Husqvarna

INTERIM REPORT JANUARY - JUNE 2009

Stockholm 17 July 2009

Magnus Yngen, President and CEO:
"Market demand in the second quarter was substantially lower than in the previous year in all product areas. Group sales declined by 7%, adjusted for changes in exchange rates and acquisitions. Despite the difficult environment, sales for Consumer Products in North America increased, for the third consecutive quarter. Sales in Europe to the mass-market channels also rose from the previous year, and Gardena-branded irrigation products had a strong quarter. Overall, we strengthened our market position.

Operating income for the quarter declined by 16%, but margin remained at a high level. The decline in operating income refers to lower volumes, particularly for Professional Products, as well as a less favorable product/country mix. Pricing in the quarter remained stable in both Europe and North America. Lower costs for materials also contributed positively to income. We are now seeing that implemented cost and capacity reductions are gradually starting to take effect.

Cash flow showed a continued positive trend, and our efforts to reduce inventories and accounts receivables have paid-off."

- Net sales for the first half rose by 11% to SEK 22,633m (20,386). Adjusted for acquisitions and changes in exchange rates, net sales declined by 9%. Operating income decreased by 25% to SEK 1,902m (2,523). Income for the period was SEK 1,225m (1,563), corresponding to SEK 2.33 (3.42) per share.
- Net sales for the second quarter increased by 11% to SEK 11,481m (10,343). Adjusted for acquisitions and changes in exchange rates, net sales decreased by 7%. Operating income declined by 16% to SEK 1,116m (1,321), corresponding to a margin of 9.7% (12.8).
- The decline in operating income refers mainly to Professional Products.
- Consumer Products in North America reported higher sales and operating income.
- Favorable trend in sales for mass-market consumer products outside North America, including Gardena-branded irrigation products.
- Continued positive trend in cash flow.

SEKm	**Q2 2009**	Q2 2008	**Jan - June 2009**	Jan - June 2008	% change, Jan - June As reported	% change, Jan - June Adjusted [1]	Full year 2008
Net sales	11,481	10,343	22,633	20,386	11	-9	32,342
EBITDA	1,452	1,595	2,590	3,083	-16	-21	3,524
EBITDA margin, %	*12.6*	*15.4*	*11.4*	*15.1*	-	-	*10.9*
Operating income	1,116	1,321	1,902	2,523	-25	-25	2,361
Operating margin, %	*9.7*	*12.8*	*8.4*	*12.4*	-	-	*7.3*
Income after financial items	944	1,141	1,534	2,201	-30	-	1,767
Margin, %	*8.2*	*11.0*	*6.8*	*10.8*	-	-	*5.5*
Income for the period	761	810	1,225	1,563	-22	-	1,288
Earnings per share, SEK [2]	1.35	1.77	2.33	3.42	-32	-	2.81
Return on capital employed, % [3]	-	-	7.5	15.2	-	-	10.7
Return on equity,% [3]	-	-	9.4	25.4	-	-	15.8

[1] Excluding costs for personnel cutbacks, acquisitions and adjusted for changes in exchange rates.

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

[3] Calculated on a 12-month rolling basis.

NET SALES AND INCOME
SECOND QUARTER

Net sales

Net sales rose by 11% to SEK 11,481m (10,343). Adjusted for changes in exchange rates and acquisitions, net sales declined by 7%.

Sales for Consumer Products in North America rose from the previous year. A favorable trend in sales was also reported for Consumer Products for the mass-market channels outside North America. Sales for Professional Products declined in all product areas with the largest downturns for Construction and Lawn and Garden.

Operating income

Operating income declined by 16% to SEK 1,116m (1,321), and operating margin was 9.7% (12.8).

The decline in operating income was mainly due to lower sales volumes and a less favorable mix in terms of both products and geographical markets. Operating income also includes a charge of SEK 18m for costs related to personnel cutbacks, in addition to previously announced cost-reduction measures (see page 3).

The decline in operating income refers mainly to Professional Products. Operating income for Consumer Products declined slightly in comparison with the previous year. Consumer Products in North America showed a substantial improvement, however.

Changes in exchange rates, including both translation and transaction effects net of hedging, had a total negative effect on operating income of approximately SEK -35m (15). Hedging contracts had a negative effect of SEK -92m (-47).

Financial net

Net financial items amounted to SEK -172m (-180). Net financial items were positively affected by the rights issue earlier in the year and the positive trend in cash flow. However, this was largely offset by the negative effect of the weaker SEK as the greater part of the Group's funding is denominated in foreign currencies.

