

Waiblingen, Mai 2, 2019

STIHL achieves slight sales growth in 2018 despite unfavorable weather

- Weather, currency and global politics inhibit growth
- More flexibility for STIHL dealers and customers
- STIHL presents new powerful battery and gasoline products

“In spite of the challenging conditions in fiscal year 2018 the STIHL Group achieved a slight increase in unit sales of 1.5 percent and a turnover of EUR 3.78 billion. Therefore, the 0.3 percent dip in turnover was only slightly below last year’s level“, said STIHL executive board chairman Dr. Bertram Kandziora at the company’s annual accounts press conference on May 2. The strong euro exchange rate in particular had a negative impact on the turnover in euros. Had foreign exchange rates remained at the same level as 2017, turnover would have been up 4.2 percent. An equity ratio of 69.9 percent indicates that the financial structure of the company continues to be very sound. As a matter of principle, all investments are financed with the company’s own liquid assets.

Apart from gasoline-powered products, cordless battery products also contribute to overall unit sales. Referring to the current financial year, Dr. Kandziora said: “We have started the year fairly well with good demand for STIHL products in the medium and high price segments. The weaker euro has produced a slight boost to turnover in 2019.“ The company presented two new products for the coming season: the high powered STIHL MSA 220 C-B cordless battery chainsaw for the professional market and the STIHL RM 756 GC gasoline lawn mower for larger areas.

STIHL asserts leading position in world markets despite adversity

In addition to the strong euro, business in 2018 was detrimentally affected by unfavorable weather conditions and uncertainties in world politics. “A long, cold spring and a very hot, dry summer had a negative effect on plant growth in many regions and, consequently, in the demand for our products. Furthermore, the worldwide trade restrictions and the ill-defined conditions surrounding Brexit impaired business conditions in general“, explained the executive board chairman. In the past financial year the STIHL Group achieved 90.5 percent of total turnover outside Germany. 39 percent was generated in the European Union. “In spite of the difficulties we were able to increase unit sales moderately and defend our leading position in world markets“, said Dr. Kandziora. In this process STIHL battery mowers and STIHL robotic mowers recorded double-digit growth rates. In Asia and Africa the company showed double-digit increases in sales. Dr. Kandziora: “For us, Africa is an emerging market with growth

potential. We now have our own marketing company in Kenya, which further strengthens our market presence on the African continent“. The number of employees in the STIHL Group has reached a new record high. As of December 31, 2018, the company had a worldwide workforce of 17,122 men and women. That is equivalent to an increase of 7.9 percent over the previous year.

Continuing growth on German market in 2018

“We achieved turnover growth on the German market in 2018. Business in chainsaws developed encouragingly“, said Dr. Kandziora. Growth in STIHL iMow robotic mowers is vigorous. The new STIHL battery mowers were also in high demand. And rightly so: In a recent comparison by Stiftung Warentest (Germany’s leading consumer test magazine) the STIHL RMA 448 TC battery mower was given the best rating for its mowing performance. Currently, the professional gasoline chainsaw STIHL MS 500i meets enthusiastic approval.

“Traditionally, the garden season begins for us with the STIHL Test Day, which took place on April 6 this year throughout Germany. Many customers used the opportunity to thoroughly test new products“, said the STIHL executive board chairman. In addition to that, the company will be taking part in a Federal Garden Show (Bundesgartenschau) for the first time this year – as an official partner in the town of Heilbronn. And STIHL supports Waiblingen as diamond sponsor of the Rems Valley Garden Show (Remstalgartenschau). Visitors there will have the opportunity to get to know the STIHL brand and try out power tools.

German founding company grows and extends packet of attractive social benefits

Turnover at the German founding company, ANDREAS STIHL AG & Co. KG, climbed 4.5 percent to EUR 1.2 billion. Owing to the ongoing building work at Plant 1 in Waiblingen and the continuing growth of the workforce, STIHL opened the new plant 8 in nearby Fellbach at the beginning of the year. As of December 31, 2018, the workforce at the founding company was 4,997. That is equivalent to growth of 7.4 percent over the previous year. Of that total, 3,778 are employed in Waiblingen, 166 in Fellbach, 260 in Ludwigsburg, 725 in Weinsheim and 68 in Wiechs am Randen. Dr. Kandziora pointed out: “Our staff make an essential contribution to the positive development of our business. For that reason we offer - in addition to profit sharing in the form of a bonus and employee participation in the company’s capital - a number of other attractive social benefits, to which we have added mobility support this year.” Regular staff in the Stuttgart region who buy a season ticket from VVS Stuttgart (urban transport), receive a net employer subsidy of EUR 120 per year and an additional discount of 10 percent on the ticket price. Furthermore, the company pays a subsidy of EUR 120 per year for bicycle and e-bike leasing.

