



# ANNUAL REVIEW



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# MANAGEMENT REPORT - THE STIHL GROUP

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Revenue at the STIHL Group in the past fiscal year was roughly on par with the level seen in 2017. In particular, less than favorable exchange rates had an impact on revenue. At 324.4 million euros, investments were twice as high as depreciation and amortization and were primarily earmarked for investments at the production companies of the Group and for construction activity.

## REVENUE REACHES ALMOST 3.8 BILLION EUROS

In fiscal year 2018, the STIHL Group generated consolidated revenue of 3,782 million euros. Revenue therefore fell by 0.3 percent compared to the previous year (2017: an increase of 9.7 percent). The proportion of revenue generated outside Germany was 89.5 percent, compared with 89.8 percent in the previous year. The European Union accounted for 39.2 percent of total revenue.

Currency exchange had a negative effect on revenue, to the tune of 4.5%. Calculated at the average exchange rates of 2017, revenue would have grown by 4.2 percent. The U.S. dollar traded at an annual average of 1.18 against the euro and was above the previous year's level.

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## INVESTMENT IN GERMANY AND ABROAD

In 2018, investment volume (property, plant and equipment, as well as intangible assets) at the STIHL Group amounted to 324.4 million euros (2017: 248.3 million euros).

Of that amount, 38.1 percent was invested at ANDREAS STIHL AG & Co. KG, while 61.9 percent was invested in the other companies of the Group, both in Germany and abroad. Depreciation amounted to 158.8 million euros. Of the total investment, 88.1 percent was made at the production companies within the STIHL Group.

**NUMBER OF EMPLOYEES DEC. 31, 2018 - STIHL GROUP COMPANIES**

As forecast in the previous year, construction activity was at a high level in 2018. Further investments were made in the production and logistics facilities of the production companies. A new research and development center was opened in Brazil. In the U.S., the conversion of an existing warehouse space at STIHL Inc. will enable further growth of manufacturing capacity in Virginia Beach.

At STIHL Tirol GmbH in Austria, the largest expansion in the company's history was completed.

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**STRONG FINANCIAL STRUCTURE**

The capital structure remains positive. The equity ratio at the end of the reporting period amounted to 69.9 percent. Equity therefore covers all noncurrent assets and inventories, as well as a part of the receivables and other assets.

Liquidity remains at a high level. In general, the Group's capital expenditures are funded without the need for borrowing.

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**SATISFACTORY EARNINGS**

From a Group perspective, the earnings situation was satisfactory in 2018.

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# MANAGEMENT REPORT - THE STIHL FOUNDING COMPANY

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ANDREAS STIHL AG & Co. KG, the founding company of the Group, recorded an increase in revenue to 1.2 billion euros in fiscal year 2018. At 123.7 million euros, investment volume nearly doubled year over year. Much of that total was earmarked for construction projects to expand the production and distribution facilities, including those in Ludwigsburg, Waiblingen and Prüm-Weinsheim.

## **SLIGHT REVENUE GROWTH AT THE FOUNDING COMPANY**

In fiscal year 2018, the revenue of the founding company increased by 4.5 percent to 1.2 billion euros (previous year's increase: 13.3 percent). The export ratio of 89.2 percent was on par with the level seen in the previous year (88.9 percent). The revenue growth was carried by all regions.

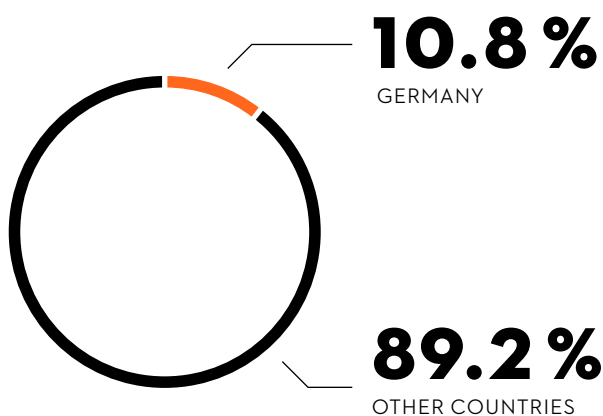
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## **HIGH INVESTMENT**

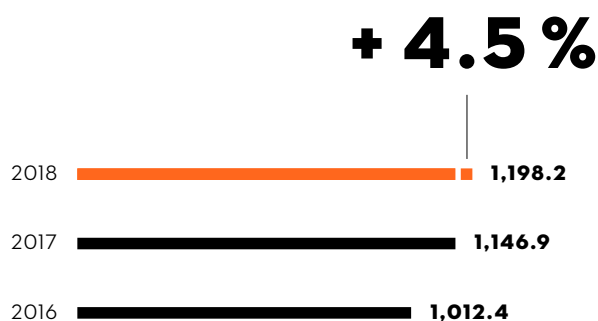
The investment volume (property, plant and equipment, as well as intangible assets) amounted to 123.7 million euros in fiscal year 2018 (previous year: 69.6 million euros). Much of this investment was directed to the expansion of the logistics center in Ludwigsburg, the development of the module system in Waiblingen-Neustadt, the development of the battery production line in Waiblingen-Hohenacker and the procurement of new production equipment at the Prüm-Weinsheim location. In addition, significant investments were made in research and development at the Waiblingen location, new production facilities and IT infrastructure. As in previous years, investments in 2018 exceeded depreciation.

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**REVENUE DISTRIBUTION IN 2018 -  
ANDREAS STIHL AG & CO. KG**  
IN %



**REVENUE GROWTH IN 2018 -  
ANDREAS STIHL AG & CO. KG**  
IN MILLIONS OF EUROS



**STABLE EQUITY RATIO OF 44.3 PERCENT AND  
CONTINUED HIGH LIQUIDITY**

The equity ratio stands at 44.3 percent and therefore matches the level of the previous year (previous year: 44.4 percent). As a result, equity covers the vast majority of noncurrent assets. Total liquidity, including securities held as current and noncurrent assets, accounted for 34.7 percent of the balance sheet total. However, it should be noted that these positions are offset by high long-term obligations from the company pension plan.

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**SELF-FINANCED PENSION OBLIGATIONS  
INCREASED**

The actuarial reports led to an increase in pension reserves and other liabilities from outstanding capital payments of 10.1 percent compared to 2017 (increase in the previous year: + 6.5 percent). The calculations are based on the Heubeck 2018 G mortality tables.

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# QUALITY, OCCUPATIONAL SAFETY AND ENVIRONMENTAL PROTECTION

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In our daily work, we put a range of values into practice that enable us to grow at a global level. Within the STIHL Group, this means there are a range of approaches available to improve product and process quality, to ensure optimal working conditions and to make responsible decisions with respect to the environment and energy consumption.

## **BOOSTING QUALITY IN THE LONG-TERM**

Excellent quality - we don't settle for less. That is why, back in 2017, the Group launched a global quality initiative to ensure product and process quality. The campaign reflects the Group-wide culture of interdisciplinary cooperation and generated actions that are now part of the STIHL customer satisfaction model. With its holistic approach and enhanced quality awareness, the customer satisfaction model integrates technically oriented manufacturing processes and product requirements along with scheduling, cost planning and human factors.

ANDREAS STIHL S.A. de C.V. in Mexico provides a concrete example of the worldwide implementation of this commitment to quality. Over the past few months, it has placed a renewed emphasis on improving the quality of service to customers after the sale. Over 1,500 employees, servicing dealers and importers have spent approximately 500 hours in training while participating in more than 40 courses - either in Waiblingen, on-site in Puebla or in the surrounding forests.

In light of demanding quality expectations, the saw chain plant in Switzerland has intensified its focus on increasing digitalization by networking machines and entire systems. The project started with the grinding machines used for making the cutting teeth on saw chains. Automated processes were introduced to replace some aspects of the work that were previously done manually. One advantage of the digital platform is that it allows real-time status updates with faster and more comprehensive data availability.

Production logistics in Switzerland are also becoming digital. A study has been initiated to find out how pallets and containers conveying saw chain components through the production process can be tracked digitally. The study aims to optimize the flow of parts along the entire value-creation process in production and assembly. This type of strategic orientation provides the foundation for STIHL excellence.

