

Waiblingen, December 18, 2015

STIHL gives job guarantee up to 2020 and invests heavily in Germany

The STIHL Group strengthens its German base with a new job guarantee and high investments. The STIHL executive board and the general works council concluded a new agreement on job and location security (BuS agreement) up to the end of 2020 for the German founding company, ie. the regular workforce has a 5-year job guarantee. Furthermore, the founding company will be investing some € 300 million in Germany between now and 2018 – the highest ever investment in a single location in the STIHL Group. Distribution logistics at the Ludwigsburg plant alone will be extended and modernized at a cost of over € 50 million. STIHL executive board chairman Dr. Bertram Kandziora said: "As a family-owned concern, STIHL once again demonstrates its commitment to its German base with agreements and investments. We are charting the way forwards for the future success of the STIHL Group and the German founding company." The chairman of the general works council, Marcus Retter, commented: "We are pleased about the successful conclusion of the BuS agreement and the high volume of investments in Germany which benefit both the workforce and the company."

Job guarantee for regular staff

In order to be able to maintain and expand worldwide market shares it is necessary to offer very attractive sales prices, especially in the entry-level segment and price-sensitive markets such as Eastern Europe, Latin America and Southeast Asia. However, the low manufacturing costs required to accomplish this can only be achieved at STIHL plants outside Europe. An essential component of the BuS agreement is full compensation for the current loss of output at the German founding company by transferring the production of other product groups to Germany. The STIHL Group thus

PRESS RELEASE

makes use of all market opportunities without reducing the workforce in Germany. With the BuS agreement negotiated between the management and the works council, ANDREAS STIHL AG & Co. KG gives the regular workforce a job guarantee up to December 31, 2020. No layoffs for operational reasons are allowed during this period. Furthermore, STIHL undertakes to continue to train apprentices over and above its own requirements and to the same high quality standard and offer all apprentices a permanent position when they finish their training. "This agreement helps to strengthen our competitiveness and increase the attractiveness of STIHL as an employer", said Dr. Michael Prochaska, member of the STIHL executive board responsible for human resources and law.

Strengthening competitiveness

Measures were agreed to increase efficiency, reduce costs, make working time more flexible and organize work in order to improve the competitiveness of the German founding company. A supplementary collective bargaining agreement on increasing the quota of workers with a 40-hour week will be agreed between the parties so that highly qualified skilled staff will be able to employ their know-how more effectively.

Growth of employment

The BuS agreement was concluded for the first time in 1997 and further developed in the years thereafter. The new BuS agreement was signed by the executive board and general works council on December 18, 2015. Up to now the agreements have played a role in safeguarding and constantly enlarging the number of employees at the German founding company. For example, in the last 10 years alone, the number of employees in Germany has increased by more than 650. At the same time over 400 employees on limited term contracts were given unlimited contracts of employment and thus offered sustainable career prospects.

PRESS RELEASE

Investment program strengthens German plants

Dr. Kandziora said: "The STIHL Group will continue to grow and invest about a billion euros in the worldwide Group between now and 2018." The funds will be spent chiefly on new products, tools and machines as well as building projects for expansion and modernization of the international manufacturing and sales network. The founding company accounts for about € 300 million of this total and therefore the highest share of investments in the Group.

STIHL invests over € 50 million Ludwigsburg for distribution logistics

The new production logistics building and the extension to the engineering center at a cost of almost € 90 million, including the necessary infrastructure and equipment, are currently being completed in Waiblingen. A new large project being planned by STIHL is the extension and reorganization of its distribution logistics center at the existing facility in Ludwigsburg. The investment will amount to over € 50 million. It will create approximately 10,000 sq.m of additional warehouse and traffic areas at STIHL Plant 7 and modernize and automate logistics within the plant to a high degree. Norbert Pick, member of the executive board responsible for Marketing and Sales: "This investment supports the growth of the STIHL Group and will ensure efficient and fast deliveries to our worldwide customers in the future, too."

Start of construction is scheduled for December 2016; and inauguration is to take place at the beginning of 2019. The present facility in Ludwigsburg, with a floor area of 37,000 sq.m, ships STIHL products to the company's sales subsidiaries and importers in more than 160 countries all over the world.

PRESS RELEASE

Company Portrait

The STIHL Group develops, manufactures and distributes power tools for professional forestry and agriculture as well as for garden and landscape maintenance, the construction sector and the demanding private user. The range of garden power tools from VIKING complements the product line. Products are distributed exclusively through authorized dealers, including 36 sales and marketing subsidiaries, about 120 importers and more than 40,000 servicing dealers in over 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 2014, STIHL achieved a worldwide sales volume of 2.98 billion euros with a workforce of 14,297.

This press release and pictures are available for downloading from the STIHL website at <http://www.stihl.de/tages-wirtschaftspresse.aspx>

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