



Board meeting – Brasil

São Paulo, Outubro 2008



Husqvarna®

Market

Macroeconomic Overview – Key indicators

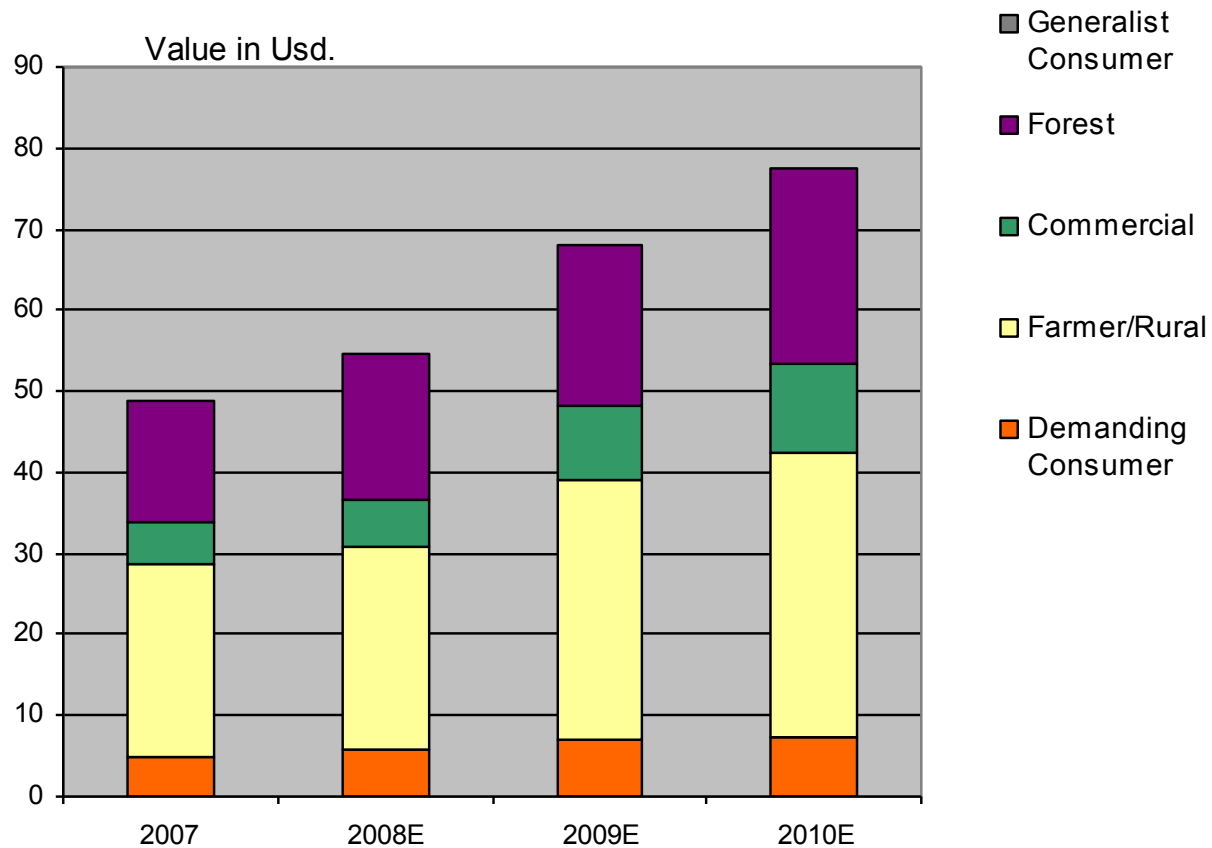
	2005	2006	2007	2008	2009	2010
Population M	26,69	27,17	27,48	28	28,384	28,83
GDP growth, %	10,31%	11%	8,4%	7%	5%	5%
GDP/capita, Usd	5.8	6.4	7.2	12,8	13,4	14
Inflation, %	14%	17%	22%	34,5%	25%	20%
Devaluation, %	12%	0%	0%	0%	20%	15%
Unemployment, %	11,04%	9,3%	6,2%	7%	6%	6%

General comments on Politics Economy

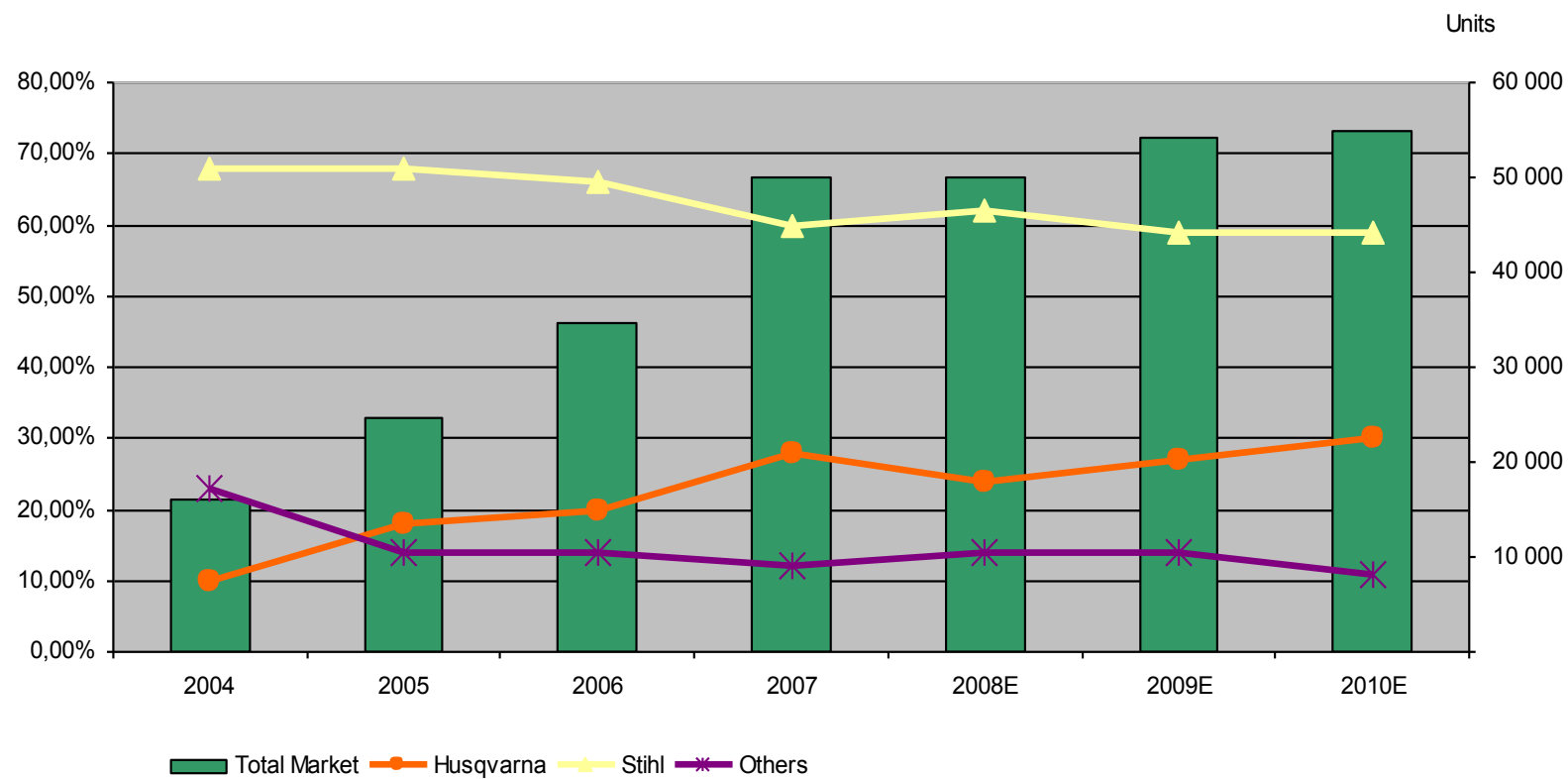
Agriculture Forestry sector

- **A lot of uncertainty in the economy. A lot of nationalization of key strategic industries**
- **Land expropriations limit demand of agricultural machinery generally**
- **Imports continues limited via Cadivi that supplies usd at official exchange rate.**
- **Government is supporting the agricultural sector with credits and projects.**
- **Municipal elections in november is expected to increase liquidity till the end of the year.**
- **Strong forestry projects in Eastern Venezuela with Proforca.**
- **Reduction of black market exchange has reduced the smuggling to Venezuela**