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## WORKING SAFELY IN VIRGINIA BEACH

In 2018, STIHL Inc. in Virginia Beach recorded its lowest accident rate in almost two decades. Continuous investment in state-of-the-art safety systems and technologies have helped make this possible.

Occupational health and safety management is playing an increasingly important role at ANDREAS STIHL AG & Co. KG. Aside from implementing ergonomic workspaces in production areas and in offices, the company has introduced a new concept of “active, healthy breaks.” A range of health training workshops is also provided to all employees. The range of health services has been expanded to include the distribution of information on various health topics of interest to our employees. These materials are available from the company health service.

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## USING AND SAVING ENERGY SENSIBLY

The STIHL Group feels strongly about environmental protection and energy efficiency. It is committed to continuous improvement in this regard, both in terms of manufacturing processes and STIHL products. That is why a number of measures were implemented in the past fiscal year to sustainably reduce energy consumption over the long term and to ensure that energy is used in a targeted and environmentally responsible manner.

This is nothing new for the STIHL Group. In 2012, STIHL Gesellschaft m.b.H., the Group’s Austrian distribution company in Vösendorf, constructed an administration building that is heated entirely without fossil fuels. Energy to heat the facility is generated by a solar installation and stored in a geothermal storage system. Two heat pumps cover peak demand and cooling needs. The Austrian distribution company also installed an energy monitoring system that offers a wide range of analytical tools with a modern user interface and advanced visualization features.

This means that the Vösendorf company can track all of its energy consumption in 15-minute increments, which ensures that data for optimizing energy consumption is readily available. As a result of this data

collection, selected light fittings will be replaced with LED technology in 2019. In the medium term, procuring a photovoltaic installation for the Vösendorf location is a priority. The data collected by the energy monitoring system will ensure that the solar panels are the right size to meet the facility’s energy needs.

The production company in Austria, STIHL Tirol GmbH, already has a photovoltaic installation with 184 modules and an average annual yield of 62,000 kilowatt hours. The installation, used exclusively for in-house energy needs, saves around 37 metric tons of CO<sub>2</sub> each year. In 2018, STIHL Tirol was honored by the Austrian federal government for its extraordinary commitment to energy efficiency.

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## ENVIRONMENTAL PROTECTION - MADE BY STIHL

Continuously reducing waste is a major issue throughout the STIHL Group. That is why, in 2018, STIHL Inc. replaced all polystyrene packaging used in the employees’ café with recyclable packaging. Furthermore, Virginia Beach now uses 10,000 recyclable containers for material and parts handling, reducing cardboard box use by 400 metric tons per year. The use of energy-efficient LED lighting is also expanding in Virginia Beach, and the recent installation of exterior LED lighting has translated into substantial energy savings.

In China, the newly launched ZAMA plant in Huizhou received an award from suppliers for its state-of-the-art wastewater treatment system, which is regarded by the local government as a model industrial operation. A new four-stage system makes it possible for the factory to reuse processed wastewater in production. It is worth pointing out that the old location in Shenzhen had itself managed to save 30 metric tons of industrial wastewater every day.

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# CORPORATE RESPONSIBILITY AT STIHL

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Companies across the world are increasingly discovering the importance of sustainable business practices and broader forms of corporate responsibility. Sustainability and responsible action are nothing new for the STIHL Group. It has a long tradition of corporate responsibility, which guides its thinking and actions.

## CORPORATE SOCIAL RESPONSIBILITY

“Making it easier for people to work in and with nature.” That was Andreas Stihl’s vision when he developed his first chainsaw. The key word in this sentence is “with.” It is no coincidence that the notion of sustainability arose in the field of forestry. And sustainability itself contains foundational ideas that have become fundamental to the STIHL philosophy: striving for success while also engaging in long-term thinking, and acting with prudence and responsibility. It is a thoughtful way of doing business, based on a spirit of partnership, one that keeps a close watch on the impact business practices have within the organization and in the broader community as well. The sense of responsibility is also present in STIHL’s desire to operate and grow on the basis of its own strength, and in its desire to empower employees, business partners and customers as well.

“Responsibility at STIHL” is how we describe a strategically oriented sustainability policy that encompasses the whole STIHL Group. It is integrated into business activity, part of our core business and closely linked to our definition of success. STIHL’s sustainability policy is the foundation for integrating economic, ecological

and social aspects into its business considerations. In this regard, the STIHL Group concentrates on five fields of action: sustainable management, employees, education, environment and society.

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## SUSTAINABILITY POLICY

### Sustainable management

Much of the STIHL Group’s business success can be attributed to its stability and long-term focus. As a family-owned enterprise, the STIHL Group is not listed on any stock exchange and can therefore make decisions independently of the capital markets and fluctuations in the economy. Thanks to our steady, organic growth, we have continuously strengthened our competitive position, remained stable even when the broader economy has faltered, and created fulfilling jobs and careers for many individuals over decades. This strategy enables us to increase value for the long term.

### Employees

STIHL takes its responsibility to the more than 17,000 employees of the Group companies very seriously.

We view security, cooperation and a spirit of partnership and open communication as the foundation for our shared success. As a manufacturing company, occupational health and safety is also an integral part of our management system. In addition, the company offers numerous opportunities for professional development so that employees can continuously expand their capabilities and grow in their careers.

### **Environment**

As a leading global producer of chainsaws and power tools for forestry and agriculture, garden care, landscaping and construction, the STIHL Group acts with a sense of ecological awareness. Worldwide, STIHL products make a key contribution to cultivating, maintaining and caring for nature. They are used to maintain our woodlands and forests with sustainable land management practices. They are also used around the world to help reduce the risk of devastating wildfires. In our products and processes, we commit ourselves to environmental protection and energy efficiency and to continuous improvement in this regard. Group-wide, we are cutting our energy consumption for the long term and striving to use energy and other resources as efficiently and responsibly as possible.

### **Education**

Education and professional training are of central importance to social and economic development. Led by the guiding principle of sustainability, we cooperate with schools and universities on education projects over the long term and provide outstanding training to those who join us. The goal is to recruit and train talented individuals and prepare them for rewarding careers. We also offer a combined vocational training and degree program at several production locations around the world, even in countries where an educational model of this type is not available from the state-run education system.

### **Society**

At STIHL, we firmly believe that by initiating and supporting social and cultural projects, we are making a contribution to positive social development. We view this as part of our mission, which we happily take on, both in Waiblingen and at the various companies of the Group around the world.

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## **EMBRACING SUSTAINABILITY** A PROFILE OF STIHL PROJECTS

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### **CARING FOR GREEN SPACE IN THE SOS-KINDERDORF FACILITY FOR DISADVANTAGED CHILDREN**

In November 2018, seven volunteers from the STIHL chainsaw and power tool production team in Waiblingen carried out fall garden work at the SOS-Kinderdorf Württemberg facility for disadvantaged children in Schorndorf-Oberberken. This was the seventh time that ANDREAS STIHL AG & Co. KG employees had been invited to care for the green spaces in an SOS-Kinderdorf facility. This volunteer work is a firm component of STIHL's cooperation with SOS-Kinderdorf e.V. STIHL also supports several SOS-Kinderdorf projects through financial donations. Since 2017, the STIHL distribution center in Dieburg has been supporting the organization by donating products.

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### **RAISING YOUNG PEOPLE'S AWARENESS OF CONSERVATION**

Verein Bergwaldprojekt, a charity, organizes volunteer work throughout Germany. Volunteers carry out work in local forests under the guidance of trained specialists. This work is designed to help preserve the ecosystem's diversity and help make participants aware of the significance of the natural world around us. "Forest schools," which run weeks-long projects in cooperation with educational institutions, also give young people the opportunity to interact with nature. It is hoped that the time these youngsters spend in and with nature will help shape their everyday lives when the program is over. The goal is to encourage young people to act in a way that respects the environment and our natural resources. STIHL has been supporting Bergwaldprojekt e.V. for more than ten years and continued its involvement in 2018 by donating 25,000 euros. STIHL supported two weeks of the "forest school" project in Baden-Württemberg. Bergwaldprojekt also received donations in kind worth 5,000 euros.

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# HUMAN RESOURCES

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The growth of the STIHL Group continues unabated, making it larger and more international with each passing day. At the end of 2018, Group companies employed more than 17,000 people worldwide for the first time ever – with nearly 5,000 employees in Germany at the founding company alone. And there appears to be no end in sight to this growth. Talented employees with varied skillsets are needed to take on the challenges posed by new STIHL products – and to support the growth of established departments.

