



# PRODUCTION & **PROGRESS**

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MORE THAN  
**50%**

A collection of STIHL power tools is displayed against a background of a forest with large, textured tree trunks. The tools include a chainsaw, a blow saw, a trimmer, and a chainsaw bar. The tools are arranged in a way that highlights their variety and power. The background is a dark, moody forest scene with tall trees and some green foliage visible in the distance.

7

**7,570**

**EMPLOYEES** are directly involved in the product development process within the STIHL Group.







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### JOURNAL



### A WORLDWIDE NETWORK

STIHL products are in high demand among customers all across the globe, but that's not all. Manufacturing operations are also international, with production taking place in seven countries.

## 16



### GOOD STRATEGIES

The STIHL Group has been building its international production network since the 1970s. That was a strategic decision that has paid off, especially in the unusual 2020 fiscal year.

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**MADE IN-HOUSE**

At the STIHL Group, we hold our products to extremely high standards. Only if all components are designed to work together perfectly can the customer reap the greatest possible benefit. That is why our in-house manufacturing stands at more than 50 percent.

## 32

**IT'S ALL IN THE MIX**

The STIHL product portfolio is diverse, and so are the locations where the products are made. Sometimes it's a tiny village on Germany's border with Switzerland, other times a big city in Brazil. It's all about the right mix.

INSERT

**STIHL AT 95**

The STIHL success story started back in 1926, in a one-person office: a look back to mark our 95<sup>th</sup> anniversary.

**READ ONLINE**

THE 2020 STIHL GROUP ANNUAL REPORT IS ALSO AVAILABLE ONLINE.

FOR MORE, VISIT [AR.STIHL.COM/2020](https://ar.stihl.com/2020)



# A WORLDWIDE NETWORK

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The STIHL Group's roots lie in Germany, where it now has eight locations. But the Group also has an international presence with production companies on four continents: an overview.





# ASIA

STIHL CHINA – QINGDAO | ZAMA CHINA – HUIZHOU, HONG KONG | ZAMA JAPAN – MORIOKA | ZAMA PHILIPPINES – BATANGAS





# A WORLDWIDE NETWORK

The STIHL Group's roots lie in Germany, where it now has eight locations. But the Group also has an international presence with production companies on four continents: an overview.

## DIVERSE SUCCESS 15 YEARS OF STIHL IN CHINA

### 2006

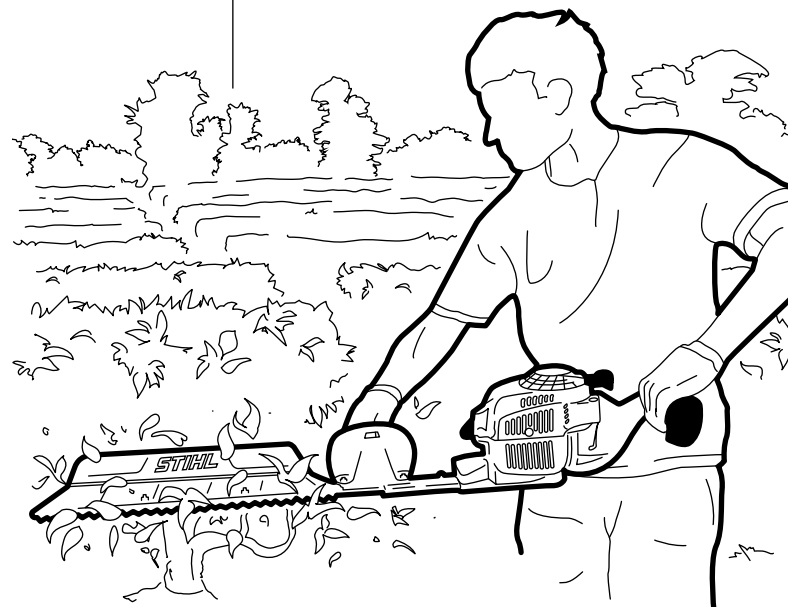
STIHL Qingdao opens its first production location in China.

### 15,000,000

**PRODUCT UNITS** have been produced at STIHL Qingdao so far.

### 1,252

**EMPLOYEES** currently work in the company's 65,000 square meters of production and office space.



## STIHL HS 52

This **HEDGE TRIMMER** is produced in Qingdao specifically for the Asian market. It is primarily used for **HARVESTING TEA**.