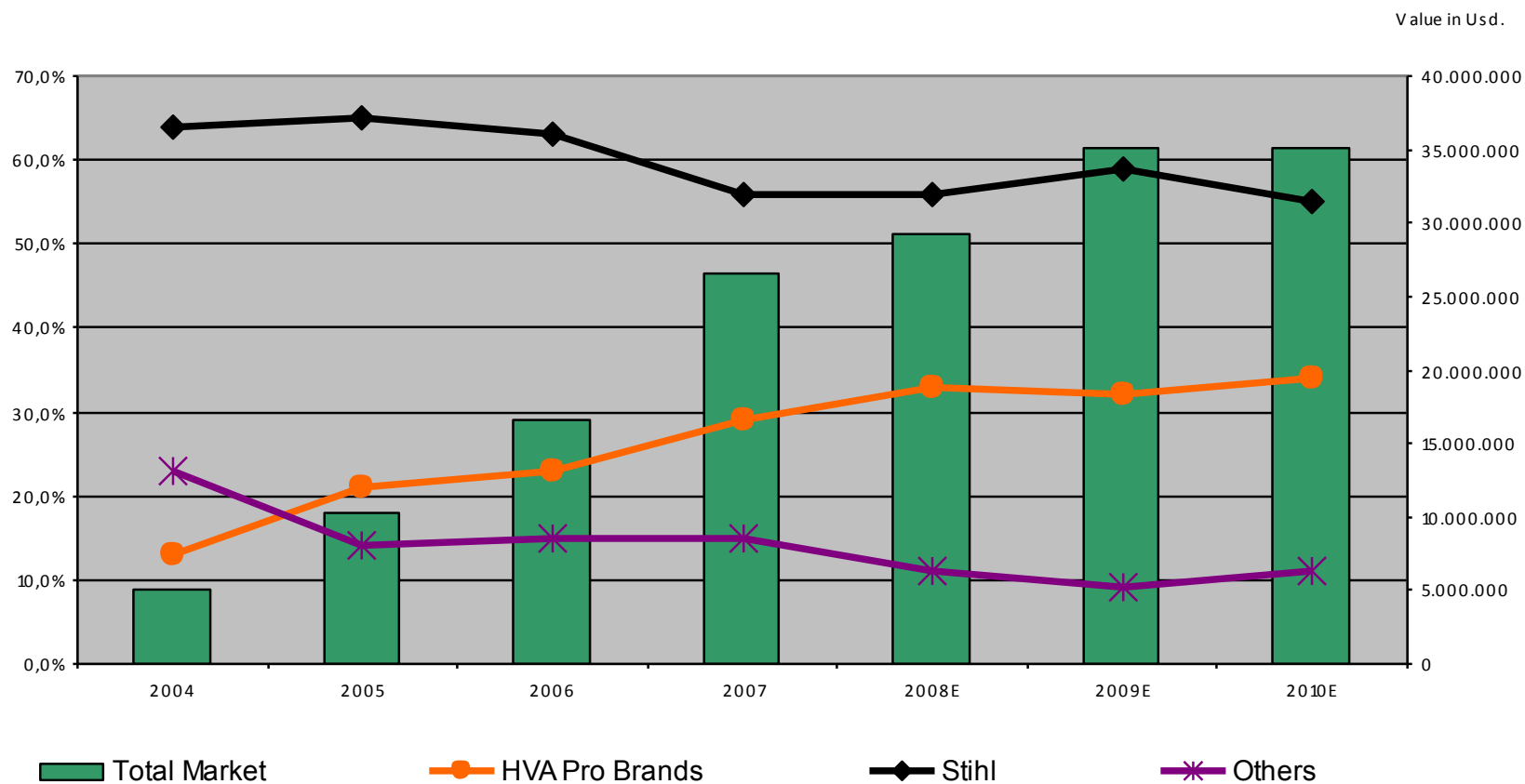
Size of market per client segment



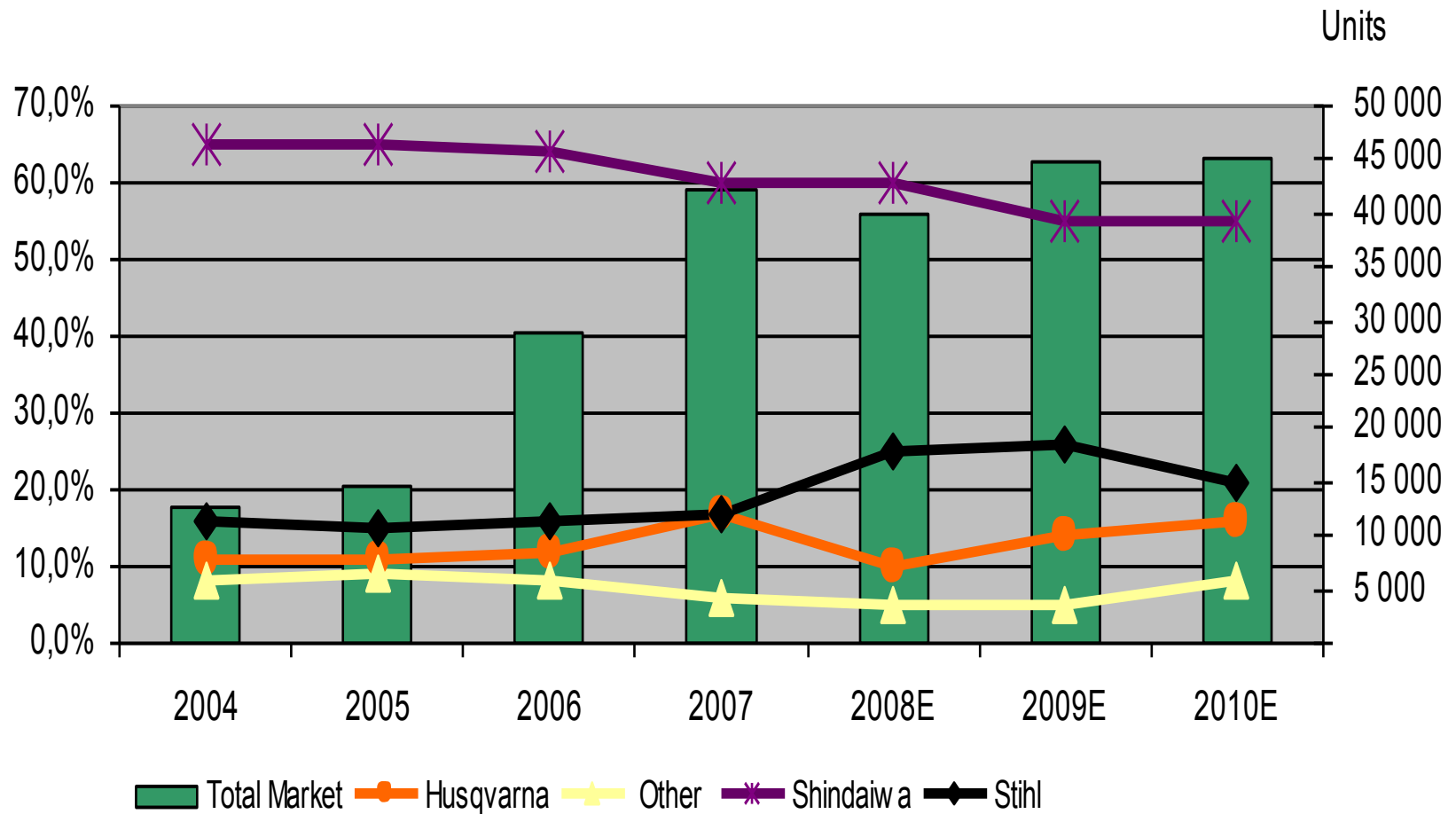
Chain Saw Market Size & Share by Volume



Chain Saw Market Size & Share by Value

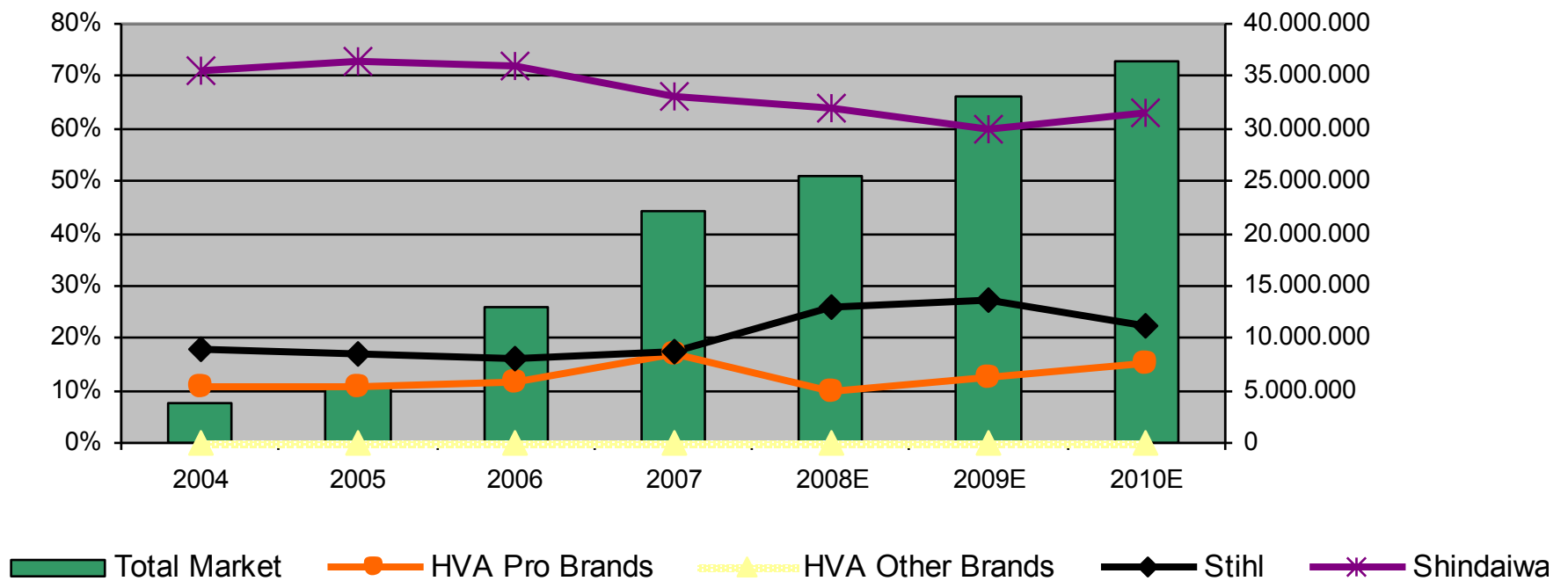


Brush Cutter Market Size & Share by Volume



Brush Cutter Market Size & Share by Value

Value in Usd.