## DIGITAL TRANSFORMATION IN HUMAN RESOURCES

Digitalization remains a dominant topic within the Group, and, for human resources teams, the digital transformation continued to pick up speed in 2018. In the future, the cloud-based software package SuccessFactors will provide a common, contemporary and largely standardized human resources platform for staff and management alike. The Talent & Succession module provides another good example of our increasingly digital approach. It enables all employees to concretely mold and shape their career path within their company, making the talent development process transparent for both employees and managers. STIHL is thereby strengthening its employee-oriented culture and engaging in direct dialogue with its greatest resource – its talented workforce. The recruitment management and recruitment marketing processes are also being rolled out, with both elements of SuccessFactors initially slated for launch at STIHL Inc. in the U.S.

The importance of a digital skillset for individuals and the company is also being addressed as part of a new training concept in Waiblingen. Executives, employees and project teams are all being offered appropriate training to address changes brought about by digital transformation. A special program for apprentices, trainees and students of Baden-Württemberg Cooperative State University (DHBW) rounds out the range of training options. It provides a learning platform that they can use both on and off the job. The platform and its content will be directly linked to other training programs starting in September 2019.

The STIHL companies in China and Brazil rolled out a social learning app in 2018. In Brazil, it helps apprentices and trainees review information before and after certain training modules are completed. They can also explore the training content in greater depth. In China, the app allows employees to learn in their spare time. More than 70 employees there have already taken advantage of this offer.

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## FAMILY AND CAREER AT STIHL

In late 2018, the founding company and the city of Waiblingen signed a partnership agreement for the planned Mia Stihl day-care center. The facility is being built near the Bürgerzentrum Waiblingen civic center, not far from Plants D1, D2 and D6. The center will offer slots for 55 children in total, 20 of which will be reserved for the city of Waiblingen to provide to the general public. An external service provider, pme Familien-service GmbH, will operate the facility. STIHL expects the day-care center to help employees achieve an even better balance between their family lives and their careers, while also making it easier for them to re-enter the workforce after having a child. The official groundbreaking ceremony took place in February 2019, with the center scheduled to open in fall 2020.

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## HUMAN RESOURCES MARKETING AND RECRUITMENT

STIHL is growing, placing it on the front line in the competition for the most talented job applicants. In Germany, to set itself apart from its many competitors, the founding company launched a new human resources marketing campaign in 2018 known as “Warum STIHL” (“Why STIHL”). The new campaign focuses on authenticity and credibility by offering personal insights into the company. The German business publication *brand eins* has written 29 individual portraits that allow readers to get a hands-on, close-up look at STIHL. Not only are the stories part of a print magazine, they also make up the key content of the careers website **CAREER.STIHL.COM**.

In the U.S., STIHL Inc. has maintained a special recruitment relationship with the Society of Women Engineers (SWE) at Old Dominion University in Norfolk, Virginia, for several years. Last year, STIHL Inc. organized a series of “Day in the Life” events with some two dozen future engineers. This program offered students an opportunity to speak to engineers and executives, tour the plant in Virginia Beach and get a more in-depth look at current projects.

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## TRAINING AND EDUCATION

Continuous training of existing staff is the best way to guarantee a good stream of skilled employees. Starting in 2019, STIHL will be offering twelve apprenticeship programs at ANDREAS STIHL AG & Co. KG and eight degree programs at Baden-Wuerttemberg Cooperative State University (DHBW), thereby increasing the total number of apprenticeships at STIHL in Germany from 60 to 75. In 2018, ANDREAS STIHL Power Tools (Qingdao) Co., Ltd. in China expanded its apprenticeship program to offer participants the option of becoming a mechatronics engineer.

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## AWARDS

“Leading Employers” is a German organization that looks at more than 70,000 companies to recognize the top 1 percent of employers across all industries, company sizes and organizational forms. The founding company, ANDREAS STIHL AG & Co. KG, was ranked 35th overall and seventh out of 10,500 companies in the state of Baden-Württemberg. The independent study analyzed several million points of data related to staff offerings, employee satisfaction, values, image, HR expertise and financial security.

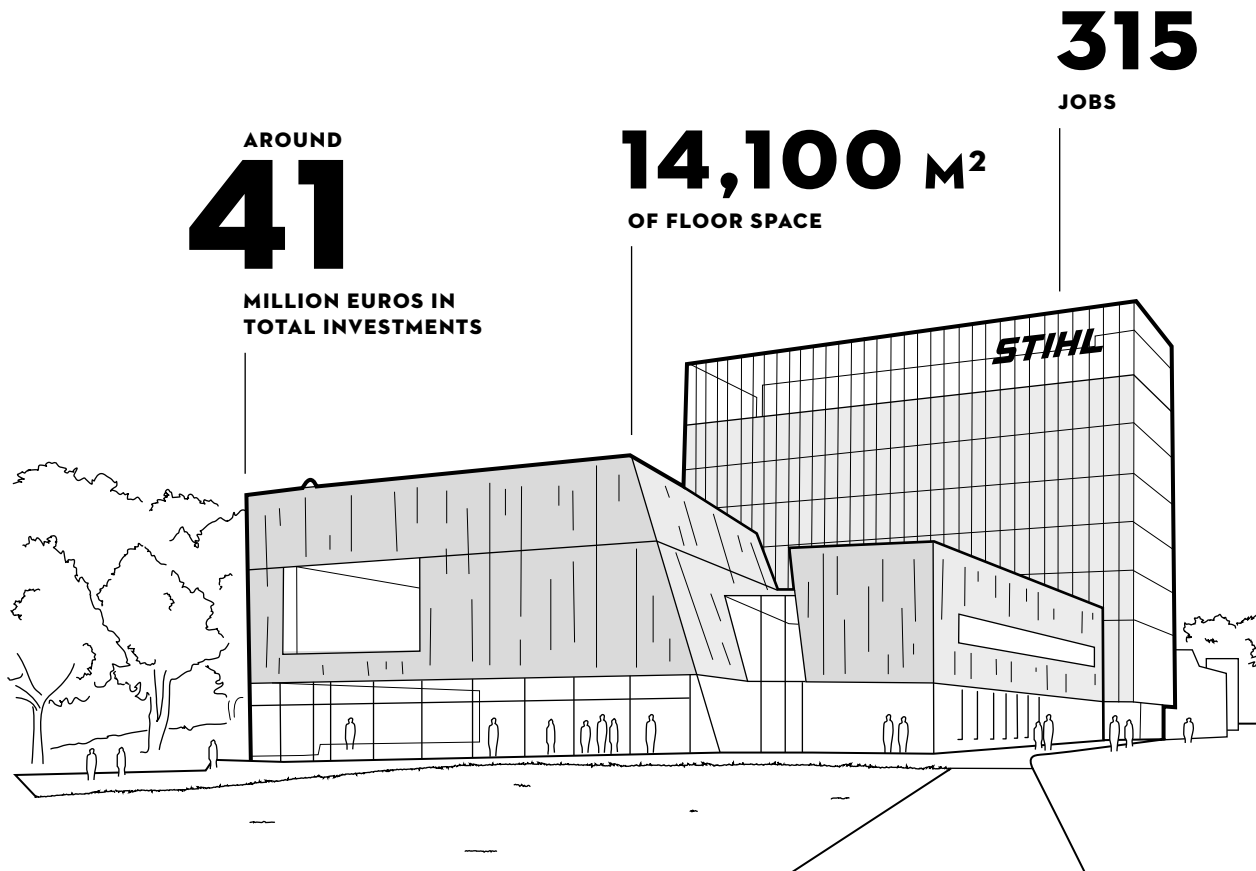
In addition, the founding company has one of the best reputations of any company in all of Germany, according to a study performed by the statistics website “Statista” in cooperation with the publication *brand eins Wissen*. STIHL came in seventh in this ranking of more than 2,000 companies. The family enterprise in Waiblingen won second place in the consumer goods manufacturing category.

In 2018, STIHL Ferramentas Motorizadas Ltda. in Brazil was voted the fifth-best employer in the state of Rio Grande do Sul for the second time in a row. The company also received the Top Ser Humano award from the Brazilian Association for Human Resources (Associação Brasileira de Recursos Humanos, ABRH-RS) for its Desenvolver internship program, which mainly targets graduates and students with technical majors.

