

Press release

Stockholm March 6, 2019

Notice of Annual General Meeting of Husqvarna AB (publ)

The shareholders of Husqvarna AB (publ) are hereby invited to attend the 2019 Annual General Meeting (“AGM”), which will be held at 4:00 p.m. on Tuesday, April 9, 2019 at the Elmia Congress Centre, Hammarskjöld Hall, Elmiavägen 15 in Jönköping, Sweden.

Shareholders who intend to attend the AGM must:

- be registered in the register of shareholders maintained by Euroclear Sweden AB as of Wednesday, April 3, 2019, and
- notify the Company of their intention to attend no later than Wednesday, April 3, 2019.

Registration and notification

Notice of intent to participate can be given:

- via the Company’s website, www.husqvarnagroup.com/agm,
- by telephone at +46 36 14 70 10 between 9:00 a.m. and 4:00 p.m. (CET) weekdays, or
- by mail to Husqvarna AB, c/o Euroclear Sweden AB, PO Box 191, SE-101 23 Stockholm, Sweden.

The notification must include the shareholder’s name, personal or company registration number, address, telephone number and information on the number of assistants (maximum two) that will be attending, if any. The data received will be computerized and used solely for the purpose of the 2019 AGM. For shareholders wishing to participate through an authorized representative, the Company will provide power of attorney templates on the Company’s website. Shareholders participating through an authorized representative should submit the power of attorney via mail to the above address prior to the date of the AGM.

Shareholders whose shares are registered in the names of banks or other nominees must temporarily register the shares in their own name in order to be entitled to attend the AGM. To ensure that such registration is in place as of Wednesday, April 3, 2019, shareholders must inform the nominee well in advance of that date.

At the time of the issue of this notice, the total number of shares in the Company amounts to 112,292,071 A-shares and 464,051,707 B-shares, corresponding to 158,697,241.7 votes in total. The Company holds no A-shares or B-shares as of the date of this notice.

Agenda

1. Opening of the AGM
2. Election of Chair of the Meeting
3. Preparation and approval of the voting list
4. Approval of the agenda
5. Election of one or two minute-checkers
6. Determination as to whether the Meeting has been duly convened
7. Presentation of the Annual Report and the Audit Report as well as the Consolidated Accounts and the Audit Report of the Group and in conjunction therewith, the President & CEO’s (hereinafter, the “**CEO**”) report on the business operations

8. Resolutions concerning
 - a) adoption of the Profit and Loss Statement and the Balance Sheet as well as the Consolidated Profit and Loss Statement and the Consolidated Balance Sheet;
 - b) proposed distribution of earnings (allocation of the Company's profit or loss pursuant to the adopted Balance Sheet);
 - c) discharge from liability of the Directors and the CEO.
9. Determination of the number of Directors to be elected
10. Determination of remuneration to the Directors
11. Election of Directors and Chair of the Board
 - a) Individual election of Directors;
 - b) Election of Chair of the Board.
12. Election of, and remuneration to, external Auditors
13. Resolution on principles for remuneration for Group Management
14. Resolution regarding the adoption of a long term incentive program (LTI 2019)
15. Resolution on authorization to enter into equity swap arrangements to cover obligations under LTI 2019 and any previously resolved LTI programs
16. Resolution on authorization to resolve on the issuance of new shares
17. Closing of the Meeting

Proposals

Election of Chair of the Meeting (item 2)

The Nomination Committee proposes that Erik Sjöman be elected Chair of the AGM.