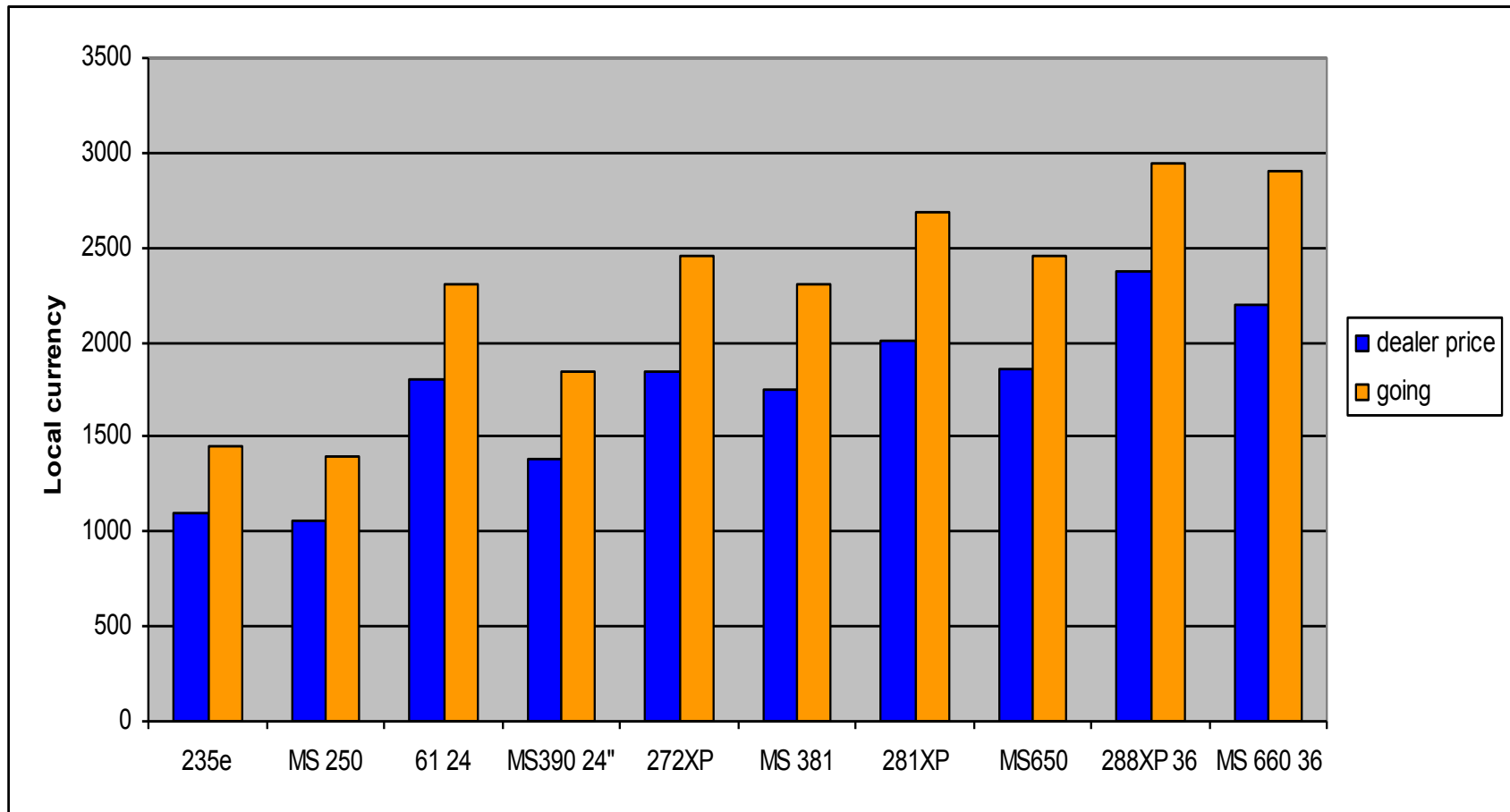


Competitors Benchmarking – structure, pricing, mix 2007/2008

- Stihl (Motolandia)
 - 4 salesmen for cs and outboard motors. Importer. Also strong in Suzuki motorcycles, outboard motors, etc.
 - Main models 390, 381, 650, 660
 - Increased their prices 4 times in 2007 and 4 times in 2008.
 - Exclusive dealers: 26
 - Consumer direct sales to end.
 - Sucesor Joven, como director, hijo del dueño.
- Shindaiwa (Agrofor)
 - Sold by Agrofor, earlier Hva importer. Today manages other brands such as Tojoagro, Tanaka, etc.
 - 4 salesmen for all brands. Sell to many smaller hardware stores
 - Very strong with B45
 - Sucesor joven, como comercial hijo de dueño

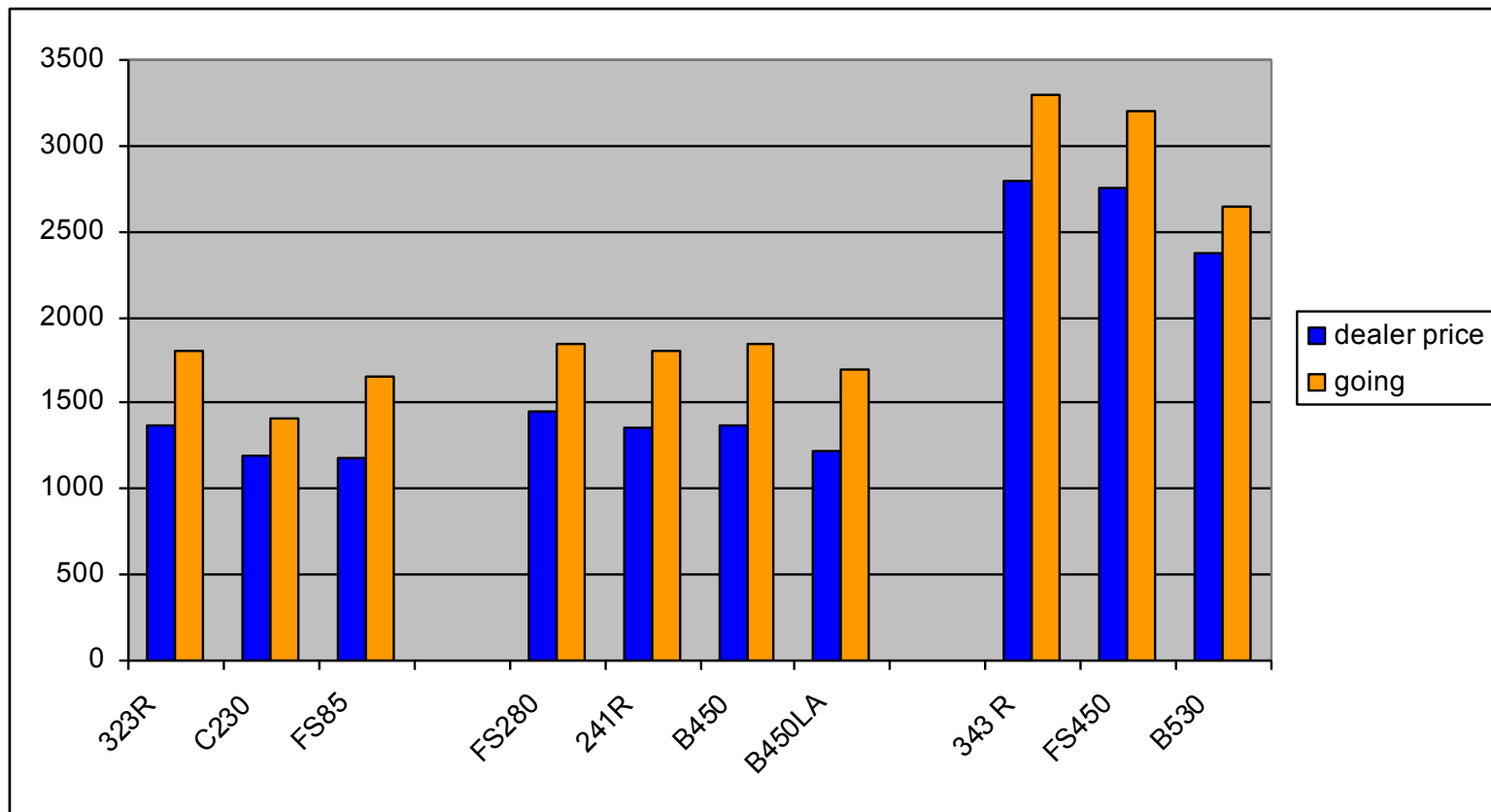
Pricing Comparison, CS 2008.

Best price to dealer & going price



Pricing Comparison, BC 2008.

