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STIHL grows 16 percent and achieves record turnover

The STIHL Group upped its turnover 16 percent in 2010 to EUR 2.363 billion (10.1 percent, had currency exchange rates remained unchanged). The growth is due to higher unit sales. The company was able to increase its equity ratio slightly to 66.7 percent. STIHL executive board chairman Dr. Bertram Kandziora pointed out at the company's press conference: "We have not only coped with the world economic crisis in 2010 far better than the industry average, but have achieved a new record turnover." Worldwide investments totaled EUR 122.7 million and were primarily channeled into the development of new products and technologies. Dr. Kandziora is optimistic about the prospects for fiscal year 2011: "We will be launching many new products on the market in our company's 85th anniversary year. Business in the first quarter of this year has been very promising."

World market position further consolidated

"STIHL gasoline chainsaw sales grew faster than international markets as a whole – that enabled us to further consolidate our world market position," explained Dr. Kandziora. Growth in sales of the other gasoline power tools was boosted by a generally better economic environment and favorable weather conditions in many regions. All in all, above-average increases in unit sales were recorded in North and South America, Asia and several parts of Eastern Europe. The share of turnover achieved outside Germany was 89.3 percent.

More jobs, liquidity up

The greatest challenge was the strong growth in production, which necessitated a fast and flexible response from all locations. The number of employees in the Group increased 3.9 percent to 11,310 as of December 31, 2010.

The cost cutting programs launched in 2009 to counter the worldwide economic crisis were systematically continued in 2010. This resulted in a further increase in liquidity and enabled all Group investments to be financed from liquid assets.

Electronic engineering main focus of development activities

The main focus of development activities in 2010 was again on electronic engineering – with the aim of further improving customer benefits. Following the successful launch of the cordless hedge trimmers, the line of cordless power tools was expanded with the addition of two grass trimmers, a blower, two VIKING lawnmowers and STIHL's first battery-powered chainsaw. The electronic engine control system for gasoline-powered products was adapted for use in a STIHL brushcutter and upgraded with important functions for chainsaws. STIHL developed the first electronic water-feed control for cut-off machines.

Future-oriented new products

All the cordless power tools launched up to now have been very well received by customers. A number of new products will also be introduced on the market this spring. They include the STIHL HS 46 and HS 46 C-E gasoline hedge trimmers for homeowners and the HS 56 C-E for professionals in horticulture and landscaping, land maintenance and agriculture. Weighing only 4 kilograms, the STIHL HS 46 is one of the lightest gasoline hedge trimmers in the world. The line of gasoline chainsaws has been broadened recently with the STIHL MS 241 C-M. It is the first chainsaw to come standard with M-Tronic. This fully electronic engine management system ensures precise control of ignition timing and fuel metering to obtain maximum engine power in all operating conditions. The lightest professional chainsaw in the STIHL line is the new STIHL MS 201, which scales only 3.9 kilograms (powerhead without guide bar and chain). A special top handle version of this lightweight, the MS 201 T, is available for professional tree surgery. Convincing features of the new STIHL FS 240 C-E and FS 260 C-E brushcutters are a simplified starting procedure and improved ergonomics. Like the above-mentioned gasoline chainsaws, they are powered by STIHL's particularly fuel efficient 2-MIX engine.

VIKING's line of ride-on mowers was enlarged with the introduction of the new VIKING MR 4082, which recently won the internationally renowned "red dot product design award 2011". Assessment criteria for the "red dot award" include aspects such as degree of innovation, functionality, ergonomics, longevity and ecological compatibility. The highly maneuverable ride-on mower has a turning circle of only 65 centimeters and is designed to meet the demands of hobby gardeners. It is suitable for lawns up to about 4,000 square meters.

**Founding company grows 18.5 percent,
employees participate in company's success**

The German founding company, i.e. the seven production plants in Germany, also profited from the worldwide recovery. Turnover climbed 18.5 percent to EUR 801.2 million. The export share was up slightly to 87.6 percent. Investments dipped EUR 1.5 million to EUR 48.1 million. Considerable funds went into research and development in Waiblingen for expansion of the product line.

The workforce at the founding company increased 5.1 percent to 3,874 last year. Of this total 2,925 were employed in Waiblingen, 590 in Prüm Weinsheim, 301 in Ludwigsburg and 58 in Wiechs am Randen. Employees will receive 10 percent interest on their participating rights for 2010. In addition, all permanent staff members will receive a merit bonus amounting to 50 percent of one month's salary, the minimum bonus being EUR 1350. The average length of service with the company has risen slightly and is now 15.8 years. The executive board chairman was pleased to note that 70 percent of the workforce took part in the "ideeplus" suggestion scheme: "We achieved record savings of EUR 1.9 million and rewarded our resourceful staff with bonuses totaling more than EUR 400,000."

Employee galas and celebrations with customers in STIHL anniversary year

STIHL was founded by Andreas Stihl as a one-man business in 1926 and has since

grown into an international group of companies. Dr. Kandziora is looking forward to the celebrations with employees and customers: "To show our appreciation for the great commitment of our staff we are organizing a grand company fête in the grounds of Plant 2 in Waiblingen-Neustadt on July 16." All employees and pensioners from Waiblingen, Ludwigsburg and Wiechs am Randen are invited together with their spouses, partners and children. The anniversary celebration with international customers will be held in October when some 220 guests from 75 countries are expected to attend. There are more company anniversaries and staff fêtes on the agenda in 2011: The plant in Wiechs am Randen will be celebrating its 50th anniversary in September, while STIHL's magnesium die casting facility in Prüm-Weinsheim celebrates its 40th anniversary in June.

German market growing steadily

STIHL's turnover on the German market increased by 2.3% in 2010, following growth of 4% in crisis year 2009. At the end of the first quarter this year, turnover in Germany is well above that of the same period last year. "A stunning array of new products from STIHL and VIKING, excellent advertising and sales promotion activities and favorable weather conditions have all contributed to the positive development," said executive board chairman Dr. Kandziora. Customers all over Germany were recently able to test numerous new products from STIHL and VIKING at the first nationwide STIHL Test Day on April 9, which was deemed a great success by both customers and participating servicing dealers.

"I am sure that we will continue to grow in the German market. People want to feel good in their gardens, which are becoming increasingly like a second living room. And customers particularly appreciate quality products from STIHL and VIKING for garden care," said Dr. Kandziora.

Chairman is optimistic for 2011

Compared to the competition, STIHL has come out of the crisis stronger than before. Executive board chairman Dr. Kandziora sees this as the result of a successful company

strategy: “We reduced costs during the crisis but did not save on important investments in products, future technologies and markets. On the contrary – we actually increased our development activities in the crisis.”

Dr. Kandziora is optimistic about the future and plans further growth for the current year, albeit at a slower rate than 2010. He expects a strong world economy for the time being. The rising cost of fabricated products could have a detrimental impact in this respect. “2011 has started very well. Nevertheless we must observe developments in the markets very closely and remain flexible.”

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 38,000 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 2010, STIHL achieved a worldwide sales volume of EUR 2.36 billion with a workforce of 11,310.

This press release and pictures are available for downloading from the STIHL website
<http://www.stihl.com/index.htm>

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