Proposed distribution of earnings (item 8 b)

The Board of Directors proposes a dividend for financial year 2018 of SEK 2.25 per share, to be paid in two installments, firstly SEK 0.75 per share with Thursday, April 11, 2019 as the first record day, and secondly SEK 1.50 per share with Friday, October 11, 2019 as the second record day. Assuming the AGM resolves in accordance with the Board of Directors' proposal, the estimated (i) last day for trading in Husqvarna shares with right to the applicable part of the dividend payment (ii) applicable record day, and (iii) date for payment from Euroclear Sweden AB for each of the installments are as follows:

	First Installment (SEK 0.75 per share)	Second Installment (SEK 1.50 per share)
Last day for trading	April 9, 2019 (Tuesday)	October 9, 2019 (Wednesday)
Record Day	April 11, 2019 (Thursday)	October 11, 2019 (Friday)
Payment Date	April 16, 2019 (Tuesday)	October 16, 2019 (Wednesday)

Determination of the number of Directors to be elected (item 9)

The Nomination Committee proposes that the Board of Directors shall be comprised of eight Directors to be elected by the AGM, and no deputies.

Determination of remuneration to the Directors (item 10)

The Nomination Committee proposes that Directors receive the following basic compensation for their Board work (plus the indicated additional remuneration for committee work):

	Proposal 2019	2018	Percentage Increase
Chair of the Board	SEK 2,000,000	SEK 1,900,000	5%
Director	SEK 580,000	SEK 545,000	6%
Remuneration Committee Chair	SEK 140,000	SEK 120,000	17%
Remuneration Committee Member	SEK 80,000	SEK 60,000	33%
Audit Committee Chair	SEK 240,000	SEK 200,000	20%
Audit Committee Member	SEK 135,000	SEK 105,000	29%

In addition to the compensation described above, and reimbursement for travel expenses, the Nomination Committee proposes that the following compensation be paid to Directors for each physical meeting attended in Sweden (no change from prior year):

Residence of Director	Per Meeting Compensation
Nordic Countries	None
Europe (non-Nordic)	SEK 10,000
Outside of Europe	USD 3,500

The Nomination Committee declares its expectation that each elected Director engage themselves financially in Husqvarna by acquiring Husqvarna shares within a period of five years, corresponding to approximately one year's remuneration, calculated before tax.

Election of Directors and Chair of the Board (item 11)

a) Individual election of Directors

The Nomination Committee proposes re-election of

1. Tom Johnstone,
2. Ulla Litzén,
3. Katarina Martinson,
4. Bertrand Neuschwander,
5. Daniel Nodhäll,
6. Lars Pettersson,
7. Christine Robins, and
8. Kai Wärn.

The proposed Directors are presented in more detail on the Company's website.

b) Election of Chair of the Board

The Nomination Committee proposes that Tom Johnstone be appointed Chair of the Board.

Election of, and remuneration to, external Auditors (item 12)

The Nomination Committee proposes the election of Ernst & Young as external Auditor for the period from the 2019 AGM up until the end of the 2020 AGM.

Ernst & Young AB has informed that, provided that the AGM adopts the Nomination Committee's proposal regarding election of Auditors (item 12), the registered auditor-in-charge will be authorized public accountant Hamish Mabon.

The Nomination Committee proposes that the Auditors' fee shall be paid on the basis of approved invoice, in accordance with previous years' practice.

Resolution on principles for remuneration for Group Management (item 13)

The Board of Directors proposes that remuneration to Group Management shall be comprised of fixed salary, variable salary in the form of short-term incentives based on annual performance targets, long-term incentives, pensions and other benefits. For the CEO and other members of Group Management, the principles for remuneration as approved by the 2018 AGM apply. The Board of Directors proposes that the corresponding principles should be approved by the 2019 AGM for the period up to and including the 2020 AGM.

The proposed remuneration principals are more fully described in the separate "Proposals by the Board of Directors to be presented at the AGM of Shareholders of Husqvarna AB (publ) on Tuesday, April 9, 2019", which will be published on the Company's website no later than three weeks prior to the AGM.

The total remuneration to members of Group Management for 2019 is estimated to amount to between SEK 56m and SEK 105m depending on the degree to which the targets (entry-target-stretch) of the variable remuneration (variable salary and long term incentive cost) will be reached.

