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STIHL sets revenue record and focuses on dual technological leadership

- STIHL aims for position at the front of the battery-operated market
- STIHL to invest in the future viability of gasoline-powered products and focus on e-fuels
- Economic and geopolitical challenges slow sales growth

The STIHL Group finished the challenging fiscal year 2022 with record-breaking revenue of 5.5 billion euros, equating to growth of 8.6 percent compared to the previous year. As an international business, the company generated 90 percent of its revenue outside its domestic market of Germany. The rise was attributable in particular to currency effects, inflation-related price adjustments, and stronger demand for higher-price professional products. Excluding currency effects, revenue would have grown by 3.1 percent. As of Dec. 31, 2022, the STIHL Group employed 20,552 people, an increase of 2.3 percent year on year. Michael Traub, Chairman of the Executive Board of STIHL, says: "Our sales remained high in the fiscal year 2022. However, we recorded a slight decline in demand compared to the high-growth in previous years. That's because 2022 was heavily influenced by economic and geopolitical challenges, such as disrupted supply chains, material shortages, war in Ukraine, the energy crisis, and inflation – something we also felt in terms of business performance." Sales growth was slowed by a variety of factors, including weak economic performance in U.S. and western European core markets, declining purchasing power, and a more marked shift in consumer spending to other areas of life (such as travelling and eating out) as a result of eased Covid restrictions. Although the trend toward battery-operated products remained intact, the STIHL Group saw a slight decline in the gasoline-powered segment. Traub: "The shift from gasoline to battery power is in full swing. STIHL is actively shaping this transformation by focusing on dual technological leadership. We are consistently and systematically making massive investments in battery technology while continuing to fully support the sustainable and environmentally friendly advancement of our gasoline-powered products."

Changed consumer behavior, drought, and supply bottlenecks slow sales development

The end of most Covid-related restrictions also weakened the "cocooning effect," a trend that involves people staying at home and pursuing interests such as gardening and home improvement. Instead, consumers spent more money on travel, culture, and eating out, which impacted global

sales development at STIHL as well. Effects such as weak economic growth, inflation, and the energy crisis additionally fueled restraint among consumers. At the same time, the market supply situation remained challenging in 2022 due to material shortages and supply bottlenecks, which were further exacerbated by the war. To improve its ability to supply products and increase production capacities, STIHL invested 404 million euros in its global production, distribution, and logistics sites.

STIHL market development at a glance:

- In its domestic market of **Germany**, STIHL generated sales growth and revenue of over 500 million euros in 2022. Demand was high among professional users from forestry, construction, horticulture, and landscaping, as well as among private customers.
- **Western Europe** saw effects from drought, inflation, and changes in consumer behavior. Accordingly, sales fell slightly, even though demand for battery-operated tools was on par with the previous year.
- **Eastern Europe excluding Russia** developed positively despite the difficult political situation. Nearly all markets recorded sales growth. STIHL stopped supplying STIHL power tools to Russia and Belarus immediately after the start of the war.
- In **North America**, battery-operated products continued to gain traction. While demand for battery-operated tools rose, sales of gasoline-powered tools fell slightly.
- Markets in **Latin America** developed positively, with Colombia, Mexico, and Argentina even recording double-digit growth rates.
- **Africa** is an important future market for STIHL, but faced major challenges such as drought. Despite these difficult overall conditions, sales in South Africa matched the level seen in the previous year.
- **Asia** saw positive trends overall. In China, one of the largest Asian markets, STIHL recorded double-digit growth rates. The increasing degree of mechanization in India also had a positive effect on development.
- In **Oceania**, demand was down year on year due to a variety of factors, including unfavorable weather conditions, high inflation rates, and weaker economic activity.