# BRAZIL

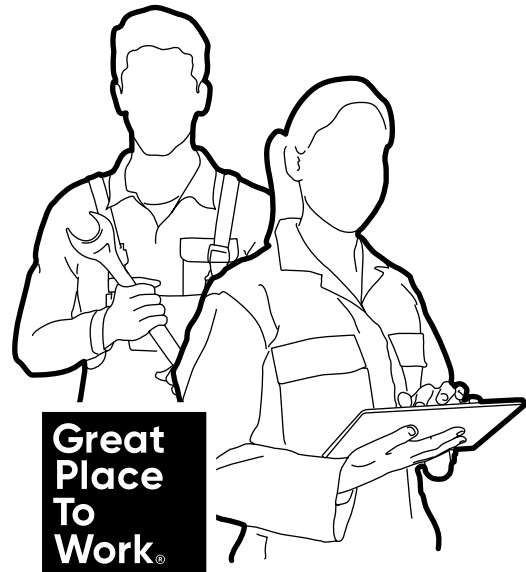
SÃO LEOPOLDO







## A FLOURISHING FUTURE GROWING SUCCESS IN THE SOUTH OF BRAZIL



### A PERFECT PLACE

STIHL Ferramentas Motorizadas has won several awards as one of Brazil's best employers. The São Leopoldo location is a standout for its positive working environment in particular.

## 1973

was the year STIHL expanded with the start of operations at its first international production company, in Brazil.



## 10.7

**MILLION EUROS** was invested in São Leopoldo in facilities for research and development.

## 90%

**OF ALL CYLINDERS** installed in STIHL products come from Brazil.











# AUSTRIA

LANGKAMPFEN





## GETTING DOWN TO WORK IN THE GARDEN

EXPERTISE FROM STIHL TIROL

# 1981

VIKING GmbH founded – the Langkampfen company has been part of the STIHL Group since 1992. VIKING products have been marketed exclusively under the STIHL brand by STIHL Tirol GmbH since 2019.

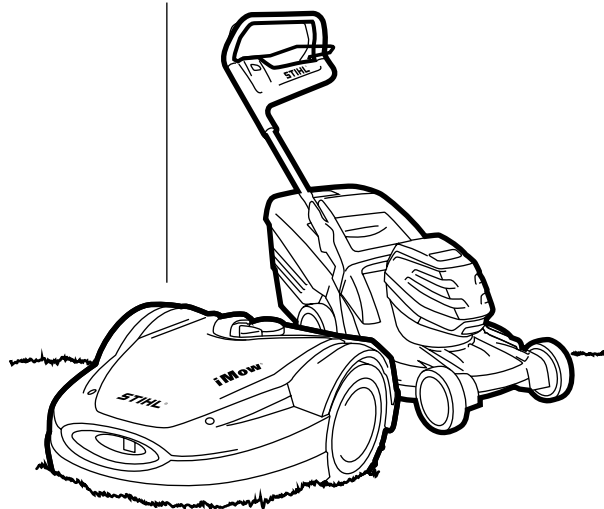
# 743

**EMPLOYEES**  
work at STIHL Tirol.

# 178

### MODELS OF GROUND-SUPPORTED OUTDOOR POWER EQUIPMENT

make up the STIHL range. STIHL Tirol is the center of expertise within the STIHL Group for lawn mowers, robotic mowers, ride-on mowers, and shredders. The Langkampfen company also assembles numerous handheld battery-powered products.



