



# Annual Review

## Management Report

- 44 Management Report – The STIHL Group
- 46 Management Report – The STIHL Founding Company
- 48 Our Employees
- 50 Development
- 53 Quality, Occupational Safety and Environmental Protection
- 56 Markets
- 58 Production
- 62 Purchasing

## Financial Statements

- 64 Balance Sheet Structure
- 64 Balance Sheet
- 66 Supplement to the Financial Statements
- 67 Notes
- 68 Companies of STIHL Holding AG & Co. KG
- 69 Boards of the Group

# Management Report – The STIHL Group

In the last fiscal year, the STIHL Group once again achieved record revenue. The Group's total capital investment in facilities and new technologies was also very strong, amounting to 248.3 million euros. Much of this investment has been directed to construction projects at international locations across the Group.

## **REVENUE REACHES ALMOST 3.8 BILLION EUROS**

In fiscal 2017, the STIHL Group generated consolidated sales of 3,792 million euros. The revenue increase was 9.7 percent compared to the previous year (2016: 6.6 percent). The proportion of revenue generated outside Germany was 89.8 percent, compared with 89.7 percent in the previous year. The European Union accounted for 37.6 percent of total revenue.

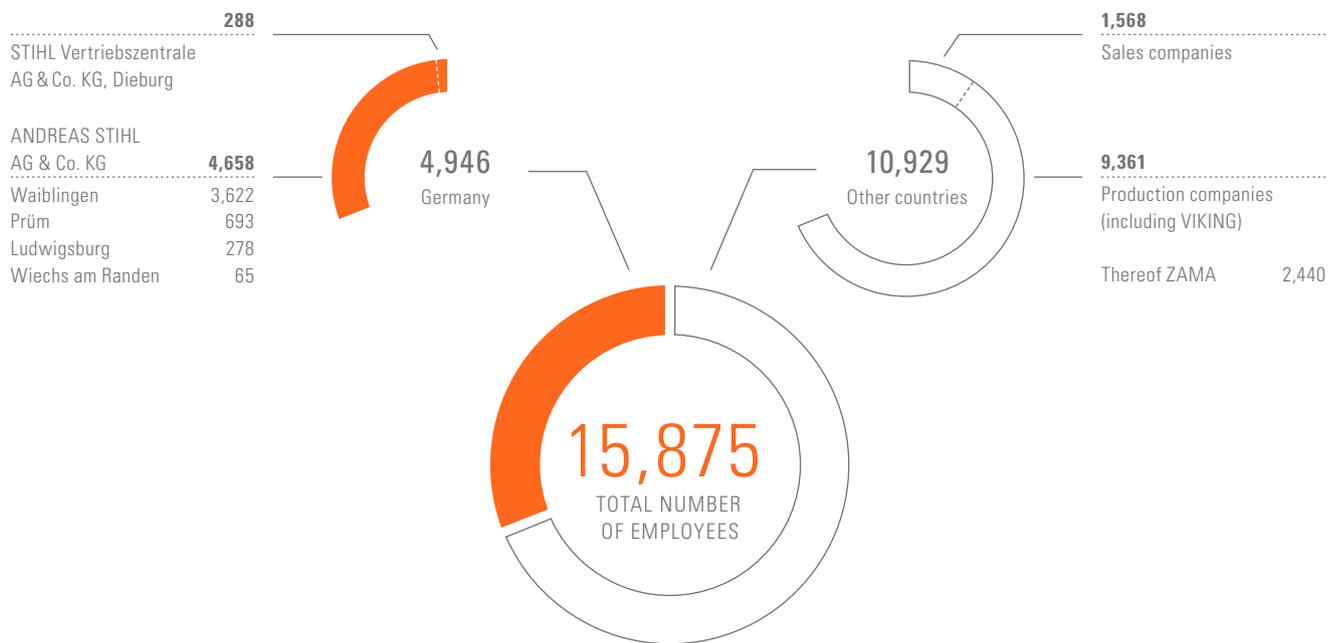
Currency exchange rates negatively impacted revenue by 0.5 percent. Calculated at the average exchange rates of 2016, revenue grew by 10.2 percent. The US dollar was trading at an annual average of 1.13 against the euro and was above the previous year's level.

## **INVESTMENT IN GERMANY AND ABROAD**

In 2017, the investment volume (property, plant and equipment and intangible assets) in the STIHL Group amounted to 248.3 million euros (2016: 209.3 million euros).

28 percent of that amount was invested at ANDREAS STIHL AG & Co. KG, while 72 percent was invested in the other companies of the Group, both in Germany and abroad. Depreciation amounted to 155.5 million euros. 88.2 percent of the total investment was at the production companies within the STIHL Group.

**NUMBER OF EMPLOYEES 31.12.2017 – STIHL GROUP**



As in the previous year, construction activity in the Group was at a high level in 2017. Thus, further investments were made in the production and logistics facilities of the production companies. At STIHL Kettenwerk in Switzerland, the expansion of the plant in Bronschhofen was completed. In Huizhou, China, the new location of the ZAMA Group was put into operation.

At VIKING GmbH in Austria, a groundbreaking ceremony took place for the production and development expansion. The new research and development center in Brazil is under construction, and the Qingdao plant in China is being expanded by 23,000 square meters.

**SATISFACTORY EARNINGS**

From a Group perspective, the earnings situation was once again satisfactory in 2017.

**STRONG FINANCIAL STRUCTURE**

The capital structure remains positive. The equity ratio at the end of the reporting period amounted to 70.2 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.

# Management Report – The STIHL Founding Company

ANDREAS STIHL AG & Co. KG, the founding company of the Group, recorded an impressive jump in sales in the past reporting year: 1.15 billion euros in revenue was generated by the seven production sites in Germany, an increase of 13.3 percent over the previous year. Large investments – above all in facilities, research and development, new production equipment and IT infrastructure – further strengthened the competitiveness of the German locations, both for today's market and for the future.

## **RECORD REVENUE ONCE AGAIN AT ANDREAS STIHL AG & CO. KG**

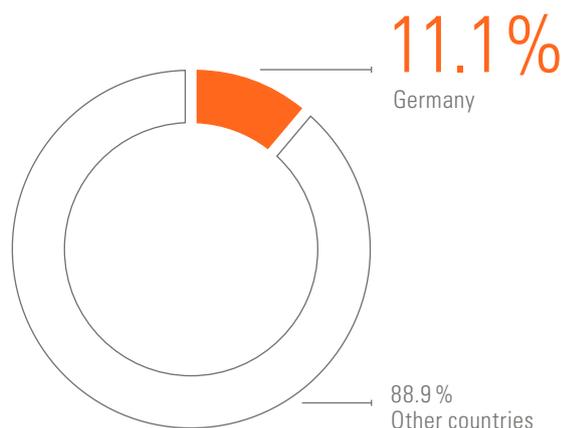
In fiscal year 2017, the revenue of the founding company increased by 13.3 percent to 1.15 billion euros (previous year's increase: 2.4 percent). The export ratio of 88.9 percent was at the prior-year level (88.9 percent). Sales growth was recorded in all regions.

## **HIGH INVESTMENT**

The investment volume (property, plant and equipment and intangible assets) amounted to 69.6 million euros in fiscal year 2017 (previous year: 70.0 million euros). Much of this investment was directed to the expansion of the development center, the new logistics center in Waiblingen and the expansion of the logistics center in Ludwigsburg. In addition, significant investments were made in research and development at the Waiblingen location, in new production facilities and in IT infrastructure. As in previous years, investments in 2017 exceeded depreciation.

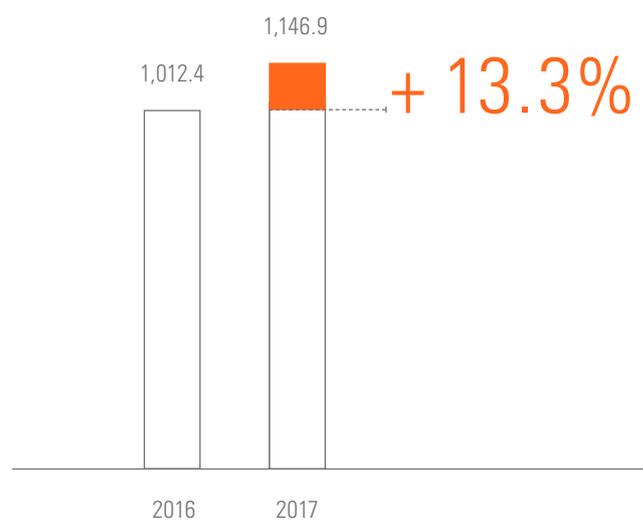
### SALES DISTRIBUTION 2017 – ANDREAS STIHL AG & CO. KG

in %



### REVENUE GROWTH IN 2017 – ANDREAS STIHL AG & CO. KG

In millions of euros



### STABLE EQUITY RATIO OF 44.4 PERCENT AND CONTINUED HIGH LIQUIDITY

The equity ratio stands at 44.4 percent and therefore matches the level of the previous year. Equity therefore covers most non current assets. Total liquidity, including securities held as current and non current assets, accounted for 41.9 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.

