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STIHL and Elrad establish joint venture for electronic components

The STIHL subsidiary ZAMA Corporation and the Elrad International Group have established a joint venture for the manufacture of electronic assemblies. The two companies signed a joint venture agreement which was subsequently officially approved by the relevant antitrust authorities. The joint venture will operate under the name ZE Electronic Manufacturing Service Ltd. ZAMA holds 51 percent of the shares, the remaining 49 percent are held by Elrad. The companies have agreed not to disclose financial details of the transaction.

STIHL and Elrad Group have a close and long-standing working relationship. “For STIHL, the joint venture is an important building block in our cordless strategy,” says Martin Schwarz, STIHL Executive Board Member for Manufacturing and Materials. “This move allows us to increase our electronics expertise and expand our vertical range of manufacture and added value in a targeted manner.” Scott Faude, Partner at Elrad Group, adds: “We’re pleased to be able to further develop our cooperation with STIHL by establishing this joint venture so we can continue to pursue growth together.” The new company is scheduled to start operations at ZAMA’s Philippine production site in Santo Tomas in Batangas province at the end of 2021. In the medium term this will lead to the creation of more than 175 new jobs.

Cordless - a future-oriented segment

For many years, STIHL has increasingly opted for a portfolio mix of petrol-powered and cordless products and is now focusing particularly on its cordless strategy. The fast-growing cordless segment contributed some 15 percent to the STIHL Group’s turnover already in 2019. The company’s own highly automated battery pack production has been in operation at its headquarters in Waiblingen since 2019. This has allowed STIHL to build up comprehensive expertise in the cordless sector. The company delivers battery packs produced in-house directly to customers to meet the ongoing significant increase in demand for cordless products.

About ZAMA Corporation

ZAMA Corporation is a wholly owned subsidiary of the STIHL Group and the world's largest manufacturer of diaphragm carburetors. To date, the ZAMA Group includes sites in Japan, Hong Kong, China, the Philippines and the U.S. The company supplies carburetors, oil pumps and other precision parts to various manufacturers of chainsaws and garden tools. With a workforce comprising more than 2,400 employees, ZAMA annually manufactures more than 15 million carburetors in some 350 different variants.

About Elrad International

Elrad Group has more than twenty years of experience as a supplier in the development and production of electronic and electromechanical assemblies for various industries. As a system supplier, Elrad Group is involved in several or all stages of the development process for electronic assemblies on behalf of its customers. The goal is mass production of these assemblies or fully assembled products. The company employs more than 1,800 people at four locations worldwide (among others in Slovenia).

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. Digital solutions and services complement the product range. The products are sold to end users through STIHL-authorized servicing dealers. The STIHL Group's sales network consists of 41 STIHL-owned sales and marketing companies, approximately 120 importers and more than 53,000 independent, STIHL-authorized dealers in over 160 countries. STIHL produces in own plants in seven countries: Germany, the U.S., Brazil, Switzerland, Austria, China and the Philippines. Since 1971 STIHL has been the world's top-selling chainsaw brand. The company was founded in 1926 and is based in Waiblingen near Stuttgart. In 2019, STIHL achieved a worldwide sales volume of 3.93 billion euros with a workforce of 16,722.

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

Your contact for daily and business press:

ANDREAS STIHL AG & Co. KG
Dr Stefan Caspari
Head of Corporate Communications and Public Relations
Andreas-Stihl-Straße 4 / 71336 Waiblingen
Phone: +49 - (0) 7151/26-1402
Fax: +49 - (0) 7151/26-81402
Email: stefan.caspari@stihl.de