Investments up 30 percent

In 2018, the STIHL Group invested heavily in expanding research and development facilities as well as the worldwide manufacturing and distribution network. Investments totaled EUR 324 million, an increase of about 30 percent over the previous year. “In this way we are creating the basis for future strategic growth”, said Dr. Kandziora. On the other hand, depreciations amounted to EUR 159 million. For example, the company built a new research and development center in Brazil and extended the production and development facilities of STIHL Tirol. 38.1 percent, that is to say EUR 124 million, of total investments were allocated to ANDREAS STIHL AG & Co. KG. Compared to the previous year, investments in the founding company in Germany have thus almost doubled. For example, the company set up its own battery production shop in Waiblingen. It will produce backpack batteries for professional applications. “By producing batteries we are consistently continuing our battery strategy and reinforcing our claim to premium technology. Initial supplies of batteries built in-house will be on the market in autumn 2019”, said Dr. Kandziora. Among the latest activities is the construction of a new production logistics building at the STIHL magnesium die-casting plant in Weinsheim.

Adapting STIHL distribution criteria

“The success of STIHL products is substantially based on premium quality and the expertise of specialist servicing dealers. We now have over 50,000 dealers in more than 160 countries“, said the STIHL executive board chairman. In the future, customers will be able to have all products – with the exception of chainsaws – shipped to them directly by the STIHL dealer. Online product advisers and other medial aids continue to ensure that the customer receives high quality advice and, particularly, instructions on safe operation from the dealer prior to shipment. Furthermore, bricks and mortar dealers are now able to offer STIHL battery and corded electric products, again with the exception of chainsaws, for customer collection in their original packaging. However, dealers can if required still hand over the power tools fully assembled and provide professional advice and instructions. In this way STIHL has reacted to the constant growth of battery and corded electric products and the changing buying behavior brought about by the online business and modified its previous distribution criteria accordingly. Dr. Kandziora: “We are sure that these changes will meet the challenges we face in the distribution of battery and corded electric products and in online trade. At the same time we will ensure that expert advice, instructions on safe operation, ready-to-use product handover and professional service will remain crucial constituents of the STIHL brand philosophy.”

New STIHL products for forestry, gardening and landscaping

A number of new STIHL products have already been launched in 2019:

- The **STIHL MS 500i**, the world's first and currently only chainsaw with electronic fuel injection built in series, has been available on the German market since mid-March. At the time of its market launch the product was awarded an innovation medal in gold in the run-up to the demopark trade fair which will open in June 2019 in Eisenach. The jury, consisting of editors from a number of trade magazines, stated the reason for its selection: "The STIHL MS 500i is the world's first chainsaw with electronic fuel injection. Therefore, it does not need certain components, such as a carburetor or ignition module. Designed for professional users, the heavy-duty saw provides lightning-fast acceleration and high power in a relatively light package. The powerhead weighs 6.2 kg."
- Other products include the four newly developed **pressure washers** in the compact class – STIHL RE 100 to RE 130 PLUS – as well as the lightweight, attractively priced entry-level STIHL RE 90.
- Further, the iMow RMI 422 PC **robotic mower** with app control via smartphone or tablet for lawns up to an area of 1700 square meters will be available for the start of the garden season. New in **gasoline mowers** are the STIHL RM 248 T with a cutting width of 46 centimeters for medium sized lawns and the professional RM 756 GC with a cutting width of 54 centimeters for larger lawns. Three newly revised cultivators in Series 4 up to Series 6 ease the task of breaking up soil for private and professional users. The STIHL HLA 56 long reach **hedge trimmer** complements the COMPACT cordless system, which now comprises eight power tools.
- In summer 2019, the **STIHL MSA 220 C-B battery chainsaw** will extend the PRO cordless system, which consists of almost 30 products that meet professional demands. The new cordless battery chainsaw comes standard with the STIHL exclusive 3/8" Picco Super 3 full chisel chain and is ideal for tree maintenance, wood building projects, felling and primary conversion of small-sized timber. The energy necessary to power the saw is supplied by a high performance lithium 36V battery. The new STIHL AP 300 S, which is also new, is also recommended. It not only gives the MSA 220 C-B staying power, it is also compatible with all other power tools in STIHL's modular cordless system.

Online brand shop for STIHL merchandising articles

The STIHL brand shop has been online since the end of 2018. In addition to dealers' stores, a wide range of trendy lifestyle and fan articles, robust outdoor sports and leisure garments as well as versatile accessories for those on the move are now offered at www.stihl-markenshop.de. "The possibility of ordering STIHL merchandising articles

and having them delivered to the doorstep immediately generated a positive response from customers and fans of the STIHL brand”, said Dr. Kandziora.

STIHL TIMBERSPORTS® 2019 season highlights in Sweden and the Czech Republic

In 2019 the world elite in the STIHL TIMBERSPORTS® Series come together again at two grand international events: The Champions Trophy of the premier class in lumberjacks sports will be held in Sweden for the first time ever on May 25. The world's twelve best lumberjacks compete in exciting duels at Tjolöholm Castle near Gothenburg against a spectacular fjord backdrop. The season final will follow in autumn in the Czech Republic: On November 1 and 2, the world's finest athletes will meet at the world championships staged in Prague for the first time, to see who will be crowned champion in the team and individual events in 2019. The Champions Trophy and the world championships will be shown live on German TV by Sport 1 and broadcast online. Apart from that, the competitions can also be seen in livestream on the website and Facebook site of TIMBERSPORTS®.

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 private garden owners. The product range is complemented by digital solutions and services. Products are distributed exclusively through authorized dealers, including 38 sales and marketing subsidiaries, about 120 importers and more than 50,000 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 2018, STIHL achieved a worldwide sales volume of 3.78 billion euros with a workforce of 17,122.

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

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