Resolution regarding the adoption of a long term incentive program (LTI 2019) (item 14)

Summary of the program

The Board of Directors proposes that the 2019 AGM resolves to adopt a performance based long term incentive program (“**LTI 2019**”). The program is based on the same principles as the incentive program granted in 2018 (LTI 2018).

LTI 2019 is proposed to be offered to a maximum of 100 senior managers within the Husqvarna Group and offers participants the opportunity to receive “performance share awards”. Subject to the fulfilment of certain performance targets and conditions during a three year vesting period, performance share awards to be granted in 2019 will vest and give right to Husqvarna B-shares in accordance with the following.

Participants in LTI 2019 will be granted a number of performance share awards based on such participant’s annual target income (fixed salary plus variable salary at a target level) in 2019.

The number of performance share awards that vest and give rights to receive B-shares further depends on the fulfilment of the Company’s long term financial objectives specified as certain levels of increase of the Company’s operating margin (weight 40%), net sales (weight 30%) and decrease of operating working capital in relation to net sales (weight 30%), as determined by the Board of Directors. These levels are “Entry”, “Target” and “Stretch”. Entry constitutes a minimum level which must be exceeded in order for the performance share awards to vest and give right to B-shares. The levels correspond to the following number of B-shares, with a linear progression between each level:

- Entry: 10% of annual target income / the share price¹
- Target: 33% of annual target income / the share price¹
- Stretch: 66% of annual target income / the share price¹

Regarding the CEO, such levels are increased to 40% of annual target income at Target, and 80% for Stretch.

Additional terms & conditions

The performance share awards shall be governed by the following terms and conditions:

- Shares are allotted free of charge
- Are vested three years after grant (vesting period)
- Vesting of performance share awards and allotment of B-shares in Husqvarna requires that the participant is then, with certain exceptions, still employed by the Husqvarna Group
- Carry no right to compensation for dividends on underlying shares
- Are non-transferable

Scope and costs of LTI 2019

LTI 2019 is estimated to comprise a maximum of 2.3 million B-shares, which corresponds to less than 0.4% of the total number of outstanding shares. The Company has approximately 576 million shares outstanding. The issued and outstanding rights to shares in accordance with the Company’s previous outstanding incentive programs (LTI 2016, LTI 2017 and LTI 2018) correspond to approximately 0.8% of the total number of outstanding shares. The Company’s incentive programs’ effect on important key figures is only marginal. Information on LTI 2016, LTI 2017 and LTI 2018 can be found in the Annual Report for 2018, note 4, and on the Company’s website, www.husqvarnagroup.com.

LTI 2019 will be accounted for in accordance with IFRS 2 – Share-based Payment. IFRS 2 stipulates that the performance share awards should be expensed as personnel costs over the vesting period and will be reported directly against equity. Estimated social security charges will be recorded as a personnel expense in the income statement by current reservations. The cost for

¹ Corresponding to the average closing price of Husqvarna’s B-share at Nasdaq Stockholm during February 2019.

LTI 2019 is estimated to amount to SEK 79m before tax, if the performance level Target is reached, and is allocated over the years 2019-2022. The corresponding cost at performance level Stretch is estimated to SEK 158m. Financing costs and social security charges are included in the estimated amounts. The estimation of cost above is based on the assumptions that the share price is SEK 70 at the time of grant of the performance share awards, that the annual share price increase for the Company's B-shares is 5%, that social security charges amount to 25% and that the annual employee turnover is 5% among the participants of LTI 2019.

In order to ensure delivery of Husqvarna B-shares under LTI 2019 and to limit the costs, including social security charges, for LTI 2019, the Board of Directors will adopt hedging measures, such as equity swap agreements with third parties, under which the third party would in its own name buy and transfer Husqvarna B-shares to the participants in LTI 2019 provided that the AGM resolves in accordance with Item 14 on the agenda. The hedging options are described below under Item 15 of the agenda. The intention is to not issue new shares as a result of LTI 2019.

