



**Q4 2009 results presentation**

**24 February 2010**



Global leader in outdoor power products

## Summary, Q4 2009

- Weaker market demand in all product areas
  - Small quarter in terms of sales and EBIT due to seasonality
  - Lower EBIT mainly due to lower sales and lower production volume
  - Savings from cost-cutting measures as planned
- Income and margin for Professional Products rose
  - Continued weak demand, all areas reported lower sales and production...
  - ...but higher income, mainly due to cost-cutting measures and positive currency effects
- Continuous efforts to reduce working capital has paid off, operating cash flow increased to SEK 801m (116)
- The Board proposes a dividend of SEK 1 (0) per share for 2009



\* Income refers to income excluding restructuring costs

## Group sales and earnings

SEKm	Q4 2009	Q4 2008	Change, %		FY 2009	FY 2008	Change, %	
			As reported	Adjusted <sup>1</sup>			As reported	Adjusted <sup>1</sup>
Net sales	4,732	5,126	-8%	-6%	34,074	32,342	5%	-8%
EBIT	-515	-472	-9%	-27%	1,560	2,361	-34%	-26%
<i>EBIT, excl. restructuring costs</i>	-175	-171	-2%	-27%	2,012	2,677	-25%	-26%
<i>Margin, excl. restructuring costs, %</i>	-3.7%	-3.3%	-	-	5.9%	8.3%	-	-
Pre-tax profit	-548	-612	-	-	1,094	1,767	-	-
Income for the period	-452	-418	-	-	903	1,288	-	-
Earnings per share <sup>2</sup>	-0.79	-0.93	-	-	1.64	2.81	-	-
Operating cash flow	801	116	-	-	3,737	2,013	-	-

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

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

- Q4 net sales and EBIT declined
  - EBIT decline refers to Consumer Products
  - Lower sales and production volumes
  - Implemented cost reductions contributed positively
  - Positive currency effects of approx. SEK 46m
- Continued strong operating cash flow
  - Lower inventory build up
  - Improved trade receivables

# Consumer Products

SEKm	Change, %				Change, %			
	Q4 2009	Q4 2008	As reported <sup>1</sup>	Adjusted <sup>2</sup>	FY 2009	FY 2008	As reported <sup>1</sup>	Adjusted <sup>2</sup>
Sales	2,346	2,482	-5%	-4%	22,672	19,849	14%	-3%
EBIT <sup>1</sup>	-412	-364	-13%	-14%	719	1,043	-31%	-24%
EBIT-margin <sup>1</sup>	-17.6%	-14.7%	-	-	3.2%	5.3%	-	-