### SELF-FINANCED PENSION OBLIGATIONS INCREASED

The actuarial reports led to an increase in pension provisions and other liabilities from outstanding capital payments of 6.5 percent compared to 2016 (increase in the previous year: +1.9 percent). The calculations are based on the Heubeck 2005 G mortality tables.

## Our Employees

The STIHL Group is on a growth course – this can be seen not only in the sales figures, but also in the many employees who are now working for STIHL companies worldwide: In January, the 15,000-employee mark was overtaken. In 2017, at the founding company in Germany alone, around 130 vacancies had to be filled. Globally speaking, the STIHL Group will grow by more than 800 employees in fiscal year 2018.

### RECRUITING

Despite the enormous growth course and the successful business development, STIHL competes with other well-known companies for the best and brightest. Therefore, it is important to go about recruitment in innovative ways.

One example is the recruiting poster campaign, which was specifically aimed at experienced electronics engineers. Colleagues from the STIHL Personnel Marketing Department launched this campaign at the founding company together with engineers from the Electronics Development Department. The campaign posters, which contained messages in technical jargon, were prominently placed across the region. The result: STIHL received numerous applications and several top candidates were offered permanent positions. In addition, the campaign was honored with the gold “Employer Branding Award” and nominated for an “HR Excellence Award.”

VIKING is recruiting new employees with a very special program: In 2017, the employee referral program was

introduced. If an employee recommends a job candidate who is actually hired, the person making the referral will receive a day’s leave as thanks.

STIHL Brazil focuses on recruiting internally. More than 75 percent of the vacant positions were filled by its own employees last year.

At STIHL Inc. in Virginia Beach, the “Talent Acquisition Team” continued the work begun in 2016 to be well positioned for the largest launch of new products in the company’s history. In 2017, numerous additional positions were filled in various areas – including additional posts in six sales offices in the USA.

### HR GOES DIGITAL

Human resources management at STIHL took a step forward with the introduction of the “SuccessFactors” HR software. The cloud-based application is to be used throughout the entire STIHL Group. The workflows are already globally defined and coordinated for the first two

modules, “Recruiting” and “Talent & Succession.” “SuccessFactors” is attractive because it has the flexibility to meet global and local needs in equal measure. In addition, the advantages of using a cloud-based standard software are obvious: The maintenance of the application is much easier and STIHL benefits from regular updates, similar to those of a smartphone application. The new digital workflows also replace paper processes and provide real-time data.

### APPRENTICESHIPS AND FURTHER TRAINING

STIHL Kettenwerk in Switzerland is increasing its number of apprentices. With this step and the focus on the area of automation, the Swiss company wants to be prepared for the increased demand for skilled workers. The “STEM” project has also been successfully launched in Switzerland. This project aims to get young women interested in technical education as well as in science and technology. In Wil, there has been a partnership with the girls’ secondary school since 2017 – and initial projects, such as the construction of a 3D printer, have already been implemented.

At VIKING in Langkampfen, a new skilled position – electrical engineer – was added to the training program last year.

### NUMEROUS DEVELOPMENT OPPORTUNITIES

Greater transparency in career advancement is the buzzword for manufacturing operations at STIHL Inc. Therefore, the program has been enhanced with opportunities for ongoing individual training. The same applies to active succession planning when filling key positions. With both activities, STIHL Inc. wants to increase awareness of internal opportunities and support employee development.

The consistent development of the already-active workforce also plays a major role in the STIHL founding company. For example, since 2017, the “Cockpit Leadership” seminar series has offered new training opportunities for executives, based on the guidelines for cooperation at STIHL, “With Each Other – For Each Other.”

Another example from last year was the first interactive forum on the topic of digitalization. Christoph Keese, Executive Vice President of Axel Springer SE, was a guest. Keese spoke about his six-month stay in Silicon Valley and took the approximately 200 guests on a short tour behind the scenes of the Californian ideas factory. The response to the forum was so positive that the series will continue in 2018. The aim of the event is to receive external stimuli and to support cross-departmental cooperation.

At STIHL China, the HR Department is improving training of new employees and the interdisciplinary exchange between departments. The “Communication Salon,” for example, brings together new colleagues and the management team. There are discussions regarding individual development plans and a so-called VIP lunch in the canteen. Via the online service WeChat, a STIHL online community was also launched that shares corporate news, events and general service information.

### AWARDS

In 2016, STIHL was awarded the Human Resources Excellence Award for an interactive, 360-degree recruiting film. The film, in which viewers can find out more about STIHL as an employer in an animated 360-degree world, also impressed a European jury in 2017. And so the “European HR Excellence Award” went to Waiblingen. With this award, Quadriga University of Applied Sciences Berlin and the trade magazine Human Resources Manager honor companies throughout Europe for innovative flagship projects in human resources management.

VIKING was excited to receive two employer awards in 2017. The company was named “State-approved training company.” A team from Langkampfen also won the “Best Recruiters Award 2017/18” in Austria in the “Industry” category.

South America also had reason to celebrate in 2017. STIHL Brazil is now on the list of best employers in the state of Rio Grande do Sul. The research and consulting institute Great Place to Work (GPTW) collects annual data from employee surveys, highlighting the most successful HR strategies implemented by HR departments and corporate executives. STIHL finished fifth in the “Large company” category (companies with 1,000 employees or more).

## Development

STIHL continues to grow. In 2017, the demand for battery-powered products was especially strong, and new products attracted new customers. Despite the battery boom, gasoline-powered chain saws and outdoor power equipment remain the foundation of our success. “Made by STIHL” is synonymous worldwide with top quality in products and processes. Unsurpassed know-how helps preserve this international technical leadership.

### INNOVATION OF THE YEAR

In 2017, STIHL introduced the TS 440 cut-off machine, designed with expanded guard adjustability, higher torque and a sensor-activated wheel brake. The expanded guard adjustment range provides greater utility in cutting circumstances where the guard on traditional machines would limit access, such as at the bottom portions of walls, in corners and on the underside of in-ground pipes. This expanded guard adjustability is made possible by the sensor-activated STIHL QuickStop™ wheel brake technology, designed to stop the rotation of the cutting wheel in fractions of a second in the event of kickback when the guard is in the open position. The TS 440 is the world’s first cut-off machine equipped with this technology. Versatile enough for general construction applications but well suited for limited access cuts, the TS 440 represents the latest in professional cutting solutions from STIHL.

### NEW PRODUCT FAMILY IN THE BATTERY SEGMENT

STIHL has been expanding its battery-powered product portfolio for almost ten years. The popularity of easy-to-use,

powerful devices keeps on growing. With the introduction of a new product family, STIHL is specifically targeting homeowners in the consumer segment. Thanks to an integrated rechargeable battery, the STIHL FSA 45 grass trimmer, the STIHL HSA 45 battery-powered hedge trimmer and the STIHL BGA 45 blower are lightweight and easy to use. The new devices are positioned in the market at a lower price point than the STIHL PRO or STIHL COMPACT battery systems, making STIHL quality available to a broader customer base.

### POWERFUL AND LIGHTWEIGHT

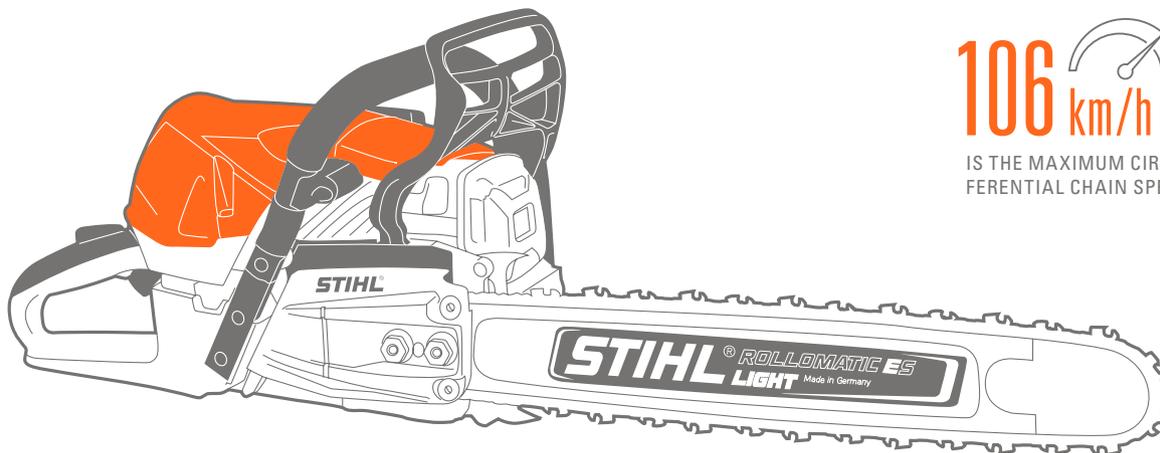
“We are accelerating in both segments.” This phrase was often heard at STIHL in 2017 – and is reflected in the sales volume and revenue growth in both battery and gasoline-powered products. At the same time, STIHL will never lose sight of its technological leadership. With the STIHL MS 462 C-M, the company launched a true all-round workhorse last year and with it takes a bold step forward: The MS 462 is the lightest high-performance chain saw in its displacement class. It has a weight advan-

## STIHL MS 462

The STIHL MS 462 is an all-round workhorse. It's suitable for demanding felling work in the forest, but also as a pruning saw. It is the lightest high-performance chain saw in the 70 cubic centimeter displacement class.