The average interest rate on borrowings at the end of the quarter was 3.0% (4.6).

Income after financial items

Income after financial items amounted to SEK 944m (1,141) corresponding to a margin of 8.2% (11.0).

Taxes

Total taxes amounted to SEK -183m (-331), corresponding to 19% (29) of income after financial items. The lower tax rate is an effect of a one-time tax return in the amount of SEK 40m relating to a previous fiscal year, as well as the earlier announced changes in the Group's structure.

Earnings per share

Income for the period was SEK 761m (810), corresponding to SEK 1.35 (1.77) per share after dilution.

NET SALES AND INCOME
FIRST HALF

Net sales

Net sales rose by 11% to SEK 22,633m (20,386). Adjusted for changes in exchange rates and acquisitions, net sales declined by 9%.

Sales for Consumer Products in North America rose from the previous year. Sales for Professional Products declined in all product areas with the largest downturns for Construction and Lawn and Garden.

Operating income

Operating income declined by 25% to SEK 1,902m (2,523), and operating margin decreased to 8.4% (12.4).

The decline in operating income is mainly explained by a higher share of sales of consumer products which have lower margins than professional products, as well as generally lower volumes and a less favorable mix in terms of products/geographical markets within most operations.

Operating income includes a charge of SEK 53m for costs related to personnel cutbacks in addition to previously announced measures (see below).

In terms of business areas, operating income declined for both Consumer Products and Professional Products, with the largest downturn for Professional Products. Income for Consumer Products in North America showed an improvement.

Changes in exchange rates, including both translation and transaction effects net of hedging, had a total positive effect on operating income of approximately SEK 58m (31). Hedging contracts had a negative effect of SEK -17m (-114).

Costs for personnel cutbacks
Announced personnel cutbacks now involve 1,275 employees, as against 1,250 reported at the end of the first quarter. The total cost amounts to approximately SEK 370m, of which SEK 316m was charged against operating income in 2008 and SEK 35m in the first quarter of 2009. Annual savings are estimated at approximately SEK 450m, as against the previously stated SEK 440m, and are expected to take full effect in the third quarter of 2009.

Financial net

Net financial items amounted to SEK -368m (-322). The difference from the previous year is primarily an effect of the weaker SEK, as the greater part of the funding is denominated in foreign currencies.

Income after financial items

Income after financial items amounted to SEK 1,534m (2,201) corresponding to a margin of 6.8% (10.8).

Taxes

Total taxes amounted to SEK -309m (-638), corresponding to 20% (29) of income after financial items. The lower tax rate is an effect of previously announced changes in Group structure and a one-time tax return in the amount of SEK 40m accounted for in the second quarter.

Earnings per share

Income for the period was SEK 1,225m (1,563), corresponding to SEK 2.33 (3.42) per share after dilution.

OUTLOOK FOR THIRD QUARTER 2009

Retail inventories of the Group's products at the end of the second quarter are estimated to have been lower than in the previous year. Uncertainty remains regarding shipments due to the recession. Consumer demand is likely to remain low and retailers are expected to continue to focus on maintaining inventories at low levels.

The Group expects shipments in the third quarter of 2009 to be somewhat lower than in the third quarter of 2008. It is also expected that consumer products for the mass-market channels will account for a greater share of total sales, while the share of professional products will be lower, which will adversely affect the Group's operating margin.

OPERATING CASH FLOW

Operating cash flow for the first half increased to SEK 1,525m (-319), mainly due to a greater decrease of inventories and trade receivables than in the first half of 2008.

Operating cash flow for the second quarter amounted to SEK 811m (2,850). Cash flow in the second quarter was negatively affected by the sale of trade receivables in the first quarter in the amount of SEK 2,000m. In addition, trade payables were higher at the end of the first quarter due to a late start of the garden season. In the second quarter of 2009, the Group sold trade receivables in the amount of SEK 400m (0).

Operating cash flow SEKm	**Q2** **2009**	Q2 2008	**Jan - June** **2009**	Jan - June 2008	Full year 2008
Cash flow from operations, excluding changes in operating assets and liabilities	1,259	1,197	2,354	2,463	2,703
Changes in operating assets and liabilities	-227	1,906	-393	-2,276	441
Cash flow from operations	**1,032**	**3,103**	**1,961**	**187**	**3,144**
Cash flow from investments, excluding acquisitions	-221	-253	-436	-506	-1,131
Operating cash flow	**811**	**2,850**	**1,525**	**-319**	**2,013**

FINANCIAL POSITION

Group equity as of 30 June 2009, excluding minority interests, amounted to SEK 12,957m (7,896), corresponding to SEK 24.8 (17.4) per share. The rights issue, which was completed in March, increased Group equity by SEK 2,988m net of transaction costs.