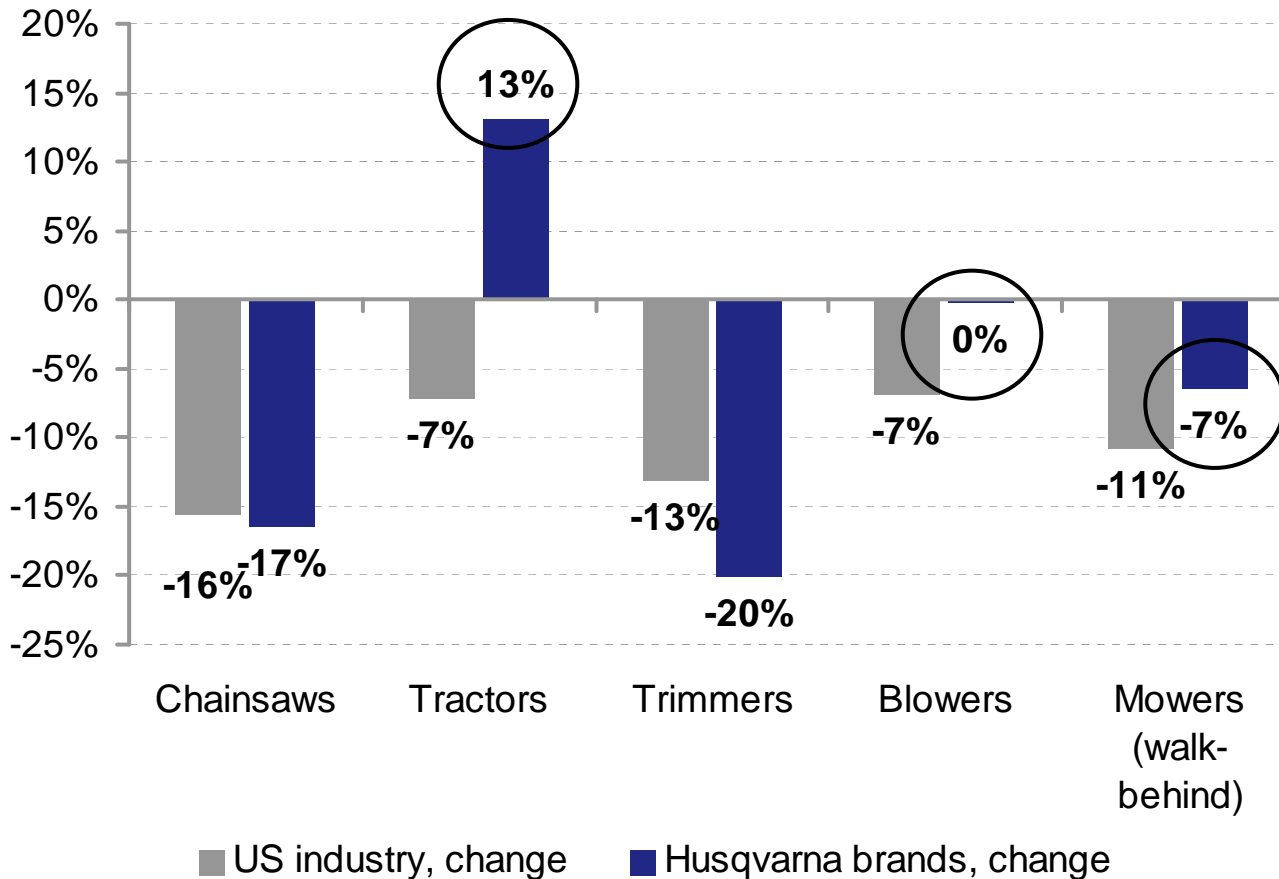
<sup>1</sup> Excluding restructuring costs

<sup>2</sup> Excluding acquisitions and adjusted for changes in exchange rates.

- Q4 net sales declined slightly
  - Retailers' continued to be cautious to build up inventory
  - Unchanged sales in local currency in North America
  - Lower sales in Europe, both in mass market and dealer channel, especially Russia and France
- Q4 EBIT and margin declined
  - Small quarter for Consumer Products due to seasonality
  - Lower pre-season production resulted in lower absorption of costs
- Market share gains in North America

# US industry shipments

FY 2009 vs. FY2008



# Several new consumer ride-on mowers for 2010

Promising sell-in



- Consumer **ZTR** for US market



- "LRV" **Lawn Riding Vehicle** for US market – a new market segment



- Small home owner **Rider** for European market
- New market segment for Husqvarna



# Professional Products

SEKm	Q4 2009	Q4 2008	Change, %		FY 2009	FY 2008	Change, %	
			As reported <sup>1</sup>	Adjusted <sup>2</sup>			As reported <sup>1</sup>	Adjusted <sup>2</sup>
Sales	2,386	2,644	-10%	-8%	11,402	12,493	-9%	-17%
EBIT <sup>1</sup>	282	232	22%	5%	1,457	1,822	-20%	-26%
EBIT-margin <sup>1</sup>	11.8%	8.8%	-	-	12.8%	14.6%	-	-

<sup>1</sup> Excluding restructuring costs

<sup>2</sup> Excluding acquisitions and adjusted for changes in exchange rates.

- Weak demand and lower sales in all product areas
  - Smallest down-turn for Forestry
- ... but EBIT and margin improved for all product areas
  - Savings from cost cutting measures
  - Positive currency effects

# Restructuring measures, update

- Announced October 2009
  - In addition to the personnel cut-backs announced in September 2008
- Consolidation of production in Sweden and US
- Rationalization of the sales organization in Europe and Asia/Pacific
- Changes to be implemented in 2009-2011
- Additional measures over the next few years

Summary of restructuring costs SEKm	2008		2009				Estimated annual savings
	Q3	Q4	Q1	Q2	Q3	Q4	
Costs for restructuring <sup>1</sup>	-	-	-	-	-59	-340	400 <sup>3</sup>
Costs for personnel cut-backs <sup>2</sup>	-15	-301	-35	-18	-	-	450 <sup>4</sup>