**72**   
SECONDS ARE NEEDED  
TO CALIBRATE  
FROM STARTING THE  
MACHINE.

**106**  km/h  
IS THE MAXIMUM CIRCUM-  
FERENTIAL CHAIN SPEED.



tage of around 600 grams over its rivals. Provided with the latest generation of the STIHL M-Tronic, it offers premium performance under all conditions. Equipped with a high-torque motor, the STIHL MS 462 has sufficient power for felling large stands of timber and when cutting with longer guide bars.

During development there was a special focus on ergonomics. Along with experience from previous projects, the results of a special development study and tests with forestry workers were incorporated into the design of the STIHL MS 462. The design includes narrow handle guides, good balance and optimized grip positions relative to the machine's center of gravity, which all help make the saw easier to use. The effort required from the operator is reduced, and the tree can be processed more efficiently and with reduced operator fatigue.

The saw is also available with a wrap-around handle and other features often preferred by first responders and rescue workers.

In addition to the gasoline-powered MS 462, two electric products were added to complement the current STIHL product range. The STIHL MSE 141 is a cost-effective, entry-level electric saw that extends our product line. Also added was the STIHL MSA 140 C, a new battery-powered chain saw in the consumer class. It joins a more powerful version of the MSA 120 C and an updated STIHL AK 30 battery, which enables longer running times.

### LAWN MOWING MADE EASY

Green turns orange – that is the title for the complete integration of VIKING products into the STIHL brand. The change got off to a good start in 2017, as the first ground-supported products – the flagship discipline of VIKING – became available in orange: STIHL RMA 339 and 339 C, RMA 443, 443 C, 443 TC, 448 TC and 2 RT, RMA 510 and RMA 235.

The STIHL RMA 339 and 339 C switched to the AK battery line. In addition, these mowers now utilize a direct drive system and a flow-optimized blade for mowing larger areas.

The RMA 443, 443 C, 443 TC, 448 TC and 2 RT models all offer a new battery-powered motor, AP batteries and direct drive. The STIHL RMA 510 was specially designed for the USA, Canada, Australia and New Zealand markets and is noteworthy for its wider cutting deck and attractive price point. Series 2 of the STIHL MA 235 is supplemented by a variation with a rechargeable battery based on the ME 235. This mower also features the innovative direct drive, higher efficiency and longer runtime.

Lawnmower innovations in 2017 were not limited to battery-powered products. STIHL gasoline-powered lawnmowers also caused a stir. The STIHL MB 650 VE now has a redesigned electronic start system, which makes starting the engine even easier. It comes alive at the push of a button, and, thanks to variable speed settings, the speed of the mower can be adjusted to match the individual preferences of the user and the terrain.

The STIHL MB 655 RS has a special feature – a metal rear roller in the rear axle to provide an attractive striped design on your lawn. A metal inner ring built into the housing protects the chassis against foreign objects. And the knife-brake coupling (BBC) developed by VIKING decouples the crankshaft from the blade so that impact with foreign objects will not transfer damaging energy to the engine.

### **BRUSHCUTTER FROM QINGDAO**

STIHL brushcutters are perfect tools for landscaping and forest management. They mow stubborn grass and scrub, and really impress when put to work in thick forest brush. They are easy to use, have low vibration levels and exhibit extreme ruggedness and reliability to complement precision performance. The new STIHL FS 230 and STIHL FR 230 brushcutters were launched in 2017, and were especially designed for farmers in emerging markets in Asia. That is also why they were produced at STIHL China in Qingdao. They are among the first STIHL-branded products manufactured in Asia especially for the Asian market. They also incorporate a very high proportion of locally procured components and meet Chinese emission regulations.

### **USEFUL ACCESSORIES**

The STIHL AR 1000 lithium-ion backpack battery with 626 watt-hours of stored energy is a new addition to the STIHL PRO Battery System line. The robust housing with integrated carrying handle and base plate has a comfortable, ergonomic backpack system with waist harness. It also features an adjustable chest strap, a connecting cord with plug, and an AP adapter with Battery Bag – along with a handy USB charging port. The AR 1000 is suitable for every-

day work in noise-sensitive areas. It can even be used in the rain thanks to an attachable rain cover.

The STIHL AP Battery Bag offers a practical accessory for STIHL battery-powered products designed for use with the battery connecting cord. This accessory makes it possible to power any STIHL device with an integrated socket – using an AP battery carried at the operator's waist. The integrated electronics are equipped with overload cut-off and audible alert signals.

Working long hours with STIHL brushcutters is made easier with the STIHL FS belt X-TREEm. The new high-end brushcutter belt is intended primarily for professionals who work in the forest. The adjustable length of the back section makes the device customizable to shorter and taller operators alike. An additional joint in the back section increases freedom of movement – especially ideal for operators working long hours in the forest.

# Quality, Occupational Safety and Environmental Protection

In light of the growing challenges posed by digitalization, globalization and product diversification, the STIHL Group is continually pursuing the preservation of international and internal company standards in the areas of quality, occupational safety, environmental protection and energy conservation. Prevention rather than reaction is the motto for the entire STIHL Group.

## **GERMANY – ANDREAS STIHL AG & CO. KG**

A global quality offensive to ensure long-term product and process quality should not only reinforce STIHL's leadership in this area, but also encourage further reflection. Numerous individual projects are taken on with the goal of securing lasting product quality systems, exceeding customer expectations and achieving improvements for the entire product portfolio. For this purpose, processes are being evaluated with new tools, and the results are being tracked in a specially developed customer satisfaction model.

## **HEALTHIER WORK**

Fewer workplace accidents and more ergonomic workstations – the integration of occupational health care and safety is a high priority at STIHL. Having an internal company doctor and other social services on-site are just two examples of this. Together, prevention measures are developed. There are regular ergonomic consultations for all

employees, both for those working in production and assembly as well as those at office workstations.