# 3,000

**SQUARE METERS** is the area of the iMOW test space on the roof at STIHL Tirol.













# SWITZERLAND

WIL, BRONSCHHOFEN





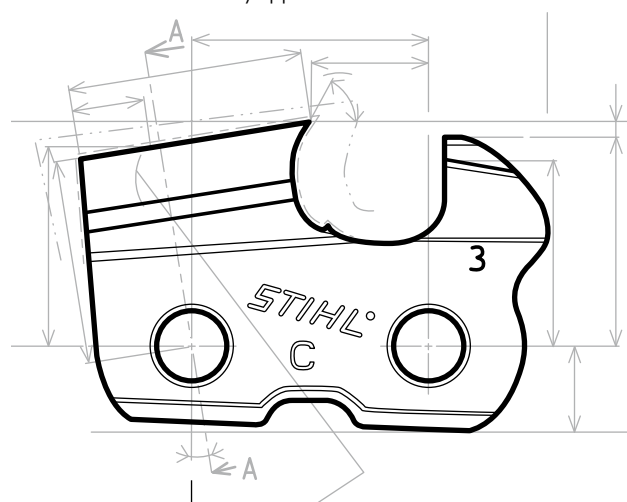
## PRECISION, TOOTH BY TOOTH

### THE SWISS CHAIN PLANTS

MORE THAN

# 70

**SAW CHAIN TYPES** are produced at the chain plants in Switzerland. That means STIHL customers have the right equipment for any application.

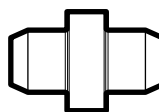


# 983

**EMPLOYEES** work at the Wil and Bronschhofen plants.

# 1974

Production company founded.



Small but vital: **RIVETS** hold the saw chain together. To make the chains as durable as possible, every single rivet is induction heat-treated to harden it.











# UNITED STATES

STIHL – VIRGINIA BEACH | ZAMA – FRANKLIN





## REAL PEOPLE - STIHL PEOPLE AT HOME IN THE LARGEST MARKET

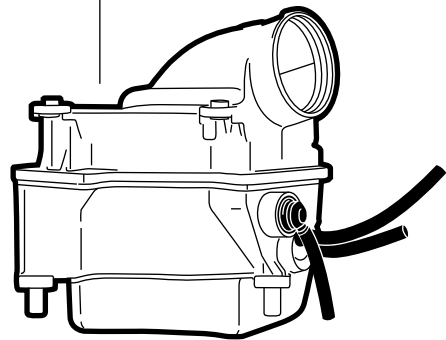


# 1974

STIHL Inc. founded in Virginia Beach. Today, it is the largest production company within the STIHL Group.

# 16

**MILLION KILOGRAMS OF GRANULATE** are used in plastic production each year.



# 32

**SECONDS** and the **STIHL 4180 FUEL TANK** is molded, welded, assembled, and checked to make sure it is properly sealed, all inside an automated unit.

# 2,156

**EMPLOYEES** work at the Virginia Beach company.











# GERMANY

WAIBLINGEN, FELLBACH, LUDWIGSBURG, WEINSHEIM, WIECHS AM RANDEN



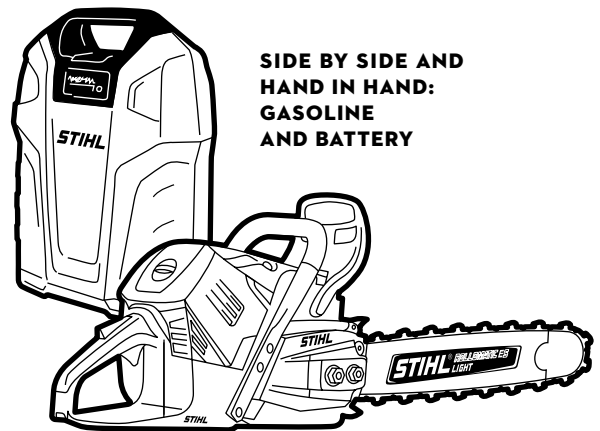


## THE ROOTS OF SUCCESS

### STIHL FOUNDING COMPANY IN GERMANY

# 1926

Company founded in Cannstatt  
under the name Ingenieurbüro  
A. Stihl.

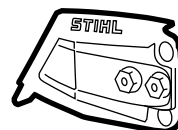


**SIDE BY SIDE AND  
HAND IN HAND:  
GASOLINE  
AND BATTERY**

The STIHL founding company in Germany makes gasoline-powered tools for professional users. A separate battery pack production unit began operating in Waiblingen in 2018. This is one way the company is underpinning its efforts to manufacture top-of-the-line technology, including for battery products.

# 5,262

**EMPLOYEES** make up the staff  
of the eight locations falling within  
the German founding company.



# 32,000,000

**COMPONENTS** leave the STIHL  
magnesium pressure casting plant  
in Weinsheim each year.







# GOOD STRATEGIES

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We caught up with CEO Dr. Bertram Kandziora to talk about the strategy behind STIHL's international production network, the unusual 2020 fiscal year, and the challenges to come in the next few years.









