

## Press release

Stockholm 19 December 2008

### Lower earnings for fourth quarter due to costs for personnel cutbacks and lower volumes

**The Group's operating income for the fourth quarter 2008 will be substantially lower than in the previous year. The decline is due to lower sales and production volumes, as well as costs related to the previously announced personnel cutbacks which will be implemented faster than expected. The total remaining cost related to the cutbacks will be charged against operating income in the fourth quarter.**

Demand has gradually weakened during the quarter in all of the Group's product areas. Retailers have become increasingly cautious about building up inventories for the 2009 season, which has in turn increased uncertainty regarding remaining deliveries in December.

Operating income for the fourth quarter of 2008 has been negatively affected by lower sales and production volumes and will be negative, also excluding the cost of approximately SEK 325m related to the personnel cutbacks.

Due to seasonal variations in Group operations, the fourth quarter accounts for a small share of sales and operating income for the full year. The quarter is normally characterized to a great extent by production and deliveries for the next garden season. Variations in production volumes can therefore have a considerable effect on income for this quarter.

The announced personnel cutbacks are now estimated to involve a total reduction of approximately 960 employees, as against the previously stated 850. The total cost is estimated at approximately SEK 340m, of which SEK 15m were charged against operating income in the third quarter of 2008 and the remaining SEK 325m will be taken in the fourth quarter of 2008. Annual savings are estimated at approximately SEK 350m and are expected to take full effect as of the third quarter of 2009.

In the Group's report for the first nine months of 2008, the estimated total cost for the personnel cutbacks was estimated at approximately SEK 300m, of which SEK 200m was expected to be taken in the fourth quarter and approximately SEK 85m in the first quarter of 2009. Annual savings were then estimated at approximately SEK 300m.

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**Telephone conference**

A telephone conference with CEO Magnus Yngen will be held at 13.00 pm CET. The number to the telephone conference will be available at [www.husqvarna.com/ir](http://www.husqvarna.com/ir).

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 08.55 CET on 19 December 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.