The Group's net debt as of 30 June 2009 declined to SEK 9,137m (13,387), mainly as a result of the rights issue and improved cash flow. Net debt was adversely affected by the weakening of the SEK against all major currencies used for debt financing, i.e. EUR, USD and JPY. The impact on net debt from changes in exchange rates resulted in a reduction of SEK 350m in the second quarter, had no effect in the first half, and has caused an increase of SEK 2,900m since 30 June 2008.

The net debt/equity ratio improved to 0.70 (1.69) and the equity/asset ratio to 36.3% (25.1), primarily as a result of the rights issue and an improvement in cash flow.

Net debt SEKm	**30 June** **2009**	30 June 2008	31 December 2008
Interest-bearing liabilities	12,929	14,901	16,287
Liquid funds	3,792	1,514	2,735
Net debt	**9,137**	**13,387**	**13,552**

Husqvarna finances its operations on the basis of shareholders' equity, cash flow and various types of loans. On June 30 2009, long-term loans amounted to SEK 8,319m, and short-term loans to SEK 4,201m. Long-term loans consist of SEK 1,650m in medium-term notes as well as bank loans of SEK 6,669m. In 2009 and 2010, medium-term notes totaling SEK 1,548m will mature. The bank loans mature in 2011 and onward. In addition to the above funding, Husqvarna has revolving credit facilities totaling SEK 9,000m, all of which is unutilized. The major parts of these facilities mature in 2013.

PERFORMANCE BY BUSINESS AREA
SECOND QUARTER

Consumer Products

SEKm	Q2 2009	Q2 2008	Change, % As reported	Change, % Adjusted*	Jan - June 2009	Jan - June 2008	Change, % As reported	Change, % Adjusted*	Full year 2008
Net sales	8,297	6,773	22	2	16,389	13,603	20	-2	19,849
Operating income	730	745	-2	-1	1,262	1,472	-14	-15	963
Operating margin, %	8.8	11.0	-	-	7.7	10.8	-	-	4.9

* Excluding costs for personnel cutbacks, acquisitions and adjusted for changes in exchange rates.

Sales for the Consumer Products business area increased as a result of the weaker SEK. Sales in North America rose in local currency, particularly for wheeled products such as lawnmowers and garden tractors. The Group's shipments in North America outperformed overall industry shipments which are estimated to have declined in most product categories.

Group sales also showed a favorable trend within several product categories for the mass-market channels outside North America. Sales of Gardena-branded irrigation products increased on the basis of more favorable weather than in the previous year. Sales of Husqvarna-branded products showed a decline, however, and particularly sharp downturns in Eastern Europe and Russia.

Operating income for this business area was slightly lower than in the previous year, and margin declined. Income for the North American operation increased in both local currency and SEK and margin improved, as compared to a weak second quarter in 2008. Income for the operation outside North America showed a downturn overall, mainly as a result of lower volumes and a less favorable product and country mix.

Professional Products

SEKm	Q2 2009	Q2 2008	Change, % As reported	Change, % Adjusted*	Jan - June 2009	Jan - June 2008	Change, % As reported	Change, % Adjusted*	Full year 2008
Net sales	3,184	3,570	-11	-23	6,244	6,783	-8	-21	12,493
Operating income	428	623	-31	-26	721	1,145	-37	-37	1,587
Operating margin, %	13.4	17.5	-	-	11.5	16.9	-	-	12.7

* Excluding costs for personnel cutbacks, acquisitions and adjusted for changes in exchange rates.

Sales for the Professional Products business area were substantially lower than in the previous year, as a result of weaker demand in most markets. All product areas reported declines with the largest downturns for Construction and Lawn and Garden. Sales for Forestry decreased in particularly Russia and Latin America.

Operating income and margin for this business area showed a substantial decline, mainly due to lower volumes for Construction as well as Lawn and Garden. Income for Forestry was largely unchanged and margin improved, mainly as a result of implemented price increases and rationalization of production.

NEW ORGANIZATION AND CHANGES IN GROUP MANAGEMENT

The Group will implement a new functional organization as of 1 January 2010. The new organization is implemented gradually from 1 July 2009.

Instead of six business sectors, the new organization comprises five operative units, i.e. Supply Chain, Products & Marketing, Sales in Europe and Asia/Pacific, Sales in North and Latin America, and Construction Products.

