before the season
- End-user demand
- End-users trade down
- Funding problems for dealers

### Positive

- Good listings with retailers
- Price increases
- Lower raw-materials prices
- Cost-cutting measures in 2008
- Synergies from acquisitions
- Lower tax cost
- Currency effects

## Outlook for Q1 2009

- Retail inventories of the Group's garden products at year-end are estimated to have been substantially lower than in the previous year
- The Group's listings with major retailers for the season are improved in comparison with 2008
- As consumer demand is likely to remain low and retailers are expected to continue to focus on maintaining low inventories, the Group expects shipments in the first quarter of 2009 to be substantially lower than in the first quarter of 2008.



## Rights issue proposal

20 February 2009

## Proposed rights issue in brief

- Board of Directors have resolved on a rights issue of shares intended to raise approximately SEK 3 billion
- The issue is fully committed and underwritten by 6 shareholders in Husqvarna as well as SEB, Handelsbanken Capital Markets and Nordea
- Subscription price and offer ratio to be announced on 5 March
- Rights issue subject to approval by an Extraordinary Shareholders' Meeting on 9 March 2009.

## Background and rationale

- Uncertainty regarding market conditions in 2009
- Significantly weaker start of the 2009 season expected, compared with a very strong start 2008
- The objective of the rights issue is to strengthen the Group's balance sheet
- Challenging market conditions may open up new business opportunities

The objective of the rights issue is to strengthen Husqvarna's financial position and flexibility



## Rights issue timetable

<b>February 23</b>	Publishing of EGM notice
<b>March 5</b>	Announcement of rights issue price and offer ratio
<b>March 9</b>	EGM votes on Board's proposed rights issue
<b>March 10</b>	Shares traded, excluding rights to participate in the issue
<b>March 12</b>	Rights issue record date
<b>March 12</b>	Estimated date for publication of the prospectus
<b>March 16-25</b>	Trading in subscription rights
<b>March 16-30</b>	Subscription period

## Pro forma financial effects, balance sheet

SEKm	Dec 2008	Rights issue*	Pro forma Dec 2008
Non-current assets	17 734		17 734
Inventories	8 556		8 556
Trade receivables	4 184		4 184
Other current assets	1 128		1 128
Liquid funds	2 735		2 735
<b>Total assets</b>	<b>34 337</b>	<b>0</b>	<b>34 337</b>
Total equity	8 815	3 000	11 815
Interest-bearing liabilities	16 287	-3 000	13 287
Provisions	4 114		4 114
Trade payables	3 280		3 280
Other current liabilities	1 841		1 841
<b>Total equity and liabilities</b>	<b>34 337</b>	<b>0</b>	<b>34 337</b>
Net debt	13 552		10 552
Net debt/equity	1,54		0,89
Equity/assets ratio	25,7%		34,4%

\* Pre transaction costs

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