

Press release

Stockholm July 17, 2018

Increased focus on core brands Husqvarna and Gardena and restructuring of Consumer Brands Division

Husqvarna Group will further increase focus and efforts on its future premium product and service offerings under the core brands of Husqvarna and Gardena while decisive steps are taken to resolve the underperforming Consumer Brands Division. The presence in certain consumer segments will be exited. As a consequence of the future direction, the Consumer Brands division will be dissolved into the Husqvarna and Gardena divisions.

Husqvarna Group will gradually exit from low price point product segments and brands, particularly in petrol powered walk-behind lawnmowers and garden tractors. The extent of the exits and associated adjustments to the manufacturing footprint and brand portfolio are being reviewed. The changes will be realized in two steps, as customer commitments for the 2019 season will be honored. The second step for 2020 is being reviewed. The net sales impact for 2019 is close to SEK 2 billion but will have a favorable impact on the Group's operating margin.

"We will focus our remaining consumer forest and garden operations in North America to areas where we have proven to bring customer value, such as in handheld products, premium garden tractors, zero-turn lawnmowers and particularly robotic lawnmowers. The reorganization will facilitate reallocation of resources towards these offerings that have greatest potential for growth and profitability", says Kai Wörn, President and CEO of Husqvarna Group.

"Exiting non-core segments and brands is a decisive step to reduce complexity in the Group which will enable us to put even stronger focus on our high margin business in Husqvarna and Gardena. As a consequence, we will dissolve our Consumer Brands Division into the Husqvarna and Gardena divisions", Kai continues.

Three forest and garden divisions becomes two

The North American operations of the Consumer Brands Division will be folded into the Husqvarna Division and the European and Asian operations will fold into the Gardena Division. Such changes will start immediately and will be fully implemented by year-end. Accordingly, the external financial segment reporting will be changed as of January 1, 2019. The goodwill is not expected to be affected.

Additional information and details on the outcome of the review, including onetime items that will impact both income statement and cash flow for 2018, are expected to be communicated latest at the Group's interim report for the third quarter 2018 on October 20.

The Construction division is not affected by the changes.

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This press release contains insider information that Husqvarna AB is required to disclose under the EU Market Abuse Regulation. The information was submitted for publication at 08.00 CET on 17th of July, 2018

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 2017 amounted to SEK 39bn and the Group has around 13,000 employees in 40 countries.