

Waiblingen, April 25, 2017

STIHL reports record revenue and strong growth in cordless electric power tools

- *Unit sales in cordless segment exceed expectations*
- *Numerous new cordless and gasoline products for private and professional users*
- *Connected Products, Smart Garden, Industry 4.0: STIHL pushes digitalization*

“The STIHL Group’s revenue in 2016 grew 6.6 percent to EUR 3.46 billion – a new record in the company’s 90th anniversary year. Had foreign exchange rates remained at the previous year’s level, growth would actually have been 9.5 percent”, said STIHL executive board chairman Dr. Bertram Kandziora at the company’s financial press conference. “We are stepping up development of new cordless electric power tools and will continue to be a leader in gasoline technology at the same time.” STIHL is utilizing the possibilities offered by Industry 4.0 (the German government’s high-tech strategy) and digitalization to further increase customer benefits. STIHL will present new technologies and connected products in 2018. “The trend is towards a Smart Garden”, said Dr. Kandziora. “Compared to last year, I expect a much higher demand in 2017 – for our cordless power tools in particular.” STIHL is planning substantial investments to support growth, primarily in Germany. “We are currently looking for about 100 new staff to fill positions at the founding company, especially in the areas of battery technology, electronics, IT and connected products.”

Unit sales of new cordless electric products outstrip expectations

Revenue growth in 2016 was driven by significantly higher unit sales. Once again, the growth engine was the North American market. Demand in Western Europe was also strong, which, among other things, can be attributed to a successful market launch of the COMPACT cordless power system. The Russian market showed signs of a slight recovery. STIHL also achieved considerable increases in unit sales on the German market. This development has continued in the first quarter of this year. The executive board chairman stressed: “The new products and the demand they are generating have exceeded our expectations by far and show that STIHL quality is highly regarded in every price and customer segment.” STIHL sales subsidiaries were able to gain market shares in many countries. “In this way we are further consolidating our competitive position”, said Dr. Kandziora.

Integration of VIKING to produce surge in growth in 2019

The executive board chairman expects an additional surge in growth for the 2019 season since the STIHL Group will then be selling the entire product line of garden equipment manufacturer VIKING exclusively under the STIHL brand. “The lawnmower, only available from VIKING up to now and to be sold under the STIHL brand as from 2019, is the classic entry-level product in the market for garden equipment. With a single brand – that’s to say the STIHL brand which is well-known all over the world – we will be able to make our cordless systems even more attractive for customers.”

High equity ratio of 70 percent facilitates long-term strategy

Worldwide investments (EUR 209 million) once again exceeded depreciations (EUR 151 million) and went largely into improving the company’s production and logistics facilities and the development of new products. “Now as ever, the STIHL Group’s equity ratio is high at 70.5 percent and forms an important basis for the independence of our family-owned company, and the long-term orientation of our strategy. Furthermore, this healthy financial structure enables us to finance all investments with our own liquid assets”, explained Dr. Kandziora. The increase in unit sales also resulted in a higher level of employment. The number of employees in the worldwide Group climbed 4.7 percent to 14,920 as of the end of the year.

Higher revenue and more jobs also at German founding company

In the past fiscal year, revenue at the German founding company, ANDREAS STIHL AG & Co. KG, grew 2.4 percent to top one billion euros for the first time ever. The export share of 88.9 percent was on a par with the previous year. The highest growth rates were recorded in the EU and North America. Investments totaled EUR 70 million and, as in previous years, were higher than depreciations. The funds were allocated mainly to building projects, production plants and IT activities. High sums will be invested in the founding company in the coming years, too. As of the end of 2016, the workforce at the founding company had increased by 4.3 percent to 4,366. Dr. Kandziora: “We are planning for a considerable increase in staff at the founding company. At the moment we have more than 100 vacancies – mostly for top-notch specialists. We consider the growing number of employees as an investment in a successful long-term business development. It boosts our power to grow.”

Digitalization produces greater customer benefits

“STIHL has developed a comprehensive digitalization strategy”, explained Dr. Kandziora. “For us, digitalization is a means of creating additional customer benefits. This can be reflected in the features of our products, in the interaction with customers or in new business models.” Industry 4.0 components and subsystems have been used in STIHL’s worldwide manufacturing network for some time; intelligent plant and processes are interconnected worldwide. Collaborative robots are also in use. We will also make use of the growing possibilities of digitalization for further process optimization.”