Martin Bertinchamp, previously head of the business sector Consumer Products, Rest of the World (mass-market channels), has been appointed head of Products & Marketing. Hans Linnarson, previously head of the sectors Consumer Products Rest of the World (dealer channel) and professional products for Lawn and Garden, has been appointed head of Sales in Europe and Asia/Pacific. Roger Leon, previously head of the sector Consumer Products North America, is acting head of Sales in North and Latin America. President and CEO Magnus Yngen is acting head of Supply Chain. Anders Ströby will continue as head of Construction Products.

Bo Andreasson, previously head of the Forestry business sector, has been appointed head of the Group's global product-development organization. There have been no changes to Group staffs.

The new organization aims to increase internal efficiency and improve the Group's overall operational performance.

RISKS AND UNCERTAINTY FACTORS

A number of factors can 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.

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 earnings.

Demand for the Group's products is also dependent on weather conditions. Dry weather can reduce demand for products such as lawn mowers and tractors, but can stimulate demand for irrigation 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 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 new organization. Major organizational changes always carry the risk of creating higher costs than anticipated and of the loss of 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. The higher indebtedness resulting from acquisitions as well as the seasonality of the Group's operations involve greater exposure to changes in exchange rates and interest rates, and also affect the possibility of accessing capital.

Acquisitions

Husqvarna has completed a number of acquisitions. Although the Group has historically demonstrated an 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.

For more information on risk factors, see the Annual Report 2008, page 34.

PARENT COMPANY

Net sales in the first half of 2009 for the Parent Company, Husqvarna AB, amounted to SEK 5,372m (6,253), of which SEK 4,146m (4,712) referred to sales to Group Companies and SEK 1,225m (1,541) to external customers. Income after financial items amounted to SEK 525m (1,148). Income for the period was SEK 458m (854).

Investments in tangible and intangible assets during the period amounted to SEK 119m (410). Cash and cash equivalents amounted to SEK 1,297m (26). Undistributed earnings in the Parent Company at the end of the period amounted to SEK 15,029m (7,616).

ACCOUNTING PRINCIPLES

Husqvarna applies International Financial Reporting Standards (IFRS) as adopted by the European Union. This interim report has been prepared in accordance with IAS 34, Interim Financial Reporting, and RFR 1.2 from the Swedish Financial Reporting Board.

The financial statements of the Parent Company have been prepared in accordance with the Swedish Annual Accounts Act and the accounting standard RFR 2.2 "Accounting for Legal Entities".

IASB (International Accounting Standards Boards) has issued new and amended IFRS standards applicable as of 1 January 2009. IAS 1 Presentation of financial statements has been revised. For Husqvarna, IAS 1 results in that income and expense previously reported directly in equity should instead be reported in a separate statement, Comprehensive income statement, in connection to the Group's income statement. Only changes referring to transactions with shareholders can be reported in the equity statement. IFRS 8 Operating Segments replaces IAS 14 Segment reporting. The new standard applies to reporting of segments. This standard has not impacted Husqvarna's presentation of segments. Other new or revised IFRS and interpretations from IFRIC have not had any material effect on the financial position of the Group or the Parent Company.

For a complete description of the accounting principles applied by the Group and the Parent Company in this quarterly report see Husqvarna's Annual Report for 2008.

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The Board of Directors and the President certify that, according to our knowledge, the half-year report has been prepared in accordance with the accounting principles applicable to Swedish listed companies, that the information provided presents a fair overview of the facts, and that nothing of a significant nature which could influence the view created by the report has been omitted.

Stockholm, 17 July 2009

Lars Westerberg
Chairman of the Board

Peggy Bruzelius
Board member

Robert F. Connolly
Board member

Börje Ekholm
Board member

Tom Johnstone
Board member

Anders Moberg
Board member

Gun Nilsson
Board member

Ulf Lundahl
Board member

Malin Björnberg
Employee representative
Board member

Annika Ögren
Employee representative
Board member

Magnus Yngen
President and CEO
Board member

AUDITORS' REPORT

This report has not been audited.