<sup>1</sup> As communicated in October 2009

<sup>2</sup> As communicated in September 2008

<sup>3</sup> Expected to be generated gradually from the second half of 2010, with full effect as of Q1 2012

<sup>4</sup> Full effect as of Q3 2009



# Income statement

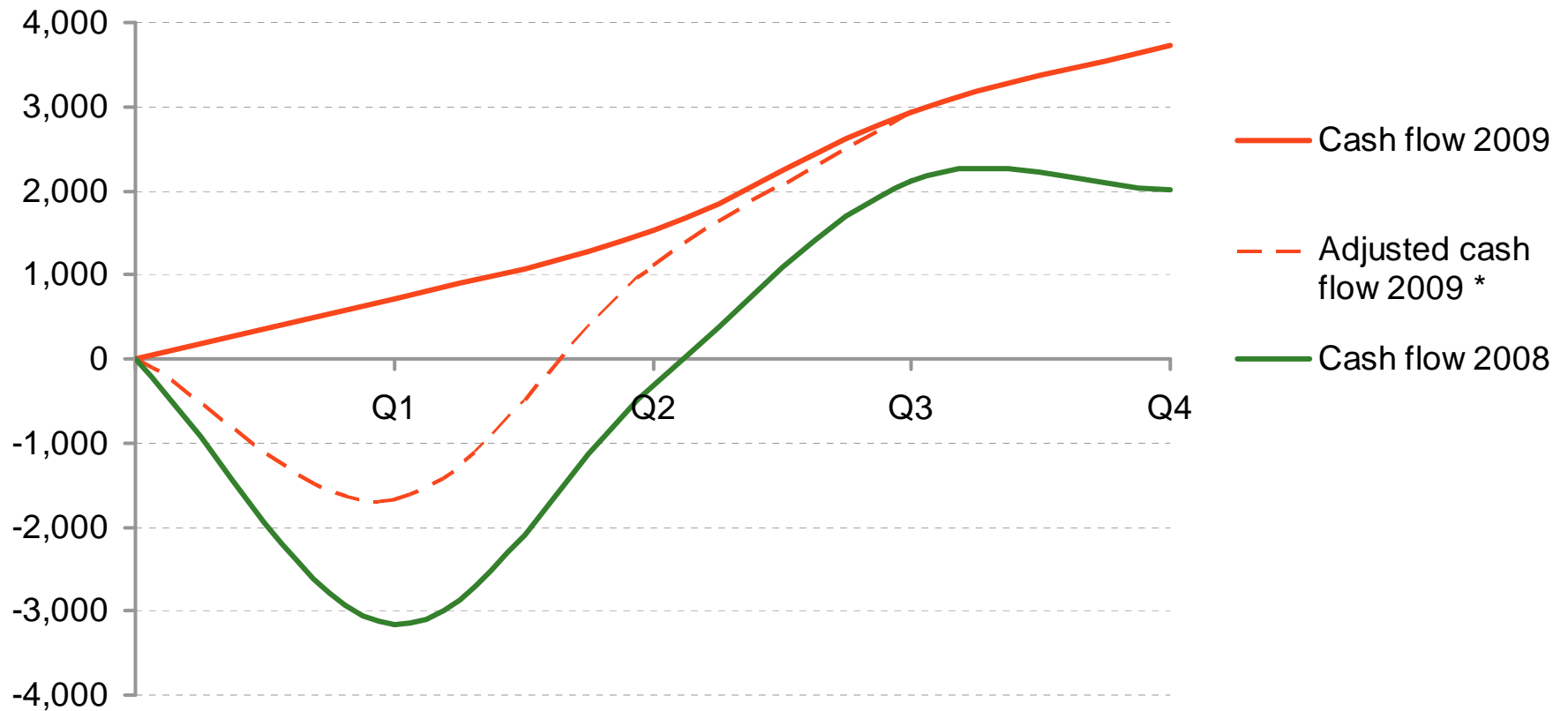
SEKm	Q4 2009	Q4 2008	FY 2009	FY 2008	Change, quarter	Change, FY
<b>Net Sales</b>	<b>4,732</b>	<b>5,126</b>	<b>34,074</b>	<b>32,342</b>	<b>-8%</b>	<b>5%</b>
Cost of goods sold	-3,610	-3,909	-25,423	-22,965	<b>8%</b>	<b>-11%</b>
<b>Gross operating income</b>	<b>1,122</b>	<b>1,217</b>	<b>8,651</b>	<b>9,377</b>	<b>-8%</b>	<b>-8%</b>
<i>Margin, %</i>	<i>23.7%</i>	<i>23.7%</i>	<i>25.4%</i>	<i>29.0%</i>		
Selling expense	-1,178	-1,300	-5,547	-5,496	<b>9%</b>	<b>-1%</b>
Administrative expense	-457	-348	-1,541	-1,474	<b>-31%</b>	<b>-5%</b>
Other operating income/expense	-2	-41	-3	-46		
<b>Operating income<sup>*)</sup></b>	<b>-515</b>	<b>-472</b>	<b>1,560</b>	<b>2,361</b>	<b>-9%</b>	<b>-34%</b>
<i>Margin, %</i>	<i>-10.9%</i>	<i>-9.2%</i>	<i>4.6%</i>	<i>7.3%</i>		
Financial items, net	-33	-140	-466	-594	<b>76%</b>	<b>22%</b>
<b>Income after financial items</b>	<b>-548</b>	<b>-612</b>	<b>1,094</b>	<b>1,767</b>	<b>10%</b>	<b>-38%</b>
Taxes	96	194	-191	-479	<b>-51%</b>	<b>60%</b>
<b>Income for the period</b>	<b>-452</b>	<b>-418</b>	<b>903</b>	<b>1,288</b>	<b>-8%</b>	<b>-30%</b>
<i>* Incl. depr./amort./impairment</i>	<i>-493</i>	<i>-320</i>	<i>-1,500</i>	<i>-1,163</i>		