**W**e met STIHL CEO Dr. Bertram Kandziora in Waiblingen at the founding company's new, in-house battery pack production facility. While 2020 was an unusual fiscal year, with many unique challenges, the next few years also pose particular strategic challenges for the business.



**Dr. Kandziora, the STIHL Group has an international production network. How did this come about, and what are its components?**

DR. BERTRAM KANDZIORA Starting an international production alliance was one of the fundamental decisions made by the Stihl family early on. STIHL products were being marketed in other countries as far back as the early 1930s, and the first international STIHL company was founded in Austria in 1966. The international production alliance was launched after that, in 1973. Not long afterward, the STIHL production companies in Brazil, Switzerland, and the United States were founded, adding to the production capability in Germany. Today, we also have STIHL production companies in Austria and Asia. The latest member of the alliance is our in-house battery pack production site at the founding company in Waiblingen. It's the first step toward greater vertical integration in this highly promising segment.

**What were the strategic factors involved in this decision?**

DR. BERTRAM KANDZIORA There are always a number of things to think about when developing new manufacturing capabilities. Production should take place as close to the market and customers as possible, since that reduces time to market and lowers carbon emissions. But having a local presence in too many of the more than 160 countries where STIHL products are marketed doesn't make sense. After all, it's important to hit the right price points in each market, so the costs have to work out. One way to reach your cost targets is by consolidating volume at certain production sites. Our international production alliance lets us combine market proximity with the benefits of scale. Each assembly site supplies products for its own continent and for worldwide distribution. Aside from that, having our own manufacturing brings advantages in know-how, flexibility, and independence from third parties.

**GLOBAL FROM THE START**

Andreas Stihl thought in global terms right from the start. During the 1929 global economic crisis, he contacted sawmills in Russia, the U.S., and Canada, bringing his first chainsaw with him. STIHL has always been active abroad, not just in sales, but also in production. Today, 41 marketing and sales companies and production companies in seven countries are part of the STIHL Group.



**Was the strategic decision in favor of the international production network the most important one in STIHL's history?**

DR. BERTRAM KANDZIORA No, that was Andreas Stihl's decision to bring the saw to the tree, thereby laying the foundations for STIHL's success. The second generation's decisions to focus on dealers that provide service, push for independence from banks, and concentrate primarily on organic growth are comparable in scope to the decision to maintain an international production alliance. The more recent decision to really ramp up investment in the battery-powered product segment is also crucial to the future of STIHL.

**The 2020 fiscal year was like no other. The coronavirus pandemic swept the entire world, and supply chains started to wobble. Wasn't the global nature of STIHL's production operations an obstacle under the circumstances?**

DR. BERTRAM KANDZIORA No, not at all. It let us respond quickly. For example, it turned out to be a big plus that we had decided in 2013 to replace the existing ZAMA plant in Shenzhen, China, with one in the Philippines and one in Huizhou, China. During the pandemic, the plant in the Philippines helped to make up for the fact that the Chinese plant was shut down at first. Later on, when the virus hit the Philippines, the Chinese plant was back up and running. That meant we were able to avoid downtime at our assembly plants due to a shortage of carburetors. In general, our production alliance and the high flexibility we have at all our locations saved us from experiencing any noteworthy stoppages.

**VERTICAL  
INTEGRATION  
AT STIHL**  
COMPARED TO OTHER  
INDUSTRIES

**MORE THAN  
50%**  
STIHL

**APPROX.  
38%**  
Mechanical engineering

**APPROX.  
33%**  
Automotive engineering

Source: German Federal  
Statistical Office (2019), STIHL

**»Our production alliance lets us combine market proximity with the benefits of scale.«**

DR. BERTRAM KANDZIORA





**Amid the pandemic, there have been increasing calls to bring production back to Germany.**

DR. BERTRAM KANDZIORA The German economy is heavily export-oriented, and we market as much as 90 percent of our products in other countries. Dramatically expanding production in Germany doesn't fit with that alignment.