Best price to dealer

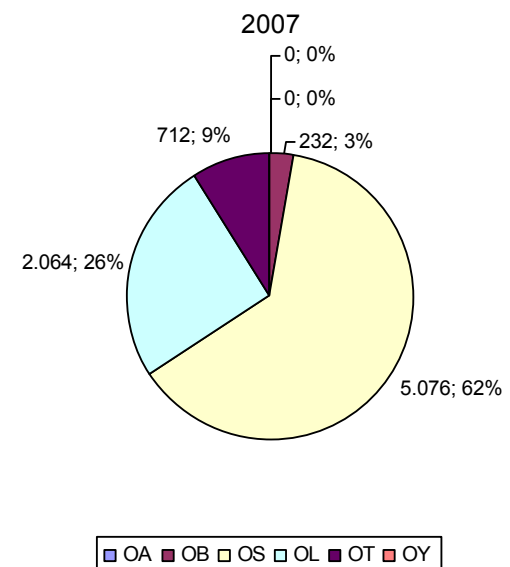
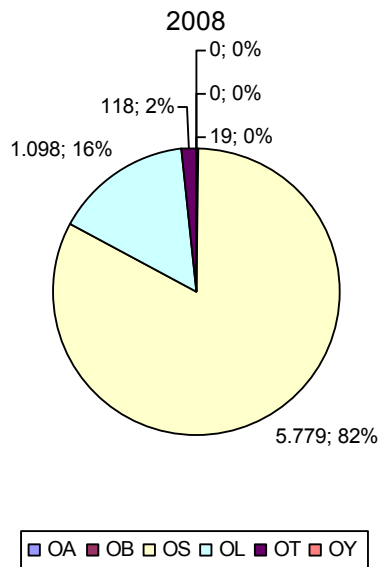


Competitors news/actions

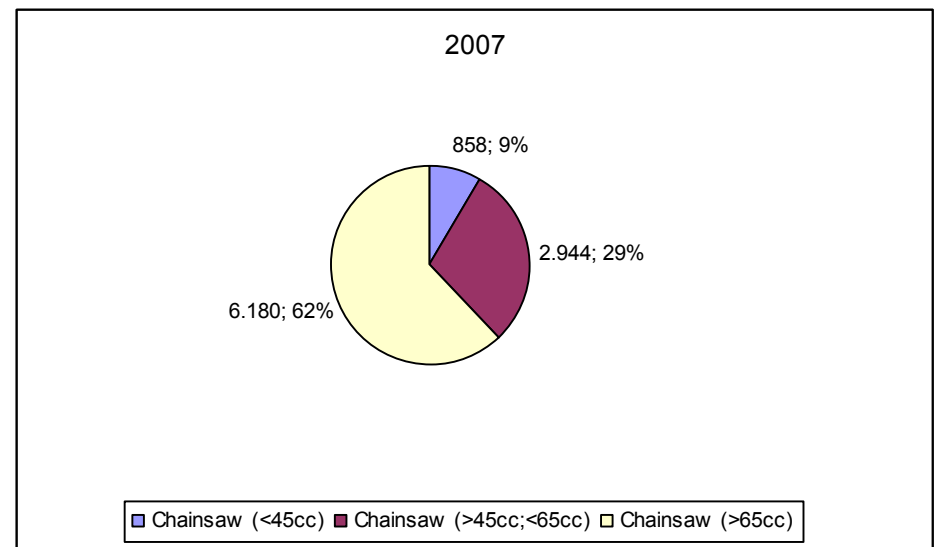
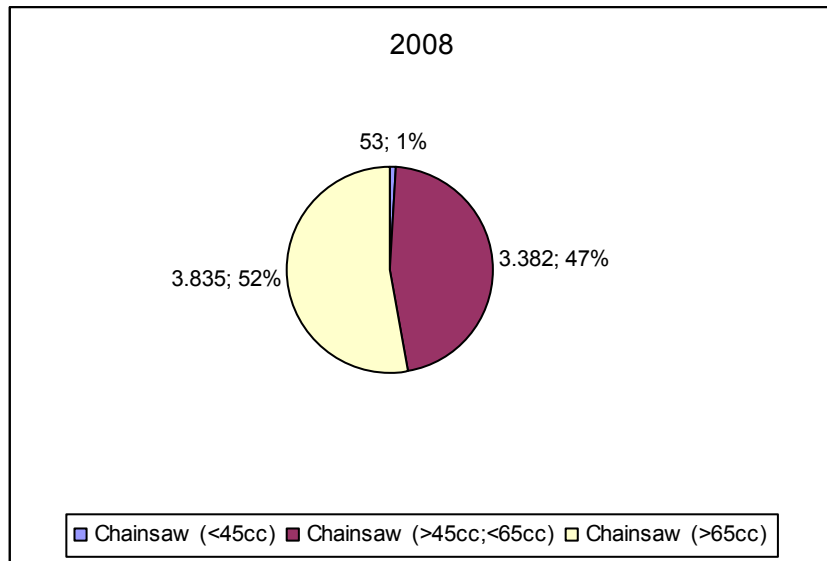
2007/2008

- Stihl: Started this year a premium dealer program. Not very successful as it was very limiting, incl motorcycles and outboard motors. Also their previous strategy was more focused on Colombia.
- Shindaiwa: Strongest player in BC. Forced to reduce pricing as market did not accept new pricing based on parallel dollar price.
- Few activities and promotions and launches due to country situation.

Product mix, 2008 vs 2007 (from Robinsons GP report)

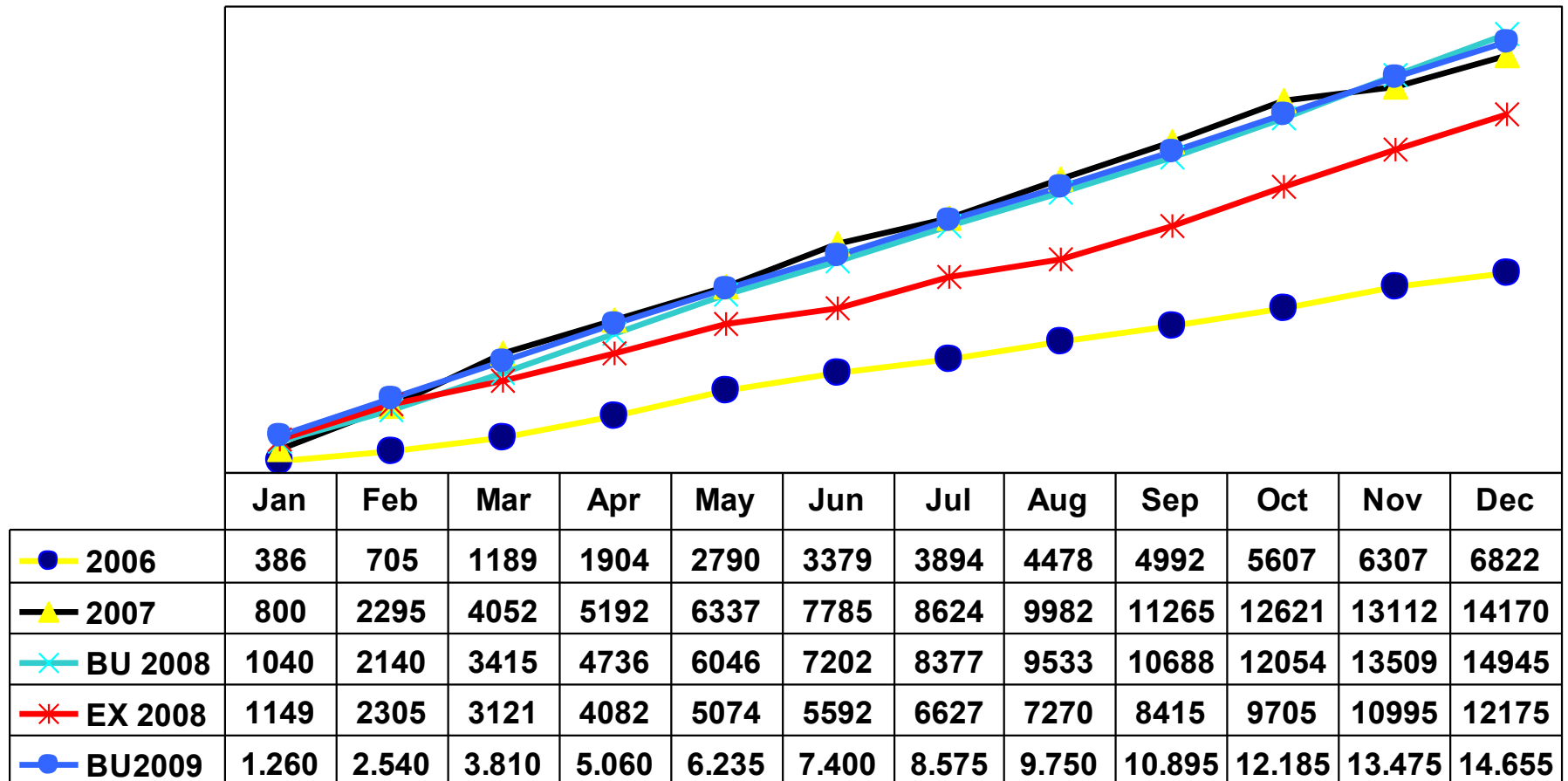


Chainsaw product mix, 2007-2008 (robinsons report)

