

September 22, 2015

STIHL reports double-digit growth and plans to invest a billion euros worldwide between now and 2018

In the period from January to August the STIHL Group increased turnover by 10.4 percent to EUR 2.285 billion. Had foreign exchange rates remained at the previous year's level, growth would have been 3.4 percent. "We will achieve a new record turnover in 2015 – despite difficult market conditions in several crisis-hit countries," stated STIHL executive board chairman Dr. Bertram Kandziora at the company's autumn press conference. The company plans to invest a billion euros worldwide by 2018 to create the preconditions for future growth. STIHL announced a new cordless COMPACT line for next year. "We will be launching four new cordless battery products on the market which have been designed to fully meet the requirements of private garden owners with regard to weight, handling and performance – and they will carry very attractive price tags," said Dr. Kandziora.

America the growth engine

In the current year the main driving force behind unit sales has been the U.S. market which has shown clear gains in chain saws and power tools. Business growth was generally favorable in Latin American markets, too. In Brazil, the momentum of previous years slowed somewhat. In Argentina there was strong growth in spite of the unstable economic situation. Western Europe is slightly up on the previous year. Economic and political problems have severely impacted consumer confidence in Russia and resulted in a drastic decline in demand across all product sectors. Apart from that, sales in eastern Europe are at about the same level as last year. Growth in Asia tended to be weak, while it was positive in Oceania. As of August 31, 2015 the number of employees in the Group was 14,288, which is an increase of 0.2 percent over the same time last year.

German founding company slightly down on previous year

The German founding company, ANDREAS STIHL AG & Co. KG, achieved a turnover of EUR 664 million in the first eight months of this year which represents a slight dip of 0.7 percent compared to last year. The main reason for lower sales is the downturn in the Russian market. The workforce at the founding company was 4,241 or 1.1 percent less than last year. Of that number, 3,208 were employed in Waiblingen, 338 in Ludwigsburg, 633 in Prüm-Weinsheim and 62 in Wiechs am Randen.

STIHL to invest a billion euros

“We will be investing about a billion euros in the worldwide Group between now and 2018,” said executive board chairman Dr. Kandziora. For the most part the money is being put into building projects to expand and modernize the international manufacturing and sales network. The Group is also investing heavily in new plant and machinery. In this context Germany accounts for the lion’s share of investments in the Group. At the moment, for instance, more than EUR 65 million is being invested in a new production logistics facility and an extension to the engineering center at the founding company. Both buildings are due for completion next year. “Although the costs here are high, we, as a medium-sized family-owned company, are committed to Germany as a business location. At the same time, however, there is an urgent need to boost Germany’s competitiveness – with, for example, more flexible labor markets, a reduction of the tax burden and an improved infrastructure,” urged Dr. Kandziora.

30 years of employee participation scheme at founding company

The employee participation scheme at the STIHL founding company celebrates its 30th anniversary this year. Capital accrual in the form of employee participation is a lucrative proposition for employees: They need pay only a third of the subscription price themselves. The remaining two thirds are contributed by the company as a subsidy. At the present time a founding company employee can acquire participating rights of up to a face value of EUR 1,350 every year and has to pay only EUR 450. The company pays the remaining EUR 900. Depending on the company’s performance, rights holders receive a share of profit of up to 10 percent. An employee who has subscribed the maximum of EUR 1,350 annually since the scheme was introduced in 1985 and reinvested the income, would now have a total sum of some EUR 65,000, including the share of profit and interest – and would have paid in only EUR 5,000. At present, 70 percent of staff at the founding company hold participating rights. Dr. Bertram Kandziora sees this model as a “unique example of how a company can give its employees the opportunity to participate in the company’s success. At the same time, identification with and loyalty to the company are promoted.” Apart from employee participation in the company’s capital, the voluntary social benefits at STIHL include the annual bonus and a company pension scheme.

Strong first two quarters on German market

“We have seen strong growth in sales of STIHL and VIKING products on the German market in the first two quarters of this year. Sales of cordless power tools exceeded our expectations,” said a noticeably pleased Dr. Kandziora. The heat in midsummer had a slightly dampening effect on business. The executive board chairman is optimis-

tic about further growth in autumn: “With new products and good campaigns, such as the ‘Super Saw Weeks’ in November.” Since the summer of 2014, servicing dealers have been able to offer their customers online ordering in addition to normal store sales. STIHL draws customers’ attention to this with press advertising and online campaigns. The company is also active in the social media. Its Facebook site has more than a million fans.

New STIHL and VIKING products

STIHL presented a new product line in the form of the COMPACT cordless system with four garden tools for homeowners – the MSA 120 C-BQ chain saw, HSA 56 hedge trimmer, FSA 56 grass trimmer and BGA 56 leaf blower. The lightweight and easy-to-use power tools are powered by 36V lithium-ion rechargeable batteries – compatible with all products in the COMPACT line. A further aspect of the new tools is their particularly attractive price-performance ratio. They will be launched on the market in summer 2016.

Further new STIHL products:

- The professional BGA 100 battery-powered leaf blower was launched quite recently. Like the new STIHL AR 3000 backpack cordless blower, it can operate for up to 6.5 hours on a single battery charge.
- The new BR 450 C-EF professional blower is suitable for municipal landscape maintenance. It is driven by a powerful 2-MIX engine which is equipped with an electric starter – a unique feature in professional blowers – for easy starts without the user having to remove the machine from his or her back.
- The new RE 232, RE 272 PLUS and RE 282 PLUS high-pressure cleaners promise greater cleaning power and user friendliness. These models were developed for professional applications on farms, in municipal facilities, forest services and construction companies.
- Also new are three clearing saw models: the FS 360 C-EM, FS 410 C-EM and FR 460 TC-EFM. All machines have high powered 2-MIX engines and come standard with the STIHL M-Tronic engine management system whose microchip control optimizes different operating parameters, such as ignition timing and fuel metering. The FR 460 TC-EFM backpack clearing saw features an electric starter which enables the user to start the machine without having to put it down.

VIKING will also be opening the 2016 garden season with innovative products. Two new iMow robotic mowers, the MI 422 and MI 422 P, are intended for homeowners with small to medium-sized gardens. The MI 422 is suitable for lawns up to 500 square meters, while the MI 422 P is designed for lawns up to 1,000 square meters. Both

mowers are exceptionally user-friendly, convenient, fast and reliable. A further addition to the VIKING lawn mower lineup is the MB 448 VC. Equipped with VIKING's specially developed mono handle, the mower can be maneuvered with precision; the grass catcher is easy to remove and fit.

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>

Your contact for daily and business press:

ANDREAS STIHL AG & Co. KG
Dr. Stefan Caspari
Head of Corporate Communications and Public Relations
Badstrasse 115 / 71336 Waiblingen
Phone: +49 - (0) 7151/26-1402
Fax.: +49 - (0) 7151/26-81402
E-Mail: stefan.caspari@stihl.de