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## BRAND WORLD OF STIHL

MAJOR RENOVATION AND BUILDING PLANS FOR PLANT 1 IN WAIBLINGEN



Plant 1 in Waiblingen is slated for renovation and will contribute to the modernization of the Group's Waiblingen location. The site will receive new buildings, a redesigned plant entryway and the new Brand World of STIHL, featuring a museum. According to Chairman of the Executive Board, Dr. Bertram Kandziora, the flagship project reaffirms the company's commitment to its Waiblingen location.

The most radical changes are planned at Plant 1 in Waiblingen, where the current

product exhibition is being expanded to create the Brand World. The high-rise administrative building is also being completely gutted and rebuilt. It will receive a new exterior, and the museum will be torn down to focus attention on the new ensemble of buildings.

"The Brand World will allow people to experience the STIHL brand in a unique way on a total of three floors," says Dr. Kandziora, explaining the project. The new Brand World of STIHL will encompass a total floor space of nearly

5,000 square meters and will incorporate a variety of different elements, such as a product exhibition, product demonstration spaces, a company and brand museum and a cafeteria.

Construction work is scheduled to start in mid-2019. Due to the extensive construction and renovation measures, some 350 employees have temporarily moved into a provisional office space in Fellbach, where they are spread out over 9,400 square meters on a total of five floors.

# DEVELOPMENT

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Change is part of our DNA, and it has been for more than 93 years, allowing STIHL to successfully bridge the gap between tradition and progress – especially in product development. In 2018, the challenges were twofold: Expand the extensive range of gasoline- and battery-powered products while opening up new lines of business. With the aim of advancing the development of STIHL products with digital features, Research and Development defined new roles, new business structures and new working methods.

## NEW FLAGSHIPS

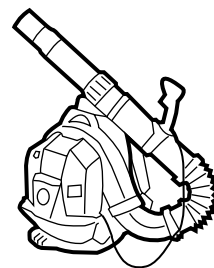
The STIHL MS 500i is the world's first chainsaw with electronic fuel injection. It is and will remain the flagship of STIHL's chainsaw product range. A true innovation, this chainsaw is designed for professional hardwood harvesting and provides power and rapid acceleration in a package that is lightweight and highly maneuverable. Precise fuel metering ensures optimum engine performance and excellent starting, regardless of elevation or air temperature. Because fuel injection eliminates the need for a choke or master control lever, starting the engine is simplified in all conditions. The combination of revolutionary engine technology and intelligent, lightweight design results in the best power-to-weight ratio of any chainsaw in the world in the 80-cubic-centimeter class.

The STIHL BR 800, our flagship in the blower category, represents another extraordinary product innovation. The strongest backpack blower ever manufactured by STIHL, it is the perfect addition to the existing model

range. It has been designed to be both robust and ergonomic, featuring a brand-new side-starter. Engineered primarily for the demands of the U.S. and Canadian markets, the STIHL BR 800 wins users over with reliability and performance. At 41 newtons, the BR 800 offers 7 newtons more blowing force than other models in the product line.

In 2018, STIHL unveiled the STIHL RE 90, RE 95 and RE 100 to RE 130 Plus series: our first-ever high-pressure clean-

ers developed in-house. As with all STIHL products, close attention was paid during development to performance, ergonomics and design. Part of the challenge during development included finding and evaluating



THE **STIHL BR 800** OFFERS AN IMPRESSIVE 41 NEWTONS OF BLOWING FORCE.

more than 35 component suppliers, since high-pressure hoses, cleaning nozzles, special seals and the like are not used in any other STIHL products. In cooperation with their colleagues in Qingdao, the product designers in Waiblingen were also responsible for developing the entire range of gasoline-powered cleaners and accessories. The development center is now also home to a productive test bay with test benches that can be used for an array of tests. Except for electromagnetic compatibility testing, all certification-relevant tests can be performed in-house. Right now, a total of nine products from three model ranges are in the works, along with 53 country-specific variants tailored for customer groups ranging from DIY users to professionals.

## **iMOW CAMPAIGN**

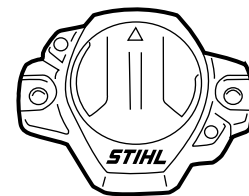
“Our goal is to become one of the two leading providers in the field of robotic lawn mowers,” says Wolfgang Zahn, the Executive Board Member for Research and Development. His words provide a clear vision for the future. But with the autonomous lawn mower, STIHL is active in a sector where several competitors are currently aiming for domination. In response to this challenge, STIHL Tirol and experts from Research and Development in Waiblingen joined forces last year to launch a special iMow campaign. The brand change and the even closer collaboration between the two locations has strengthened the STIHL Group as a whole in the robotic lawn mower segment. The full integration of VIKING has created a powerful union that allows STIHL to adapt to changing market demands and significantly strengthen development in the field of robotics.

ANDREAS STIHL AG & Co. KG in Waiblingen manages all iMow-related projects, while STIHL Tirol GmbH in Langkampfen remains the competence center for functional development and testing. A newly created department based in Waiblingen - Product Development, iMow & Accessories, STIHL Group - is at the heart of the campaign.

## **SMART CONNECTIVITY**

The focus on the iMow is part of STIHL's constant drive to be a technological leader and deliver top quality - and its desire to tap into new business opportunities. The STIHL robotic mower product portfolio is expected to cover all mower segments, from entry-level to high-performance. Through the iMow, STIHL dealers and customers will gain access to the world of smart gardening. Wireless controls, autonomous operation, indirect charging and enhanced connectivity with other smart garden tools represent a first step toward a connected, future-ready portfolio. In 2018, the iMow team revamped the STIHL RMI 422 on-board communications system, including the software that makes it all work. Now it is possible to connect to the STIHL RMI 422 C and operate it using the iMow app or a smart watch app.

For customers wanting to connect older tools and track important data, STIHL offers the Smart Connector, bundled with the STIHL app and the STIHL Connect portal. Fastening the Smart Connector is fast and easy. Regardless of the model, it provides customers access to digital services, maintenance and tool care tips, and support for effective fleet management.



THE  
**STIHL SMART CONNECTOR**  
CAN INTELLIGENTLY CON-  
NECT NEARLY ANY TOOL.

## FRUGAL PRODUCTS IN ASIA

SPECIAL TOOLS MADE BY STIHL  
FOR EMERGING MARKETS



STIHL is taking a new approach to the Asian market. Thanks to "frugal" products, we are winning over emerging markets in no time flat. The acronym "frugal" stands for "functional, robust, user-friendly, growing, affordable and local."

For STIHL, the development of frugal products means remaining consistently focused on customers' needs. It also means overcoming preconceived notions and ideas that are often dictated by es-

established markets. Frugal product development focuses on customer benefits, which also vary from one market to the next. As a result, it is essential to precisely define the local requirements facing the products and narrow them down to the absolute necessities. Frugal products should be equal to their less expensive Asian competitors in every way while also offering the top quality that people have come to expect from STIHL.

In the past twelve months, the Group has succeeded in adapting a host of products for emerging markets, including clearing saws, earth augers, water pumps and hedge trimmers. On the basis of a single engine, for example, four products were developed. In the first year alone, STIHL produced 35,000 units that were tailored to the needs of an entirely new group of customers.



# PRODUCTION

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At the manufacturing facilities across the STIHL Group, 2018 was marked by a continued focus on core values on the one hand and transformation on the other. To continue manufacturing innovative, high-quality products that fulfill an increasingly diverse range of customer needs, many investments were made in machines, systems and buildings in the past fiscal year.

## MAJOR DEMAND - MAJOR CHALLENGES

Demand for professional STIHL products continues to grow. This strong demand led to unexpectedly high production totals in 2018, almost 30 percent above 2016 figures. Such volume entails major challenges to ensure suitable space is available for production and administration. In Waiblingen, buildings were rented outside Plants 1, 2 and 6 to house new capabilities, like in-house battery pack manufacturing, and to accommodate employees who have been displaced by the conversion of the administrative offices at Plant 1.