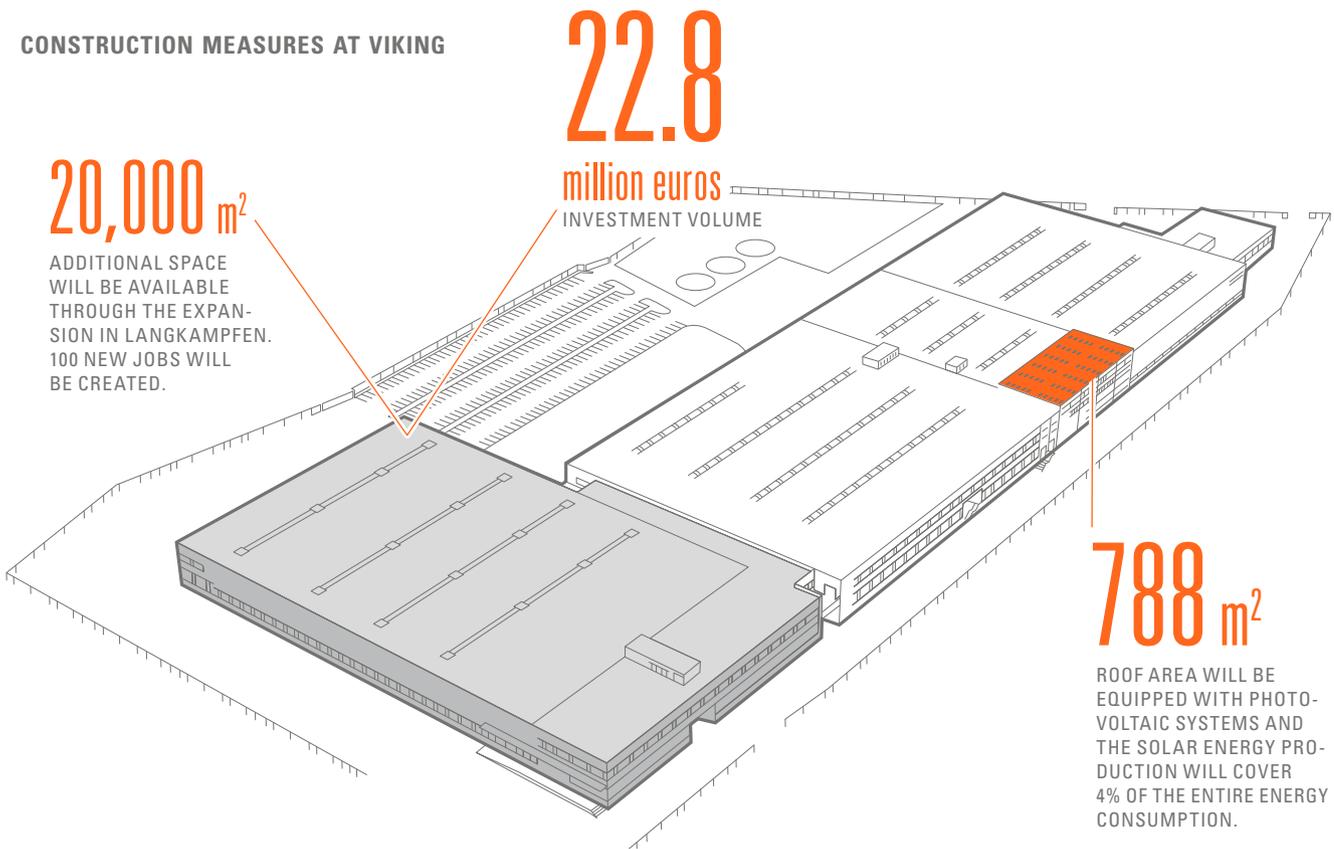
## **CERTIFIED**

STIHL's established quality, safety, environmental and energy management systems (ISO 50001) once again met expectations. The existing group certificates were all confirmed in 2017. Tests have already been conducted in several production plants according to the revised ISO quality (ISO 9001: 2015) and environmental standards (ISO 14001: 2015). The external certification of management systems makes it easier for STIHL to have new products approved for sale in certain markets.

## **VOLUNTEER RESCUE WORKERS**

In a physical sense, STIHL and the Waiblingen volunteer fire department are already close. Now they are coming even closer together at an operational level. A change in

## CONSTRUCTION MEASURES AT VIKING



the law now allows volunteer firefighters to work at more than one brigade. This means volunteer firefighters employed at Plants 1 and 2 in Waiblingen-Neustadt can now work with the Neustadt fire department. The first department training exercises with STIHL employees – most of which take place during working hours – have already been completed successfully. Among other things, they practiced rescue operations at extended heights in the new high-bay warehouse in the production logistics facility. Going forward on a monthly basis, STIHL volunteer firefighter employees and local firefighters will spend two hours together in a training session.

**BRAZIL – STIHL FERRAMENTAS MOTORIZADAS LTDA.**

The quality strategy at STIHL Brazil emphasizes a greater responsibility towards the environment in the ongoing production process, and it pays special attention to preventing quality issues under the motto: “Produce quality, don’t test it.” In addition to the high standards for their own work, there is also a big commitment to the environment at the site in the state of Rio Grande do Sul.

**LESS IS MORE**

The efficient and responsible use of resources – especially water – is of particular importance at all STIHL locations, including in Brazil. By November 2017, more than 20,000 cubic meters of recycled water had been used instead of fresh water, a significant reduction. Among other things, improvements in cylinder production contributed to reducing water consumption per manufactured product by more than one liter.

In addition, STIHL Brazil has set the internal goal of reducing power consumption in production. In 2016, around 9 kilowatt-hours were still needed per powerhead, compared to 8.6 kilowatt-hours in 2017. The reasons for the savings include energy recovery from blowers, reduction of energy demand at the manufacturing cells, optimization of the honing machines and innovations in the injection molding machines. All in all, these efforts have lowered STIHL Brazil’s total energy requirements by more than 28 percent since 2014.

**SWITZERLAND – STIHL KETTENWERK GMBH & CO. KG**

In addition to powerheads, the STIHL Group also manufactures the saw chains and guide bars for its machines. STIHL saw chains are “Swiss high-precision work.” They are manufactured on special machines developed and produced in-house.

**REDUCED CONSUMPTION**

For years, STIHL Kettenwerk has been committed to skillfully combining environmental concern and economic success. In the past year, ambitious environmental protection goals were again achieved: Electricity and gas consumption fell by more than 2,400 megawatt-hours. Likewise, the volume of water, metal sludge and waste paper was reduced. In addition, the company has successfully implemented various measures to reduce CO<sub>2</sub> emissions. This environmental success also led to the exemption from CO<sub>2</sub> tax.

**CHINA –****ANDREAS STIHL POWER TOOLS (QINGDAO) CO., LTD.**

Growth was the buzzword for the STIHL plant in Qingdao in 2017. The number of employees increased to more than 1,000, and the number of powerheads produced increased by more than 30 percent. With a self-initiated offensive for quality assurance, STIHL China once again succeeded in maintaining its top position in the global manufacturing network.

**NEW LAB AND NEW PLASTIC INJECTION SHOP**

In order to produce in a sustainable way and at a high level, there have been some innovations in Qingdao: A test laboratory with increased capacity and an in-house plastic injection molding shop are now ready. In addition, the network of suppliers for the development of new parts has been expanded significantly, and through the linking of the Supplier Quality Promotion Department with the Development service, synergies are used in the process of advanced quality planning.

**USA – STIHL INCORPORATED**

To meet its own high standards, last year STIHL Inc. tirelessly promoted product quality and process improvements. An integral part of this effort is a “Business Excellence Team,” which examines audit topics. Under the motto “The Power of Quality,” employees at all levels were approached and asked to focus on excellence in every

step of the production process to exceed customer expectations for all products and services.

**OUTSTANDING COMMITMENT**

The ongoing commitment of STIHL Inc. to environmental protection and sustainable management underpins certification to the new ISO 14001: 2015 standard. In addition, Virginia Beach received the “Excellence in Reusable Packaging Award” for its efforts to replace disposable packaging with reusable packaging.

**AUSTRIA – VIKING GMBH**

September saw the groundbreaking ceremony for an expansion, which will provide additional space for production. It will also house the development, prototyping, electrical laboratories, durability test cells and a modern training workshop. There was also a preliminary study on the installation of a photovoltaic system. The system will be installed in 2018, and will cover the full base load needed to operate the units in the building outside of working hours.

**SAFER THAN EVER**

New record in occupational safety: In 2017, VIKING achieved its lowest-ever accident rate with only 4.5 work-related accidents per million hours worked. Despite the steadily increasing volume of work, increased plant traffic and increased production volume, the prudent behavior of the workforce in particular contributed to this good result. Concrete measures and training also reduced the risks associated with well-known sources of potential workplace accidents.

**ZAMA CORPORATION LTD.**

The construction of the new plant in Huizhou, China, dominated the year 2017 at ZAMA. For the new location, a special investment was made for a closed system for reprocessing water used in production. 80 percent is recycled and returned to production for reuse. The remaining 20 percent is brought up to drinking water quality by distillation and reverse osmosis and used for cooling purposes. In addition, ZAMA reduced overall water consumption by 70 percent with various water treatment measures.

## Markets

With further significant increases in sales and the associated gains in market share, the STIHL brand has further expanded its leading position in world markets. In addition to our core gasoline-powered products business, battery products make up a growing part of the firm's success.

### **10 MILLION UNIT MARK SURPASSED**

With sales growth in the double-digit range on all continents, STIHL exceeded the 10 million unit mark for the first time in a single year. Almost all significant sales markets contributed to the positive growth. The newly introduced battery-powered products for consumers are popular in industrialized countries and are proving to be strong growth drivers. In addition, with the extended line of battery-powered products, new customer groups are being won for the STIHL brand and servicing dealers.

### **BATTERY-POWERED POPULAR IN EUROPE**

Following an already very successful year in 2016 with ideal weather conditions in the spring and a correspondingly strong demand for engine-powered gardening tools, STIHL battery-powered products were once again the main contributors to sales growth in Western Europe. As a result, there have been strong market share gains for the STIHL brand within this segment.

In Eastern Europe, battery-powered devices also enjoy increasing popularity, starting however from a comparatively low level. Growth drivers in this region are therefore still

the classic gasoline-powered products, especially gasoline-powered chain saws and gasoline-powered grass trimmers. The ongoing recovery of the Russian market likewise played a significant role in this growth.

