

Waiblingen, April 29, 2014

STIHL continues to grow and presents world firsts

- **First carbon lightweight chain saw with electronic injection**
- **First cordless cut-off machine**

The STIHL Group achieved a turnover of EUR 2,814 million in 2013. Growth over the previous year was 1.4 percent, partly because of the unfavorable effects of foreign exchange rates – which accounted for a dip of 3.6 percent. Had exchange rates stayed at the previous year's level, turnover growth would have amounted to 5 percent. "STIHL has remained on its growth course in 2013, too. We were able to record growth in all key markets and major product categories. And we will continue to grow still further in 2014", said Dr. Bertram Kandziora, STIHL executive board chairman, at the company's press conference on annual results, at which the world's first carbon lightweight chain saw with electronic fuel injection and the first cordless cut-off machine were also showcased.

Worldwide gains in market share

Overall, the Group's unit sales grew at a faster rate than turnover, which suffered mainly because of the weak Brazilian real and U.S. dollar. The 2013 gardening season got off to a late start due to the continuing euro debt crisis and the unusually long winter across wide stretches of Europe and North America. Over the course of the year, however, STIHL succeeded in more than making up for the backlog. The world market volume in both key product groups, gasoline chain saws and brushcutters, remained largely stable. STIHL's unit sales successes are therefore linked to corresponding gains in market share. In the United States in particular market shares were increased in almost all product groups. In Latin America, Brazil proved to be the region's growth engine, while import restrictions in Argentina and Venezuela had a detrimental impact on business in those markets. STIHL's manufacturing and sales subsidiary in Brazil celebrated its 40th anniversary in 2013. The general decline in demand in Southeast Asia applies primarily

to the segment occupied by Chinese low-cost products, and continues the trend of the previous year. In China itself, 2013 recorded an increase in demand for higher quality products from western suppliers.

Moderate growth budgeted for 2014

STIHL's executive board chairman Dr. Kandziora stated: "For us, 2014 has started better than the previous year – in spite of the crisis in the Ukraine and import restrictions in Argentina and Venezuela. I expect moderate growth in the Group and founding company for the year as a whole, assuming a relatively stable world economy". Thanks to its international sales network the company can often compensate for weak sales in one region by higher sales in other markets. "Flexibility in production and sales is our trump card", said Dr. Kandziora.

Substantial investments – far higher than depreciations

Investments in the Group last year amounted to EUR 202.5 million (2012: EUR 227.4 million). The German founding company accounted for 28 percent of that total. Compared with investments, depreciations were much lower at a total of EUR 139.5 million. Building activities almost equalled the record level of 2012. The capital structure remains favorable. As of December 31, 2013 the equity ratio was 68.4 percent. Almost all investments were financed from liquid assets. The number of employees in the Group increased by 12.2 percent and totalled 13,844 as of December 31, 2013. Included in this considerable jump are 746 temporary staff at ZAMA in China who were given permanent staff status.

Strong growth at German founding company

The German founding company, ANDREAS STIHL AG & Co. KG, increased its turnover by 7.3 percent to EUR 951.7 million. The export share was 88.5 percent. Investments amounted to EUR 56.6 million. Large funds were plowed into research and development to expand the product line. All investments were equity-financed; as in previous years, they were higher than depreciations. The equity ratio was up slightly to 45.4 percent. The number of employees at the founding company increased by 3.9 percent to 4,118 as

of December 31. The employee merit bonus was 57 percent of one month's salary, but at least EUR 1,550. Employees holding participating rights received interest of 10 percent on their rights capital.

STIHL – best employer in consumer durables sector

STIHL is Germany's most attractive employer in the consumer durables sector according to a survey conducted by FOCUS news magazine. In the engineering industry, STIHL was ranked number two. Some 19,000 employees from all over Germany were interviewed for the "Germany's Best Employer" survey. "We view this as a tribute to our corporate culture and a mark of confidence from our employees. It is also an inspiration for jointly continuing our successful company development," said Dr. Kandziora, who was pleased about this form of recognition.

STIHL presents world firsts: Carbon lightweight saw and cordless cut-off machine**• STIHL Carbon Concept chain saw**

The STIHL Carbon Concept is the result of a feasibility study: it is a 5.4 kW chain saw in which ultralight materials such as carbon and titanium have been used. The saw weighs a mere 6 kg, which is 1.4 kg less than a comparable STIHL MS 661 C-M. This lightweight chain saw thus betters the current frontrunner by 20 percent and achieves an unmatched weight-to-power ratio of 1.11 kg/kW. Moreover, an internal combustion engine with electronic fuel injection has been used for the first time in chain saw technology. The saw thus delivers optimum engine power and high torque in all operating conditions while offering excellent running and acceleration characteristics. Mixture control, flow rate, injection and ignition timing are precisely coordinated at all times. "The STIHL Carbon Concept will not go into production as it is, but the knowledge gleaned from its development will be utilized to optimize our products and consolidate our position as the industry's innovation leader", explained executive board chairman Dr. Kandziora.

• STIHL TSA 230 cordless cut-off machine

The STIHL TSA 230, due to be launched on the market in mid-2014, is also a world first: It is the first battery-powered cut-off machine. Being independent of an external source

of power, it is the ideal power tool for smaller cut-off operations on almost every construction site, both indoors and outdoors. The machine weighs only 3.9 kg and is equipped with a 230 mm abrasive cutting wheel. For example, it is suitable for cutting clay tiles, natural stone or concrete patio slabs, reinforcement steel as well as sections made of plain steel, stainless steel or aluminum. Its cutting depth is 70 mm. A single battery charge is sufficient to cut 20 meters of clay tiles.

- **VIKING aerator and mulching mowers**

VIKING presented the new generation of the LB 540 aerator with a new, quieter and more efficient engine. Furthermore, the MB 2R, MB 2 RC and MB 2 RT mulching mowers with a cutting width of 46 cm have been comprehensively revised. New engines and other improvements ensure a longer life, smoothness and good lugging power. The April issue of the Stiftung Warentest consumer magazine kicked off the gardening season with an electric mower test. The winner and the only mower “with consistently good scores for mowing” was the VIKING ME 339 (overall score 2.4 on a scale of 1 to 6 with 1 being highest).

Dynamic German market

“We started the year in Germany with gusto; the mild weather has helped the market here. Our business results in the first quarter are well above those of the same period last year”, said Dr. Kandziora. All product segments, including VIKING, are doing well. “I assume that we will continue on our growth course in the German market in 2014.” Servicing dealers throughout Germany registered more than 100,000 visitors at the fourth STIHL Test Day on April 5 – a new record. The company’s new Internet concept (STIHL Online Partner) which will soon allow customers in the EU to purchase selected STIHL and VIKING products online through the servicing dealer was discussed in detail with dealers. STIHL Online Marketing und particularly the offer of a preconfigured website with online shop was favorably received by servicing dealers.



STIHL is Germany's most attractive employer in the consumer durables sector. This was confirmed in the "Germany's Best Employer" survey performed by the Focus news magazine. STIHL came 37th in the overall rankings and was ranked number two in the engineering industry. STIHL is heavily committed to supporting young staff during their training and also in universities. The opportunity to be creative and having the freedom to develop one's own ideas are typical hallmarks of careers at STIHL.

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 34 marketing subsidiaries, about 120 importers and more than 40,000 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 2013, STIHL achieved a worldwide sales volume of 2.81 billion euros with a workforce of 13,844.

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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