2018 also saw increased activity at STIHL's magnesium die-casting plant in Prüm-Weinsheim. This facility's die-casting expertise is increasingly in demand beyond the Eifel region and outside the STIHL Group. External contracts are increasing. The components manufactured in Plant 4, most of which are developed in-

house, are now even winning international awards. For example, the suspension strut for the Audi A8, manufactured in Prüm-Weinsheim, was honored as a pioneering product by the European Association for Magnesium e.V. (EFM). Of course, lightweight components made from magnesium are present in almost all STIHL products, particularly gasoline-powered chainsaws and cut-off machines.

Other innovations bear the signature of STIHL's plant in the Eifel. One example is the flywheel of the STIHL MS 500i. Putting the flywheel mass on the outside in the form of a steel ring allowed the total weight of the STIHL MS 500i to be reduced by approximately 100 grams. The aluminum flywheel was bonded to a steel ring and a magnetic ring, which consisted of plastic on the bond surface. Connecting magnesium or aluminum die-cast components to steel or plastics using bonding agents can now be carried out in a uniform,

reliable process. This complicated process was developed specially for this particular chainsaw component, but is opening up new possibilities for other, future products.

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## **GLOBAL MANUFACTURING NETWORK - EXPANDING CAPABILITIES**

The STIHL Group's global manufacturing network helps ensure favorable production conditions and high quality. Having manufacturing capabilities in a local market at the right time helps generate competitive pricing. It also offers the flexibility to avoid economic turbulence in a particular market that may affect currency exchange rates, consumer confidence or employment conditions.

The past fiscal year saw a number of important new developments outside of Germany: At the end of 2017, ANDREAS STIHL Power Tools (Qingdao) Co., Ltd. in China began using polymer injection molding. This allowed the Qingdao plant to expand the level of in-house product manufacturing. The STIHL FS 230 and STIHL FR 230 clearing saws, produced in China, are the first STIHL-branded products designed specifically for the Asian market. With the STIHL MSE 141, Qingdao is producing its first electric chainsaw locally. The first high-pressure cleaners to be made in-house, the STIHL RE 100 to RE 130, are also produced in Qingdao. This represents the dawn of a new technological era for the Asian production company.

The STIHL chain plant in Wil, Switzerland, successfully worked on an innovative new stamping technology over the course of 2018. For many years, STIHL saw chains have been produced with Swiss precision. They are made with special machines that the company designed and manufactured itself. The in-house production of saw chains and guide bars assures optimal harmonization between these cutting attachments and the chainsaw.

As a supplier of cylinders, STIHL Ferramentas Motorizadas Ltda. in Brazil plays a key role in our global manufacturing network: Around 75 percent of all cylinders used in the STIHL Group are manufactured in

the São Leopoldo plant. As a cylinder competence center, the location drives new technologies and innovations in cylinder production to continue to meet the high requirements of the market. In 2018, our colleagues in South America also celebrated a very special occasion: Its 80 millionth cylinder rolled off the production line. In addition, a modern 3,200-square-meter research and development center was built at STIHL Brazil.

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## **NEW PRODUCTION SITES FOR ZAMA AND STIHL INC.**

In 2018, ZAMA, which manufactures carburetors, oil pumps and other precision parts for small engines, successfully moved its operations to a new production site in the southern Chinese city of Huizhou. The symbolic groundbreaking ceremony for the plant, which cost around 36 million euros, took place in mid-2016. Establishing the largest carburetor factory in STIHL's global manufacturing network in a new location is by far the biggest construction investment that ZAMA has ever made and the most significant milestone in the company's history. The new production site encompasses a surface area of 20,000 square meters, and incorporates new production and storage facilities as well as new office spaces. Huizhou, where the new site is based, is approximately 60 kilometers from ZAMA's previous location. The company, which employs around 2,100 people, moved after 25 years when its lease expired. On a global level, the STIHL Group anticipates further growth in carburetor sales and is therefore using the opportunity to modernize ZAMA's logistics and parts of its manufacturing technology. This has been a success – the plant is now a showpiece in the region.

There is construction activity in the USA too. At STIHL Inc. in Virginia Beach, work began in 2018 on the conversion of an existing warehouse into a production building. This step enabled the mowing line production buildings to be consolidated, opening up additional space in the main building for assembly and injection molding. These changes offer the opportunity for further growth in Virginia Beach.

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# MARKETS

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Despite unfavorable weather conditions, particularly in North America and Europe, the STIHL Group successfully defended its leading position on the global market with modest revenue growth.

## DIFFICULT WEATHER CONDITIONS WORLDWIDE

After a record year in 2017, the STIHL Group's revenue grew modestly in 2018. Apart from the very strong euro, the primary driver was weather conditions in the western hemisphere and in Eastern Europe, including Russia. The long, cold winter in North America and Europe was followed by a very dry summer that reduced demand for outdoor power equipment. However, STIHL managed to grow revenue in both battery-powered and gasoline-powered product segments. Meanwhile, STIHL also recorded a significant increase in the sale of robotic lawn mowers.

In Europe, the long winter, combined with a late start to the growing season and persistent dryness in the summer, had a particularly negative effect on the entire outdoor power equipment industry. Battery-powered products, however, continue to enjoy great popularity and record growth regardless of weather conditions. For example, STIHL is posting double-digit growth rates

in battery-powered lawn mowers, which are all now sold exclusively under the STIHL name following the integration of VIKING.

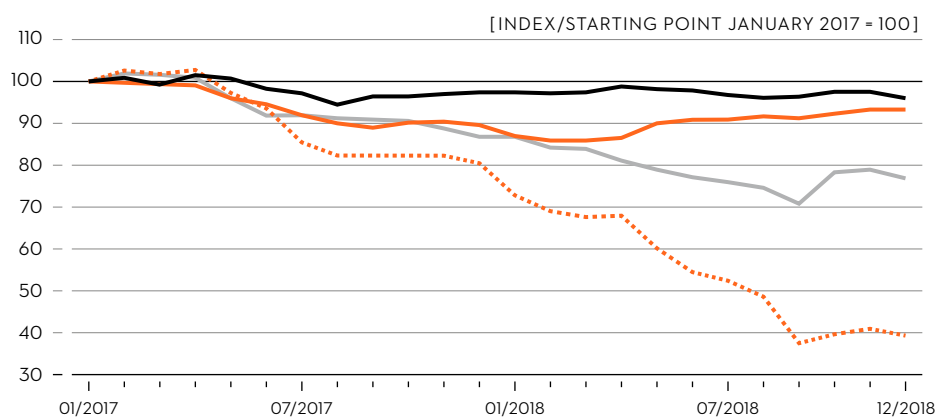
Since October 2018, ANDREAS STIHL AG & Co. KG has been selling certain merchandise directly to customers in Germany and Austria through a central online shop. This new platform appeals to different target customer groups and aims to grow interest in the STIHL brand.

2018 once again saw a number of milestones for the STIHL Group: ANDREAS STIHL S.A. in Greece celebrated its 20th anniversary, while ANDREAS STIHL, spol. s r.o. in the Czech Republic celebrated 25 years. ANDREAS STIHL Ltd., founded in Camberley, Surrey, in 1978, and currently undergoing an expansion, celebrated its 40th year as a member of the STIHL Group. The anniversary celebration was topped off by the STIHL TIMBERSPORTS® World Championship, which took place in Liverpool in October and was well covered by the media.

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**EXCHANGE RATE MOVEMENTS AGAINST THE EURO 2017/2018**

CHANGES IN PERCENT / MONTHLY RATES / SOURCE: STIHL



The graph shows the development against the euro of the following currencies in the years 2017-2018.

— British pound (GBP)  
— US dollar (USD)  
— Brazilian real (BRL)  
- - - Argentinian peso (ARS)

The figures are based on the respective monthly average exchange rates in the period January 2017 to December 2018 and are indexed against the starting point, January 2017 (= index 100).

**REVENUE GROWTH DESPITE DIFFICULT CONDITIONS**

Revenue growth for the entire outdoor power equipment industry was hampered by unfavorable weather conditions in North America. In particular, the industry had to contend with a long winter. Regardless, battery-powered technology continued to gain ground in North America, and the market for battery-powered products saw strong growth in 2018. STIHL managed to grow its revenue significantly in this segment, particularly with the battery-powered lawn mower that was launched in the U.S. and Canadian markets.