Consolidated income statement

SEKm	**Q2 2009**	Q2 2008	**Jan - June 2009**	Jan - June 2008	Full year 2008
Net sales	11,481	10,343	22,633	20,386	32,342
Cost of goods sold	-8,330	-7,133	-16,815	-14,155	-22,965
Gross operating income	3,151	3,210	5,818	6,231	9,377
Selling expense	-1,661	-1,531	-3,170	-2,978	-5,496
Administrative expense	-374	-356	-748	-727	-1,474
Other operating income/expense	0	-2	2	-3	-46
Operating income[1]	1,116	1,321	1,902	2,523	2,361
Margin, %	9.7	12.8	8.4	12.4	7.3
Financial items, net	-172	-180	-368	-322	-594
Income after financial items	944	1,141	1,534	2,201	1,767
Margin, %	8.2	11	6.8	10.8	5.5
Taxes	-183	-331	-309	-638	-479
Income for the period	761	810	1,225	1,563	1,288
Attributable to:					
Equity holders of the Parent Company	**756**	**806**	**1,219**	**1,555**	**1,278**
Minority interest in income for the period	5	4	6	8	10
Basic earnings per share, SEK	1.35	1.77	2.33	3.42	2.81
Diluted earnings per share, SEK	1.35	1.77	2.33	3.42	2.81
Basic weighted average number of shares outstanding, millions	573.6	454.5	523.6	454.5	454.3
Diluted weighted average number of shares, millions	573.7	454.6	523.7	454.7	454.5

Consolidated comprehensive income statement

SEKm	**Q2 2009**	Q2 2008	**Jan - June 2009**	Jan - June 2008	Full year 2008
Income for the period	**761**	**810**	**1,225**	**1,563**	**1,288**
Other comprehensive income, net of tax:					
Exchange differences on translating foreign operations	-316	82	1	-186	1,038
Available-for-sale instrument	0	0	0	0	3
Cash flow hedges	-21	3	-24	31	16
Other comprehensive income, net of tax	**-337**	**85**	**-23**	**-155**	**1,057**
Total comprehensive income for the period	424	895	1,202	1,408	2,345
Attributable to:					
Equity holders of the Parent Company	419	893	1,195	1,404	2,331
Minority interest in comprehensive income	5	2	7	4	14
[1] Of which depreciation and amortization	*-336*	*-274*	*-688*	*-560*	*-1,163*

Consolidated balance sheet

SEKm	30 June 2009	30 June 2008	31 December 2008
Assets			
Property, plant and equipment	4,859	4,152	5,035
Goodwill	6,776	5,364	6,788
Other intangible assets	4,714	4,350	4,789
Investments in associates	7	12	7
Deferred tax assets	862	829	928
Financial assets	193	210	187
Total non-current assets	**17,411**	**14,917**	**17,734**
Inventories	6,979	6,642	8,556
Trade receivables	6,678	7,757	4,184
Derivatives	915	404	907
Tax receivables	343	182	577
Other current assets	610	573	551
Cash and cash equivalents	2,877	1,110	1,828
Total current assets	**18,402**	**16,668**	**16,603**
Total assets	**35,813**	**31,585**	**34,337**
Assets pledged	*39*	*41*	*49*
Equity and liabilities			
Total equity attributable to equity holders of the Parent Company	12,957	7,896	8,772
Minority interests	46	43	43
Total equity	**13,003**	**7,939**	**8,815**
Long-term borrowings	8,319	10,947	10,694
Deferred tax liabilities	1,795	1,692	1,829
Provisions for pensions and other post-employment benefits	1,133	1,053	1,170
Other provisions	763	577	686
Total non-current liabilities	**12,010**	**14,269**	**14,379**
Trade payables	3,078	2,598	3,280
Tax liabilities	507	518	367
Other liabilities	2,299	2,111	1,474
Short-term borrowings	4,201	3,781	3,159
Derivatives	409	173	2,434
Other provisions	306	196	429
Total current liabilities	**10,800**	**9,377**	**11,143**
Total equity and liabilities	**35,813**	**31,585**	**34,337**
Contingent liabilities	*22*	*27*	*24*