The rationale for the proposal

The purpose of LTI 2019 is to influence and award long term performance, align shareholders' and managements' interest, attract and retain key employees and provide variable remuneration instead of fixed salary. In light of the above, the Board of Directors believes that adopting LTI 2019 will have a positive effect on the development of the Husqvarna Group and consequently that it will be beneficial to both the shareholders and the Company.

Preparation

LTI 2019 is based on the same principles as LTI 2018 and has in accordance with guidelines set out by the Remuneration Committee been prepared by Group Management in consultation with external advisors, taking into consideration evaluations of previous incentive programs. LTI 2019 has been reviewed at meetings of the Board of Directors in 2018 and 2019.

Resolution on authorization to enter into equity swap arrangements to cover obligations under LTI 2019 and any previously resolved programs (item 15)

The Board of Directors proposes that the 2019 AGM authorizes the Board of Directors to pass a resolution, on one or more occasions, for the period up until the next AGM, to direct the Company to enter one or more equity swap agreements with a third party (e.g., a bank), on terms and conditions in accordance with market practice, to hedge the obligations of the Company under LTI 2019 and any previously resolved incentive programs (the "**Covered Programs**"). Under such equity swap arrangements, in exchange for certain fees paid by the Company, the third party acquires (in its own name) such number of Husqvarna B-shares as are necessary to cover the Company's obligations under the Covered Programs and then, transfer (in its own name) such shares to the participants per the terms of the Covered Programs.

Resolution on authorization to resolve on the issuance of new shares (item 16)

The Board of Directors proposes that the 2019 AGM authorizes the Board to resolve to issue not more than 57,634,377 B-shares, which represents 10% of the total number of shares in the Company, against payment in kind, on one or several occasions, during the period until the next AGM.

The price for the new shares shall be based on the market price of the Company's B-shares. The purpose of the authorization is to facilitate acquisitions where the consideration will be paid with own shares.

Other information

For a valid resolution of all agenda items above except elections, a shareholder majority of half of the votes cast at the AGM is required. For elections, the person(s) receiving the highest number of votes is elected.

The Board of Directors and the CEO shall, upon request of a shareholder, and provided that the Board deems this can be done without causing major harm to the Company, inform about matters which might affect the assessment of an item on the agenda or circumstances affecting

Husqvarna's or its subsidiaries' financial situation or about Husqvarna's relation to another Group entity, or in relation to the consolidated Annual Report.

The Annual Report and the Audit Report as well as the Board of Directors' and the Nomination Committee's complete proposals, as well as the Board of Director's explanatory statement pursuant to the Swedish Companies Act will be available at the Company, Husqvarna AB, Regeringsgatan 28, SE-111 53 Stockholm, Sweden and on the Company's website, www.husqvarnagroup.com/agm, and will, on request, be sent to shareholders at the address provided, as from March 19, 2019, at the latest.

For information on how your personal data is processed, see <https://www.euroclear.com/dam/ESw/Legal/Privacy-notice-bolagsstammor-engelska.pdf>

Stockholm in March 2019
Husqvarna AB (publ)
THE BOARD OF DIRECTORS

Factory tour

We are offering a guided tour of the Husqvarna factory in Huskvarna in connection with the AGM. Shareholders who wish to participate in the factory tour shall give notice thereof when registering to attend the AGM.

Husqvarna Group

Husqvarna Group is a global leading producer of outdoor power products and innovative solutions for forest, park and garden care. Products include chainsaws, trimmers, robotic lawn mowers and ride-on lawn mowers. The Group is also the European leader in garden watering products and a global leader in cutting equipment and diamond tools for the construction and stone industries. The Group's products and solutions are sold under brands including Husqvarna, Gardena, McCulloch, Poulan Pro, Weed Eater, Flymo, Zenoah and Diamant Boart via dealers and retailers to consumers and professionals in more than 100 countries. Net sales in 2018 amounted to SEK 41bn and the Group has around 13,000 employees in 40 countries.