An unstable economic and political situation along with unfavorable weather conditions reduced overall demand in Latin America. In Argentina in particular, drought and the ongoing economic crisis, together with the associated collapse in the currency, led to a decline in sales. Drought and political unrest in other regions of Latin America are also a cause for concern. Contrary to these market trends, however, and thanks to brand strength, chainsaw and power tool revenue grew in the region.

**CHINA AND INDIA AS DRIVERS OF GROWTH**

Despite U.S. sanctions against Iran and the temporary economic turbulence in Turkey, the STIHL Group saw double-digit growth in Asia, primarily facilitated by strong sales figures from China and India. Group members represent the STIHL brand in both countries. In China, the STIHL Group also has a manufacturing facility.

The strong growth experienced in the Australian market in recent years was slowed by a long period of drought in 2018. Despite dry conditions for much of the year, STIHL managed to boost its revenues in this region.

In 2018, the African market recovered following the severe drought of the preceding year. STIHL generated double-digit revenue growth there, driven largely by markets in sub-Saharan and East Africa. The Group also opened another marketing company in the form of STIHL Marketing East Africa Limited in Nairobi, Kenya.

# PURCHASING

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STIHL's foundational values have long shaped the strategic and operational actions of its purchasing team, which operates at a Group-wide level. This means that relationships with suppliers are handled intensively but fairly, in a spirit of partnership and with a long-term focus. They are based on shared social responsibility in areas such as environmental awareness and energy efficiency. One of STIHL's firm beliefs is that quality, delivery capacity and competitiveness can make the biggest contribution to the entire STIHL Group through partnerships that respect shared values.

## HELPING TO SHAPE CHANGE

The world of STIHL and the world around STIHL are in flux – this was apparent in 2018. External influences are becoming more dynamic and technologies are rapidly changing – bringing new requirements, new processes and new working environments with them. Digitalization in particular is having a major influence on almost all areas of the working day. For Purchasing, that means an even stronger focus on new methods, as cooperation with suppliers across the value chain takes on even greater importance.

But it is not just new technologies and conventions that influence our thoughts and actions. The global markets in which STIHL Group companies participate are also changing. 2018 was characterized by political disruptions and uncertainty, including legal changes concern-

ing energy matters, challenges to free trade and uncertainty regarding the possible consequences of Brexit. These developments require honed, flexible and powerful supply chain management. Furthermore, technological and economic alternatives must be capable of rapid testing and development. That capability, in turn, makes it necessary for Purchasing to develop and implement differentiated strategies to ensure effective action in global markets in collaboration with suppliers.

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## DEPLOYING RESOURCES IN A FLEXIBLE, TARGET-ORIENTED MANNER

Long-term and reliable partnerships with suppliers help position the STIHL Group to seamlessly take on unknowns as they arise. Our partnerships help secure

needed goods and services, even in unsettled political waters. In addition, the purchasing team is proactive, secures pricing at an early stage, develops new sources of supplies and continuously taps into new procurement channels beyond existing markets. Furthermore, international partners are increasingly integrated into the STIHL Group's supplier and sales networks.

The broadening of the STIHL product range presents just one example of the new challenges facing the purchasing team. Battery-operated tools and new gasoline- and electric-powered STIHL high-pressure cleaners require new expertise and new approaches, along with new technologies and new capabilities. The expansion of supplier relationships is based on established supplier management guidelines. These provide stability and an important point of reference because prevailing terms and conditions in new procurement markets can diverge radically from the familiar environment of gasoline-powered products. In-house production within the STIHL Group continues to be another key pillar of our business, and is supported at every step by the procurement of products and services.

Regardless of new requirements, supplier management at STIHL is continually being refined.

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### **SOFTWARE AS A DRIVER OF AND KEY TO CHANGE**

For a number of years, the STIHL Group has faced disruptive changes in traditional technologies, with global megatrends such as Industry 4.0, the internet of things, electromobility and the growth of battery power. For Purchasing, these changes increase complexity, particularly with respect to the procurement of software and associated services. In the future, more and more STIHL devices will be "connected" via cloud services. Purchasing ensures that connectivity apps – more specifically the STIHL Connect app – are compatible with the corresponding tool software.

The importance of software procurement cannot be underestimated, as today almost all business processes are software-driven. In order to purchase a new operating system at the most competitive price, for instance,

a range of procurement options must be evaluated with a clear understanding of the needs of the relevant STIHL companies.

Sweeping changes to our business require changes to how we conduct business. That means new processes and new systems – sometimes optimized with Group-wide software application packages. Internal and external cooperation as well as increasing efficiency are the focal points and take place within the scope of harmonization of the STIHL system landscape.

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### **GROWTH REQUIRES SPACE**

The STIHL Group is growing. This brings with it an increase in construction activity. To date, construction contracts have largely been awarded to local or regional companies if sufficient capacity was available at a suitable price. Because of the favorable economic conditions, the workload of many construction companies has fundamentally changed. Order books are full and capacities are tight. Purchasing has responded by putting out inquiries at a national level using an electronic contract-awarding platform and new contract-awarding models.

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**BALANCE SHEET STRUCTURE OF STIHL HOLDING AG & CO. KG (CONSOLIDATED GROUP)**  
IN MILLIONS OF EUROS

ASSETS	<b>3,247</b>	<b>1,220</b>	<b>1,377</b>	<b>5,844</b>
	FIXED ASSETS	INVENTORIES	OTHER ASSETS	
LIABILITIES	<b>4,083</b>	<b>724</b>	<b>1,037</b>	<b>5,844</b>
	EQUITY	PROVISIONS	OTHER LIABILITIES	

## BALANCE SHEET AT DECEMBER 31, 2018

(Condensed version)

ASSETS	CONSOLIDATED GROUP OF STIHL HOLDING AG & CO. KG		ANDREAS STIHL AG & CO. KG		
IN THOUSANDS OF EUROS					
	Notes to the balance sheets	DEC. 31, 2018	Dec. 31, 2017	DEC. 31, 2018	Dec. 31, 2017
<b>FIXED ASSETS</b>					
Intangible assets		56,097	37,312	44,032	25,503
Property, plant and equipment		1,265,970	1,127,810	357,851	310,590
Financial assets (1)		1,925,324	1,745,618	387,838	337,368
		<b>3,247,391</b>	2,910,740	<b>789,721</b>	673,461
<b>CURRENT ASSETS</b>					
Inventories		1,219,996	1,041,539	233,171	192,432
Receivables and other assets					
Trade receivables		507,911	472,132	31,259	33,645
Receivables from related companies		20,240	21,331	185,567	143,303
Receivables from companies in which an equity interest is held		47	0	0	0
Other assets		97,006	98,113	11,231	21,601
		<b>625,204</b>	591,576	<b>228,057</b>	198,549
Securities (2)		57,128	51,711	0	5,000
Cash and bank balances		583,696	753,954	104,365	218,892
		<b>2,486,024</b>	2,438,780	<b>565,593</b>	614,873
<b>DEFERRED EXPENSES AND ACCRUED INCOME</b>		<b>24,896</b>	22,021	<b>3,221</b>	2,990
<b>DEFERRED TAX ASSETS</b>		<b>86,075</b>	67,590	<b>17,268</b>	13,834
<b>TOTAL</b>		<b>5,844,386</b>	5,439,131	<b>1,375,803</b>	1,305,158

**BALANCE SHEET STRUCTURE OF ANDREAS STIHL AG & CO. KG**  
 IN MILLIONS OF EUROS

ASSETS	<b>790</b>	<b>233</b>	<b>353</b>	<b>1,376</b>
	FIXED ASSETS	INVENTORIES	OTHER ASSETS	
LIABILITIES	<b>610</b>	<b>481</b>	<b>285</b>	<b>1,376</b>
	EQUITY	PROVISIONS	OTHER LIABILITIES	

