

# Press release

Stockholm February 28, 2020

## Notice of Annual General Meeting of Husqvarna AB (publ)

**The shareholders of Husqvarna AB (publ) are hereby invited to attend the 2020 Annual General Meeting ("AGM"), which will be held at 4:00 p.m. on Thursday, April 2, 2020 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 Friday, March 27, 2020, and
- notify the Company of their intention to attend no later than Friday, March 27, 2020.

### Registration and notification

Notice of intent to participate can be given:

- via the Company's website, [www.husqvarnagroup.com](http://www.husqvarnagroup.com),
- 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 2020 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 Friday, March 27, 2020, 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 111,917,540 A-shares and 464,426,238 B-shares, corresponding to 158,360,163.8 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

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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 remuneration guidelines for Group Management
14. Resolution regarding the adoption of a long term incentive program (LTI 2020)
15. Resolution on authorization to enter into equity swap arrangements to cover obligations under LTI 2020 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 Björn Kristiansson be elected Chair of the AGM.

### ***Proposed distribution of earnings (item 8 b)***

The Board of Directors proposes a dividend for financial year 2019 of SEK 2.25 per share, to be paid in two installments, firstly SEK 0.75 per share with Monday, April 6, 2020 as the first record day, and secondly SEK 1.50 per share with Tuesday, October 6, 2020 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 2, 2020 (Thursday)	October 2, 2020 (Friday)
Record Day	April 6, 2020 (Monday)	October 6, 2020 (Tuesday)
Payment Date	April 9, 2020 (Thursday)	October 9, 2020 (Friday)

### ***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.

### ***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 2020	2019	Percentage Increase
Chair of the Board	SEK 2,060,000	SEK 2,000,000	3.0%
Director	SEK 600,000	SEK 580,000	3.4%
Audit Committee Chair	SEK 250,000	SEK 240,000	4.2%

Audit Committee Member	SEK	140,000	SEK	135,000	3.7%
People & Sustainability Committee* Chair	SEK	140,000	SEK	140,000	0%
People & Sustainability Committee* Member	SEK	80,000	SEK	80,000	0%

\* Formerly, the “Remuneration Committee”.

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***

In light of the Board’s decision to appoint Henric Andersson as the new CEO of Husqvarna AB as of April 2, 2020, the Nomination Committee proposes that Henric Andersson be elected as a new member of the Board and that the remaining members (other than Kai Wärn, who is retiring from his role as President & CEO and from the Board as of such date) be reelected. Thus, the Nomination Committee proposes the 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. Henric Andersson (new election).

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 2020 AGM up until the end of the 2021 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 remuneration guidelines for Group Management (item 13)***

The Board of Directors proposes that new remuneration guidelines, for the CEO and other members of Group Management, as described in the separate "Proposals by the Board of Directors", should be approved by the 2020 AGM.

A prerequisite for the successful implementation of the Company's business strategy and safeguarding of its long-term interests, including its sustainability, is that the Company is able to recruit and retain qualified personnel. To this end, it is necessary that the Company offers competitive remuneration.

The proposed guidelines shall apply to remuneration and other employment conditions of Group Management. The guidelines shall apply to contracts of employment entered into after the 2020 AGM and also to amendments made thereafter to contracts of employment which are in force.

Remuneration to members of Group Management shall be on market terms and based on the position held, individual performance and Group performance, and shall be on a competitive basis in the country of employment. The overall remuneration package for Group Management is comprised of fixed cash salary, variable cash remuneration in the form of short-term incentives based on annual performance targets, long-term incentives, pension and other benefits. In addition, there are conditions on notice of termination and severance pay.

Additionally, the general meeting may – irrespective of the guidelines – resolve on, among other things, share-related or share price-related remuneration.

***Resolution regarding the adoption of a long term incentive program (LTI 2020) (item 14)***

*Summary of the program*

The Board of Directors proposes that the 2020 AGM resolves to adopt a performance based long term incentive program ("**LTI 2020**"). The program is based on the same principles as the incentive program granted in 2019 (LTI 2019).

LTI 2020 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 2020 will vest and give right to Husqvarna B-shares in accordance with the following.

Participants in LTI 2020 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 2020.

The number of performance share awards that vest and give rights to receive B-shares further depends on the fulfilment of certain levels of increase of the Company's value creation (defined as Earnings Before Interest and Tax – Average Net Assets x Weighted Average Cost of Capital), during the calendar years 2020-2022, 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 price<sup>1</sup>
- Target: 33% of annual target income / the share price<sup>1</sup>
- Stretch: 66% of annual target income / the share price<sup>1</sup>

#### *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 2020*

LTI 2020 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 2017, LTI 2018 and LTI 2019) 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 2017, LTI 2018 and LTI 2019 can be found in the Annual Report for 2019, note 4, and on the Company's website, [www.husqvarnagroup.com](http://www.husqvarnagroup.com).

LTI 2020 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 LTI 2020 is estimated to amount to SEK 82m before tax, if the performance level Target is reached, and is allocated over the years 2020-2023. The corresponding cost at performance level Stretch is estimated to SEK 164m. 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 75 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 2020.

In order to ensure delivery of Husqvarna B-shares under LTI 2020 and to limit the costs, including social security charges, for LTI 2020, 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 accordance with LTI 2020 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 2020.

#### *The rationale for the proposal*

The purpose of LTI 2020 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 2020 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.

<sup>1</sup> Corresponding to the average closing price of Husqvarna's B-share at Nasdaq Stockholm during December 2019, January 2020 and February 2020.

***Resolution on authorization to enter into equity swap arrangements to cover obligations under LTI 2020 and any previously resolved LTI programs (item 15)***

The Board of Directors proposes that the 2020 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 2020 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 2020 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 of Directors 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](http://www.husqvarnagroup.com), and will, on request, be sent to shareholders at the address provided, as from March 12, 2020, at the latest.

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For information on how your personal data is processed, see

<https://www.euroclear.com/dam/ESw/Legal/Privacy-notice-bolagsstammor-engelska.pdf>

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Stockholm in February 2020  
Husqvarna AB (publ)  
THE BOARD OF DIRECTORS

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### 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 2019 amounted to SEK 42bn and the Group has around 13,000 employees in 40 countries.

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