



Q3 2009 results presentation

23 October 2009



Global leader in outdoor power products

Summary, Q3 2009

- Weaker market demand in all product areas
 - Net sales decreased 11% and EBIT declined 11%, adjusted for one-time costs, acquisitions and changes in exchange rates
 - Lower EBIT mainly due to lower sales volume and a less favorable mix
- Income for Professional Products held up well, margin was unchanged
 - Forestry reported higher margin and largely unchanged income
- Restructuring for improved competitiveness
 - To improve efficiency within production and sales organization
 - One-time cost of SEK 400m, of which SEK 59m in Q3 and remaining to be taken in Q4
 - Annual savings of SEK 400m



Group sales and earnings

SEKm	Q3 2009	Q3 2008	Change, %		Jan-Sep 2009	Jan-Sep 2008	Change, %	
			As reported	Adjusted ¹			As reported	Adjusted ¹
Net sales	6,709	6,830	-2%	-11%	29,342	27,216	8%	-9%
EBIT	173	310	-44%	-11%	2,075	2,833	-27%	-24%
<i>EBIT, excl. one-time costs</i>	232	325	-29%	-11%	2,187	2,848	-23%	-24%
<i>Margin, excl one-time costs, %</i>	3.5%	4.8%	-	-	7.5%	10.5%	-	-
Pre-tax profit	108	178	-	-	1,642	2,379	-	-
Income for the period	130	143	-	-	1,355	1,706	-	-
Earnings per share ²	0.23	0.32	-	-	2.50	3.74	-	-
Operating cash flow	1,411	2,216	-	-	2,936	1,897	-	-

¹ Excluding one-time costs, acquisitions and adjusted for changes in exchange rates.

² Earnings per share 2008 have been restated as an effect of the rights issue.

- Net sales declined 11% (adjusted) in Q3
 - Slight growth for Consumer Products, Rest of the World, mass market
- EBIT down 11% (adjusted) in Q3, exclusive of SEK 59m one-time costs
 - EBIT decline refers mainly to Consumer Products
 - Lower sales volumes and a less favorable product/country mix main negatives
 - Lower direct material costs and savings from implemented cost reductions contributed positively
 - Negative currency effects of approx. SEK -74m
- Strong YTD operating cash flow

Consumer Products

SEKm	Change, %				Change, %			
	Q3 2009	Q3 2008	As reported ¹	Adjusted ²	Jan-Sep 2009	Jan-Sep 2008	As reported ¹	Adjusted ²
Sales	3,937	3,764	5%	-5%	20,326	17,367	17%	-3%
EBIT ¹	-131	-65	-102%	23%	1,131	1,407	-20%	-15%
EBIT-margin ¹	-3.3%	-1.7%	-	-	5.6%	8.1%	-	-