# Balance sheet

SEKm	Dec 2009	Dec 2008
Non-current assets	16,182	17,734
Inventories	6,706	8,556
Trade receivables	3,385	4,184
Other current assets	1,211	1,128
Liquid funds	2,745	2,735
<b>Total assets</b>	<b>30,229</b>	<b>34,337</b>
Total equity	12,126	8,815
Interest-bearing liabilities	9,094	16,287
Provisions	4,067	4,114
Trade payables	2,854	3,280
Other current liabilities	2,088	1,841
<b>Total equity and liabilities</b>	<b>30,229</b>	<b>34,337</b>

# Cash flow

From operations and investments, excl. payments for acquisitions



\* Adjusted for sale of trade receivables in Q1 and Q2

# Key figures

	Q4 2009	Q4 2008	FY 2009	FY 2008
Operating cash flow, SEKm	801	116	3,737	2,013
Working capital, SEKm	-	-	4,163	6,462
Net debt, SEKm	-	-	6,349	13,552
Return on capital employed, %	-	-	6.6	10.7
<i>ROCE excl. restructuring costs</i>	-	-	8.4	12.1
Return on equity, %	-	-	7.5	15.8
<i>ROE excl. restructuring costs</i>	-	-	10.0	18.9
Net debt/equity ratio	-	-	0.52	1.54
Equity/assets ratio, %	-	-	40.1	25.7
Earnings per share, SEK	-0.79	-0.93	1.64	2.81
<i>EPS, SEK, excl. restructuring costs</i>	-0.34	-0.38	2.25	3.39

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

# Summary of full year 2009

- Considerably weaker market conditions in all product areas
  - Net sales down 8%\*
  - EBIT down 26%\* due to lower sales and less favorable mix
  - Market share gains in North America
- Cost adjustments and restructuring measures initiated
  - Annual savings of SEK 450m realized as of Q3 2009
  - Annual savings of SEK 400m realized gradually from H2 2010, full effect as of 2012
- Reduction of working capital and stronger cash flow
  - Operating cash flow increased to SEK 3,737m (2,013)
  - Net debt reduced to SEK 6,349m (vs 13,552m at year-end 2008)
- Strengthened balance sheet, rights issue March 2009
  - Net debt/equity improved to 0.52 at year-end 2009 (vs 1.54 as of year end 2008)
- New organization