“Smart Connected” – Intelligent networking of STIHL products

At STIHL, extensive development projects aimed at interconnecting products are running under the “Smart Connected” banner. Today it is already possible to control the robotic mower VIKING iMow via a smartphone app. The new projects go far beyond such a function in the direction of a “Smart Garden”. As usual, the customer is king. For example, users of STIHL power tools will receive information on their smartphones in real time about the period of use, consumption or the optimal application. Even a centralized log of the geo locations of individual power tools is possible. Furthermore, the opportunities offered by digitalization are to be utilized not only for the products themselves, but to a greater extent in service at dealerships. Executive board chairman Dr. Kandziora said: “We are working hard on intelligent technologies in order to present our customers with new digital applications for the 2018 season.”

With startups into the digital future

To accelerate the digital projects and move innovative business models forward more quickly to marketability, STIHL is participating in the ACTIVATR program of Pioniergeist, a Stuttgart-based firm. ACTIVATR brings together experienced startup founders and the innovative staff of established companies. ACTIVATR is to produce innovative ideas which will either stay with STIHL or operate independently on the market as associate companies of STIHL. Within three months the interdisciplinary founder team developed ideas for two new business models. These ideas will be further firmed up in the course of the year to develop concrete products and services. Other new ideas are currently in the pipeline.

In January this year the STIHL Group acquired a stake in GreenIQ. The Israeli startup is specialized in the development, sale and distribution of networked products for garden applications, such as irrigation and lighting. “This will accelerate our activities in the area of digitalization and networked products, such as the development of a STIHL Smart Garden Hub”, said Dr. Kandziora.

Latest STIHL products

Several new products will be launched on the market this spring: On one hand the STIHL HSA 94 R for cutting back and the STIHL HSA 94 T for trimming hedges – both quiet, high-performance professional battery powered hedge trimmers. On the other hand the professional brushcutter STIHL FSA 130 with either a bicycle or loop handle, which complement the PRO cordless system. The cordless modular system for professional applications thus numbers more than 20 power tools. In addition, there are a number of very attractively priced cordless power tools in the entry-level sector: a hedge trimmer, grass trimmer and leaf blower, each with a built-in rechargeable battery. Other products have been launched since the beginning of the year, e.g. the entry-level gasoline pole saw STIHL HT 56 C-E.

“We can offer an ever broader range of cordless products, and we are doing it without neglecting our gasoline products in any way”, summarized Dr. Kandziora, “The new products announced this spring prove this point.” The chainsaw STIHL MSA 140 C-BQ is the second powerful chainsaw in the STIHL COMPACT cordless system for landscape care and simple handicraft activities. It is powered by a replaceable 36V lithium-ion battery which is compatible with all the other power tools in this modular cordless system. Apart from chainsaws, the system includes a hedge trimmer, brushcutter, blower and lawnmower.

STIHL has launched the gasoline chainsaw STIHL MS 462 C-M which is designed for professional cutting work in medium and big stands. Its powerhead weighs only six kilograms which makes it the lightest high-performance saw in its displacement class (70 cubic centimeters). The optimized M-Tronic engine management system and an improved engine concept give this professional saw high power and excellent acceleration – “that means more fun and performance at work”, said Dr. Kandziora. Even before its market debut the saw made an impressive appearance at the new product show prior to the ‘demopark’ trade fair: the jury of experts awarded the MS 462 C-M a silver medal for its low weight.

New VIKING products

VIKING will also be adding a further product to the STIHL COMPACT cordless system: the lawnmower MA 235. With its compact dimensions, ergonomic and comfortable mono handle, a cutting width of 33 centimeters and a weight of only 14 kilograms, it is the perfect tool for small gardens with lawns up to 200 square meters.

Hamburg Harbor and Norway to host STIHL TIMBERSPORTS®

The STIHL TIMBERSPORTS® Series will be staged in Hamburg Harbor on May 20. In the Champions Trophy, the world's eight best athletes compete against each other in four contests on the axe and saw in a knockout tournament. This competition format demands not only muscle power and technique from the athletes, but also an extreme level of endurance – it is considered to be the toughest format in sports lumberjacking. On the day before, the best young sportsmen meet at the Rookie World Championship in Hamburg. The international season final, the STIHL TIMBERSPORTS® World Championships, will take place in Norwegian Lillehammer on November 3 and 4.

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 37 sales and marketing subsidiaries, about 120 importers and more than 45,000 servicing dealers in over 160 countries. STIHL produces in own plants in seven countries: Germany, USA, Brazil, Switzerland, Austria, China and in the Philippines. Since 1971 STIHL has been the world's top-selling chain saw brand. The company was founded in 1926 and is based in Waiblingen near Stuttgart. In 2016, STIHL achieved a worldwide sales volume of 3.46 billion euros with a workforce of 14,920.

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

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