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### **STIHL reports double-digit growth and invests heavily in the future**

*STIHL's turnover in 2011 increased 10.8 percent to a record EUR 2.62 billion. Had foreign currency exchange rates remained unchanged, turnover growth would have amounted to 11.7 percent. Investments were at a very high level and totalled EUR 183.6 million, of which 45.9 percent went to the German founding company. As usual, nearly all investments were financed from liquid assets. The equity ratio increased to 68.2 percent (previous year: 66.7 percent). STIHL executive board chairman Dr. Bertram Kandziora said at the company's press conference: "Thanks to our broad product lineup and unique distribution structure, we have been able to further expand our position in the world market. I expect strong growth for this year and next year, too."*

#### **Record turnover in 2011**

The past fiscal year was yet another successful one for the STIHL Group. Following strong growth in 2010, the company achieved almost 11 percent growth in 2011 to set a new record turnover of EUR 2.62 billion. The German domestic market accounted for 10.6 percent of total sales volume. Unit sales increased worldwide, most particularly in parts of Eastern Europe and the emerging markets of Asia and Latin America. STIHL was able to further consolidate its world market position with above-average growth rates in most of its core products in 2011. Several STIHL sales subsidiaries celebrated anniversaries – Canada (30), Hungary (20) and South Africa (15).

#### **Investments at high level, sound financial structure**

Investments were again at a high level and amounted to EUR 183.6 million in 2011 (previous year: EUR 122.7 million). STIHL invested heavily in its German facilities: 45.9 per-

cent of total investments went to the Waiblingen-based founding company near Stuttgart. As in previous years, almost all investments were financed from liquid assets. The equity ratio was increased yet again – from 66.7 percent to 68.2 percent. The number of employees in the Group was up 6.3 percent to 12,026 as of December 31, 2011.

**Founding company grows**

The German founding company, i.e. the seven production plants in Germany, also profited from the favorable development. ANDREAS STIHL AG & Co. KG increased turnover by 8.5 percent to EUR 869 million. In addition, 105 employees on limited term contracts were given unlimited contracts of employment last year. Dr. Kandziora said: “This is another record in the history of the founding company and we are particularly pleased about it. Since the beginning of 2012 we have been able to yet again offer more temporary staff a permanent contract.” The workforce at the founding company was up 2.2 percent to 3,960 as of December 31, 2011.

**Investments of EUR 60 million at German founding company**

STIHL is planning two major projects at its corporate headquarters in Waiblingen. A new warehouse for production logistics is to be built next to plant 2 at a cost of more than EUR 40 million. Construction will start at the beginning of 2013 and the facility will be opened in early 2015. The company will also be expanding its engineering center at plant 2 by about 8,500 square meters. This investment, amounting to more than EUR 20 million, will create more capacity for further growth in research and development. It will provide space for offices, laboratories and engineering. Construction is to start at the beginning of 2013, and it is planned to open the building in spring 2014. Executive board chairman Dr. Kandziora views this as a firm indication of the company’s commitment to the German location: “We are thus strengthening our corporate headquarters in Germany and preparing ourselves for further worldwide growth.”

**“Pinnacle of the art of engineering”**

The year 2011 was characterized by the introduction of numerous new STIHL developments. “Designing the world’s first electronic fuel injection system for a handheld power tool was a pinnacle of STIHL engineering skills,” said Dr. Kandziora. The new STIHL TS 500i cut-off machine was the first to be equipped with this new technology. Although fuel consumption has been cut by 15 percent, this world first boasts 20 percent more power than its predecessor. Operation and servicing have also been made easier.

**New products – lightweights for professionals and private users**

The STIHL MS 150 C-E and MS 150 TC-E are due to be launched soon. They will be available from authorized dealers in May. The STIHL MS 150 C-E impresses with a low weight of just 2.8 kilograms (powerhead, without bar and chain), which makes it the lightest gasoline chain saw in its power class. Yet, this little powerhouse offers craftsmen, farmers and discerning private users the assistance they need in wood construction projects, maintaining trees and shrubs or cutting firewood. The top handle STIHL MS 150 TC-E’s even lower weight of only 2.6 kilograms (powerhead) is a boon for users in professional tree service and surgery.

STIHL’s entry into a new product segment is marked by the STIHL KG 550, KG 770 and KGA 770 sweepers. They are designed for indoor and outdoor areas such as forecourts, warehouses and paths up to 2,000 square meters. The STIHL KGA 770 offers a particularly high level of operator convenience because both side brooms and the main roller brush are battery powered. STIHL’s modular battery system has thus been extended to include another application. VIKING has announced its Series 2 which consists of two new gasoline powered lawn mowers for small to medium-sized areas up to 1,200 square meters. Models MB 248 and MB 248 T are compact units with a cutting width of 46 centimeters. The VIKING MB 248 T is equipped with single-speed wheel drive. “Apart from all these products, there are many other innovations in the pipeline which will be launched on the market in the course of this year,” explained Dr. Kandziora.

**German market with good growth prospects, STIHL Test Day with 100,000 visitors**

STIHL was able to increase its turnover on the German market quite considerably in 2011, i.e. by 9.5 percent. Sales were up in STIHL chain saws and other power tools as well as VIKING lawn mowers and lawn tractors. The cordless products from STIHL and VIKING have exceeded expectations on the home market.

On the whole, the 1st quarter of 2012 has started positively. Despite extreme weather conditions STIHL has been able to maintain the high level of sales achieved on the German market in the first quarter last year. Dr. Kandziora is optimistic about 2012: "This year's growth prospects are outstanding; many new products are now available. We expect a favorable consumer atmosphere in Germany and a steady trend towards the garden as an additional living space." The second nationwide STIHL Test Day on March 31, 2012 was able to repeat the success of last year. More than 100,000 visitors took the opportunity to test new products from STIHL and VIKING. And the servicing dealers were pleased about acquiring many new customers and the resultant sales figures.

**Excellent outlook for 2012 and 2013**

Executive board chairman Dr. Kandziora reported on a generally successful start to 2012 in the group and was confident about the medium-term outlook: "We expect strong growth worldwide in 2012, but not as high as last year's. And I am also optimistic about 2013. Our worldwide sales organization with about 40,000 servicing dealers in more than 160 countries is second to none. I also see exceptional growth potential for next year – providing global economic conditions remain stable and the weather does not upset our plans." Unpredictable risk factors in this respect are the debt crisis, financial and bank crisis, the weakening world economy and also the wildly fluctuating currency exchange rates. STIHL therefore plans cautiously and with the requisite flexibility in its production capacities. "In the past we have always fared well with this strategy," said Dr. Kandziora.

**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 40,000 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 2011, STIHL achieved a worldwide sales volume of EUR 2.62 billion with a workforce of 12,026.

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

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