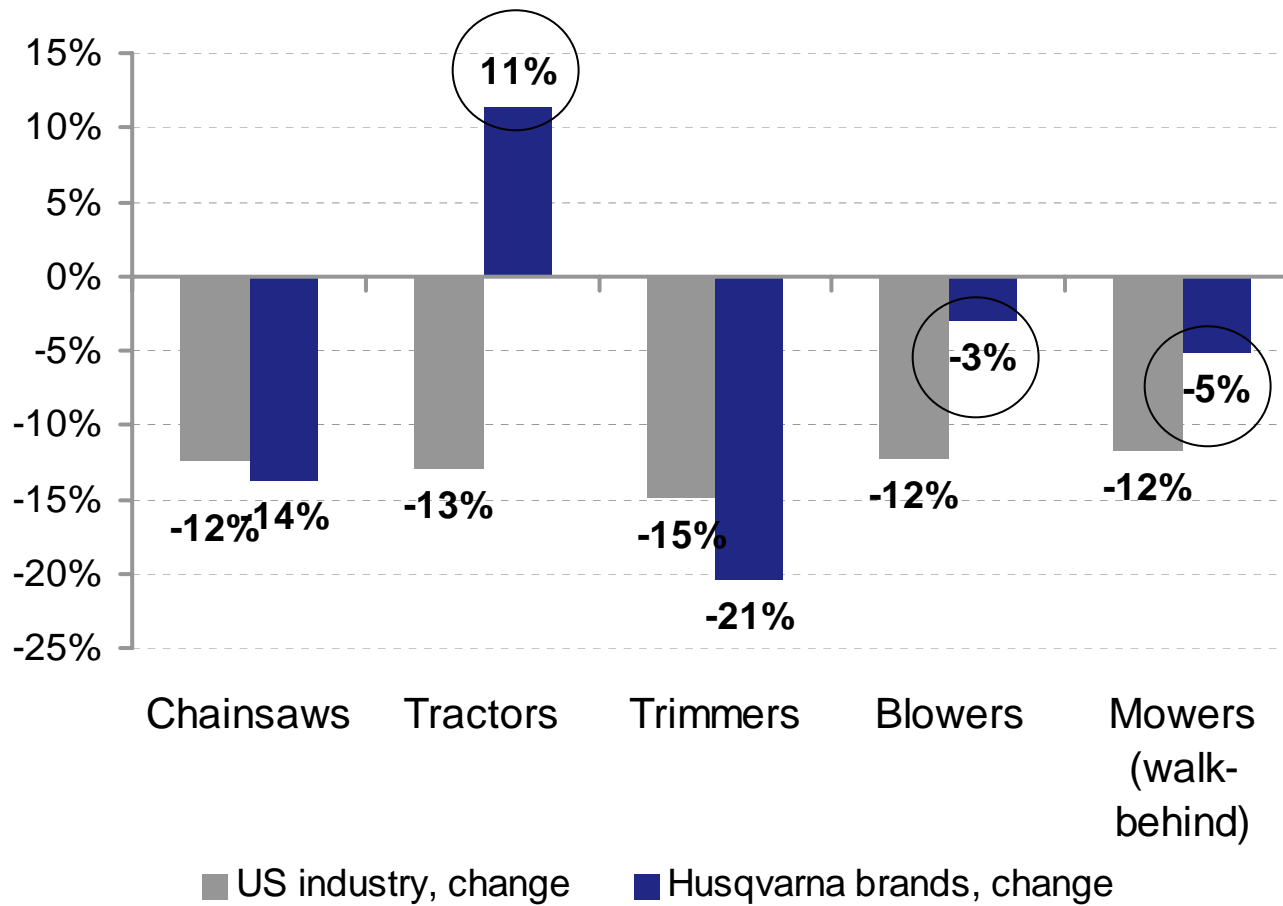
¹ Excluding one-time costs

² Excluding acquisitions and adjusted for changes in exchange rates.

- **Net sales in Q3 declined 5% (adjusted)**
 - Slight growth for Consumer Products, Rest of the World, mass market
 - Positive trend for Gardena branded electrical products, including several new products
 - Sales in dealer channel declined, particularly in Russia & Eastern Europe
 - Lower sales in North America, particularly for handheld
- **EBIT and margin in Q3 decreased**
 - Slight increase for North America
 - Slight increase for Rest Of World, Mass market, but decline for dealer channel
 - Lower direct material cost, but negative product/country mix
- **Market share gains in North America in both Q3 and YTD September**

US industry shipments

January - September 2009 (January - September 2008)



Professional Products

SEKm	Q3 2009	Q3 2008	Change, %		Jan-Sep 2009	Jan-Jun 2008	Change, %	
			As reported ¹	Adjusted ²			As reported ¹	Adjusted ²
Sales	2,772	3,066	-10%	-17%	9,016	9,849	-8%	-20%
EBIT ¹	401	445	-10%	-15%	1,175	1,590	-26%	-31%
EBIT-margin ¹	14.5%	14.5%	-	-	13.0%	16.1%	-	-

¹ Excluding one-time costs

² Excluding acquisitions and adjusted for changes in exchange rates.

- Substantially lower demand and sales in Q3 in all product areas
 - Largest downturns for Construction and Forestry
- EBIT remained at a high level in Q3, margin was unchanged
 - Slightly lower EBIT, mainly due to lower sales volumes
- Forestry's income held up well, margin improved
 - Substantially lower volumes in Russia and Eastern Europe
 - Rationalization of production main margin driver

Restructuring measures

- Consolidation of production in Sweden and US
- Rationalization of the sales organization in Europe and Asia/Pacific
- Changes to be implemented in 2009-2010
 - will affect approx. 1,200 employees with a net reduction of approx. 400 employees
- One-time cost of SEK 400m, of which SEK 59m taken in Q3 2009
- Capex related to the restructuring estimated to approx. SEK 400m
 - New plant in Poland accounts for approx. SEK 250m
- Estimated annual savings of SEK 400m, full effect as of Q1, 2012

One-time costs SEKm	Q1	Q2	Q3	Q4	Estimated annual savings
2009	-	-	-59	-340 ³	400 ¹
2009	-35	-18	-	-	} 450 ²
2008	-	-	-15	-301	

¹ Expected to be generated gradually from H2 2010, reaching full effect as of Q1 2012.

