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STIHL achieves new record turnover

“The STIHL Group achieved a record turnover of EUR 2.98 billion in 2014 in spite of international crises and the unfavorable effects of foreign exchange rates”, said STIHL executive board chairman Dr. Bertram Kandziora at the company’s financial press conference. Compared to the previous year, growth was 5.9 percent and would have been as high as 8.9 percent had it not been for the changes in foreign exchange rates. Countries outside Germany accounted for 89.4 percent of worldwide turnover. The number of employees in the Group increased by 3.3 percent to 14,297. The equity ratio is 70 percent, and liquidity is high. As in previous years, all investments in the Group were equity-financed. “Despite the growing impact of international crises, I expect to see moderate growth this year”, said Dr. Kandziora.

Worldwide competitive position further improved

The STIHL Group continued on its growth course in fiscal year 2014. With the exception of Russia, all key markets recorded favorable results. “In general, we have gained market shares throughout the world, so that our global competitive position has improved still further”, explained Dr. Kandziora. In addition to the steady expansion of the worldwide network of STIHL servicing dealers, the favorable weather conditions stimulated demand. VIKING also achieved strong growth in unit sales and turnover.

Regional markets mixed

The company reported particularly solid growth in North America. In the fortieth year since it was founded, STIHL Inc., the manufacturing and sales subsidiary in the U.S.A., further consolidated STIHL’s position as the biggest selling brand of gasoline and handheld chain saws and power tools in the United States. In Latin America, Brazil and Mexico recorded above-average growth. On the other hand, the markets in Argentina and Venezuela were detrimentally affected by massive import restrictions. The major markets in western Europe showed very good growth and most of eastern Europe achieved increases in unit sales. Exceptions were Ukraine and Russia with a persis-

tently weak demand because of their political and economic difficulties. Sales in Asia and Oceania were above the previous year's levels in most cases.

Growth course continues in German market

STIHL recorded substantial turnover growth in the German market in 2014. At the end of 2014, dealer inventories were low which meant they restocked for the start of the spring season in 2015. Several hundred servicing dealers now use the "STIHL Online Partner" concept which facilitates online sales. In 2015, servicing dealers will continue the successful hands-on testing opportunities for customers, such as the STIHL and VIKING Test Day on April 18 and the "Super Saw Weeks" in autumn. Executive board chairman Dr. Kandziora is confident of "keeping on the growth course in Germany".

High investments at German founding company

Turnover at the STIHL founding company, ANDREAS STIHL AG & Co. KG based in Waiblingen, was up 4.6 percent to EUR 995 million. The export share rose slightly to 88.7 percent. Investments increased 28 percent and reached a total of EUR 72.3 million. "With this scale of investment we have once again demonstrated our commitment to Germany", said Dr. Kandziora. The new production logistics center in Waiblingen accounts for a large proportion of the investments. Considerable sums were also invested in research and development in order to expand the product line. As in the previous year, the wholly equity-financed investments were much higher than depreciations.

Attractive employee participation at founding company

The number of employees at the founding company increased by 2.5 percent and was 4,222 as of December 31, 2014. Seventy employees with temporary contracts were given permanent contracts of employment. Furthermore, all interested apprentices who completed their training were offered a permanent contract of employment. Employees who hold participating rights in the company's capital will once again receive interest of 10 percent on their rights capital. In this employee participation scheme employees are

able to subscribe rights up to a face value of EUR 1,350 annually. As the company contributes up to EUR 900 in the form of a subsidy, i.e. two-thirds of the subscription price, the employee has to pay only one third or a maximum of EUR 450. This attractive type of employee participation offered by the company can also be used by employees as a contribution towards their private pension plans.

International dual vocational training system at STIHL

In order to build up a pool of skilled workers and to qualify employees for demanding tasks, STIHL offers a dual vocational training system at all its production plants which is based on the German model. In this way the training standards are kept at a very high level throughout the world and are comparable. There is a lively international exchange of apprentices. For the first time, German apprentices worked at the Chinese plant in Qingdao in 2014.