**STIHL is one of the few businesses to have gotten through the coronavirus pandemic without cutting working hours so far. What was the strategy for coping with the new overall conditions?**

DR. BERTRAM KANDZIORA Employee health is paramount in times like these. Right from the start, our primary goal was to make sure the risk of infection at work was as low as possible for all our employees, lower than in public life. We managed to do so. Our international response teams worked with the authorities across the globe to quickly implement protective measures. The unit sales forecasts were really grim in the spring, and our supply chains were stretched extremely thin. So we asked ourselves whether we should proactively scale back production. Ultimately, we decided to keep producing at high levels so that the products customers wanted would be available at all times. We even supported our dealers in this unusual situation by extending our payment terms in certain circumstances. Due to the solid financial structure of STIHL that we have built over the decades, we were able to risk high inventory levels and changes to standard payment terms. This turned out to be the right strategy, since business really picked up starting in May. In Germany, we even had to add shifts on Sundays instead of cutting working hours, which we had been prepared to do.

**But that alone doesn't explain STIHL's growth.**

DR. BERTRAM KANDZIORA Customers, whether they are professionals or private users, typically work outdoors and at enough distance from each other. On top of that, gardens and yards at home became a safe haven, and many people spent their time at home instead of going on vacation. Many people invested time and money in beautifying their outdoor spaces, and STIHL products were really helpful with that.

**What challenges will STIHL be facing in the next few years?**

DR. BERTRAM KANDZIORA Our industry is in flux right now as battery-powered products rapidly become more important. This is more than just a change of technology. The market rules and structures associated with battery products are also changing a great deal. We are working with new customer segments, evolving customer needs, new information and marketing channels, and significantly more competitors. We've gone from a few major competitors in the gas-powered world to more than 50 in the battery world. Some of them have decades of experience in the cordless segment and have advantages in terms of size, and thus cost, based on their

**PRODUCTION ALLIANCE SHOWS THE WAY**

The international production alliance started out in Brazil, the U.S., and Switzerland. STIHL companies have operated plants in these countries since the mid-1970s. This global alignment makes sense: 90 percent of STIHL products are sold outside Germany. But the production alliance also has positive effects when difficult political situations, currency crises, and other risks arise.







»The Executive Board and Advisory Board have identified strategic areas that we are working on as top priorities.«

Dr. Bertram Kandziora

participation in other industries like construction and the DIY market. In the new competitive environment, the rates of return that are so important to securing our future have come under pressure. We need to adjust to the new customer requirements quickly while at the same time making our processes and structures more efficient. Our goal is to become a major player in the battery market and achieve profitable growth on a lasting basis. At the same time, we want to tap into the full market potential in the gas-powered segment.

#### **How is STIHL planning to gear up for this future?**

**DR. BERTRAM KANDZIORA** The Executive Board and Advisory Board have identified strategic areas that we are working on as top priorities. For example, in the future we plan to position our product range even more clearly from the brand and customer standpoint, lower the complexity of our model series, and launch new products faster. The worldwide production and logistics strategy will be refined and developed. For example,

systems are being implemented to harmonize processes across the entire Group of companies. This will add speed and transparency while also reducing costs. The global administrative, sales and distribution, and marketing organization is being geared even more toward genuine customer needs. To adapt to changes in buyer behavior, especially among customers in the battery segment, we founded STIHL direct GmbH and started building a powerful worldwide e-commerce sales channel that also includes brick and mortar.

All of these areas involve a lot of time and effort across the entire STIHL Group, but they are essential to getting our business ready for the future. STIHL employees are distinguished by their outstanding knowledge, high levels of engagement, and excellent teamwork. Everyone is working together to actively shape the future of STIHL.









# MADE IN-HOUSE

STIHL quality means quality down to the last detail, with all components optimally configured to work together. The STIHL Group has firmly believed for many years that a high level of in-house manufacturing is the only way to achieve this aim, thereby generating the greatest benefit for customers. Taking the MS 362 C-M as an example, we explore what's inside, and where it comes from.



## AROUND THE WORLD...

Where the components for the STIHL MS 362 C-M are made:



**S**TIHL products stand for innovation and superior quality, and they incorporate the latest technologies. Customer benefit is front and center in everything we do. Our full portfolio encompasses well over 1,000 different product types, from carburetor heaters and heated handles for use in extremely cold regions, to emergency services saws and concrete cutters for special applications. To meet our own high standards and those of our customers, we rely on a very special three-way relationship between development, production, and sales and distribution operations. While the German founding company is still the nucleus of development of new products, the sales network and the international manufacturing network have undergone continuous expansion.

