



**Q1 2011 results presentation**  
**April 19, 2011**

# Summary Q1 2011

- Adjusted Group sales and EBIT improved
  - Changes in exchange rates had a negative effect on EBIT amounting to SEK –171m
- Production disturbances in North America
  - Lower shipments of ride-on product and substantially higher manufacturing cost in Americas
  - Approx. SEK 150m of higher cost related to the disturbances, whereof the majority in March
  - EBIT for Americas was negative
- Continued strong development for Europe & Asia/Pacific
  - Strong mix development
- Continued improvement for Construction



# Production disturbances

- Orangeburg (South Carolina, USA) is Husqvarna's largest factory
- Severe production disturbances due to material flow
  - Increased complexity
  - New factory material flow setup not yielding through-put
- Lower shipments of ride-on products and large order back-log for Americas
- Higher manufacturing costs in order to improve output and minimize impact for customers
- Measures in order to resolve situation continue
  - Minimize impact for customers
  - Production output will gradually improve
  - Higher costs throughout the season

# Financial highlights

SEKm	Q1 2011	Q1 2010	% change, Q1		LTM rolling	Full-year 2010
			As reported	Adjusted		
Net sales	8,774	9,082	-3	6	31,932	32,240
Gross margin, %	26.6	26.3	-	-	28.6	28.5
EBIT	662	778	-15	7	2,329	2,445
EBIT margin, %	7.5	8.6	-	-	7.3	7.6
EBIT margin <sup>1</sup> , %	8.0	9.1	-	-	7.9	8.2

<sup>1</sup> Excluding items affecting comparability.

- Adjusted sales increased 6%
- Adjusted EBIT increased 7%
- Positive pricing
- Higher manufacturing costs / lower productivity
- FX affected EBIT negatively by SEK -171m



# Europe & Asia/Pacific

SEKm	Q1 2011	Q1 2010	% change, Q1		LTM rolling	Full-year 2010
			As reported	Adjusted		
Net sales	4,541	4,459	2	10	16,703	16,621
EBIT	815	732	11	32	2,466	2,383
<i>EBIT margin, %</i>	17.9	16.4	-	-	14.8	14.3
<i>EBIT margin<sup>1</sup>, %</i>	17.9	16.4	-	-	14.8	14.3

<sup>1</sup> Excluding items affecting comparability.

- Higher market demand - Adjusted sales increased 10%
- Strong dealer sales growth and retail sell-in
- Good growth in Germany, France and UK
- Favorable channel, product and country mix
- Higher selling prices offset higher material cost
- FX affected EBIT negatively by SEK -114m



# Americas

SEKm	Q1 2011	Q1 2010	% change, Q1		LTM rolling	Full-year 2010
			As reported	Adjusted		
Net sales	3,588	4,028	-11	0	12,504	12,944
EBIT	-94	81	n.a.	n.a.	-23	152
<i>EBIT margin, %</i>	-2.6	2.0	-	-	-0.2	1.2
<i>EBIT margin<sup>1</sup>, %</i>	-2.6	3.3	-	-	0.7	2.4

<sup>1</sup> Excluding items affecting comparability.

- Market demand increased
- Sales hampered by severe production disturbances
- Significantly higher costs ~SEK -150m in the quarter, whereof the majority in March
- Disturbances also affected income negatively by lost sales of ride-on products and mix
- Disturbances will affect remainder of season
  - Higher cost
- FX affected EBIT negatively by SEK -50m



<sup>1</sup> Excluding items affecting comparability.

# Construction

SEKm	Q1 2011	Q1 2010	% change, Q1		LTM rolling	Full-year 2010
			As reported	Adjusted		
Net sales	645	595	8	18	2,725	2,675
EBIT	-17	1	n.a.	n.a.	64	82
EBIT margin, %	-2.6	0.1	-	-	2.3	3.1
EBIT margin <sup>1</sup> , %	3.6	0.1	-	-	5.5	4.8

<sup>1</sup> Excluding items affecting comparability.