Consolidated cash flow statement

SEKm	Q2 2009	Q2 2008	Jan - June 2009	Jan - June 2008	Full year 2008
Operations					
Income after financial items	944	1,141	1,534	2,201	1,767
Depreciation and amortization	336	274	688	560	1,163
Capital loss/write downs	0	0	0	0	40
Change in accrued and prepaid interest	-18	-13	-31	-11	12
Provision for restructuring	18	-	53	-	264
Taxes paid	-21	-205	110	-287	-543
Cash flow from operations, excluding change in operating assets and liabilities	**1,259**	**1,197**	**2,354**	**2,463**	**2,703**
Change in operating assets and liabilities					
Change in inventories	1,845	1,264	1,757	989	260
Change in trade receivables	7	1,222	-2,487	-3,907	196
Change in trade payables	-2,122	-724	-285	-60	114
Change in other operating assets/liabilities	43	144	622	702	-129
Cash flow from operating assets and liabilities	**-227**	**1,906**	**-393**	**-2,276**	**441**
Cash flow from operations	**1,032**	**3,103**	**1,961**	**187**	**3,144**
Investments					
Acquisitions of operations	0	-503	-43	-503	-845
Sale of fixed assets	0	0	0	0	30
Capital expenditure in property, plant and equipment	-160	-189	-327	-382	-909
Capitalization of product development and software	-52	-62	-109	-120	-254
Other	-9	-2	0	-4	2
Cash flow from investments	**-221**	**-756**	**-479**	**-1,009**	**-1,976**
Total cash flow from operations and investments	**811**	**2,347**	**1,482**	**-822**	**1,168**
Financing					
Change in interest-bearing liabilities	221	-1,371	-3,417	1,603	175
Dividend paid to shareholders	-	-862	-	-862	-862
Rights issue	3	-	2,988	-	-
Repurchase of shares	-	-	-	-	-48
Dividend to minorities	-4	-	-4	-	-11
Cash flow from financing	**220**	**-2,233**	**-433**	**741**	**-746**
Total cash flow	**1,031**	**114**	**1,049**	**-81**	**422**
Cash and cash equivalents at beginning of period	1,890	974	1,828	1,216	1,216
Exchange-rate differences	-44	22	0	-25	190
Cash and cash equivalents at end of period	**2,877**	**1,110**	**2,877**	**1,110**	**1,828**

Change in Group equity

	January - June 2009			January - June 2008		
SEKm	Equity holders	Minority	Total equity	Equity holders	Minority	Total equity
Opening balance	**8,772**	**43**	**8,815**	**7,349**	**40**	**7,389**
Rights issue[1]	2,988	-	2,988	-	-	0
Share-based payment	2	-	2	5	-	5
Dividend	-	-4	-4	-862	-1	-863
Total comprehensive income	1,195	7	1,202	1,404	4	1,408
Closing balance	**12,957**	**46**	**13,003**	**7,896**	**43**	**7,939**

[1] Reported net of costs associated with the righs issue amounting to SEK 71m, net of tax.

Key data

	Q2 2009	Q2 2008	Jan - June 2009	Jan - June 2008	Full year 2008
Net sales, SEKm	11,481	10,343	22,633	20,386	32,342
Operating income, SEKm	1,116	1,321	1,902	2,523	2,361
Net sales growth, %	11	-14	11	-4	-3
Gross margin, %	27.4	31.0	25.7	30.6	29.0
Operating margin, %	9.7	12.8	8.4	12.4	7.3
Working capital, SEKm	6,524	8,101	6,524	8,101	6,462
Return on capital employed, %	-	-	7.5	15.2	10.7
Return on equity, %	-	-	9.4	25.4	15.8
Earnings per share, SEK [1]	1.35	1.77	2.33	3.42	2.81
Capital-turnover rate, times	-	-	1.6	1.6	1.5
Operating cash flow, SEKm	811	2,850	1,525	-319	2,013
Net debt/equity ratio	-	-	0.70	1.69	1.54
Capital expenditure, SEKm	212	251	436	502	1,163
Average number of employees	16,707	16,632	16,606	16,854	15,720

[1] Earnings per share for 2008 have been restated as an effect of the rights issue.

Net sales by business area

SEKm	Q2 2009	Q2 2008	Change, % As reported	Change, % Adjusted*	Jan - June 2009	Jan - June 2008	Full year 2008
Consumer Products	8,297	6,773	22	2	16,389	13,603	19,849
Professional Products	3,184	3,570	-11	-23	6,244	6,783	12,493
Total	**11,481**	**10,343**	**11**	**-7**	**22,633**	**20,386**	**32,342**

*Adjusted for changes in exchange-rates.

Operating income by business area

SEKm	Q2 2009	Q2 2008	Change, % As reported	Change, % Adjusted[1]	Jan - June 2009	Jan - June 2008	Full year 2008
Consumer Products	730	745	-2	-1	1,262	1,472	963
Margin, %	*8.8*	*11.0*	-	-	*7.7*	*10.8*	*4.9*
Professional Products	428	623	-31	-26	721	1,145	1,587
Margin, %	*13.4*	*17.5*	-	-	*11.5*	*16.9*	*12.7*
Total business areas	**1158**	**1,368**	**-15**	**-12**	**1,983**	**2,617**	**2,550**
Margin, %	*10.1*	*13.2*	-	-	*8.8*	*12.8*	*7.9*
Group common costs etc.	-42	-47	11	11	-81	-94	-189
Total	**1,116**	**1,321**	**-16**	**-12**	**1,902**	**2,523**	**2,361**
Margin, %	*9.7*	*12.8*	-	-	*8.4*	*12.4*	*7.3*

[1] Excluding costs for personnel cutbacks, acquisitions and adjusted for changes in exchange rates.