Worldwide manufacturing network extended

STIHL's worldwide network of manufacturing facilities was further extended in the past fiscal year. Manufacturing subsidiaries accounted for 88.3 percent of investments, i.e. EUR 161 million. Construction of a new production plant for ZAMA carburetors was started in the Philippines. The Group will invest more than EUR 40 million in this project. Production capacity was greatly expanded at the Chinese manufacturing subsidiary in Qingdao with the inauguration of a new building in 2014.

STIHL introduces collaborative robotics

STIHL has entered the realm of collaborative robotics in Germany and the United States; the new robots are already in use in production at STIHL Inc. in the U.S.A. In this technology, man and machine share a common workspace and can act together when performing assembly procedures. Dr. Kandziora emphasized the importance of this innovative technology: "Collaborative robotics, meaning intelligent cooperation between human and robot, is a quantum leap on the factory floor. The new robots are

equipped with sensors which allow industrial workers and robots to work together directly and without risk.”

Moderate growth expected for 2015 – in spite of faltering Russian market

A number of markets got off to a fast start in 2015. STIHL was able to increase turnover in the first quarter. The weak demand in Russia and Ukraine, however, as well as import restrictions in Argentina and Venezuela have had an impact on unit sales. Russia was a very important market for STIHL before the crisis. Unit sales budgets had to be revised downwards for 2015, too. “It is true that we can make up for much of these regional declines in sales with growth in other regions. But we will not be able to give a reliable account of the actual extent of the market shifts until the second half of the year”, said Dr. Kandziora. “It is necessary to react flexibly to market changes.” The German founding company has also been affected by the low demand in Russia. STIHL puts a lot of effort into covering the Russian market, more recently with its own sales company in Krasnodar in the south-west sales territory. Executive board chairman Dr. Kandziora stressed: “I am sure we will come out of this Russia crisis stronger than before. We are well positioned there and see enormous potential in the country. Overall, I expect moderate turnover growth in the Group for this year despite the worldwide crises we are experiencing. Owing to the strength of the U.S. dollar and other currencies that are important for STIHL’s turnover, I assume for the first time for many years that there will be no negative currency effect.”

STIHL announces new cordless products and the most powerful cordless leaf blower on the market in 2015

STIHL will be showing the new BGA 100, the most powerful handheld cordless blower on the market, at the ‘demopark’ trade fair in Eisenach in June. Its blowing force of up to 17 Newton in the boost mode means an increase of about 70 percent compared with the STIHL BGA 85. By contrast, the sound power level is some 10 dB(A) less than that of the lower powered unit. That is equivalent to a subjective halving of the noise volume and enables the blower to be used all day long without hearing protection. The BGA

100 thus makes an audible difference in urban maintenance operations and also allows applications in noise-sensitive areas such as parks, cemeteries or in the vicinity of schools and hospitals. Combined with the new STIHL AR 3000 backpack battery, the STIHL BGA 100 can be operated for several hours on a single battery charge. It is intended primarily for professional users in municipalities, in garden and landscape care and facility management.

This season the STIHL cordless line offers two new products for hobby gardeners: The STIHL HTA 65 pole pruner with an overall length of 2.40 meters provides plenty of reach for tree maintenance. With a total weight of only 5 kg (incl. AP 115 battery), the tool is easy to handle and maneuver. The lightweight STIHL HSA 25 cordless shrub shears feature a shrub blade for shaping small-leaved ornamental shrubs and trimming small evergreen hedges as well as a grass cutting blade for lawn edging around flowerbeds and patios. The shrub and grass blades can be quickly changed without tools. Cordless power and simple operation ensure go-anywhere convenience. A single battery charge provides a running time of almost two hours.

VIKING starts the 2015 lawn season with new professional mowers

VIKING has launched the new Series 7 gasoline mowers for professional lawn care which feature a robust design, low weight and low vibrations. The MB 756 YS and MB 756 YC have a light die-cast magnesium housing, a cutting width of 54 cm and weigh less than 60 kg. They are suitable for maintaining large areas of grass up to 3,000 sq.m. The two professional mowers have been available since the beginning of April and are already in high demand.

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 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 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
Tel.: +49 - (0) 7151/26-1402
Fax.: +49 - (0) 7151/26-81402
E-Mail: stefan.caspari@stihl.de