² Full effect as of Q3 2009

³ Estimated

Restructuring measures

Sweden

- Relocation of production of Riders to a new plant in Poland.
- Relocation of lawn-mower production in Höör to the new plant in Poland.
- Relocation of Construction's operations in Tandsbyn and Jönköping to Huskvarna.
- Intention to divest the plant in Ödeshög, which produces components for chainsaws, Riders and other products.

Spain

- Personnel cutbacks within Construction in Spain.

USA

- Relocation of handheld products from DeQueen, Arkansas to the plant in Nashville, Arkansas.
- Closure of the office in Augusta, Georgia, and transfer to Charlotte, North Carolina.

Italy

- Relocation of production of chainsaws and other handheld products from Valmadrera, to the plant in Shanghai, China.

Europe and Asia/Pacific

- Consolidation of sales organisation for retailers and dealers sales.

Income statement, Group

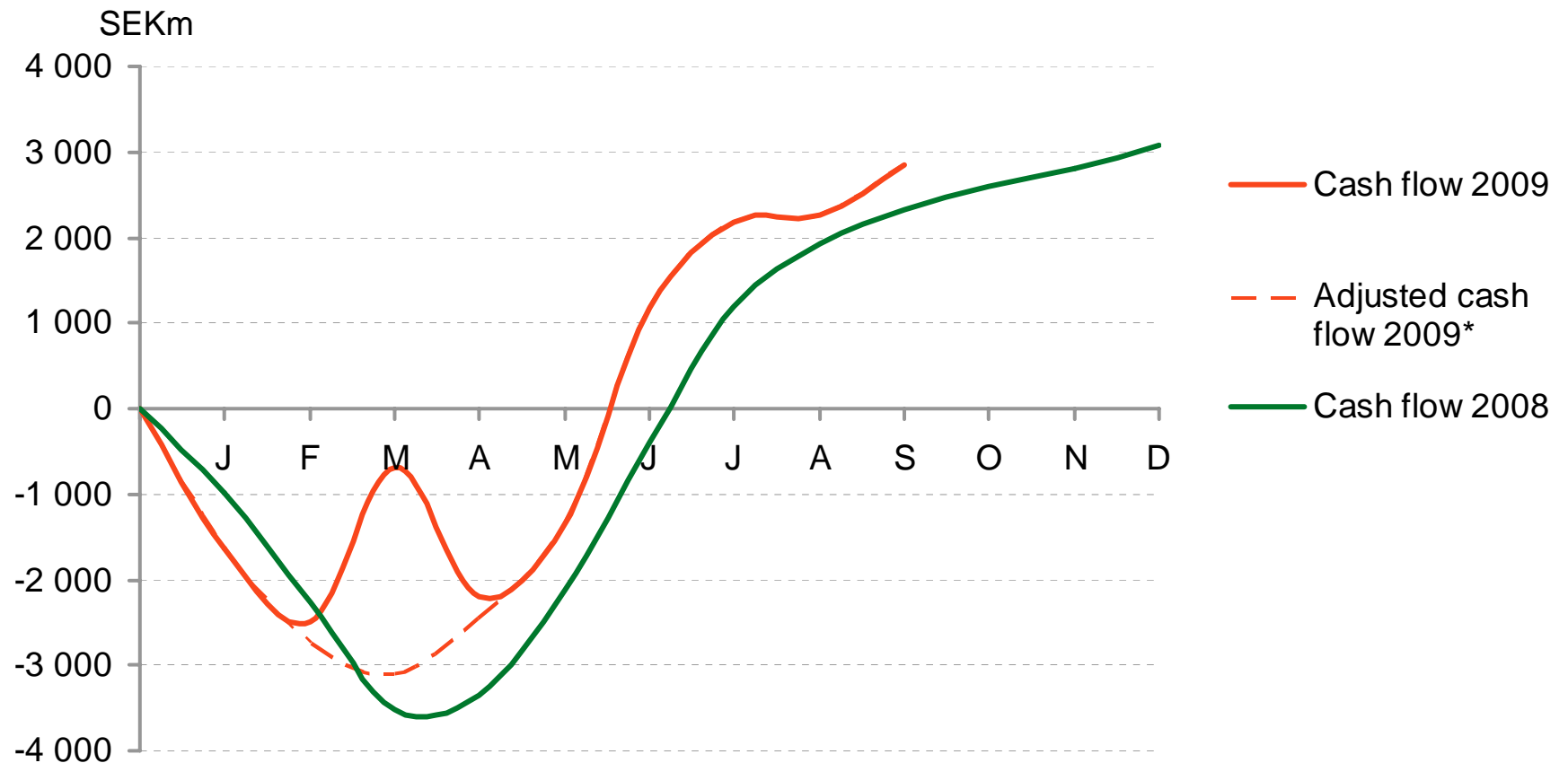
SEKm	Q3 2009	Q3 2008	Jan-Sep 2009	Jan-Sep 2008	Change, quarter	Change, period
Net Sales	6,709	6,830	29,342	27,216	-2%	8%
Cost of goods sold	-4,998	-4,901	-21,813	-19,056	2%	14%
Gross operating income	1,711	1,929	7,529	8,160	-11%	-8%
<i>Margin, %</i>	25.5%	28.2%	25.7%	30.0%		
Selling expense	-1,199	-1,218	-4,369	-4,196	-2%	4%
Administrative expense	-336	-399	-1,084	-1,126	-16%	-4%
Other operating income/expense	-3	-2	-1	-5		
Operating income^{*)}	173	310	2,075	2,833	-44%	-27%
<i>Margin, %</i>	2.6%	4.5%	7.1%	10.4%		
Financial items, net	-65	-132	-433	-454	-51%	-5%
Income after financial items	108	178	1,642	2,379	-39%	-31%
Taxes	22	-35	-287	-673	-163%	-57%
Income for the period	130	143	1,355	1,706	-9%	-21%
* Incl. Depr./amort./impairment	-319	-283	-1,007	-843		