- Market demand increased
  - Especially in Europe and Asia
- Adjusted sales increased 18%
  - New products continue to be important driver
  - Good growth in all regions and across main product categories
- Adjusted EBIT increased
  - Higher volumes and favorable product mix
- EBIT includes SEK -40m restructuring charge



<sup>1</sup> Excluding items affecting comparability.

# Income statement

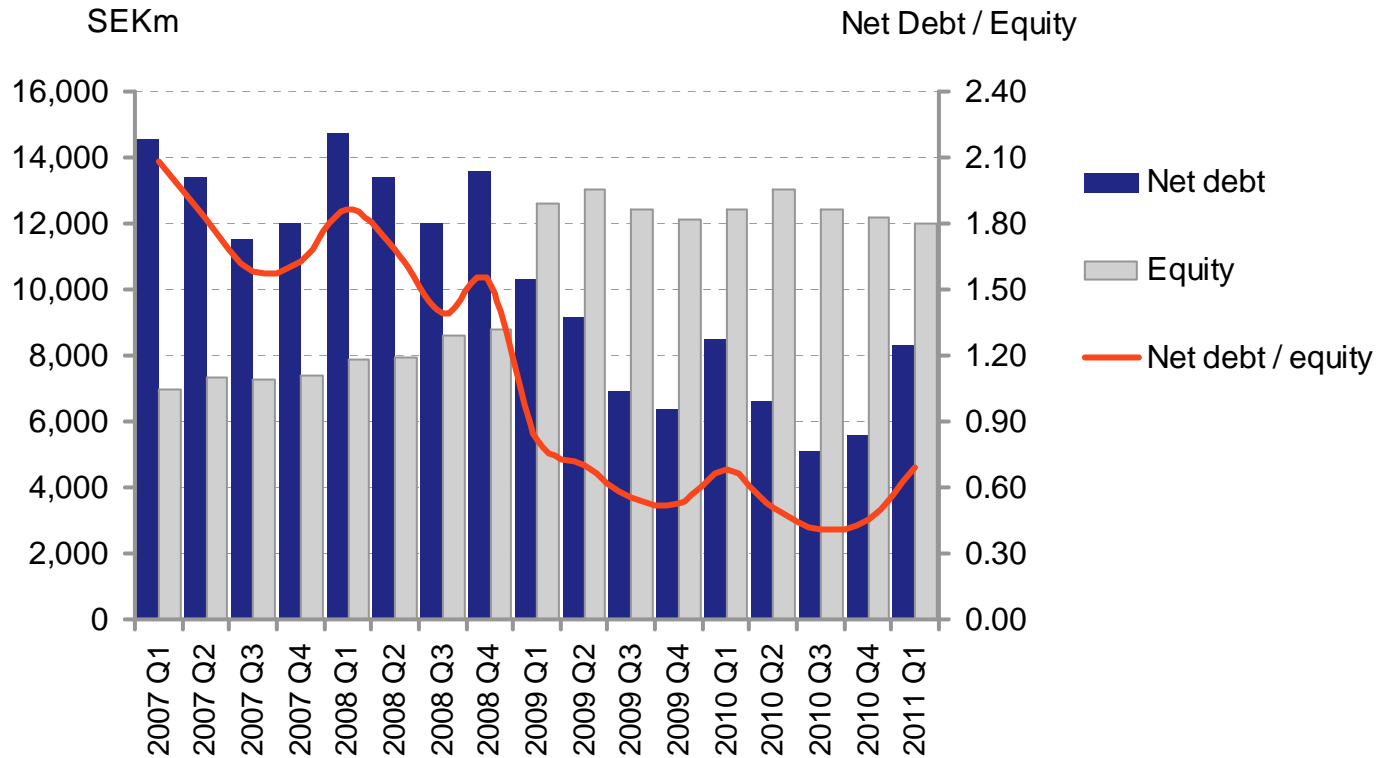
SEKm	Q1 2011	Q1 2010	Jan-Dec 2010
Net sales	8,774	9,082	32,240
Cost of goods sold	-6,444	-6,697	-23,037
<b>Gross operating income</b>	<b>2,330</b>	<b>2,385</b>	<b>9,203</b>
<i>Margin, %</i>	26.6	26.3	28.5
Selling expense	-1,298	-1,277	-5,232
Administrative expense	-375	-329	-1,524
Other operating income/expense	5	-1	-2
<b>Operating income<sup>1</sup></b>	<b>662</b>	<b>778</b>	<b>2,445</b>
<i>Margin, %</i>	7.5	8.6	7.6
Financial items, net	-73	-88	-394
<b>Income after financial items</b>	<b>589</b>	<b>690</b>	<b>2,051</b>
<i>Margin, %</i>	6.7	7.6	6.4
Taxes	-105	-155	-302
<b>Income for the period</b>	<b>484</b>	<b>535</b>	<b>1,749</b>
Basic earnings per share, SEK	0.84	0.92	3.03
Diluted earnings per share, SEK	0.84	0.92	3.03
<sup>1</sup> <i>Of which depreciation, amortization and impairment</i>	-284	-295	-1,221