STIHL aims for 80 percent battery-operated products by 2035

Battery-powered products represent the fastest-growing market segment for STIHL. Today the STIHL product range includes more than 80 battery-operated tools for private consumers and professionals, which account for 20 percent of the STIHL tools sold worldwide. By 2027, STIHL plans to increase this share to at least 35 percent, with a goal of 80 percent for 2035. “The aim is for STIHL to take on a leading position at the head of the battery-operated market,” Traub says. “To this end, our top priority in terms of investment lies in the development and production of innovative and powerful battery-operated products.” The key pillars of advancing STIHL battery technology are green electricity, durable higher-performance batteries and chargers, and high-efficiency electric engines. STIHL battery-operated products are currently manufactured at the STIHL locations in Austria and the United States. From 2024 on, STIHL will also start making battery-operated products at the site of the founding company in Waiblingen, Germany, and at its new production site in Oradea, Romania.

STIHL gasoline-powered products are already e-fuel ready today

Aside from battery technology, STIHL is also investing in the advancement of combustion engines, particularly in terms of their sustainability. Traub explains the strategy: “We are consciously focusing on dual technological leadership. That’s because we align our actions systematically with the needs of our customers. Battery-powered tools are the future. At the same time, there are still many applications and regions of the world that require products powered by combustion engines. For those customers, we are developing visionary and environmentally friendly solutions.” To do so, STIHL is focusing on biofuels and e-fuels. With MotoMix Eco, which the company developed in-house, STIHL has already launched a fuel containing 10 percent renewable raw materials, such as wood scraps from forestry and non-edible parts of plants. Compared with STIHL MotoMix, a conventional specialty fuel for two-stroke engines, MotoMix Eco helps reduce carbon emissions by at least 8 percent. Now STIHL is taking things a step further with e-fuels, synthetic fuels produced from green hydrogen and carbon dioxide (CO₂) using wind energy that are virtually carbon-neutral. Because STIHL products are already e-fuel ready today, all STIHL tools with a combustion engine can be powered with these alternative, environmentally friendly fuels without technical alterations. Thanks to e-fuels, even 10- or 20-year-old chainsaws, as well as all other STIHL power tools, can be operated with virtually no carbon emissions. The reduction in carbon emissions from the use of products with a combustion engine has an immediate effect, without customers having to invest in new products. STIHL plans to achieve the widespread use of e-fuels in its tools starting in 2027.

STIHL founding company in Germany generates higher revenue

The German founding company, ANDREAS STIHL AG & Co. KG, generated a record-breaking revenue of 1.78 billion euros in 2022, an increase of 11.9 percent. The number of employees rose by 3.8 percent to 5,968 as of Dec. 31, 2022, with a workforce of 4,210 in Waiblingen, 486 in Fellbach, 246 in Ludwigsburg, 940 in Weinsheim, and 86 in Wiechs am Randen. Plans are in place to hire more staff, with roughly 360 positions at the founding company currently waiting to be filled, especially in future technologies such as batteries, software, IT, and digitalization. At 136.4 million euros, capital expenditure exceeded depreciation and amortization by a substantial margin thanks to heavy investment in new production equipment and buildings, among other things. One flagship project, which is set to open officially in July 2023, is the STIHL Brand World at the founding company's headquarters in Waiblingen. Traub: "The STIHL Brand World goes well beyond being a mere museum to bring the STIHL brand to life. We will also provide a comprehensive knowledge platform about forests, a topic that is near and dear to our hearts not only because the roots of STIHL lie in forestry, but also because nature is the foundation on which we live and work. That's why it plays a very important role in our sustainability strategy." As a result, visitors to the STIHL Brand World will be able to learn all about topics such as the forest ecosystem, old-growth forests, or sustainable forestry.

STIHL product innovations for professional users and consumers

In addition to a new generation of the iMOW robotic mower and a variety of battery-operated breakthroughs, STIHL presented new gasoline-powered products at the press conference. "Our new products underscore our aim to be a technological leader on two different fronts," Traub says.

The new generation of **STIHL iMOW robotic mowers** will be available just in time for the upcoming gardening season. Featuring powerful lithium-ion batteries along with intelligent operation and charging options, the six new mowers can be intuitively operated using the updated MY iMOW app and are designed for lawns of up to 5,000 square meters.