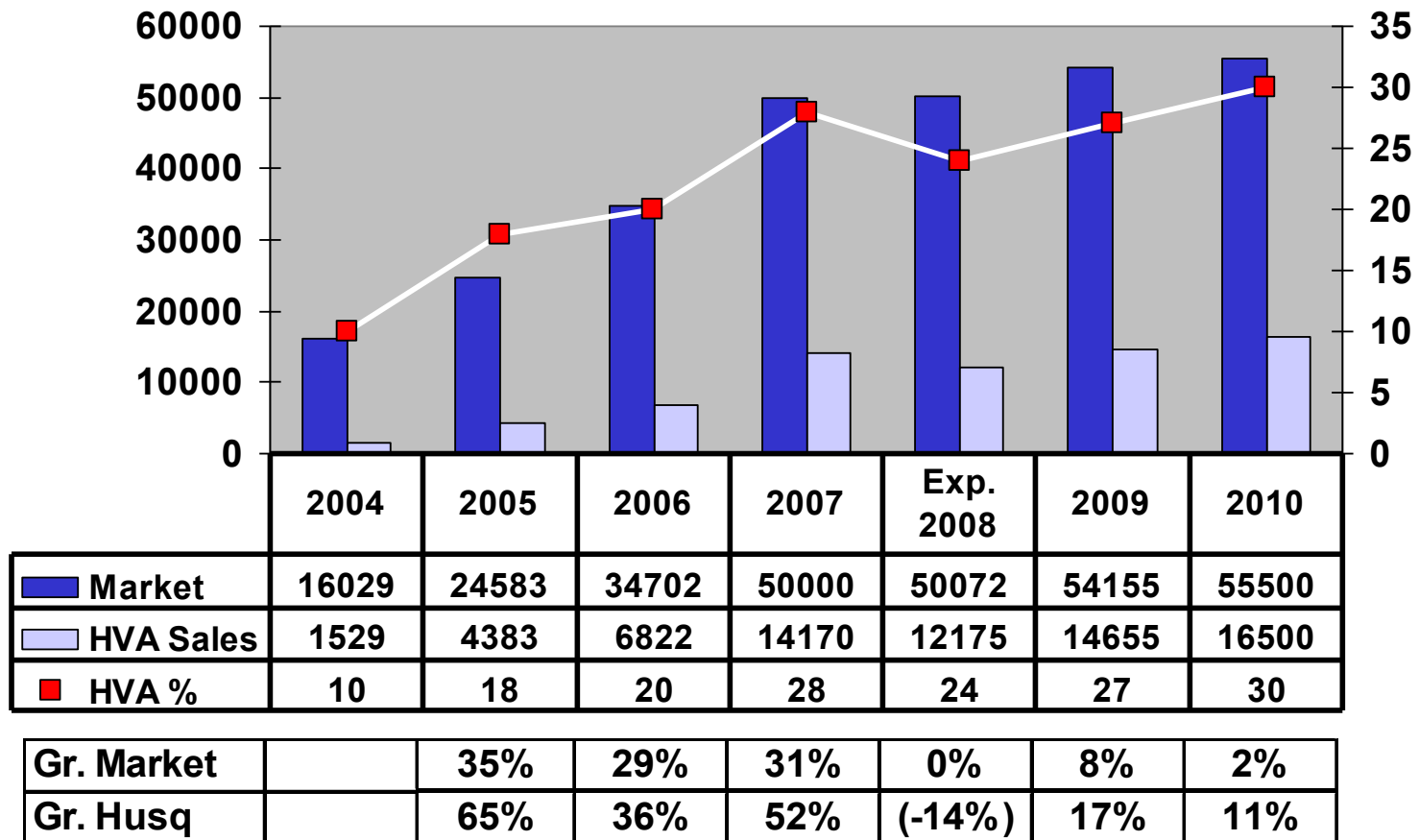


YTD - 2006 x 2007 x EX2008 x 2009

Chain saw volumes

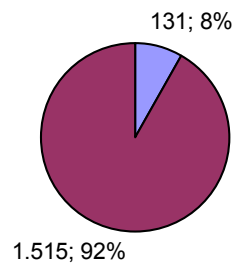


Chain Saw Market Share Evolution



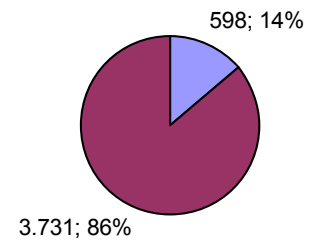
Brushcutter mix, 2007-2008 (robinson report)

2008



■ Brushcutter (<40cc) ■ Brushcutter (>40cc)

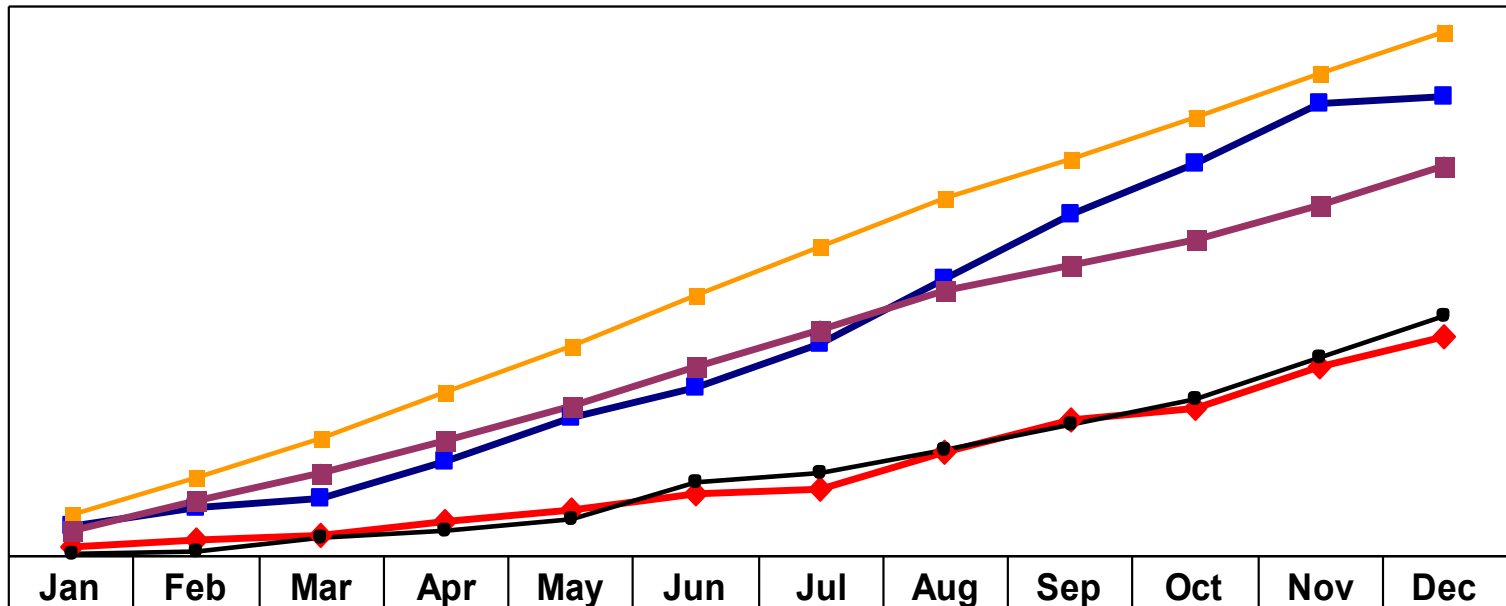
2007



■ Brushcutter (<40cc) ■ Brushcutter (>40cc)

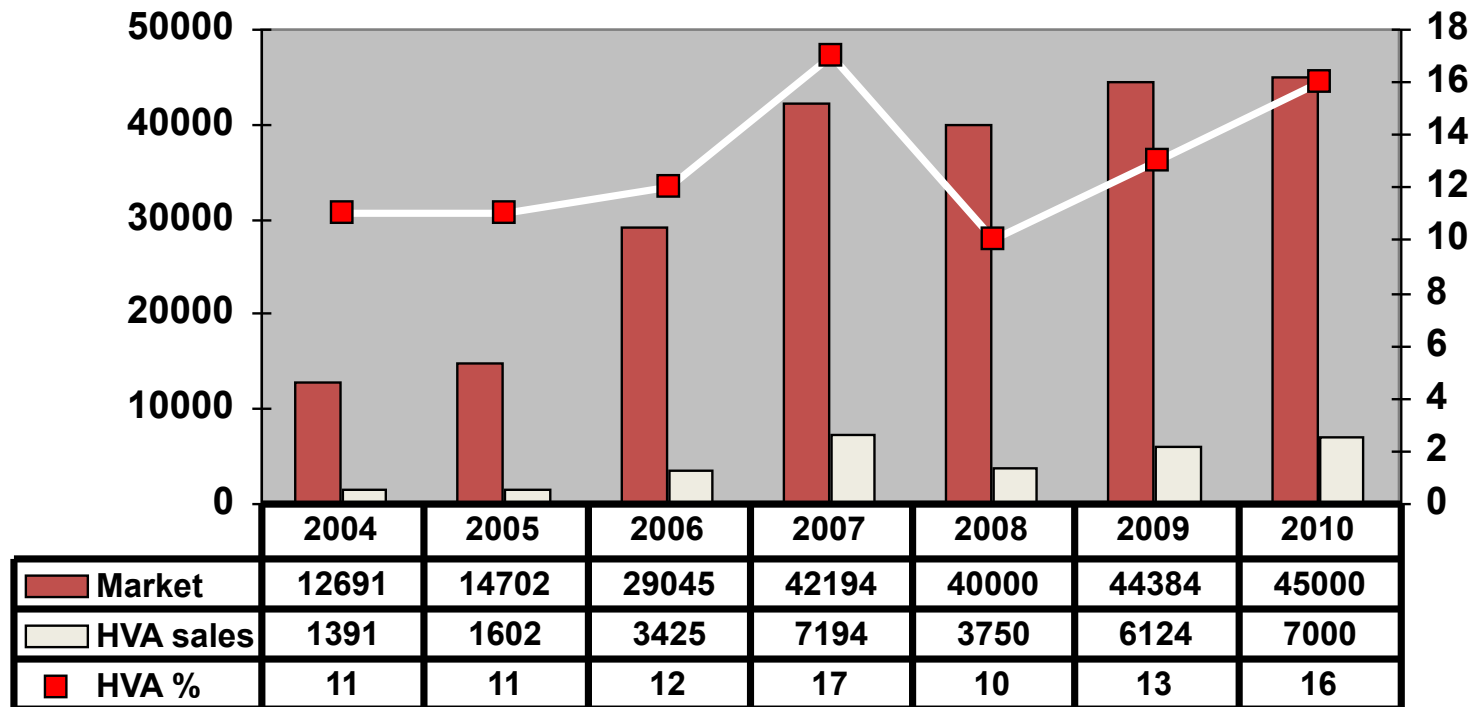
2006 x 2007 x EX 2008

Brush cutter/trimmer volumes



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2006	144	259	343	552	740	994	1039	1618	2125	2297	2975	3425
2007	460	751	914	1498	2171	2628	3312	4329	5363	6135	7089	7194
BU2008	650	1240	1860	2570	3300	4090	4830	5590	6210	6880	7550	8190
EX2008	42	76	302	394	585	1171	1310	1646	2046	2446	3096	3750
BU2009	400	850	1.300	1.800	2.350	2.950	3.550	4.150	4.550	4.950	5.512	6.124

Brush Cutter Market Share Evolution



Gr. Market		14%	49%	31%	-5%	10%	1%
Gr. Husq		13%	53%	52%	-92%	39%	13%

Spare Parts + Accesories

Sales Evolution KUsd.