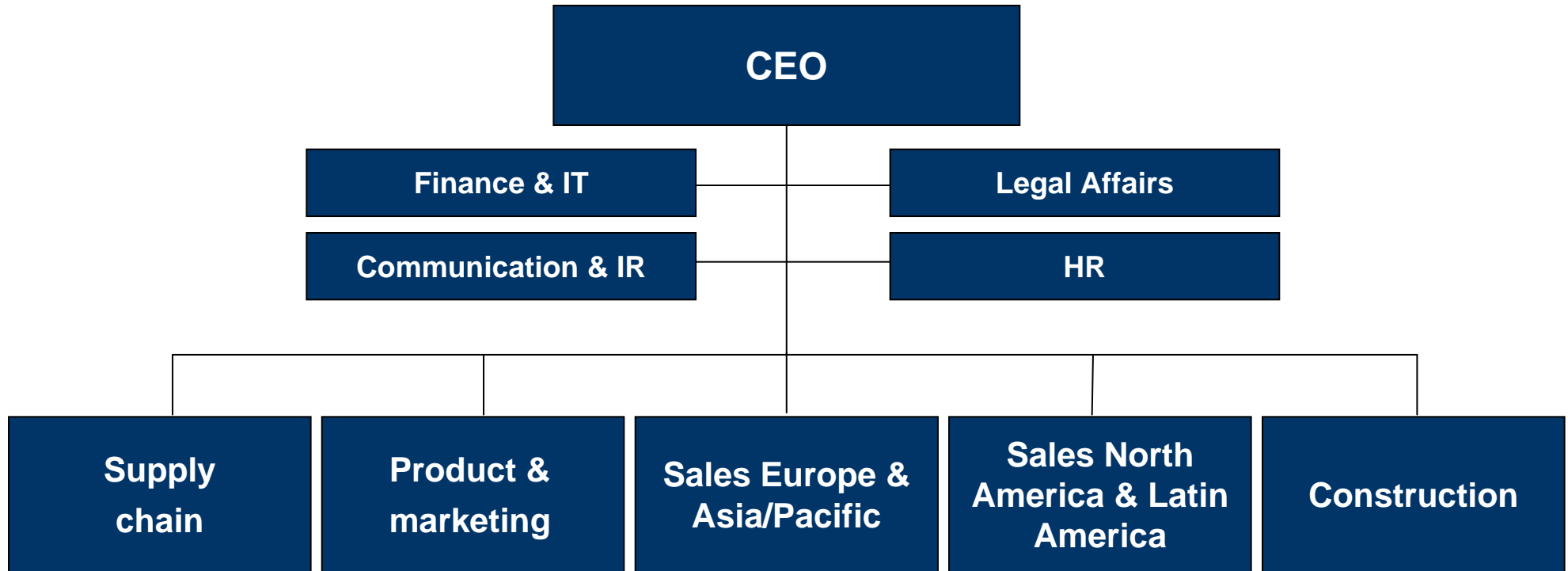


\* Adjusted for FX & restructuring costs

## Outlook for Q1 2010

- Inventories in the trade estimated to be lower than last year
- Uncertain market conditions
  - Retailers are expected to continue to be cautious about building up inventories
- Listings with major retailers for 2010
  - Lower in North America, primarily in terms of low-margin products
  - Slightly better in Europe
- A long winter could cause late start of season
  - Pre-seasonal shipments could be delayed from Q1 to Q2
- Q1 2010 shipments expected to be lower than Q1 2009

# New organization as of 1 Jan. 2010



# New reporting structure as of Q1 2010

Historical figures provided in year-end and annual report

## 3 business areas

<b>Forestry and Garden, Europe and Asia/Pacific</b>	<b>Forestry and Garden, North America and Latin America</b>	<b>Construction</b>
<b>Product categories</b> <ul style="list-style-type: none"><li>• Wheeled products</li><li>• Handheld products</li><li>• Watering products</li><li>• Accessories and tools</li></ul>	<b>Product categories</b> <ul style="list-style-type: none"><li>• Wheeled products</li><li>• Handheld products</li><li>• Watering products</li><li>• Accessories and tools</li></ul>	<b>Product categories</b> <ul style="list-style-type: none"><li>• Equipment and diamond tools for the construction industry</li><li>• Diamond tools for the stone industry</li></ul>
<b>Share of Group sales 2009</b> <b>49%</b>	<b>43%</b>	<b>8%</b>





## 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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