Net assets by business area

	Assets			Liabilities			Net Assets		
SEKm	Q2 2009	Q2 2008	Full year 2008	Q2 2009	Q2 2008	Full year 2008	Q2 2009	Q2 2008	Full year 2008
Consumer Products	20,470	18,918	19,895	4,909	3,898	4,117	15,561	15,020	15,778
Professional Products	10,415	10,095	10,648	2,701	2,745	2,773	7,714	7,350	7,875
Other	1,136	1,059	1,059	2,271	2,103	2,345	-1,135	-1,044	-1,286
Total	32,021	30,072	31,602	9,881	8,746	9,235	22,140	21,326	22,367

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 and income by quarter, Group

SEKm		Q1	Q2	Q3	Q4	Full year
Net sales	**2009**	11,152	**11,481**			
	2008	10,043	10,343	6,830	5,126	32,342
	2007	9,214	12,048	6,826	5,196	33,284
Operating income	**2009**	786	**1,116**			
	Margin, %	*7.0*	***9.7***			
	2008	1,202	1,321	310	-472	2,361
	Margin, %	*12.0*	*12.8*	*4.5*	*-9.2*	*7.3*
	2007	984	1,758	553	269	3,564
	Margin, %	*10.7*	*14.6*	*8.1*	*5.2*	*10.7*
Income after financial items	**2009**	590	**944**			
	Margin, %	*5.3*	***8.2***			
	2008	1,060	1,141	178	-612	1,767
	Margin, %	*10.6*	*11.0*	*2.6*	*-11.9*	*5.5*
	2007	876	1,528	391	94	2,889
	Margin, %	*9.5*	*12.7*	*5.7*	*1.8*	*8.7*
Income for the period	**2009**	464	**761**			
	2008	753	810	143	-418	1,288
	2007	613	1,070	273	80	2,036
Earnings per share, SEK	**2009**	0.98	**1.35**			
	2008 [1]	1.65	1.77	0.32	-0.93	2.81
	2007 [1]	1.34	2.34	0.59	0.19	4.46

[1] Earnings per share have been restated as an effect of the rights issue.

Net sales by business area per quarter

SEKm		Q1	Q2	Q3	Q4	Full year
Consumer Products	**2009**	8,092	**8,297**			
	2008	6,830	6,773	3,764	2,482	19,849
	2007	6,207	8,418	3,668	2,328	20,621
Professional Products	**2009**	3,060	**3,184**			
	2008	3,213	3,570	3,066	2,644	12,493
	2007	3,007	3,630	3,158	2,868	12,663
Total Group	**2009**	11,152	**11,481**			
	2008	10,043	10,343	6,830	5,126	32,342
	2007	9,214	12,048	6,826	5,196	33,284

Operating income by business area per quarter

SEKm		Q1	Q2	Q3	Q4	Full year
Consumer Products	**2009**	532	**730**			
	Margin, %	*6.6*	***8.8***			
	2008	727	745	-71	-438	963
	Margin, %	*10.6*	*11.0*	*-1.9*	*-17.7*	*4.9*
	2007	521	1,164	66	-113	1,638
	Margin, %	*8.4*	*13.8*	*1.8*	*-4.9*	*7.9*
Professional Products	**2009**	293	**428**			
	Margin, %	*9.6*	***13.4***			
	2008	522	623	436	6	1,587
	Margin, %	*16.2*	*17.5*	*14.2*	*0.2*	*12.7*
	2007	510	642	529	442	2,123
	Margin, %	*17.0*	*17.7*	*16.8*	*15.4*	*16.8*
Group common costs	**2009**	-39	**-42**			
	2008	-47	-47	-55	-40	-189
	2007	-47	-48	-42	-60	-197
Total Group	**2009**	786	**1116**			
	Margin, %	*7.0*	***9.7***			
	2008	*1,202*	*1,321*	*310*	*-472*	*2,361*
	Margin, %	12.0	12.8	4.5	-9.2	7.3
	2007	*984*	*1,758*	*553*	*269*	*3,564*
	Margin, %	10.7	14.6	8.1	5.2	10.7