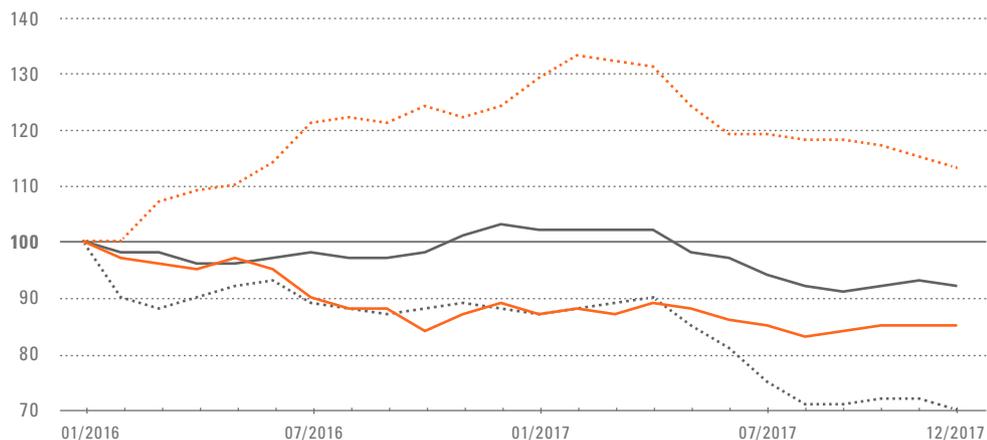
In January 1967, STIHL Austria was officially registered as STIHL GmbH & Co. KG – at the time, the first independent STIHL affiliate outside of Germany. What began as a small business has become a real success story today and a template for the many sales companies worldwide.

The 50th anniversary was celebrated in Vienna by the entire workforce, together with representatives of the STIHL AG Executive Board and the Stihl family. Last year the STIHL sales companies in Norway and Sweden both celebrated a 30-year history. The anniversary was crowned by the Stihl TIMBERSPORTS® World Championship, which took place at the beginning of November in Lillehammer, Norway. In 2017, STIHL Romania also celebrated the 20th anniversary of its founding.

## CURRENCY EXCHANGE RATES AGAINST THE EURO IN 2016/2017

Changes in percent/Monthly rates/Source: www.oanda.com

[INDEX/STARTING POINT JANUARY 2016 = 100]



The graph shows the development against the euro of the following currencies in the years 2016–2017.

— 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 2016 to December 2017 and are indexed against the starting point, January 2016 (= index 100).

### GROWTH IN NORTH AMERICA

The introduction of the new battery-powered consumer products has also caused quite a buzz in North America and triggered a strong surge in demand. But the gasoline-powered products business continues to trend favorably in North America. Gasoline-powered chain saws benefited recently from additional demand, mainly from the southern United States. Both in classic gasoline-powered products and in battery-powered products, market share has continued to increase.

### POSITIVE RESULTS IN SOUTH AMERICA

The severe economic crisis in Brazil made itself felt, particularly in the first half of 2017, and led to noticeable customer restraint. The sales trend later in the year, however, gives reason to hope that the low point is in the past. Despite the recession in Brazil, other key markets in Latin America have contributed double-digit growth rates. This applies in particular to Argentina, Colombia and Mexico, where STIHL is represented by its own sales companies.

### ASIA AND OCEANIA GROW

Favorable economic conditions positively influenced sales growth in Asia. The STIHL sales companies in China, India and Japan each posted above-average growth, enabling them to further expand their market position.

The positive sales development in Oceania from the previous year continued unabated in 2017. Gasoline and battery-powered products contributed almost equally to this growth.

### EXTREME DROUGHT IN AFRICA

Large parts of Africa, especially in the southern part of the continent, are suffering from the worst drought in decades. The impact on agriculture is serious, and has led to crop failures and lost earnings. Accordingly, conditions for the sale of power tools were difficult in these markets in 2017.

# Production

Innovative products for a growing variety of applications – that is how the STIHL Group’s 2017 production year can be summed up. In numbers: STIHL recorded an increase in sales of 9.7 percent and also posted a strong increase in the quantity of products produced. Sales of STIHL battery-powered products more than doubled in 2017, accompanied by double-digit growth in the gasoline-powered products segment.

## GERMANY – ANDREAS STIHL AG & CO. KG

Around 175 million euros have been committed to the construction of new buildings that will expand and modernize the founding company’s Waiblingen and Ludwigsburg locations. These measures signal a clear commitment to operations in Germany and will be necessary due to the expected growth in production volume and sales – and to accommodate a growing workforce. At Plant 1 in Waiblingen, the “Brand World of STIHL” and company museum are under construction. In addition, the high-rise is being modernized, and a neighboring building has been dismantled and rebuilt as an administrative building with a company restaurant. At Plant 2 in Waiblingen-Neustadt, the production logistics center, built in 2016, will receive two additional floors that can accommodate a total of 250 new office workstations. Further construction is being contemplated to create additional space at all Waiblingen locations.

## CHALLENGES MET

The production logistics center, which was completed in 2016 at Plant 2 in Waiblingen-Neustadt, started operations in May 2017. By the end of the year, around 80 percent of

production logistics was being handled from the new warehouse. The project posed several challenges – a very high level of automation, interaction of three warehouse environments, and use of complex IT systems – all of which were managed successfully.

The FTS implementation in assembly and logistics was completed in 2017. “FTS” is an in-house, floor-bound conveyor system with autonomous vehicles, tasked primarily with material handling. As if powered by magic, the vehicles move autonomously through the assembly facility. They utilize an integrated laser triangulation technology to safely and efficiently navigate a prearranged and clearly defined area. During operation, the vehicles interact with each other and, thanks to a special radar system, detect other obstacles – and their human co-workers.

Rising production quantities require each individual production process to run smoothly. For that reason, STIHL has been using a manufacturing execution system, for more than 20 years. An MES is a process-oriented, multi-layered manufacturing management system and a classic component of Industry 4.0. It is directly connected to the

various process automation systems and enables real-time management, control and production monitoring. STIHL uses a new, standardized MES.

#### **AWARD-WINNING WORK FROM THE EIFEL REGION**

In 2017, production capacities at the magnesium die-casting plant in Prüm-Weinsheim were further expanded with the addition of a fully automated caster and two high-speed chipping machines.

The STIHL plant in Germany's Eifel region counts many external companies among its customers – including Audi AG. Last year this collaboration with Audi culminated in a first-place award in the “Automotive” category of the “Component Competition,” hosted by the European Research Association for Magnesium. The award recognized the “suspension strut” component that was developed in cooperation with the Audi lightweight construction center and readied for series production. A key factor for success is the unique hot chamber technology used at the Eifel plant and the ability to simulate the component with a central gating system to optimize its design.

#### **USA – STIHL INCORPORATED**

Last year, Virginia Beach demonstrated its speed and flexibility: It took just eight months to implement and commission a new manufacturing line for the STIHL BGA 56 battery-powered blower.

STIHL Inc. continues to invest in its infrastructure and is planning to start construction of a new administration building at the beginning of next year. Due to unprecedented growth, building and resource expansion was also necessary at several branches in the distribution network.

#### **BRAZIL – STIHL FERRAMENTAS MOTORIZADAS LTDA.**

The new research and development center in Brazil is under construction, with completion and commissioning scheduled for the end of 2018. This investment expands the available space for product development and testing. Covering three floors and two mezzanines, the new building will have a total area of over 3,200 square meters and include 33 individual test rooms, a room for engine preparation and additional administrative space. The total investment is 38.5 million Brazilian real (10.7 million euros). The new development center in Waiblingen-Neustadt was the benchmark for the project. The new facility in Brazil, for example, will also have underground fuel tanks that supply the test

and inspection facilities via pipeline. This eliminates the need to manually transport fuel from the warehouse to the factory. This new infrastructure will also supply fuel to the test cells on the assembly lines in the neighboring Production Department.

#### **SWITZERLAND – STIHL KETTENWERK GMBH & CO. KG**

The growth of the entire STIHL Group is also reflected at STIHL Kettenwerk in Switzerland. In 2017, the expansion of the CH 2 chain plant in Bronschhofen was finally completed and the new space was outfitted with machinery and equipment. The focus of this effort was on relocating departments and groups of machines in a way that helps improve production processes and makes them more efficient.

At the CH 1 location in Wil, the excavators are on the move again – this time for a new parking garage. It will have a capacity for 400 vehicles and free up existing parking areas for other purposes. For example, a new entrance building with a cafeteria and training room will be built on part of this area.

