



Press release

Stockholm, 23 October 2009

Restructuring for improved competitiveness

Husqvarna intends to implement a number of structural changes in order to reduce costs and improve the Group's competitiveness. The measures are aimed at eliminating overlap and duplication within production and administration, and involve consolidation of production in Sweden and the US, and of the sales organization in Europe and Asia/Pacific.

The changes are scheduled to be implemented in 2009-2010 and will affect approximately 1,200 employees. As a result of an increase in the number of employees in other production facilities in Poland and China, the net reduction in the number of employees is estimated at 400.

The total cost for the restructuring measures is estimated at approximately SEK 400m, of which SEK 59m was charged against operating income in the third quarter of 2009. The charge in the third quarter refers to relocation of production of chainsaws and other handheld products from the plant in Valmadrera, Italy to the plant in Shanghai, China. Approximately SEK 10m of this amount refers to non-cash items.

The remaining part of the restructuring cost, i.e. approximately SEK 340m, is expected to be charged against operating income in the fourth quarter of 2009. Approximately SEK 170m of this amount refers to non-cash items.

Capital expenditure related to the restructuring is expected to amount to approximately SEK 400m, of which a new plant in Poland will account for approximately SEK 250m.

Annual savings from all the above mentioned activities are expected to amount to approximately SEK 400m, and will be generated gradually from the second half of 2010 with full effect as of the start of 2012.

The planned restructuring activities mainly include:

- Relocation of production of riders to a new plant in Poland, and closure of the Rider plant in Huskvarna, Sweden.
- Relocation of production in Tandsbyn, Sweden to Huskvarna, and closure of the plant in Tandsbyn.
- Relocation of lawn-mower production in Höör, Sweden, to the new plant in Poland and intention to divest the remaining operation in Höör.
- Relocation of Construction's operation in Jönköping, Sweden to Huskvarna, and personnel cutbacks within Construction in Spain.

- Intention to divest the plant in Ödeshög, Sweden which produces components for chainsaws, riders and other products.
- Relocation of production of chainsaws and other handheld products in USA from DeQueen, AR to the plant in Nashville, AR and intention to use the facility as a warehouse.
- Closure of the office in Augusta, GA, USA and transfer to Charlotte, NC, USA, which will be the regional head office.
- Consolidation of sales organization in Europe and Asia/Pacific, including establishment of a single sales office for the Nordic region in Huskvarna, Sweden.

"I regret that we have to implement measures which will affect so many employees. Huskvarna's production is too fragmented with a number of small plants, which means inefficient utilization of capital and resources. We also need to finalize the integration of acquired units and realize anticipated synergies. These changes are necessary in order to secure the Group's long-term competitiveness", says Magnus Yngen, CEO and President.

The above changes are subject to requisite approval or negotiations with respective unions.

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Huskvarna is the world's largest producer of lawn mowers, chainsaws and handheld 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 2008 were SEK 32.3 billion and the average number of employees was 15,700. For more information, visit www.huskvarna.com.

The above information has been made public in accordance with the Securities Market Act and/or the Financial Instruments Trading Act. The information was published at 09.00 CET on 23 October 2009.