Net sales and operating income, 12 months rolling

SEKm		Q1	Q2	Q3	Q4
Net sales	**2009**	33,451	**34,589**		
	2008	34,113	32,408	32,412	32,342
	2007	29,278	31,193	32,627	33,284
Operating income	**2009**	1,945	**1,740**		
	Margin, %	*5.8*	***5.0***		
	2008	3,782	3,345	3,102	2,361
	Margin, %	*11.1*	*10.3*	*9.6*	*7.3*
	2007	3,176	3,659	3,641	3,564
	Margin, %	*10.8*	*11.7*	*11.2*	*10.7*

Five-year review

	2008	2007	2006	2005 [2]	2004 [1,2]
Net sales, SEKm	32,342	33,284	29,402	28,768	27,202
Operating income, SEKm	2,361	3,564	3,121	2,927	2,983
Net sales growth, %	-3	13	2	6	1
Gross margin, %	29.0	29.4	27.0	26.6	26.9
Operating margin, %	7.3	10.7	10.6	10.2	11.0
Return on capital employed, %	10.7	17.6	23,8 [2]	24.1	31.1
Return on equity, %	15.8	28.6	32,5 [2]	40.1	41.9
Capital turn-over rate, times	1.5	1.8	2.4	2.6	2.9
Operating cash flow, SEKm	2,013	1,843	535 [2]	949	2,073
Capital expenditure, SEKm	1,163	857	890	1,259	1,040
Average number of employees	15,720	16,093	11,412	11,681	11,657

[1] Restated to comply with IFRS, except for IAS 39. If IAS 39 had been applied in 2004, the volatility in income, net borrowings and equity would probably have been higher.

[2] Pro forma.

PARENT COMPANY

Income statement

SEKm	Q2 2009	Q2 2008	Jan - June 2009	Jan - June 2008	Full-year 2008
Net sales	**2,333**	**2,890**	**5,372**	**6,253**	**10,011**
Cost of goods sold	-1,876	-2,099	-4,310	-4,568	-7,281
Gross operating income	**457**	**791**	**1,062**	**1,685**	**2,730**
Selling expense	-277	-261	-525	-529	-861
Administrative expense	-90	-92	-178	-182	-336
Other operating income/expense	-2	0	0	-2	5,006
Operating income	**88**	**438**	**359**	**972**	**6,539**
Financial items, net	695	101	166	176	-227
Income after financial items	**783**	**539**	**525**	**1,148**	**6,312**
Appropriations	8	12	12	31	61
Income before taxes	**791**	**551**	**537**	**1,179**	**6,373**
Taxes	-144	-148	-79	-325	-290
Income for the period	**647**	**403**	**458**	**854**	**6,083**

Balance sheet

SEKm	30 June 2009	30 June 2008	31 December 2008
Non-current assets	30,524	5,370	30,824
Current assets	8,318	23,817	6,037
Total assets	**38,842**	**29,187**	**36,861**
Equity	16,204	8,409	12,834
Untaxed reserves	893	932	902
Provisions	140	76	108
Interest-bearing liabilities	19,285	17,696	17,551
Current liabilities	2,320	2,074	5,466
Total equity and liabilities	**38,842**	**29,187**	**36,861**

Number of shares

	A-shares	B-shares	Total
Number of shares as of 31 December 2008	98,380,020	286,756,875	385,136,895
Of which re-purchased shares	-	*2,919,000*	*2,919,000*
Rights issue March 2009	49,190,010	142,016,873	191,206,883
Number of shares as of 30 June 2009	**147,570,030**	**428,773,748**	**576,343,778**
Of which re-purchased shares	-	*2,723,128*	*2,723,128*

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 key ratios

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 and amortization.
Excluding acquisitions	Figures excluding acquisitions are reported in order to enable comparison of the current period with the corresponding period in the previous year. Adjustment is made for acquisitions with annual sales of SEK 100m or more.
Gross margin	Gross operating income as a percentage of net sales.
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.

PRESS AND TELEPHONE CONFERENCE

A combined press and telephone conference will be held at 14.00 CET on 17 July 2009 at Scandic Anglais, Humlegårdsgatan 23, Stockholm. In order to participate in the telephone conference, please call +46 8 5052 0110 or +44 20 7162 0077. A replay of the telephone conference will be available at www.husqvarna.com/ir

FINANCIAL REPORTS 2009

The Interim report for January-September will be published on October 23.

CONTACTS

– Åsa Stenqvist, Head of Corporate Communications and Investor Relations, at +46 8 738 64 94.
– Bernt Ingman, Chief Financial Officer, at +46 36 14 65 05.
– Husqvarna Press Hotline, at +46 8 738 70 80.

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 17 July 2009.

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 when it comes to 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.