#### **ONGOING AUTOMATION AND TECHNOLOGY DEVELOPMENT**

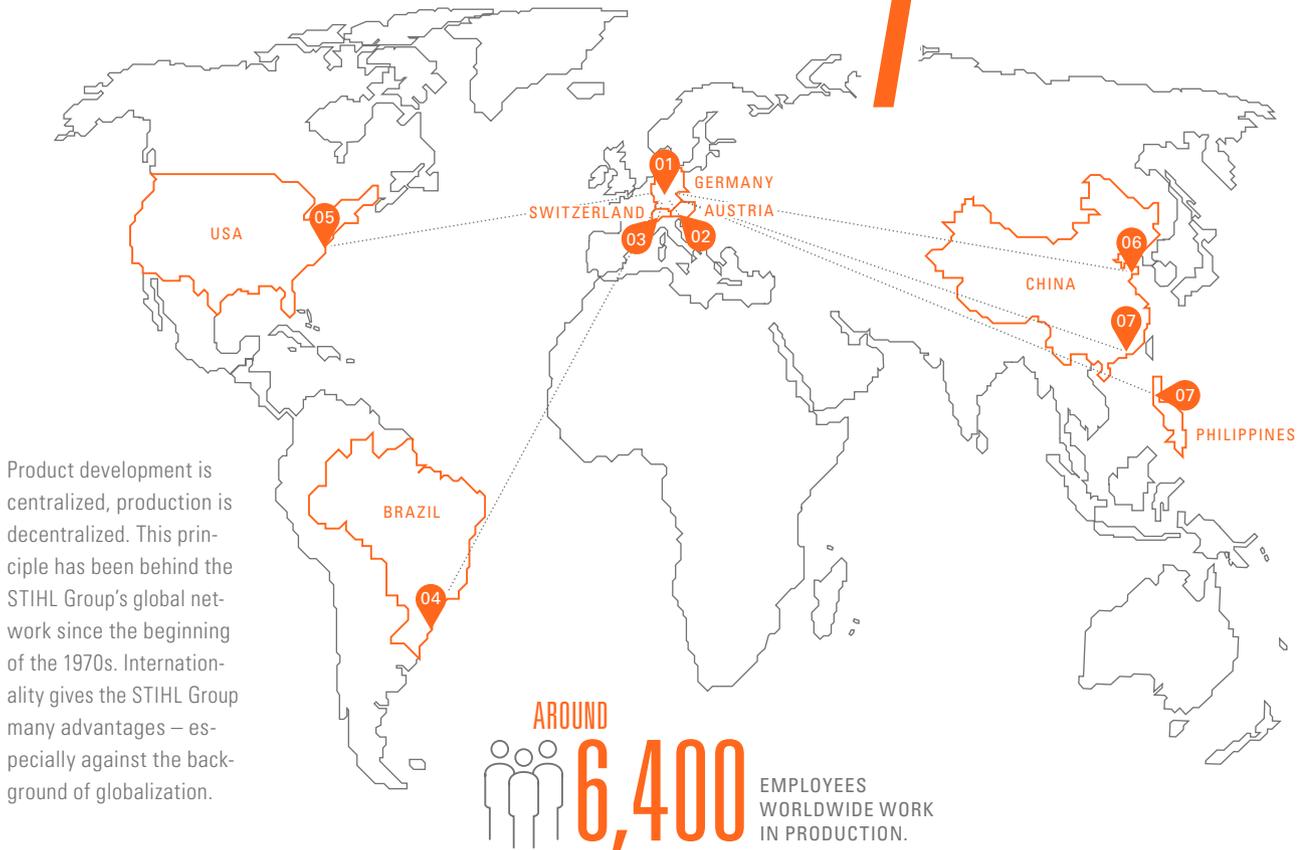
The demand for STIHL chains is, and will continue to be, unwavering. They embody “Swiss-made precision” and are manufactured using machines specially developed and produced by STIHL itself. STIHL saw chains are characterized by technical innovations and high production quality. In order to live up to STIHL's own high standards and customer expectations, automation in the production of chains and innovative stamping technologies are being advanced continuously. Thanks to a new hardening furnace, the capacity of the hardening operation will increase immediately.

#### **CHINA – ANDREAS STIHL POWER TOOLS (QINGDAO) CO., LTD.**

In 2017, the Qingdao plant took an important step forward in the global STIHL manufacturing network. In October, a spraying area consisting of nine injection molding machines was put into operation. As a result, the plant diversified from pure assembly of products to production. The STIHL Group has a long tradition of manufacturing power tools and has successfully exported this tradition to various locations, including China. STIHL is responding to the anticipated volume of orders with another construction project: The plant will be expanded by about 23,000 square meters.

## PRODUCTION SITES WORLDWIDE

**IN 7** COUNTRIES THE STIHL GROUP HAS PRODUCTION LOCATIONS.



Product development is centralized, production is decentralized. This principle has been behind the STIHL Group's global network since the beginning of the 1970s. Internationality gives the STIHL Group many advantages – especially against the background of globalization.

### 01 GERMANY (FOUNDING COMPANY)

- › Company founded: 1926
- › **WAIBLINGEN (PLANTS 1, 2, 6)**  
Crankshaft production, equipment manufacturing, plastic production, parts production, guide bar production, subgroup assembly
- › **WIECHS AM RANDEN (PLANT 3)**  
Handle bar production, brush knife production
- › **PRÜM (PLANT 4)**  
Magnesium die casting (manufacturing and processing), tooling design and construction
- › **LUDWIGSBURG (PLANTS 5, 7)**  
Warehousing, packaging and shipping

### 02 AUSTRIA (VIKING) LANGKAMPFEN

- › Founded: 1981
- › Part of the STIHL Group since 1992
- › Production focus:  
Production of ground-supported garden tools

### 03 SWITZERLAND WIL, BRONSCHHOFFEN

- › Founded: 1974
- › Production focus:  
Saw chain and hedge trimmer production

### 04 BRAZIL SÃO LEOPOLDO

- › Founded: 1973
- › Production focus:  
Crankshaft production, plastic production, parts production, guide bar production, cylinder production, magnesium die casting / gravity casting

### 05 USA (STIHL INC.) VIRGINIA BEACH

- › Founded: 1974
- › Production focus:  
Crankshaft production, plastic production, parts production, guide bar manufacturing

### 06 CHINA QINGDAO

- › Founded: 2006
- › Production focus:  
Assembly, production of injection-molded parts

### 07 ASIA AND OCEANIA (ZAMA)

- › **HUIZHOU, CHINA**
- › **SHENZHEN, CHINA**
- › **SANTO TOMAS, PHILIPPINES**
- › Founded: 1995 in Japan
- › Part of the STIHL Group since 2008
- › Production focus:  
Carburetors for hand-held power tools, diaphragm carburetors

### **MADE IN ASIA FOR ASIA**

Qingdao has long focused on the production of entry-level products for the STIHL Group – making valuable contributions to our growth. New for the location is production of the STIHL FS 230 and STIHL FR 230 clearing saws, the first STIHL products specially designed for the Asian market also to be produced in Asia. Based on the STIHL FS 230, other devices are also being manufactured in China, including a version for the European market. In addition, a cultivator, a boring machine and a water pump for Asia will be manufactured in Qingdao. With the start of MSE 141 production, Qingdao is also manufacturing its first electric chain saw.

### **AUSTRIA – VIKING GMBH**

In 2017, the brand change from VIKING to STIHL was an important issue in Langkampfen. Starting in 2019, the STIHL Group will sell the entire VIKING product range exclusively under the STIHL brand name. This change allows all sales and marketing activities to be consolidated under one brand. Thus, sales potential of the existing VIKING product range can be realized on a global scale.

### **NEW CONSTRUCTION FOR 22.8 MILLION EUROS**

2017 saw the start of VIKING's largest construction project to date: An investment of 22.8 million euros to create 20,000 square meters of additional floor space and capacity for 100 new positions. These figures highlight the magnitude of the project in Langkampfen. By the end of 2018, the new space will be ready for occupancy. In addition to production, the third expansion will house development, prototyping, electrical laboratories, permanent testing rooms and a training workshop. And in the future, iMow robotic mowers will be buzzing across the roof.

### **ZAMA CORPORATION LTD.**

In December 2017, 42 types of carburetors for STIHL and third-party customers were cleared for production at ZAMA in the Philippines. The start-up volume was successfully completed in October 2017 and since November production has been stable at the specified target volume. The certification by TÜV Nord in accordance with ISO 9001: 2015 shows that the STIHL Group's high expectations regarding production and quality are being met.

### **NEW CONSTRUCTION IN HUIZHOU**

The new ZAMA site in Huizhou, China, was also put into operation. The entire property covers 20,000 square meters. The factory itself has 32,000 square meters of floor space – 1,600 of which are used for office workspace and the cafeteria. The factory has been built with the latest environmental considerations in mind and is completely free of industrial wastewater.

The relocation of production from the existing site in Shenzhen-Xili to Huizhou, which started in August 2017, went smoothly. By the end of the year, 14 different carburetors and all oil pumps were being manufactured exclusively at the new site. The complete relocation of all departments is scheduled for completion in spring 2018.

