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STIHL increases share of overall sales from battery products

- Share of sales from battery products grows to 24 percent in 2023
- Temporary market consolidation: weak economy and geopolitical conditions slow revenue and sales development

The STIHL Group, a leading manufacturer of chainsaws and outdoor power equipment, continued to successfully roll out its battery strategy in fiscal year 2023. The internationally active family business was able to increase the share of sales from battery-operated tools to 24 percent – up from 20 percent in the previous year. As a result, almost every fourth STIHL product sold is battery-operated. Michael Traub, Chairman of the Executive Board of STIHL, says: “STIHL is well on its way to taking a leading position in the battery segment. Our customers know that they can rely on the high quality of our products and our service.” At the same time, the past fiscal year was characterized by a variety of challenges. After years of particularly strong growth during the coronavirus pandemic, the entire industry is now in a phase of consolidation. The STIHL Group’s revenue totaled 5.3 billion euros in fiscal year 2023 (previous year: 5.5 billion euros). Despite the slight year-on-year decline of 4.1 percent, revenue was still at a significantly higher level than before the coronavirus pandemic. Negative exchange rate effects also impacted revenue. Excluding exchange rate effects, the decline in revenue would only have amounted to 1.1 percent. The number of employees worldwide fell by 3.6 percent to 19,805 as of December 31, 2023 (previous year: 20,552).

“After three years of extremely strong growth, we were confronted with declining demand in 2023,” Traub explains. “This phase, which we experienced due to the coronavirus pandemic, is over. Lockdowns and travel restrictions had led to a cocooning effect. Home and garden maintenance was very popular, and many consumers invested in new tools. High inflation and rising interest rates have now dampened consumer sentiment. In addition, dealers and retailers have plenty of stock that they now need to sell off first.”

Globally, development varied from region to region in 2023. The markets at a glance:

- The United States is STIHL’s largest single market, accounting for around one-third of revenue. Due to weather conditions, the spring season failed to materialize. Canada suffe-

red from massive forest fires and flooding. As a result, sales in **North America** was significantly lower than in the previous year. At the same time, STIHL succeeded in expanding the dealer network and increasing the market share attributable to battery-operated products in North America.

- In **Latin America**, the consumer climate took a clear downturn due to high inflation rates, political instability, a deteriorating security situation, and a lack of purchasing incentives from governments. Sales promotion measures nevertheless enabled slight sales growth in some countries, particularly in **Brazil**.
- Central Europe experienced a long, wet spring that turned into a dry early summer, which slowed demand for STIHL outdoor power equipment such as lawn mowers. In its home market of **Germany**, where STIHL generates around 10 percent of its global revenue, the company recorded a significant drop in sales. As in the global environment, inflation, interest rate trends, high energy prices, and consumer restraint had an impact on the German market in 2023. **Western Europe** as a whole was also down on the previous year, as was **Eastern Europe**. STIHL has completely stopped supplying Russia.
- Sales in **Asia** fell only slightly short of the previous year's level, while **Oceania** suffered more significant declines.
- **Africa**, on the other hand, performed well and recorded an increase in sales, particularly in South Africa. The growth on the African continent underscores the potential of these emerging markets, which STIHL intends to continuously leverage. As a result, the company used 2023 to set up two new marketing companies in Morocco and Cameroon in order to expand its presence in the promising regions of North and Central Africa.

Battery segment continues to grow

While sales of gasoline-powered products declined significantly, the battery and iMow business grew encouragingly. In Western Europe and North America in particular, the battery drive type already plays a major role and will gain even more importance in the years ahead. STIHL aims to increase the share of sales from battery-operated products to at least 35 percent by 2027, with a target of 80 percent by 2035. The expansion of the STIHL battery-operated product and service portfolio is in full swing, both in terms of the handheld product range and the introduction of new wheeled products. In January 2024, for example, STIHL launched the first battery-operated zero-turn mower – a battery-powered ride-on mower with zero-turn technology – in its largest and most important market, the United States. Thirty new battery-operated products are scheduled to hit the market worldwide over the next two years alone.

STIHL is well positioned for the future

“STIHL has grown by over 30 percent since 2019,” Traub says. “Right now, we are moving toward a normalization of growth. Irrespective of this, we are continuing to pursue our long-term strategy of achieving dual technological leadership: leading the sustainable transformation in both the battery- and gasoline-powered tool segments. The substitution of gasoline-powered products with battery-operated ones is advancing rapidly. This requires our full power for transformation, which we approach from a position of strength. At the same time, this trend confirms that we are on the right track. We are continuing to focus our investments on the battery technology of the future and are confident that we will achieve our ambitious growth plans.”