Balance sheet, Group

SEKm	Sep 2009	Sep 2008	Dec 2008
Non-current assets	16,213	15,942	17,734
Inventories	5,823	6,361	8,556
Trade receivables	5,326	5,794	4,184
Other current assets	1,139	868	1,128
Liquid funds	3,358	1,154	2,735
Total assets	31,859	30,119	34,337
Total equity	12,416	8,614	8,815
Interest-bearing liabilities	10,276	13,168	16,287
Provisions	3,772	3,664	4,114
Trade payables	2,461	2,104	3,280
Other current liabilities	2,934	2,569	1,841
Total equity and liabilities	31,859	30,119	34,337

Cash flow

From operations and investments, excl. payments for acquisitions



* Adjusted for sale of trade receivables in Q1 and Q2

Key figures

	Q3 2009	Q3 2008	Jan-Sep 2009	Jan-Sep 2008
Operating cash flow, SEKm	1,411	2,216	2,936	1,897
Working capital, SEKm	-	-	4,517	6,381
Net debt, SEKm	-	-	6,918	12,014
Return on capital employed, % ¹	-	-	6.8	14.0
Return on equity, % ¹	-	-	8.3	22.9
Net debt/equity ratio	-	-	0.56	1.39
Equity/assets ratio, %	-	-	39.0	28.6
Earnings per share, SEK	0.23	0.32	2.50	3.74

Earnings per share 2008 have been restated as an effect of the rights issue.

¹Calculated on a 12-month rolling basis

Outlook for Q4 2009

- The gardening season ends during the third quarter, and production for next year's season normally starts late in the fourth quarter.
- The major share of Group sales during the fourth quarter normally comprises chainsaws and other forestry equipment as well as products for the construction industry.
- Retail inventories of the Group's garden products at the end of the third quarter are estimated to have been lower than in the previous year.
- Uncertainty remains regarding shipments in light of the recession, and retailers are expected to continue maintaining inventories at low levels.
- The Group expects shipments in the fourth quarter to be slightly lower than in the fourth quarter of 2008.

Summary of first nine months 2009

- Lower sales and earnings, but held up well versus total industry
 - Net sales down 9%, EBIT down 24% (on an adjusted basis)
 - Negative mix shift from professional (high margin) to consumer (low margin)
- Cost and capacity adjustments announced September 2008
 - Personnel cut-backs 2009-2010, annual savings of SEK 450m as of Q3 2009
- Restructuring measures to improve long term competitiveness announced October 2010
 - Annual savings of another SEK 400m, full effect as of 2012
- Strengthened balance sheet, rights issue March 2009
 - Net debt/equity end of September 2009: 0.56 (1.39 as of September 2008)
- Substantial improvement in cash flow - successful working capital initiatives
- New organization





Q & A



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.

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