	2006	2007	EX2008	BU2009
Spare parts	475	708	813	1200
Chains	130	325	67	234
Accesorios	55	264	280	300

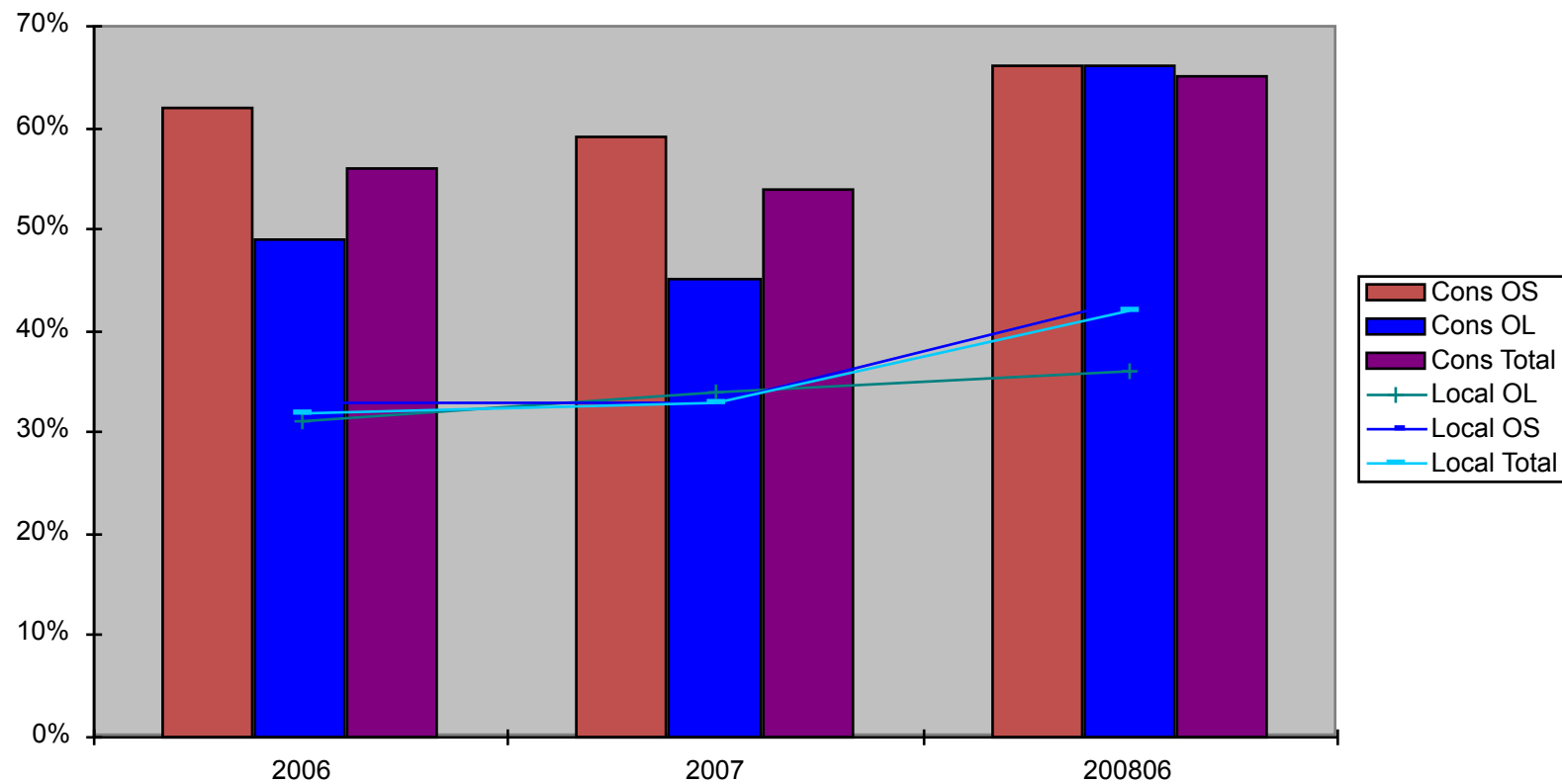
- Main accesories: Chain, Bars, kit de afilados, limas, cascos y nylon.
- Great complement as to become a complete supplier for professional users

Other Products

Evolution

	2006	2007	EX2008	BU2009
Tillers	33	112	0	0
Lawn mower	678	1024	199	0
Blowers	0	27	0	0
HT	0	0	0	0
Motoazada	0	6	8	0
Power Cutter	0	61	0	0
Tractors	22	93	0	0
Podadora	36	85	40	40

Margin development, 2006-2008, Local, consolidated for OS, OL and total company





Husqvarna[®]

Marketing

Marketing activities + investments, 2008

Professional logger segment

- Chainsaw logging competition
 - Amount: Usd. 60.200
 - Result: excellent PR, improved relations with logging companies, especially Proforca, improved relations with dealer.



Tabla de resultados de impacto informativo WLC

Radio: 103 minutos.....

T.V: 140 minutos.....

Prensa: 3508 cm /col.....



Resultado de publicidad no pagada: Usd.200.875

Marketing activities + investments, 2008

Farmer segment

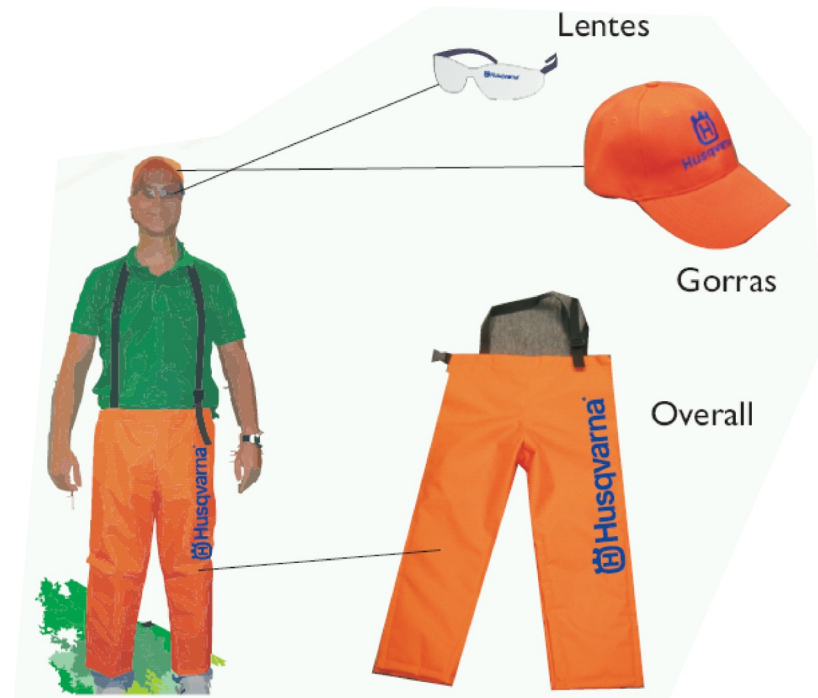
- Ads in magazines
 - Amount: Usd. 9.500
 - Result
 - Brand image
 - Good dealer support
- Field days
 - Amount: Usd. 23.400
 - 18 field days
 - Result
 - More sales, raise awareness of our product mix.



Marketing activities + investments, 2008

CLG/Farmer

- Campaign with BC including protective equipment
- Amount: Usd. 58000
 - Result: Se venderan este ultimo trimestre 2500 desmalezadoras 241R
 - Brand image
 - Good dealer support



Marketing activities + investments, 2008

General

- Profiling: Usd.27.900
 - Interna
 - Externa.
 - 14 Stores
- Sales Convention
 - Usd. 55.800
 - Public Relations
 - Usd. 4.400



Dealer coverage and location- (HVA+Competitors)

- **Stihl (77)**
Hardware 18
Serving 9
26 exclusivos y resto
50 sub distribuidor.