A new plant in Oradea, Romania, where battery-operated tools will be manufactured, will start operations in 2025. The groundbreaking ceremony took place at the end of March 2024. Starting in mid-2024, battery-operated tools will also be produced at the site of the founding company in Waiblingen. For 2025, the company had announced that it would also start manufacturing EC motors for professional battery-operated products at its main German site in order to further increase the depth of production for battery-operated tools.

Strong equity ratio enables strategic investments

With a high equity ratio of 65.9 percent (previous year: 61.9 percent) and a solid balance sheet structure, the Group continued to fund key strategic investments internally in 2023. At roughly 432 million euros, more funds were invested in new technologies and the international production and sales network than in 2022 (404 million euros). Capital expenditure once again exceeded the level of depreciation and amortization. As Traub explains: “We are planning further growth in the medium and long term, especially in the battery sector. With our long-term investment strategy, we are preparing our global production and manufacturing network for the increased demand for batteries.”

The main measures included:

- STIHL Inc. in the **United States** converted 7,800 square meters for the production of battery-operated tools. Roughly 13 million U.S. dollars was invested in expanding the production of STIHL battery saws, leaf blowers, pruning shears, trimmers, and edge trimmers and launching the production of ten additional cordless products. STIHL Inc. also doubled AP battery pack manufacturing capacity in 2023.

- In 2023, the production of the STIHL FSA 30 marked the start of battery-operated product manufacturing in **Qingdao, China**. The production lines at the STIHL manufacturing facility in Asia have been churning out the cordless STIHL clearing saw since October 2023.
- **STIHL Tirol** in Austria, the STIHL center of excellence for ground-supported outdoor power equipment, increased the degree of automation in production with three new assembly lines for battery products.
- **ZAMA** in the Philippines invested some 14.6 million euros in a new 11,500-square-meter building to enable further growth in new product segments such as cable harnesses, technical textiles, and electromechanical injection systems.
- **STIHL Brazil** is investing in the expansion of its sales structure with two new distribution centers in Jundiaí in the Southeast Region, as well as in Benevides in the North Region.
- **STIHL Greece** is strengthening its presence in Southern Europe with a new branch location in **Cyprus**. Since March 2023, the centrally located premises in the capital city Nicosia have housed sales floors, a concept store, and a workshop for inspection and servicing.

STIHL founding company sees declining sales

The German founding company, ANDREAS STIHL AG & Co. KG, generated revenue of 1.6 billion euros in 2023 (previous year: 1.8 billion euros), which corresponds to a decrease of 11.4 percent. The workforce at the German locations increased slightly by 1 percent year on year to 6,003 employees as of December 31, 2023, 4,268 of whom worked in Waiblingen, 254 in Ludwigsburg, 494 in Fellbach, 904 in Weinsheim, and 83 in Wiechs am Randen. STIHL Vertriebszentrale AG & Co. KG in Dieburg had 323 employees.

Capital expenditure increased significantly year on year and amounted to around 163 million euros (previous year: 136 million euros). A large part of this total was attributable to buildings and construction projects, including the new company museum, the STIHL Brand World in Waiblingen, which opened in 2023. The museum brings the almost 100-year history of the company and the brand to life. One special highlight of the exhibition is a comprehensive knowledge platform entitled "Forest Fascination." The STIHL Brand World is open to the general public on weekends. Investments were also made in new machinery and equipment, including a new, 3-million-euro hydraulic special press with a specially adapted conveyor system that will enable more flexible production in Waiblingen.

STIHL remains optimistic

As an independent family-owned business, STIHL is capable of planning and acting for the long term despite the current challenges. Traub is cautiously optimistic about the current year: “Under the current conditions, we currently hope for slight growth in the second half of 2024.” The focus continues to be on the general expansion and renewal of the STIHL product portfolio, both for private and professional use. Developing high-performance charging solutions for battery-operated products, particularly in the professional segment, plays an especially important role. Doing so will make it easier for people to operate their battery-operated tools without interruption throughout the day, and work in and with nature. Likewise, STIHL is continuing to invest in the IoT capability of its products and accessories, in the expansion of global sales channels with the addition of e-commerce solutions and growing the global network of specialist dealers. Last but not least, the development of special products for emerging markets also plays a major role in order to better leverage the market potential there.

