

Waiblingen, April 25, 2013

STIHL grows faster than industry in 2012

- **Record turnover, investments and employment**
- **2013 STIHL TIMBERSPORTS World Championships in Stuttgart**

The STIHL Group achieved a turnover of EUR 2.776 billion in 2012. Growth over the previous year thus amounted to 6 percent, of which favorable foreign exchange rates accounted for 2.7 percent. Investments reached a new record high of EUR 227 million. Speaking at the company's press conference on annual results, STIHL executive board chairman Dr. Bertram Kandziora said: "STIHL has grown faster than the industry in general, so that we have been able to expand our worldwide market position. We expect to see moderate growth in 2013." He said he was looking forward to the STIHL TIMBERSPORTS World Championships to be held at Stuttgart's Porsche Arena on October 25 and 26: "We are expecting some 10,000 spectators at the international final with the world's top lumberjacks."

Continuing global growth

STIHL remained on its global growth course in 2012 even though peripheral conditions were difficult. Unit sales in almost all important product categories reached new record levels in the past year – despite the weak global economy. Growth in the emerging markets was generally higher than in industrialized countries. Worldwide demand for gasoline chain saws continued to rise, primarily due to growing numbers of private users, escalating energy prices and the development of new target groups in emerging markets. The demand for cheap Asian saws declined. 90.1 percent of the STIHL Group's turnover was achieved in countries other than Germany, compared to 89.4 percent in the previous year. "This high international share indicates that we know how to utilize the opportunities offered by globalization. Open markets and free world trade are of crucial

importance for the strength of our group and for job security”, said Dr. Kandziora.

Stable markets in North America, central and northern Europe

Measures introduced to rescue state budgets during the euro debt crisis have dampened demand for STIHL products in southern Europe in particular. On the other hand, the markets in central and northern Europe have stabilized. The product markets in North America are stable; the market for brushcutters grew – in spite of a once-in-a-century drought across wide areas of the United States in the summer months. Growth in Latin America slowed, mainly due to the import restrictions imposed by Argentina. Following strong economic growth and favorable weather conditions in 2011, the demand in Oceania has settled down to a somewhat lower level.

Sound financial structure strengthened

The investment volume in 2012 amounted to EUR 227 million and thus exceeded the previous year’s high level of EUR 184 million. The manufacturing subsidiaries of the STIHL Group in particular invested heavily in expanding capacities and future technologies to prepare themselves for further growth. The manufacturing subsidiaries’ share of total investments was 89 percent. Liquidity in the Group increased further; once again, almost all investments were financed from liquid assets. The healthy financial structure was further bolstered by the high equity ratio, which was 68.5 percent (previous year: 68.2 percent). The number of employees in the Group grew 2.6 percent to 12,338 – a new record high.

High investments in German founding company

Turnover at the German founding company, ANDREAS STIHL AG & Co. KG, was increased by 2.1 percent to EUR 887 million in 2012. The export share was up slightly to 88.4 percent (previous year: 88.1 percent). Investments amounted to EUR 49 million and were all equity-financed; as in previous years, they were higher than depreciations. STIHL will maintain this high level of investment in the future in order to continue growing. “Viewed in terms of all the Group’s plants, by far our highest investments in the

coming years will be in the German founding company – for example, in expansion of our engineering center and a new building for production logistics. That is a clear commitment to the German location“, stressed Dr. Kandziora. “However, local conditions in Germany have to be improved. A capital levy would be poison for the competitiveness of German industry. What is needed most of all is relief for companies in the form of simplified taxation and a competitive system of taxation while simultaneously consolidating government budgets.“

The equity ratio at the founding company was up by 2.1 percentage points to 45.1 percent. The number of employees remained almost constant at 3,964. The chairman of the executive board is pleased about the favorable development in giving temporary employees permanent contracts. All suitable apprentices who completed their training last year received an unlimited contract of employment from STIHL. In summer 2013, STIHL will again offer an unlimited contract of employment to all technical and commercial apprentices and trainees finishing their training.

New STIHL and VIKING products

In the past few months a number of new products were successfully launched on the market. These included, for example, the high powered STIHL MSA 200 C-BQ cordless chain saw and the STIHL GS 461 concrete cutter, which represents a completely new category in the STIHL product portfolio. It attracted a lot of attention from trade visitors last week at ‘bauma’ in Munich, the world’s largest construction machine exhibition. The new STIHL HSA 66 cordless hedge trimmer for private users was available at authorized STIHL dealers in good time for this year’s somewhat belated start of spring.