**EQUITY AND LIABILITIES**  
 IN THOUSANDS OF EUROS

**CONSOLIDATED GROUP OF STIHL HOLDING AG & CO. KG**
**ANDREAS STIHL AG & CO. KG**

Notes to the balance sheets	<b>DEC. 31, 2018</b>	Dec. 31, 2017	<b>DEC. 31, 2018</b>	Dec. 31, 2017
<b>EQUITY</b> (3)	4,082,698	3,817,032	610,000	580,000
<b>PROVISIONS</b> (4)				
Provisions for pensions and similar obligations	450,488	407,989	410,834	370,865
Provisions for taxes	13,731	19,016	5,710	1,438
Other provisions	260,057	224,887	64,296	60,687
	<b>724,276</b>	651,892	<b>480,840</b>	432,990
<b>LIABILITIES</b>				
Liabilities to banks	14,645	9,986	0	0
Loan from the Eva Mayr-Stihl Foundation (5)	150,000	150,000	150,000	150,000
Participating capital (6)	33,774	32,181	33,774	32,181
Advance payments received	2,951	220	0	0
Trade payables	213,571	203,784	35,943	30,366
Liabilities to related companies	42	42	17,290	25,887
Liabilities to companies in which an equity interest is held	2,781	2,904	0	0
Liabilities to owners	533,422	482,198	15,644	20,218
Other liabilities	80,237	84,627	31,113	32,683
	<b>1,031,423</b>	965,942	<b>283,764</b>	291,335
<b>DEFERRED EXPENSES AND ACCRUED INCOME</b>	<b>745</b>	0	<b>1,087</b>	832
<b>DEFERRED TAX LIABILITIES</b>	<b>5,244</b>	4,265	<b>112</b>	1
<b>TOTAL</b>	<b>5,844,386</b>	5,439,131	<b>1,375,803</b>	1,305,158



# SUPPLEMENT TO THE FINANCIAL STATEMENTS

## CONSOLIDATED FINANCIAL STATEMENTS OF STIHL HOLDING AG & CO. KG

Information required by Section 13 Subsection 3 in conjunction with Section 5 Subsection 5 Sentence 3 of the German Companies Disclosure Act (Publizitätsgesetz):

1. Revenue	In thousands of euros	3,782,130
2. Income from equity investments	In thousands of euros	4
3. Wages, salaries, social security contributions and expenses for pensions and other employee benefits	In thousands of euros	905,714
4. Average number of employees in the twelve months ending on the balance sheet date		16,697

Waiblingen, March 2019

STIHL Holding AG & Co. KG  
The General Partners  
Dipl.-Ing. Hans Peter Stihl  
STIHL AG

The annual financial statements of the STIHL Holding AG & Co. KG group and ANDREAS STIHL AG & Co. KG are disclosed in the German Federal Gazette, in accordance with the German Companies Disclosure Act (Publizitätsgesetz).

## ANDREAS STIHL AG & CO. KG

Information required by Section 5 Subsection 5 Sentence 3 of the German Companies Disclosure Act (Publizitätsgesetz):

1. Revenue	In thousands of euros	1,198,184
2. Income from equity investments	In thousands of euros	0
3. Wages, salaries, social security contributions and expenses for pensions and other employee benefits	In thousands of euros	393,037
4. Average number of employees in the twelve months ending on the balance sheet date		4,856

Waiblingen, March 2019

ANDREAS STIHL AG & Co. KG  
The General Partners  
Dipl.-Ing. Hans Peter Stihl  
STIHL AG

## NOTES

### ACCOUNTING AND VALUATION METHODS

Fixed assets are valued at the cost of acquisition or production. Cost of production includes the costs of materials and labor, and an appropriate share of material and production overhead. Assets with a limited useful life are subject to systematic depreciation. Wherever deemed necessary, impairments are recognized to reflect assets' lower fair values.

Inventories are valued at the cost of acquisition or production, or at fair value if this is lower. General sales risks are reflected by appropriate range deductions. Receivables and other assets are measured at their nominal values. Allowances are made for recognizable individual risks and general default risk. Provisions for pensions are measured in accordance with the projected unit credit method on the basis of the Heubeck 2018 G mortality tables. All recognizable risks and contingent liabilities are taken into consideration in the measurement of other provisions. Liabilities are recognized at their settlement amounts.

### SCOPE OF CONSOLIDATION

The consolidated group includes STIHL Holding AG & Co. KG and all domestic and foreign affiliated companies (see list).

Due to their lesser importance, Carl Benz Center GmbH & Co. KG, Stuttgart, and Carl Benz Center Neckarpark GmbH, Stuttgart, are not included in the consolidated financial statements.

### CAPITAL CONSOLIDATION

Capital consolidation takes place in accordance with Section 301 Subsection 1 to Subsection 3 of the German Commercial Code (HGB). Differences arising from first-time consolidation before January 1, 2010 were offset against retained earnings.

### OTHER CONSOLIDATION METHODS

The Group's internal receivables and liabilities, revenues, income and expenses are eliminated. Inter-company profits are eliminated pursuant to Section 304 Subsection 1 of the German Commercial Code (HGB). Deferred taxes are recognized on inter-company profits as well as on debt consolidation affecting profit and loss.

### CURRENCY CONVERSION

The balance sheet values of the capital and reserves were converted at the respective average historical exchange rates of the respective year. Other assets and liabilities were converted at the average spot exchange rate on the balance sheet date.

## NOTES TO THE BALANCE SHEETS

### OF THE CONSOLIDATED GROUP OF STIHL HOLDING AG & CO. KG AND OF ANDREAS STIHL AG & CO. KG

#### ASSETS

##### (1) Financial assets

The financial assets reported in the consolidated financial statements mainly relate to equity investments, securities held as fixed assets and other loans.

##### (2) Securities

These are predominantly other securities used for short-term investments.

#### EQUITY AND LIABILITIES

##### (3) Equity

Equity in both balance sheets is shown as a total amount in accordance with Section 9 Subsection 3 of the German Companies Disclosure Act (Publizitätsgesetz).

##### (4) Provisions

The pension provisions cover pre-existing pension entitlements and future benefits.

Other provisions include possible provisions for outstanding employee benefits, tax payments and other contingencies.

##### (5) Loan from the Eva Mayr-Stihl Foundation

The loan is available to ANDREAS STIHL AG & Co. KG.

##### (6) Profit participation capital

A large number of employees of ANDREAS STIHL AG & Co. KG exercised the option to participate further in the capital of the company in the form of participation rights in fiscal year 2018.