STIHL product innovations for professional users and consumers

Battery-operated outdoor power equipment has become indispensable and is already part of everyday working life for many horticulture and landscaping professionals in the public and private sector alike. However, advances in technology mean that they can now also be used in places where gasoline-powered tools were previously used almost exclusively, such as on construction sites.

- The **RZA 700 series battery-operated zero-turn mowers** have been available on the U.S. market since January 2024. With a long battery runtime of up to eight hours, they are designed for all-day commercial use. Even large areas can be mowed efficiently and without recharging in between. The constant blade speed also enables a precise cutting pattern. With their robust and ergonomic design, they make everyday work easier for professional customers.
- In the AP battery system, STIHL is expanding its portfolio of cut-off machines with the STIHL TSA 300: The **most powerful battery-operated cut-off machine currently** in the STIHL range wins users over with its precise cutting action, minimum-vibration operation, and optimum balance with low weight. With its maximum cutting depth of 110 millimeters, it is particularly suitable for horticulture and landscaping – and can be turned on at the touch of a button, eliminating the need for time-consuming starting. Thanks to new power laminate technology, the AP 500 S battery provides sufficient energy for up to 20 minutes of operation. In addition to the cutting wheel supplied as standard, two cutting wheels are available as accessories. A diamond cutting blade impresses with its speed and up to 20 percent more cutting performance. For work

in noise-sensitive areas such as residential areas, a noise-reduced cutting wheel is also available, which not only protects the ears of the neighbors, but also those of the user.

- Support for challenges at lofty heights is also available: With the STIHL HTA 160, **currently the most powerful battery-operated pole pruner** in the STIHL range, tree maintenance professionals, orchard owners, and public-sector agriculture and forestry workers can reach branches and dead wood at great heights from a safe stand on the ground and remove them cleanly. Even adverse weather conditions are no problem thanks to the IPX4-certified AP 300 S battery.
- **STIHL connected** offers the right digital solution to ensure that equipment is always ready for use. The completely overhauled, cloud-based system solution gives professional users a detailed overview of all relevant tool data such as battery life and upcoming maintenance for efficient equipment management, optimized capacity utilization, and less downtime.

Just in time for the start of the 2024 gardening season, STIHL is getting ready to launch new products from the AS and AK cordless power systems for consumers:

- One motor, many applications – what the battery KombiMotor STIHL KMA 80 R is all about. Quick-release coupling makes it possible to connect various Kombi tools with the drive unit for a wide range of gardening tasks, from clearing paths and fields or loosening the soil and trimming grass, all the way through to hedge and tree trimming. A total of 13 tools are available. Instead of worrying about multiple pieces of equipment, all users need to stow away when work is done is one powerhead and the tool attachments used.
- The GTA 26 battery-operated garden pruner has become an integral part of the STIHL outdoor power equipment range and has now been extended to cover a wider range of applications: Even higher branches or hard-to-reach places can be reached comfortably and safely from the ground with the 1.5-meter extension. The garden pruner can be converted quickly and without tools to switch between working close to the ground and at tree height.

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 many new functional and stylish items of apparel in unisex designs that can be worn in the garden or on outdoor excursions, as well as in an urban setting. Based on the STIHL brand color, shades and tones from bright orange to rust run through the entire collection. There are also new products in the toy range, such as the special TIMBERSPORTS® set from PLAYMOBIL, along with classics like the toy chainsaw with the look and feel of the STIHL MS 500i. The fact that the STIHL toy chainsaw

is in a class of its own has also been confirmed by TÜV Rheinland, which subjected it to a comparative test with products from other manufacturers on behalf of STIHL and awarded it a top score of 1.9.

New STIHL TIMBERSPORTS® highlights

The 2023 logger sports season ended with the STIHL TIMBERSPORTS® World Championships in Stuttgart as a special highlight. That enthusiasm and spirit are set to continue in 2024, with events like the World Trophy and the Rookie World Championship in Milan, Italy (May 25), and the World Championship in Toulouse, France (November 8/9), already on the schedule. The European Trophy (September 29) in Bellinzona, Switzerland, for example, will be no less exciting than any other international TIMBERSPORTS® competition in 2024.

Company Portrait

The STIHL Group is an internationally active global market and technology leader. It develops, manufactures and distributes battery-operated, electric and gasoline-powered 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 44 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. As a sustainable family business, STIHL wants to make it easier for people to work in and with nature. In 2023, STIHL achieved a worldwide sales volume of 5.27 billion euros with a workforce of 19,805.

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

Additional details on the 2023 financial year can be found in the annual report, which is entitled "The Power of Fascination" and is available online: <https://ar.stihl.com/2023>

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Press Release

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