The next innovation was presented with the new STIHL MS 261 C-M chain saw: It will be launched in July as an upmarket version of the standard MS 261 with the fully electronic M-Tronic engine management system. It controls ignition timing and fuel flow for the best possible engine performance at all times without the need for manual adjustments, and also takes account of changes in altitude, ambient temperature and fuel quality. The intelligent electronic system recognizes the machine’s operating status at any given

time. As a result, only one starting position is needed on the Master Control lever. The new chain saw is intended for professional users in forestry, agriculture, horticulture and landscaping but will also appeal to demanding occasional users.

VIKING kicked off the 2013 season with a whole array of new products. Particularly interesting are the four new Series T4 ride-on mowers. The four side discharge models have cutting widths of 95 and 110 centimeters and are suitable for maintaining public areas and facility management, in agriculture and for large private land areas up to 8,000 square meters. In 2013, VIKING will continue the success story of its Series 4 mowers for owners of small and medium-sized lawns up to 1,200 square meters: The new MB 443 gasoline mower will join the MA 443 cordless mower – customers therefore have a choice of three different drive systems for one mower model. Finally, VIKING offers the new MB 4 R, MB 4 RT and MB 4 RTP mulch mowers for semi-professional and professional applications. These gasoline powered mowers are designed to tend larger areas which are mowed less frequently, such as traffic islands and parks left in their natural state.

Reasonable outlook for German market in spite of delayed start to season

The first few months of 2013 in Germany were unusually cold. This has resulted in the start of sales of some product groups being pushed back. “We are, however, confident that we will make up lost ground as soon as temperatures begin to climb”, said Dr. Kandziora. The third nationwide STIHL Test Day was held on April 13. Even after the Test Day, existing and prospective customers can test STIHL and VIKING products at the participating dealerships. Dr. Bertram Kandziora is confident about 2013: “The growth prospects for the German market this year are generally satisfactory. Many new STIHL and VIKING products will convince customers when they test them and will continue to delight them in every day use. And we are exceptionally well positioned with our policy of selling exclusively through servicing dealers.” The essential quality characteristics of the servicing dealers are the sound advice, thorough customer instruction and qualified technical service they provide. This year the STIHL training facility at the German sales and distribution center (Dieburg, Hesse) will be modernized and extended to further support our dealers.

Stuttgart hosts 2013 STIHL TIMBERSPORTS World Championships

The 2013 STIHL TIMBERSPORTS World Championships are to take place in Stuttgart. Top lumberjacks from more than 20 countries will meet here on October 25 and 26. More than 100 top athletes from the whole of Europe as well as Australia, New Zealand, the U.S.A. and Canada will compete at the STIHL TIMBERSPORTS World Championships. "We are expecting some 10,000 spectators to come to the Porsche Arena to watch the international final in the lumberjacks' premier league – it will be a true highlight in Stuttgart", said Dr. Kandziora.

Cautious optimism for worldwide group in 2013

"Owing to the long winter, the start of spring sales in our industry has been delayed in several countries. It is therefore too soon to give a reliable forecast for the whole of 2013. Nevertheless, I expect to see moderate growth in the Group. It is still unclear as to how the situation will develop at the founding company, which exports almost 90 per cent of its output. We are struggling here with rigid and senseless import restrictions in Argentina and Venezuela, which are severely hampering our supplies to those countries", explained Dr. Kandziora. The Group is growing faster than the founding company, because sales growth throughout the world tends to be in the entry-level and farmer segments. The founding company, however, i.e. the seven manufacturing plants of ANDREAS STIHL AG & Co. KG, concentrates on the production of professional power tools because of the cost structure in Germany.

In planning for the year, STIHL also takes into consideration the uncertain state of the world economy. This is exacerbated by the after-effects of the debt and financial crisis, which tend to dampen demand for products for landscape maintenance as well as the forestry and construction industries in the countries affected. The chairman of the executive board Dr. Kandziora summarized: "When all is said and done, we have reason to be cautiously optimistic, thanks to our competitive product line, intensive sales activities and our unique sales structure. Once again, flexibility and rapid response are definitely the order of the day."

Company Portrait

The STIHL Group develops, manufactures and distributes power tools for forestry, landscape maintenance and the construction industry. The range of garden power tools from VIKING complements the product line. Products are distributed exclusively through authorized dealers, including 32 marketing subsidiaries, more than 120 importers and about 40,000 dealers in more than 160 countries. STIHL has been the world's top-selling chain saw brand since 1971. The company was founded in 1926 and is based in Waiblingen near Stuttgart. In 2012, STIHL achieved a worldwide sales volume of EUR 2.78 billion with a workforce of 12,338.

This press release and pictures are available for downloading from the STIHL website

<http://www.stihl.de/tages-wirtschaftspresse.aspx>

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