

Press release

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Husqvarna expands in Asia

In connection with the integration of the recently acquired Zenoah operation in Japan, the Husqvarna Group will expand its production base and presence in Asia.

The Group has decided to build a new plant in Changzhou, China, which will replace Zenoah's existing Chinese plant and is expected to go on-stream in the first quarter of 2009. The new facility represents an investment of approximately SEK 70m and involves increasing production capacity for brush cutters and hedge-trimmers, as well as expanding production to include chainsaws for the consumer market. This will increase the Group's annual production in China by approximately 1 million units.

In addition to the new plant, approximately SEK 20m will be invested in the Zenoah facility in Kawagoe, Japan. This plant produces mainly chainsaws, trimmers, blowers and brush cutters, and also manufactures large volumes of components. The investment will enable increasing production of engine-cylinders by about 600,000 units annually. The R&D operation in Kawagoe will also be expanded.

As of 1 December, Zenoah Co. Ltd and the Husqvarna company in Japan will be combined as a single company, Husqvarna Zenoah Co. Ltd.

-These investments will improve our competitive position and create an opportunity for growth both within the region and in our traditional markets. Our investment in R&D in Japan should be seen in the light of Zenoah's comprehensive technical expertise, says Bo Andreasson, Head of Forestry Products.

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Husqvarna is the world's largest producer of lawn mowers, chainsaws and portable petrol-powered garden equipment such as trimmers and blowers. The Group is also a world leader in diamond tools and cutting equipment for the construction and stone industries. Net sales in 2006 were SEK 29.4 billion and the average number of employees was 11,400.