

Press release

Stockholm 16 September 2008

Lower sales and earnings for third quarter and decision on cost-cutting measures

As a result of lower sales and a substantially reduced production rate, the Group's operating income for the third quarter will be substantially lower than in the previous year. The decline refers primarily to consumer products for the mass market channels in North America and Europe, as well as to products for the construction industry within Professional products.

Due to seasonal effects in Group operations, the third quarter accounts for a small share of sales and operating income for the full year. Seasonal variations can therefore have a considerable effect on income for this quarter.

Operating income for the third quarter of 2008 is expected to amount to approximately SEK 300m (553).

Cost-cutting measures

As a result of efficiency gains, synergy effects of acquisitions, and expectations of continued weak market conditions, personnel cutbacks will be implemented. The cutbacks are aimed at reducing the fix-cost structure, and refer mainly to white-collar workers and other staff. The cutbacks will also include adjustment of capacity at the plant in Huskvarna as a result of rationalization and the relocation of some production to other units within the Group. This is in addition to the normal seasonal adjustment of the blue-collar workforce.

The measures are estimated to involve a total reduction of approximately 850 in the number of employees, of which approximately 300 in Huskvarna, and will generate annual savings of approximately SEK 300m. The cost of these measures is estimated at approximately SEK 300m.

The measures will be implemented during the autumn of 2008 and the first quarter of 2009, following negotiations with the relevant labor unions. The savings will be achieved gradually during 2009 and take full effect as of the third quarter of 2009.

"The third quarter marks the end of the gardening season, and the effect of a weak season has a strong impact on this quarter. The Group's performance should always be considered over the full season. But we have also noted greater caution on the part of our professional customers, especially in the construction industry", says Bengt Andersson, President and CEO.

"I regret that we have to implement personnel cutbacks. But we have to realize the effects of rationalization, and also adjust to prevailing market conditions. We will not build-up inventories in anticipation of the coming season to the same extent as last year. However, our listings with the major retailers for 2009 look very good so far, as do opportunities to achieve margin improvements through price increases", continues Andersson.

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Telephone conference

A telephone conference with CEO Bengt Andersson will be held at 14.00 pm CET. Participants should call +46 (0)8 5052 0114 or +44 (0)20 7162 0125 to connect to the conference.

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 2007 were SEK 33.3 billion and the average number of employees was 16,000.

This press release 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 11.30 CET on 16 September 2008.

Factors affecting forward-looking statements

This press release 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 of 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 of sales by important distributors, any success in developing new products and in marketing, outcome of any product responsibility litigation, progress when it comes to reach the goals set for productivity and efficient use of capital, successful identification of growth opportunities and acquisition objects, and to integrate these into the existing business and successful achievement of goals to make the supply chain more efficient.