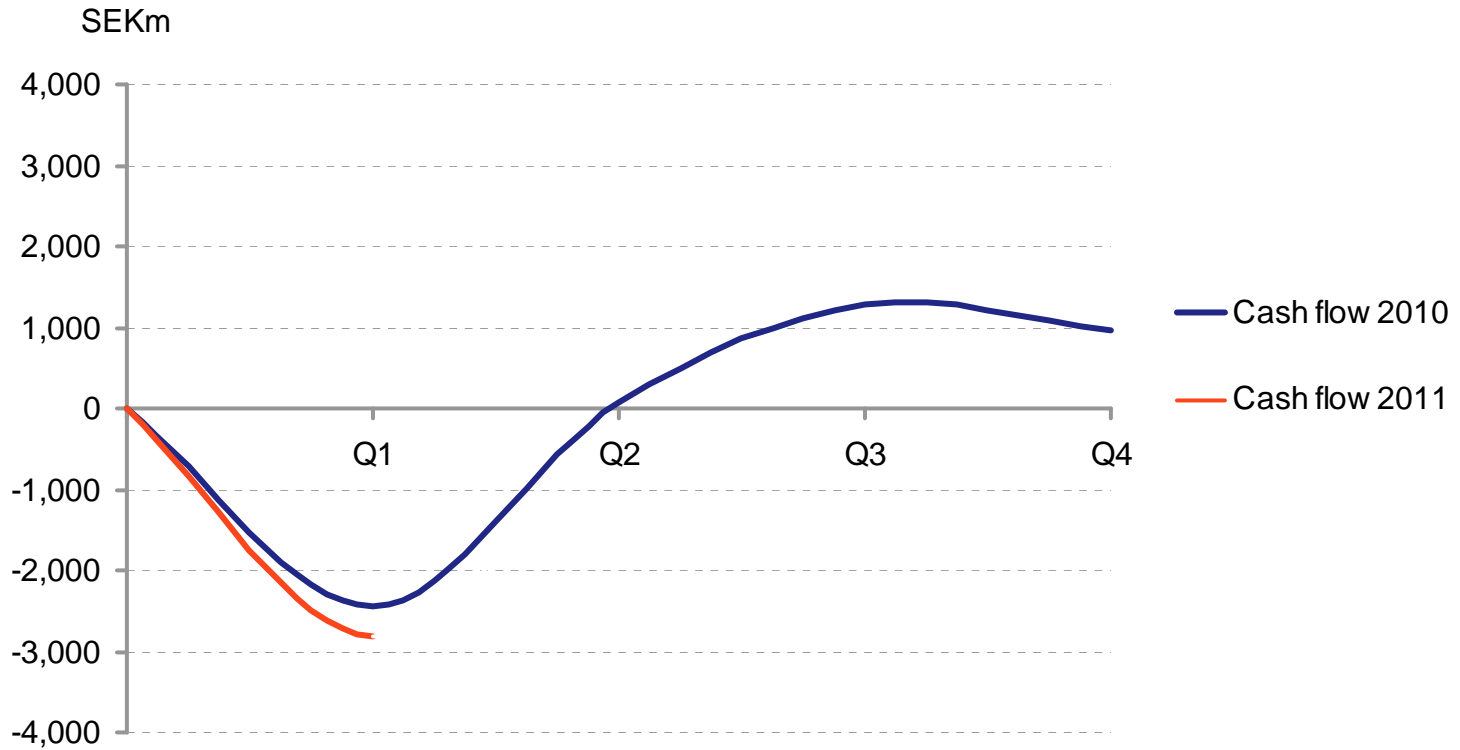
# Consolidated balance sheet

SEKm	31 Mar 2011	31 Mar 2010	31 Dec 2010
Non-current assets	14,328	15,642	14,896
Inventories	7,442	7,326	7,000
Trade receivables	7,729	7,614	3,575
Other current assets	728	991	864
Liquid funds	1,984	1,907	2,067
<b>Total assets</b>	<b>32,211</b>	<b>33,480</b>	<b>28,402</b>
Total equity	12,073	12,458	12,203
Interest-bearing liabilities	10,289	10,418	7,667
Provisions	3,543	3,945	3,599
Trade payables	3,995	4,243	2,810
Other current liabilities	2,311	2,416	2,123
<b>Total equity and liabilities</b>	<b>32,211</b>	<b>33,480</b>	<b>28,402</b>

# Net debt and equity



# Operating cash flow



# Key figures

	Q1 2011	Q1 2010	Full-year 2010
Net sales, SEKm	8,774	9,082	32,240
Operating income, SEKm	662	778	2,445
Net sales growth, %	-3	-19	-5
Gross margin, %	26.6	26.3	28.5
Operating margin, %	7.5	8.6	7.6
Working capital, SEKm	7,677	7,167	4,478
Return on capital employed, %	10.6	6.9	11.0
Return on equity, %	13.6	7.7	13.9
Earnings per share, SEK	0.84	0.92	3.03
Capital-turnover rate, times	1.7	1.6	1.7
Operating cash flow, SEKm	-2,809	-2,433	962
Net debt/equity ratio	0.69	0.69	0.46
Capital expenditure, SEKm	216	207	1,302
Average number of employees	17,344	15,484	14,954

## Outlook for Q2 2011

Trade inventories of the Group's products at the end of the first quarter are estimated to have been on normal levels and slightly higher than a year ago. As market conditions have improved and end-user demand is higher, the sell-out in the trade during the second quarter of 2011 is expected to be higher than in the second quarter of 2010. The Group's listings with major retailers for the season have improved compared to 2010. However, the production disturbances will continue to have a negative effect on sales and profit.



# Summary Q1 2011

- Adjusted Group sales and EBIT improved
- Production disturbances in North America
  - Lower shipments of ride-on products and substantially higher manufacturing cost in Americas
  - Approx. SEK 150m of manufacturing costs related to the disturbances, whereof the majority in March
- Production output improves, but sales will be hampered also in Q2
- Higher cost level will remain throughout the season
- Continued strong development for Europe & Asia/Pacific
- Continued improvement for Construction



# Factors affecting forward-looking statements

This presentation contains forward-looking statements that reflect management's current views with respect to certain future events and potential financial performance. Although Husqvarna believes that the expectations reflected in such forward looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct. Accordingly, results could differ materially from those set out in the forward-looking statements as a result of various factors.

Important factors that may cause such a difference for Husqvarna include, but are not limited to: (i) the macroeconomic development, (ii) change in the competitive climate and (iii) change in interest rate level.

This presentation does not imply that Husqvarna has undertaken to revise these forward-looking statements, beyond what is required by applicable law or applicable stock exchange regulations if and when circumstances arise that will lead to changes compared to the date when these statements were provided.