- **Shindaiwa (132)**
Hardware 76
Serving 56

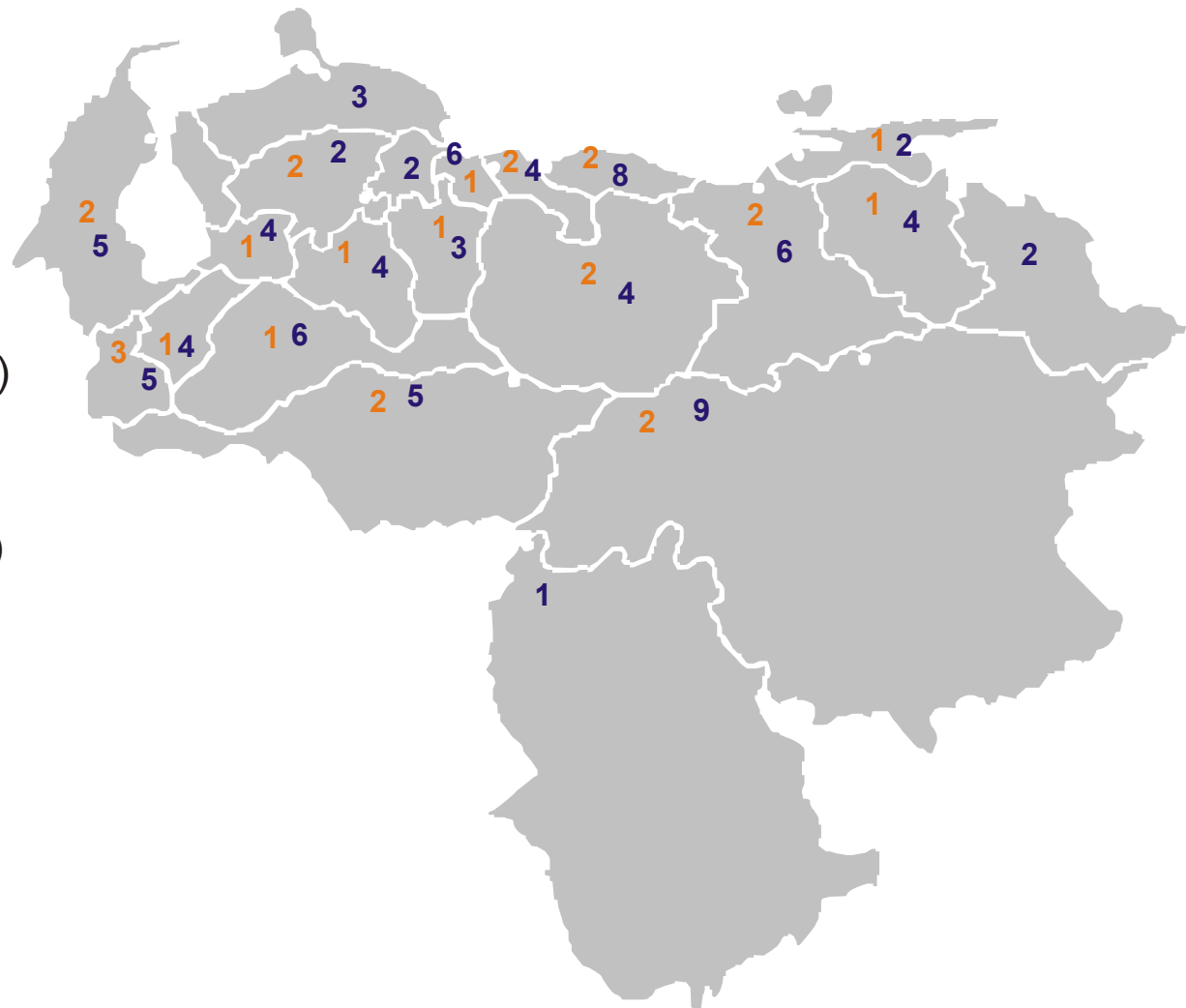
- **Husqvarna (90)**
Serving.....76
Hardware 10
Farmer C...2
Other.....2

A=34

B=27

C=15

D=14





Husqvarna®

Distribution

Dealer terms, 2008

HUSQVARNA

Credit terms

- 30 days
- Discount of 2-3% for advanced payments

Logistics

- Delivery same day if order before 11
- Dealer pays for freight if less than 5 machines. For spare parts: if less than 500usd.

STIHL

Credit terms

Dealers exclusive: 30 Days credit
Other clients: cash

There arent advanced payments

Logistics

Customers paid the 1% of sales by the concept of transport

The transport of spart parts is canceladed by the dealers.

The machines can are deliveries for the warehouse of Stil

Total Mapping of channels

		Number of dealers				Number of Points of sales				% of sales
		2007	2008	2009	2010	2007	2008	2009	2010	2007
		181	188	187	192	1430	1479	1534	1584	
Dealer	Hardware	60	67	69	71	1200	1250	1300	1350	23%
Dealer	Servicing	90	90	92	95	66	65	70	70	40%
Dealer	Home center/DIY/Masivo	11	11	11	11	85	85	85	85	20%
Dealer	Farmer/COOP	5	5	5	5	79	79	79	79	12%
Dealer	Others	15	15	10	10	0	0	0	0	5%
No de tiendas										
		2007	2008	2009	2010	2007	2008	2009	2010	2007
Number of HVA dealers		107	90	95	104	132	139	143	149	
Dealer	Hardware	33	10	11	16	15	18	19	20	37%
Dealer	Servicing	67	76	80	81	38	42	45	50	55%
Dealer	Home center/DIY/Masivo	3	0	0	3	0	0	0	0	0%
Dealer	Farmer/COOP	1	2	2	2	79	79	79	79	5%
Dealer	Others	3	2	2	2	0	0	0	0	3%

- 90% of our dealers are servicing dealers.
- 90% of dealers are focused on OS and OL. The other half have complete range.
- Most dealers are shared.

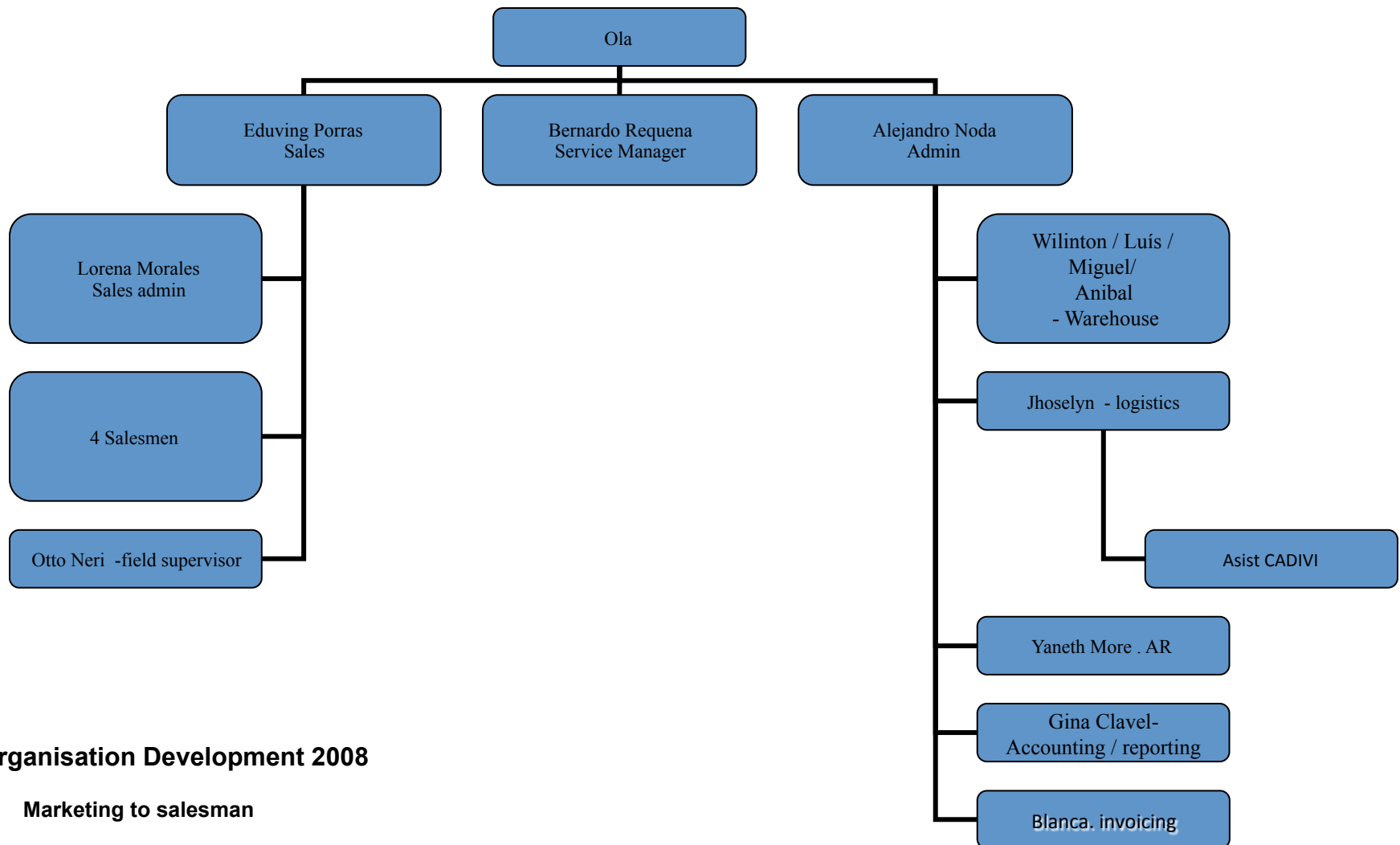
Distribution Strategies

- **Marketing/Communication- increase investments on sell-out (coop ads in local media) and sell-in activities (increase plan activities to dealers).**
 - Further increase sales in the Farmer market (in the dealer network).
 - Successfully launch new products (chainsaws).
 - Secure Sales Plan and margins.
- **National Coverage (a salesman more).**
- **focus on the consumer.**
- **Approach the exclusive dealer.**
- **New Dealers- Attractiveness business program for new dealers (profit & financial).**
 - Increase the number of dealer in specifics and strategic areas (Farmer areas; i.e.: Southern states)
 - Reduce the dealer turn over → increase the dealer retention
- **Financing Dealers growth- use the financial potential in order to funding our dealer network.**
 - Protect our margins
 - Build up entry barriers to Chinese products in our Farmer dealer network - Loyalty Dealers
 - Increase the product line packet
 - Increase the sales volume
 - Motivate the dealer network to invest on increasing their field sales structure and improving shop facilities.