##### (7) Average number of employees of the Group

Europe	7,690
America	4,816
Asia/Oceania/Africa	4,191
<b>TOTAL</b>	<b>16,697</b>

# COMPANIES OF STIHL HOLDING AG & CO. KG

Name of the company	Equity interest in %	Name of the company	Equity interest in %
<b>CONSOLIDATED COMPANIES</b>			
<b>Germany</b>			
STIHL Holding AG & Co. KG, Waiblingen	100.0	ANDREAS STIHL EOOD, Sofia, Bulgaria	100.0
STIHL AG, Waiblingen	100.0	STIHL d.o.o. Beograd, Belgrade, Serbia	100.0
ANDREAS STIHL AG & Co. KG, Waiblingen	100.0	OOO ANDREAS STIHL Marketing, St. Petersburg, Russia	100.0
STIHL International Gesellschaft mit beschränkter Haftung, Waiblingen	100.0	OOO STIHL SUEDWEST, Krasnodar, Russia	100.0
STIHL Vertriebszentrale AG & Co. KG, Dieburg	100.0	STIHL Limited, London, Ontario, Canada	100.0
ANDREAS STIHL Verwaltungs-GmbH, Waiblingen	100.0	ANDREAS STIHL S.A. de C.V., Cuautlancingo, Puebla, Mexico	100.0
STIHL-Verwaltungsgesellschaft mbH, Waiblingen	100.0	STIHL SAS, Rionegro, Antioquia, Colombia	100.0
STIHL Kettenwerk Verwaltungs-GmbH, Waiblingen	100.0	STIHL Motoimplementos S.A.U., El Talar, Buenos Aires, Argentina	100.0
STIHL Beteiligungsgesellschaft GmbH & Co. KG, Waiblingen	100.0	ANDREAS STIHL (PTY.) Ltd., Pietermaritzburg, South Africa	100.0
STIHL Kettenwerk GmbH & Co. KG, Waiblingen	100.0	Kabushiki Kaisha STIHL, Kaminokawa-machi, Tochigi, Japan	100.0
Zama Holding GmbH, Waiblingen	100.0	Taicang ANDREAS STIHL Power Tools Co., Ltd., Taicang City, Jiangsu, China	100.0
STIHL Digital GmbH, Waiblingen	100.0	ANDREAS STIHL Pvt. Ltd., Kuruli, Tal-Khed, Dist. Pune, India	100.0
<b>Other countries</b>			
STIHL Incorporated, Virginia Beach, Virginia, USA	100.0	STIHL SERVICE CENTRE SOUTHEAST ASIA SDN. BHD., Petaling Jaya, Malaysia	100.0
STIHL Ferramentas Motorizadas Ltda., São Leopoldo, Rio Grande do Sul, Brazil	100.0	STIHL MARKETING EAST AFRICA LIMITED, Nairobi, Kenya	100.0
ANDREAS STIHL Power Tools (Qingdao) Co., Ltd., Qingdao, China	100.0	Zama Corporation Ltd., Tai Po, NT, Hong Kong	100.0
STIHL Tirol GmbH, Langkampfen, Austria	100.0	Zama Japan Kabushiki Kaisha, Hachimantai-shi, Iwate-Ken, Japan	100.0
STIHL Gesellschaft m.b.H., Vösendorf, Austria	100.0	Guang Dong Zama Precision Industry Co., Ltd., Guangdong, China	100.0
STIHL Vertriebs AG, Mönchaltorf, Switzerland	100.0	U.S.A. Zama, Inc., Franklin, Tennessee, USA	100.0
ANDREAS STIHL Ltd., Camberley, Surrey, United Kingdom	100.0	Zama Precision Industry Manufacturing Philippines, Inc., Sto. Tomas, Philippines	100.0
ANDREAS STIHL N.V., Puurs, Belgium	100.0	Zama Precision Industry (Huizhou) Co., Ltd., Huizhou City, China	100.0
ANDREAS STIHL SAS, Torcy, Marne-la-Vallée, France	100.0	STIHL PTY. Ltd., Knoxfield, Victoria, Australia	100.0
ANDREAS STIHL S.A., Torres de la Alameda, Spain	100.0	STIHL Limited, Auckland, New Zealand	100.0
ANDREAS STIHL S.A., Sintra, Portugal	100.0	<b>NONCONSOLIDATED COMPANIES</b>	
ANDREAS STIHL S.p.A., Cambiago, Italy	100.0	Carl Benz Center Objekt GmbH & Co. KG, Stuttgart, Germany	100.0
ANDREAS STIHL S.A., Acharnes, Attica, Greece	100.0	Carl Benz Center Neckarpark GmbH, Stuttgart, Germany	100.0
ANDREAS STIHL A/S, Sandefjord, Norway	100.0	<b>OTHER HOLDINGS</b>	
ANDREAS STIHL Norden AB, Stenkullen, Sweden	100.0	BMZ Holding GmbH, Karlstein am Main, Germany	20.0
ANDREAS STIHL Oy, Vantaa, Finland	100.0	Globe Holdings (Hong Kong) Co., Ltd., Hong Kong	35.0
ANDREAS STIHL Sp. z o.o., Tarnowo Podgórne, Poland	100.0	GreenIQ Ltd., Petah-Tikva, Israel	34.4
ANDREAS STIHL, spol. s r.o., Modřice, Czech Republic	100.0	Freiraum GmbH, Stuttgart, Germany	18.0
ANDREAS STIHL Kereskedelmi Kft., Biatorbágy-Budapark, Hungary	100.0	High-Tech Gründerfonds III GmbH & Co. KG, Bonn, Germany	1.0
ANDREAS STIHL Motounelte S.R.L., Otopeni, Romania	100.0		
TOV ANDREAS STIHL, Kiev, Ukraine	100.0		
TOV ANDREAS STIHL Zemelna Kompanija, Kiev, Ukraine	100.0		

# BOARDS OF THE GROUP

## MEMBERS OF THE ADVISORY BOARD OF STIHL HOLDING AG & CO. KG

**Dipl.-Ing. Hans Peter Stihl**, Remseck  
Honorary Chairman of the Advisory Board

**Dr. Nikolas Stihl**, Stuttgart  
Chairman of the Advisory Board

**Eva Mayr-Stihl**, Remseck  
Deputy Chair of the Advisory Board

**Prof. Dr. h. c. Ludwig Georg Braun**, Melsungen  
(Member of the Advisory Board until June 27, 2018)

**Dipl.-Wirt.-Ing. Franz Fehrenbach**, Stuttgart

**Prof. Dr. Michael Hoffmann-Becking**, Düsseldorf

**Friedrich Merz**, Düsseldorf and Arnsberg  
Attorney at Law

**Selina Stihl (MSc, MBA, ACA)**, Stuttgart

**Dipl.-Ök. Karen Tebar**, Waiblingen

**Dr. Eberhard A. Veit**, Göppingen  
Managing Director of 4.0-Veit GbR  
and former Chairman of the Executive Board of Festo AG  
(Member of the Advisory Board from June 27, 2018)

## MEMBERS OF THE EXECUTIVE BOARD OF STIHL AG

**Dr. Bertram Kandziora**  
Chairman of the Executive Board,  
Manufacturing and Materials

**Dipl.-Bw. (FH) Karl Angler**  
Finance, Controlling, Information Systems and Service

**Dipl.-Ing. (FH) Norbert Pick**  
Marketing and Sales

**Dr. Michael Prochaska**  
Human Resources and Legal Affairs

**Dipl.-Ing. Wolfgang Zahn**  
Research and Development

## MEMBERS OF THE SUPERVISORY BOARD OF STIHL AG

**Dipl.-Ing. Hans Peter Stihl**, Remseck  
Honorary Chairman of the Supervisory Board

## REPRESENTING THE OWNERS

**Dr. Nikolas Stihl**, Stuttgart  
Chairman of the Supervisory Board

**Dipl.-Wirt.-Ing. Franz Fehrenbach**, Stuttgart  
Additional Deputy Chairman of the Supervisory Board  
Chairman of the Supervisory Board of Robert Bosch GmbH  
and Managing Partner of Robert Bosch Industrietreuhand KG

**Prof. Dr. h. c. Ludwig Georg Braun**, Melsungen  
Chairman of the Supervisory Board of B. Braun Melsungen AG  
(Member of the Supervisory Board until June 27, 2018)

**Prof. Dr. Michael Hoffmann-Becking**, Düsseldorf  
Attorney at Law and former partner at the law firm Hengeler Mueller

**Eva Mayr-Stihl**, Remseck

**Selina Stihl (MSc, MBA, ACA)**, Stuttgart

**Dipl.-Ök. Karen Tebar**, Waiblingen  
(Member of the Supervisory Board from June 27, 2018)

## REPRESENTING THE EMPLOYEES

**Günter Meyer**, Weinsheim  
Deputy Chairman of the Supervisory Board (from June 27, 2018)  
Chairman of the Employee Council of the Weinsheim plant of  
ANDREAS STIHL AG & Co. KG

**Marcus Retter**, Ingersheim  
Deputy Chairman of the Supervisory Board (until June 27, 2018)  
Plant Safety Officer of ANDREAS STIHL AG & Co. KG  
(Member of the Supervisory Board until June 27, 2018)

**Dipl.-Kfm. Thomas Bamesberger**, Stuttgart  
Head of Production and Logistics at  
ANDREAS STIHL AG & Co. KG

**Marion Freytag**, Burgstetten  
Quality Officer in the Crankshaft Production Department  
at ANDREAS STIHL AG & Co. KG  
(Member of the Supervisory Board from June 27, 2018)

**Tatjana Funke**, Stuttgart  
Secretary of the Baden-Württemberg Regional Management  
of the trade union IG Metall  
(Member of the Supervisory Board from June 27, 2018)

**Matthias Fuchs**, Ludwigsburg  
First authorized representative of the Waiblingen office of the  
trade union IG Metall

**Dr. Klaus Langhans**, Winnenden  
Senior Manager, Blower Production, ANDREAS STIHL AG & Co. KG  
(Member of the Supervisory Board from June 27, 2018)

**Dipl.-Ing. (FH) Hardy Völler**, Winnenden  
Division Manager, Plastic Parts Production Center,  
ANDREAS STIHL AG & Co. KG  
(member of the Supervisory Board until June 27, 2018)

**Gerhard Wick**, Geislingen an der Steige  
First authorized representative of the Esslingen office of the  
trade union IG Metall  
(Member of the Supervisory Board until June 27, 2018)