# Purchasing

Digitalization is changing purchasing. Increasing volume, shorter development timelines and shorter product life cycles demand continuous optimization of purchasing activities. The purchasing organizations within the STIHL Group provide a reliable partner for manufacturing and, with their global reach, make invaluable contributions to the success of each company within the Group.

## **PURCHASING STRATEGY AS A GUIDE**

A revised purchasing strategy, geared to the challenges of the coming years, forms the basis for a wide range of initiatives for further development. In addition, the global purchasing network of the STIHL Group's production plants provides an ideal organizational platform. Key factors for success include a global network of external and internal partners as well as qualified and motivated employees.

## **STRAINED RAW MATERIAL MARKETS**

The shortage of essential raw materials such as steel, plastic, copper, lithium and cobalt is a challenge for industries worldwide. Over the course of 2017, many commodities became more expensive, despite currency fluctuations and expectations to the contrary. Even where raw material prices stagnated or slightly decreased, as was the case with steel, strong market demand contributed to higher end-user prices.

Due to severe cost increases for important primary materials that make up the most important types of plastic granules, proportional price increases had to be accepted from the middle of 2017 onwards. Since the fourth quarter of 2017, strong international demand has been driving up market prices for plastic granulates worldwide.

With the help of alternative purchasing models, for example the purchase of tranches, the Group was able to react to the rising electricity prices on the spot market early and partially offset them. Heating oil prices also rose in 2017, but are still well below the level of 2011.

The formation of new shipping alliances worldwide in April 2017 and the decommissioning of ships resulted in a shortage of cargo space. At the same time, global economic demand led to an increase in sea freight prices.

Due to the upward trend of the German economy, the volume of transport increased in the third quarter of 2017,

producing a massive shortage of cargo space, including in overland freight. A simultaneous shortage of skilled workers and drivers also led to price increases in the market for this segment.

### **RELIABLE PARTNERSHIPS**

Individual purchasing markets are becoming increasingly diverse, and the STIHL Group's purchasing involves a variety of focal points. For example, product-related digitalization demands new approaches and partners in purchasing. Israel, California and Singapore are technology centers where sourcing of services and know-how takes place. The US and Mexico continue to offer benefits of near-production purchasing for the North American market. Asia remains an important focus for purchasing. Sourcing on the East Coast is especially affected by regulatory intervention by the government in China. Europe continues to be a strategically important market, showing competitive tendencies in various industries, especially in the East.

In volatile markets, STIHL Group members strengthen partnerships with suppliers through long-term relationships. Planning security and forward-looking activities provide collateral for both market- and commodity-related fluctuations. Proactive risk management and digital networking form further important foundations.

Part of this relationship maintenance is the "Supplier of the Year" award. Since 1990, the STIHL Group has awarded this title to a total of 100 suppliers. 22 suppliers have been honored twice, eight suppliers three times, two suppliers have received the award four times and two suppliers five times. The criteria for the award include outstanding attributes in terms of quality, technology, innovation, service and overall value. The "Supplier of the Year" highlights those STIHL suppliers who have made a particular contribution to achieving the goals of high quality, on-time delivery, flexibility, cooperation and know-how.

### **INNOVATIONS AND DIGITALIZATION**

As a result of the increasing digitalization of products and the entire value chain, purchasing is being integrated much earlier into the development phase. The selection of strategic partners with relevant know-how and long-term business orientation is crucial to ensuring that all products meet the quality requirements of both STIHL and its customers in the long term. Creative solutions, the identification of new technologies and cross-functional collaboration are essential factors for success. Apps, cloud solutions, connectivity and associated support concepts are just as

important as the identification of alternative materials and optimized production concepts.

### **SUPPLIER MANAGEMENT: MORE PROFESSIONALIZATION AND NETWORKING**

The consistent expansion and professionalization of supplier management within the STIHL Group is an essential element for continuous development. Different requirements require concepts to be adapted for digital networking, process optimization and the targeted control of purchasing activities. It is important to manage the entire life cycle of a product. This begins with choosing the right suppliers and ranges from their evaluation to the corresponding development of the partnerships. The classification of suppliers and the identification of relevant requirements are the logical next steps for STIHL purchasing.

### **MANAGEMENT AND TRANSPARENCY WORLDWIDE**

More complex structures in global purchasing networks require targeted management of purchasing activities. Management techniques include the increase in transparency through uniform processes, efficient systems, modern analytical methods and consistent master data. Essential instruments to achieve this goal are the use of global indicators and the continuous development of commodity management. Both serve as the basis for decision-making. The opportunities offered by increasing digitalization are being consistently used to further increase efficiency and effectiveness in purchasing.

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

In millions of euros

	Noncurrent assets	Inventories	Other assets	
ASSETS	2,911	1,041	1,487	5,439
EQUITY & LIABILITIES	3,817	652	970	5,439
	Equity	Provisions	Other liabilities	

# Balance Sheet at December 31, 2017

(Condensed version)

ASSETS				CONSOLIDATED GROUP OF STIHL HOLDING AG & CO. KG		ANDREAS STIHL AG & CO. KG	
In thousands of euros	Notes	Dec. 31, 2017	Dec. 31, 2016	Dec. 31, 2017	Dec. 31, 2016		
<b>Noncurrent assets</b>							
Intangible assets		37,312	36,115	25,503	22,433		
Property, plant and equipment		1,127,810	1,109,309	310,590	298,704		
Financial assets	(1)	1,745,618	1,513,412	337,368	285,856		
		<b>2,910,740</b>	2,658,836	<b>673,461</b>	606,993		
<b>Current assets</b>							
Inventories		1,041,539	944,501	192,432	178,674		
Receivables and other assets							
Trade receivables		472,132	462,400	33,645	29,532		
Receivables from related companies		21,331	34,581	143,303	118,001		
Other assets		98,113	74,045	21,601	14,511		
		<b>591,576</b>	571,026	<b>198,549</b>	162,044		
Securities	(2)	51,711	81,102	5,000	5,000		
Cash and bank balances		753,954	946,367	218,892	293,043		
		<b>2,438,780</b>	2,542,996	<b>614,873</b>	638,761		
Deferred expenses and accrued income		22,021	20,283	2,990	2,574		
Deferred tax assets		67,590	65,709	13,834	11,905		
<b>Total</b>		<b>5,439,131</b>	5,287,824	<b>1,305,158</b>	1,260,233		

## BALANCE SHEET STRUCTURE OF ANDREAS STIHL AG &amp; CO. KG

In millions of euros

	Noncurrent assets	Inventories	Other assets	
ASSETS	673	192	440	1,305
EQUITY & LIABILITIES	580	433	292	1,305
	Equity	Provisions	Other liabilities	

## EQUITY AND LIABILITIES CONSOLIDATED GROUP OF STIHL HOLDING AG &amp; CO. KG ANDREAS STIHL AG &amp; CO. KG

In thousands of euros	Notes	Dec. 31, 2017	Dec. 31, 2016	Dec. 31, 2017	Dec. 31, 2016
<b>Equity</b>	(3)	3,817,032	3,730,389	580,000	560,000
<b>Provisions</b>	(4)				
Provisions for pensions and similar obligations		407,989	387,822	370,865	348,354
Provisions for taxes		19,016	21,438	1,438	2,375
Other provisions		224,887	216,455	60,687	57,240
		<b>651,892</b>	625,715	<b>432,990</b>	407,969
<b>Liabilities</b>					
Liabilities to banks		9,986	21,429	0	0
Loan from the Eva Mayr-Stihl Foundation	(5)	150,000	150,000	150,000	150,000
Participating capital	(6)	32,181	30,933	32,181	30,933
Advance payments received		220	454	0	0
Trade payables		203,784	173,471	30,366	26,133
Liabilities to related companies		42	12	25,887	29,632
Liabilities to companies in which an equity interest is held		2,904	0	0	0
Liabilities to owners		482,198	464,348	20,218	23,179
Other liabilities		84,627	86,983	32,683	31,462
		<b>965,942</b>	927,630	<b>291,335</b>	291,339
<b>Deferred income and accrued expenses</b>		0	200	832	844
<b>Deferred tax liabilities</b>		4,265	3,890	1	81
<b>Total</b>		<b>5,439,131</b>	5,287,824	<b>1,305,158</b>	1,260,233

# 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	3,791,770
2. Income from equity investments	In thousands of euros	3
3. Wages, salaries, social security contributions and expenses for pensions and other employee benefits	In thousands of euros	837,357
4. Average number of employees in the twelve months ending on the balance sheet date		15,312

Waiblingen, March 2018

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.