Organisation 2008

Venezuela Organisation 2008



Organisation Development 2008

1. Marketing to salesman

Total employees: 18

SWOT Analysis

Fortalezas:

- ✓Únicos representantes directos de marca. La mayoría son importadores.
- ✓Estamos presentes en gran parte del territorio nacional.
- ✓Perfilaciones en la mayor parte de los distribuidores
- ✓Mas planes promocionales.
- ✓Mayor contacto con los distribuidores por parte del equipo Husqvarna.
- ✓Buena relación con los distribuidores, somos atendido con prioridad ante otros.
- ✓Plan de marketing avanzado con relación a la competencia.

Amenazas:

- ✓Próximas elecciones Regionales, Nov 23
- ✓Clonación de modelos Husqvarna con productos Chinos, modelo 61, algunos casos.
- ✓Shindaiwa esta implementando promociones bajo precios y cantidades compras 20 te obsequian 2. con sus productos.
- ✓B&S, incorpora nuevas desmalezadoras de 32 y 42cc.
- ✓Stihl, logra captar clientes exclusivos.
- ✓Domosa nos copia en cuanto a talleres y perfilacion.
- ✓Politica, economia

Debilidades:

- ✓Ordenes de repuestos atrasadas
- ✓No contamos con un mix de accesorios
- ✓Barreras de importación.
- ✓Control de cambio.
- ✓Aun queda mucho trabajo con la tecnificación de los distribuidores.
- ✓Dependemos solo de la 241R.
- ✓Capacitacion del equipo de ventas

Oportunidades:

- ✓Mercado en crecimiento, se espera que el gobierno invierta este ultimo trimestre, y desarrolle proyectos Forestales y agricolas este 2009.
- ✓La marca es reconocida por su calidad, oportunidad de captar nuevos clientes.
- ✓Nuevas zonas a explorar e incorporar clientes, norte de Oriente, Costas del centro, Occidente.
- ✓Relaciones futuras con personas involucradas en el gobierno.
- ✓Ampliar el mix de productos Husqvarna. Y accesorios.
- ✓Crecimiento en usuarios Farmer.
- ✓Implementacion de Worksop Comcep
- ✓Continuar el WLC
- ✓Nuevas reglas de CADIVI Usd. 50.000 mensuales.
- ✓Agroisleña.
- ✓Politica de Stihl poco aceptada.

Plan 2009-2010

Scenario 2009-2010

- Political/economic;
- more agricultural and forestry projects.
- Little local production, plus imports.
- Possible devaluation.
- Cuts in the government's 2009 budget.
- Foretal market growth, projects in the Orinoco belt.
- Focus on major projects by associations of farmers, producers and so on.
- tendency to consume medium-cylinder capacity.

Marketing Strategies 2009-10

Venezuela

Forest and Farmers customer groups

Forest professional - Main products

Chain Saw:

55, 61, 272, 281, y 288

*MADE IN BRAZIL

Forest professional campaign

OBJECTIVES

1.

2.

Consolidate Premium Brand in this segment
Increase market share from 25% to 40% within 2010

Strategies

•

•

•

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•

Increase the market share. Volume and value growth
Dealers New.
XP campaign, selling in and selling out activities
World Logging Championship
Service Platform communication
Dealer network support
Field days – product demonstration (coop. advertising)
Premium after sales service
PR in magazines
Brand building

Activities

- WLC
- POS materials
- Coop. advertising
- Field days
- Professional logging campaigns
- Contact with prof logging companies
- PR

Customer Groups/Segments



Farmer/
Rural

Farmers/Rural

Scenario (Venezuela)

Could be divided into 2 sub-groups:
Large properties owners
Small properties owners



Farmer / Rural

buying reasons

- Brand
- Communication
- After sales service
- Product reliability (trustful)
- Convenience and availability
- Easy to use
- Dealer quality
- Price

Famer/Rural – Main Products

Brazil

Chain Saw:

Launch: 235e (X-TORQ), y ,445e (X-TORQ),

Current: 55 and 61 (made in Brazil)

Brush cutter:

Launch: 241R (made in Brazil)

Famer/Rural

OBJECTIVES

- Increase volume and value (Profit)
- Increase volume and value within low “cc” chain saws market
- Increase the perception of Husqvarna products within this segment
- Product Launch: BC 241R, 235e/445e

STRATEGY

Main strategies

- a) Use specialized associations, sales channels, fairs and magazines to reach more effectively this customer
- b) Maximize use of news such as X-TORQ in POS and PR
- c) Maximize use of Service Platform/after sales support
- d) Work strongly Field days – product demonstration (coop. advertising) – Dealer for customer

Famer/Rural campaign

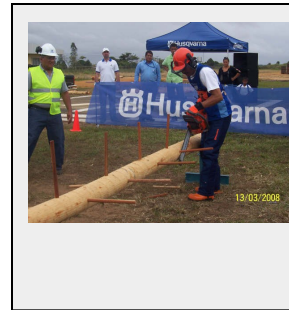
ACTIVITIES

- Revise and get correct dealers. More farmer coop
- Radio ads
- Evaluate spots in regional tv
- Continue with ads in specialized magazines
- PR
- Coop Advertising
- Fairs
- POS Material
- Field days with end consumers/dealers

*Also adapt for all communication materials

Activities

- WLC



Husqvarna

Perú
Ecuador
Colombia
Venezuela

JOSÉ VARGAS.
1ER. LUGAR CAMPEONATO DE MOTOSIERRISTA DE LA REGIÓN ANDINA 2008.

Tu también puedes ser un campeón, solo debes usar equipos Husqvarna y conviertes en un ganador.

El Pasado 29 de Mayo, se celebró en nuestro país el Primer Campeonato de Motosierrista de la Región Andina, evento que contó con la participación de los motosierristas ganadores de los países de Colombia, Perú y Ecuador.

Los Ganadores de el Primer Campeonato de Motosierristas de la Región Andina asistirán al World Logging Championship a realizarse en Alemania. Evento en el cual Husqvarna ha resultado ser ganadora de los últimos tres campeonatos.

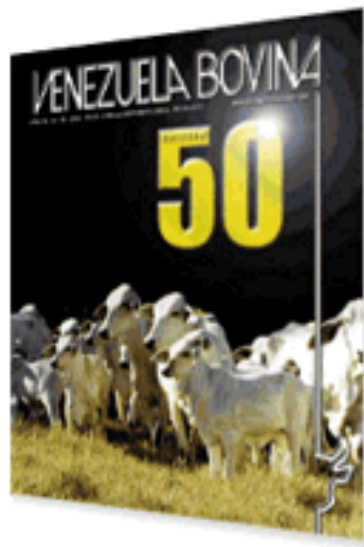
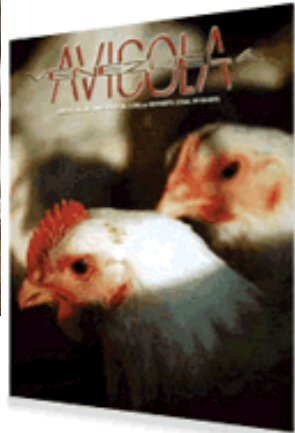
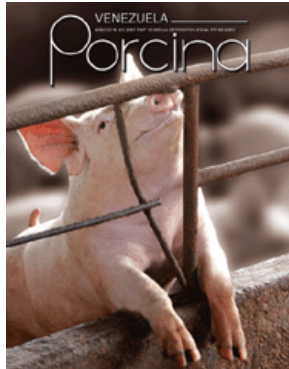
HUSQVARNA 373 XP
70,7 cm3-5,1 HP/3,9 kW-6,1 Kg

www.andean.husqvarna.com

Logros

- Brand Building.
- Contacto Directo con el usuario.
- Ruedas De Prensa, Media Tours en Medios Radiales y Television.
- Publicidad Gratuita (Valos Percibido): Usd. 200.875
- Retorno de Inversion cercano al 100%

MEDIA SAMPLES (Magazines and TV)



Magazines



TV (regional)

Organizational Development 2009-201

Action Plan 2009 - 2010

- Entrenamiento a grupo de vendedores, técnicas en ventas, recursos de negocios, tipos de clientes, herramientas de ventas.
- Entrenamiento a grupo de vendedores, argumentos de ventas, conocimiento del producto.
- Universidad Husqvarna.
- Capacitación en Seminarios Técnicos, medio y avanzado.
- Desarrollo del equip de logistica.
- Desarrollo de sistema de informacion
- Capacitacion en negocio.
- Administradora en ventas (enfocar a telemercadeo).
- Demostrador. (realizar eventss, carpas, capacitaciones, demostraciones, ferias).
- Vendedor Occidente. (Zulia,Merida, Trujillo, Falcon) desarrollo de la zona 11% mas en ventas netas.
- Desarrollo de recurso humano.

Sales and Distribution

Action Plan 2009

- Sales team organization
 - Reorganize the sales structure in 4 regional (key account managers) in order to be more productive and keep focus on A & B dealers. **Cauntos distri???**
 - Increase the number of dealer – Prospects donde?
 - Create internal sales structure in order to be more efficient, reduce sales cost and keep focus on C & D dealers. **Lorena CUANTOS SON C Y D**
- **Renewed focus on dealer profiling: internal externañ**
- Dealer meetings
 - MEETING NO CONVENT
- Logistics improvements
 - Internally: forecasting main clients
 - Externally: product supply/cadivi
- Train and develop dealer organization
 - Focus on product knowledge/training and field activies
 - HU