The **STIHL AP battery power system**, which features 36-volt lithium-ion battery technology engineered for professional-grade demands, has grown and now includes roughly 40 tools.

- The **STIHL BGA 300 battery-operated blower** offers horticulture and landscaping professionals and municipal street-cleaning departments alike up to 26 newtons of blowing power, as well as outstanding comfort and convenience. Its innovative STIHL Noise Reduction System cuts noise emissions substantially, to under 94 decibels, and ensures a more pleasant, consistent sound experience.

- In partnership with the in-vehicle equipment manufacturer bott, STIHL has developed the **bott vario3 powered by STIHL van racking system**. Based on a standard shelving system, the solution can be configured to fit a wide range of enclosed vehicle models for even more flexibility in **energy and charging management**. Depending on the package, the system offers up to 56 battery slots for the rear compartments of commercial vehicles. Horticulture and landscaping professionals, as well as custodial services and public-sector maintenance operations, get a vehicle that is designed to transport AP system batteries and makes it possible to charge them directly at the job site.

The **AK battery system from STIHL**, engineered with non-commercial users and small businesses such as custodial services in mind, is also set to continue growing:

- The **STIHL MSA 60 C-B** and **MSA 70 C-B battery-powered chainsaws** offer two entry-level options for grounds maintenance, cutting wood, and light-duty manual jobs featuring a push-button start system and easy handling. A high-quality cutting attachment comes standard.
- The new **STIHL HSA 50** and **HSA 60 battery-operated hedge trimmers** make it possible to take care of large and small hedges alike. Their bar length of 50 centimeters (HSA 50) and 60 centimeters (HSA 60) – in combination with their laser-cut, diamond-finished, and hardened STIHL quality blades – help ensure clean cuts and swift progress.
- The **STIHL BGA 60 blower** features up to 15 newtons of blowing power to make cleaning surfaces and paths a breeze. Despite its strong performance, the BGA 60 weighs a mere 2.3 kilograms. Even with the recommended STIHL AK 30 battery, its weight is still just 3.5 kilograms, which makes work easier than ever.

The **STIHL MS 172, MS 182, and MS 212 gasoline-powered chainsaws** are three new entry-level models. Equipped with a STIHL 2-MIX motor delivering up to 1.8 kW of power depending on the model, the compact and versatile chainsaws are designed for use by consumers and professionals alike. At home, they can be used to trim backyard hedges or cut firewood, while horticulture experts and professionals from other trades can use them to fell and prune small trees or build structures out of wood.

People who love to spend time gardening or enjoying nature need the right equipment, both in terms of tools and the clothing they wear. That is why the **STIHL brand shop** offers effective protection from ticks thanks to special anti-insect technology built into the new “Worker” boot socks that repels insects without killing or injuring them. The STIHL brand shop also has new options for kids, such as a child-size workbench made of FSC-certified wood.

STIHL TIMBERSPORTS® World Championship in Germany

The 2023 STIHL TIMBERSPORTS® World Championship in Stuttgart, not far from the German founding company's headquarters in Waiblingen, is set to be a homecoming to remember. For the first time since 2013 and 2016, the 18th season finale is scheduled to return to the Porsche-Arena in Stuttgart on Nov. 3 and 4, when more than 120 extreme athletes from over 20 nations will face off to win the team and individual World Championship titles in lumberjack sports. With both days of the competition already virtually sold-out despite a larger number of available tickets than in previous years, the demand for the event demonstrates just how long people have been waiting for the series to finally return home. Before that, 16 exceptional athletes from countries near and far will kick off the season in the Dutch city of Rotterdam on June 10 at the World Trophy, the toughest tournament in the STIHL TIMBERSPORTS® series. Various national championships around the globe will round out the calendar of events.

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 through authorized dealers and STIHL's own online-shops, which will be expanded internationally over the next few years - including 42 sales and marketing subsidiaries, about 120 importers and more than 55,000 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 2022, STIHL achieved a worldwide sales volume of 5.49 billion euros with a workforce of 20,552.

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

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