

Press release

Stockholm September 8, 2016

New financial targets and sustainability ambition presented at Capital Markets Day

Today Husqvarna Group hosts its Capital Markets Day in Stockholm, Sweden. The theme of the day is "Profitable growth", and includes presentations by the Group's President and CEO, the CFO and the Presidents of the four Divisions. An adjusted set of financial targets for the Group valid for the coming years are presented as well as Husqvarna Group's sustainability ambition.

"The main focus for the Group during the last years has been to improve the operating margin. As of June 2016, the margin had increased to 8.6% on a rolling twelve months basis, compared to 5.3% for the full year 2013. The increase has been accomplished primarily by reductions of product cost and complexity as well as an improvement of the product mix by focusing on core brands and on products where the Group has leadership positions. In line with the strategy and priorities presented at the Capital Markets Day in 2014, we are now taking our next step, which is to put stronger emphasis on profitable growth", says Kai Wörn, President and CEO.

The Husqvarna, Gardena and Construction Divisions are performing well above the operating margin target for the Group and consequently will have an organic growth agenda in their respective business plans for the coming years. For the Consumer Brands Division, the focus to turn around the financial development, primarily by cost and efficiency measures combined with improved sales mix to reach a 5% operating margin by 2018, remains.

"The profitable growth focus shall be seen as; we are to expand our business through a net sales growth exceeding the average industry growth by around 1-2 percentage points, with a continuous improvement of the operating margin, in a capital efficient way. These are our three cornerstones for growing the value of the company and we have adjusted our targets to reflect this. The end-customer and brand-oriented organization introduced in 2015 has delivered desired results in several dimensions. We see a higher degree of end-customer focus and further strengthening of the entrepreneurial spirit in the Group, coupled with empowerment, accountability and stronger business acumen. Together with sustainability these are all important ingredients as we take the next step in the journey towards our market leadership aspiration in 2020", says Kai.

The Group's financial targets, on average and for the coming years as of 2017:

- *Between 3 and 5% annual net sales growth. (New target)*
The Group aims to grow 1-2 percentage points higher than the annual long term market growth rate of 2 – 3%. The target excludes the Consumer Brands Division which will continue to have margin improvement as first priority.
- *An operating margin of at least 10%*
- *An operating working capital in relation to net sales of a maximum 25%. (New target)*

“Innovative thinking and continuous improvements in sustainability will be our way to support the market leadership aspiration. We firmly believe that sustainability is a prerequisite to reach this position. Our commitment to the global goals for sustainable development as part of the Paris agreement on climate change, is a consequence of this view”, Kai continues.

During the past year the Husqvarna Group has identified the four most important sustainability challenges where the Group can make a difference:

- Our Carbon challenge – Decouple our business growth from carbon emissions
- Our Team challenge – Be the best place to work
- Our Supplier challenge – Inspire and build a sustainable supplier base
- Our Safety challenge – Taking a leading role on safety across the value chain

These challenges are now being aligned with the Group’s and divisions’ business plans and targets are being implemented to ensure that the Group is taking the right steps towards market leadership.

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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 08.30 on September 8th, 2016.

Husqvarna Group

Husqvarna Group is a world-leading producer of outdoor power products for garden, park and forest 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 world 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 2015 amounted to SEK 36 billion and the Group has more than 13,000 employees in 40 countries.