## 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	1,146,877
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	350,227
4. Average number of employees in the twelve months ending on the balance sheet date		4,510

Waiblingen, March 2018

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

# Notes

## ACCOUNTING AND VALUATION METHODS

Cost of production includes direct material, direct labor and an appropriate proportion of material and production overheads. 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 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 2005 G mortality tables. In the measurement of other provisions, all recognizable risks and contingent liabilities are taken into consideration.

Liabilities are recognized at the amounts payable.

## SCOPE OF CONSOLIDATION

The consolidated financial statements include 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.

The company STIHL MARKETING EAST AFRICA LIMITED, Nairobi, Kenya, was consolidated for the first time in 2017.

## 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, payables, revenue, profits and expenses are eliminated. Intercompany profits are eliminated pursuant to Section 304 Subsection 1 of the German Commercial Code (HGB). Deferred taxes are recognized on intercompany profits as well as on debt consolidation affecting profit and loss.

## CURRENCY CONVERSION

The conversion of the balance sheet value of the foreign companies for the capital and the reserves was made 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 reported financial assets 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.

## LIABILITIES

### (3) Equity

In the two balance sheets, the equity capital is shown in a total amount in accordance with Section 9 Subsection 3 of the German Companies Disclosure Act (Publizitätsgesetz).

### (4) Provisions

The pension provisions cover preexisting pension entitlements and future benefits.

Other provisions relate to possible 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

The offer to the employees of ANDREAS STIHL AG & Co. KG to continue to participate in the capital of the company in the form of participation rights was increased in the 2017 fiscal year.

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

Europe	7,136
America	4,527
Asia/Oceania/Africa	3,649
<b>Total</b>	<b>15,312</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>Other countries (continued)</b>	
<b>Germany</b>		STIHL d.o.o. Beograd, Belgrade, Serbia	100.0
STIHL Holding AG & Co. KG, Waiblingen	100.0	OOO ANDREAS STIHL Marketing, St. Petersburg, Russia	100.0
STIHL AG, Waiblingen	100.0	OOO STIHL SUEDWEST, Krasnodar, Russia	100.0
ANDREAS STIHL AG & Co. KG, Waiblingen	100.0	STIHL Limited, London, Ontario, Canada	100.0
STIHL International Gesellschaft mit beschränkter Haftung, Waiblingen	100.0	ANDREAS STIHL S.A. de C.V., Cuautlancingo, Puebla, Mexico	100.0
STIHL Vertriebszentrale AG & Co. KG, Dieburg	100.0	STIHL SAS, Rionegro, Antioquia, Colombia	100.0
ANDREAS STIHL Verwaltungs-GmbH, Waiblingen	100.0	STIHL Motoimplementos S.A., El Talar, Buenos Aires, Argentina	100.0
STIHL-Verwaltungsgesellschaft mbH, Waiblingen	100.0	ANDREAS STIHL (PTY.) Ltd., Pietermaritzburg, South Africa	100.0
STIHL Kettenwerk Verwaltungs-GmbH, Waiblingen	100.0	Kabushiki Kaisha STIHL, Kaminokawa-machi, Tochigi, Japan	100.0
STIHL Beteiligungsgesellschaft GmbH & Co. KG, Waiblingen	100.0	Taicang ANDREAS STIHL Power Tools Co., Ltd., Taicang City, Jiangsu, China	100.0
STIHL Kettenwerk GmbH & Co. KG, Waiblingen	100.0	ANDREAS STIHL Pvt. Ltd., Kuruli, Tal-Khed, Dist. Pune, India	100.0
Zama Holding GmbH, Waiblingen	100.0	STIHL SERVICE CENTRE SOUTHEAST ASIA SDN. BHD., Petaling Jaya, Malaysia	100.0
STIHL Digital GmbH, Waiblingen	100.0	STIHL MARKETING EAST AFRICA LIMITED, Nairobi, Kenya	100.0
<b>Other countries</b>		Zama Corporation Ltd., Tai Po, NT, Hong Kong	100.0
STIHL Incorporated, Virginia Beach, Virginia, USA	100.0	Zama Japan Kabushiki Kaisha, Hachimantai-shi, Iwate-Ken, Japan	100.0
STIHL Ferramentas Motorizadas Ltda., São Leopoldo, Rio Grande do Sul, Brazil	100.0	Guang Dong Zama Precision Industry Co., Ltd., Guangdong, China	100.0
ANDREAS STIHL Power Tools (Qingdao) Co., Ltd., Qingdao, China	100.0	U.S.A. Zama, Inc., Franklin, Tennessee, USA	100.0
VIKING GmbH, Langkampfen, Austria	100.0	Zama Precision Industry Manufacturing Philippines, Inc., Sto. Tomas, Philippines	100.0
STIHL Gesellschaft m.b.H., Vösendorf, Austria	100.0	Zama Precision Industry (Huizhou) Co., Ltd., Huizhou City, China	100.0
STIHL Vertriebs AG, Mönchaltorf, Switzerland	100.0	STIHL PTY. Ltd., Knoxfield, Victoria, Australia	100.0
ANDREAS STIHL Ltd., Camberley, Surrey, United Kingdom	100.0	STIHL Limited, Auckland, New Zealand	100.0
ANDREAS STIHL N.V., Puurs, Belgium	100.0	<b>Nonconsolidated companies</b>	
ANDREAS STIHL SAS, Torcy, Marne-la-Vallée, France	100.0	Carl Benz Center Objekt GmbH & Co. KG, Stuttgart, Germany	100.0
ANDREAS STIHL S.A., Torres de la Alameda, Spain	100.0	Carl Benz Center Neckarpark GmbH, Stuttgart, Germany	100.0
ANDREAS STIHL S.A., Sintra, Portugal	100.0	<b>Other holdings</b>	
ANDREAS STIHL S.p.A., Cambiago, Italy	100.0	BMZ Holding GmbH, Karlstein am Main, Germany	20.0
ANDREAS STIHL S.A., Acharnes, Attica, Greece	100.0	Globe Holdings (Hong Kong) Co., Ltd., Hong Kong	35.0
ANDREAS STIHL A/S, Sandefjord, Norway	100.0	GreenIQ Ltd., Petah-Tikva, Israel	34.4
ANDREAS STIHL Norden AB, Stenkullen, Sweden	100.0	High-Tech Gründerfonds III GmbH & Co. KG, Bonn, Germany	1.0
ANDREAS STIHL Oy, Vantaa, Finland	100.0		
ANDREAS STIHL Sp. z o.o., Tarnowo Podgórne, Poland	100.0		
ANDREAS STIHL, spol. s r.o., Modřice, Czech Republic	100.0		
ANDREAS STIHL Kereskedelmi Kft., Biatorbágy-Budapark, Hungary	100.0		
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		
ANDREAS STIHL EOOD, Sofia, Bulgaria	100.0		

# Boards of the Group

## MEMBERS OF THE SUPERVISORY BOARD OF STIHL AG

**Dipl.-Ing. Hans Peter Stihl**<sup>1</sup>, Remseck  
Honorary Chairman of the Supervisory Board

### Representing the owners

**Dr. Nikolas Stihl**<sup>1</sup>, Stuttgart  
Chairman of the Supervisory Board

**Dipl.-Wirt.-Ing. Franz Fehrenbach**<sup>1</sup>, 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

**Prof. Dr. Michael Hoffmann-Becking**, Düsseldorf  
Partner at the law firm Hengeler Mueller

**Eva Mayr-Stihl**, Remseck

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

### Representing the employees

**Marcus Retter**<sup>1</sup>, Ingersheim  
Deputy Chairman of the Supervisory Board  
Chairman of the General Employee Council of ANDREAS STIHL AG & Co. KG  
Chairman of the Employee Councils of the Waiblingen and Ludwigsburg plants  
(until October 24, 2017)

**Dipl.-Kfm. Thomas Bamesberger**<sup>1</sup>, Stuttgart  
Head of Production and Logistics at ANDREAS STIHL AG & Co. KG

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

**Günter Meyer**, Weinsheim  
Chairman of the Employee Council of the Weinsheim  
plant of ANDREAS STIHL AG & Co. KG

**Dipl.-Ing. (FH) Hardy Völler**, Winnenden  
Head of Department, Plastic Parts Production Center,  
ANDREAS STIHL AG & Co. KG

**Gerhard Wick**, Geislingen an der Steige  
First authorized representative of the Esslingen office of the trade union  
IG Metall

## MEMBERS OF THE EXECUTIVE BOARD OF STIHL AG

**Dr. Bertram Kandziora**  
Chairman of the Board  
Production and Materials Management

**Dipl.-Betriebsw. (FH) Karl Angler**  
Chief Financial Officer, 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**  
Development

## 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

**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

<sup>1</sup> At the same time member of the committee in accordance with Section 27 Subsection 3 of the German Co-Determination Act (Mitbestimmungsgesetz).