Today, STIHL products are produced in seven countries worldwide. In-house manufacturing stands at more than 50 percent, significantly higher than in other industries. This is the product of a firm belief that only flawless interplay of all components can in fact deliver the best performance. That's why so many components are made in-house – from cutting attachments and aluminum or magnesium parts to pistons, crankshafts, engine housings, carburetors, cylinders, and die-cut parts.

The STIHL MS 362 C-M professional gasoline-powered chainsaw offers an example of how production activities come together perfectly in a single finished product.



## SÃO LEOPOLDO (BRA) CYLINDER

Cylinders guide pistons as they move up and down. They also dissipate the heat produced from the combustion process via cooling fins or cylinder fins. Combustion - initiated by the combination of fuel, air, and a spark from the spark plug - takes place inside the cylinder. The pressure generated by this explosion is transferred to the piston, which then moves down, driving the crankshaft. The crankshaft transfers the force of this motion to the chain via the coupling and sprocket.



## WAIBLINGEN (DEU) GUIDE BAR



The guide bar is responsible for the precise guidance of the saw chain with minimum friction loss. It has to stand up to the toughest jobs. It is the link that takes the power from the motor through the saw chain and right to the wood itself. STIHL guide bars are available for every area of application, and all are developed and produced in-house. Decades of research, use of high-quality materials, innovative manufacturing methods, and state-of-the-art production facilities combine with electronic checks and final quality control to ensure that each and every guide bar meets STIHL's proven standards of quality.





## WIL (CH) SAW CHAIN

STIHL saw chains are Swiss high-precision products. They have been made for decades at the STIHL plant in Wil, using specialized machines developed in-house. This focus on the product makes all the difference: today, STIHL saw chains are offered for every need, performance class, and make of chainsaw. Together with STIHL guide bars and powerheads, STIHL saw chains enable optimum cutting performance.



## QINGDAO (CHN) OIL PUMP

Bar and chain oil is crucial when using a chainsaw. It helps to reduce wear and prevent the cutting tool from overheating due to friction between the saw chain and guide bar. A special oil pump feeds the lubricant to the saw chain from a dedicated tank. This pump is driven depending on the motor speed, and it also runs only when the chain is rotating. The oil pump of the STIHL MS 362 C-M also features precise demand-driven oil delivery, reducing consumption by as much as 50 percent.



## WEINSHEIM (DEU)

### CRANKCASE

The crankcase holds the crankshaft, making it an important part of any combustion engine. STIHL gasoline-powered chainsaws are no exception. The crankcase of the STIHL MS 362 C-M consists of two magnesium halves made via pressure casting at our magnesium pressure casting plant in Germany's Eifel region. In the STIHL MS 500i, the first chainsaw with electronic injection, the crankcase of the powerhead also features various built-in sensors. To be specific, there is an exterior temperature sensor, an interior temperature sensor, and a pressure sensor. These sensors measure environmental conditions and pass the information along to the chainsaw's control unit.



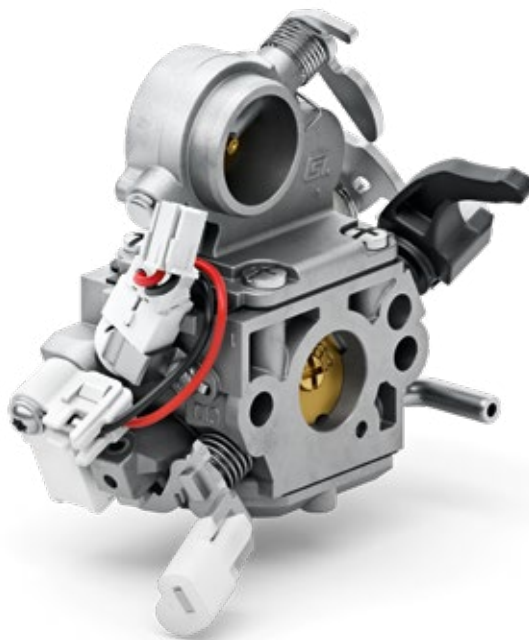


## HUIZHOU (CHN)

### CARBURETOR

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The carburetor is a key component in any gas-powered chainsaw. It is responsible for mixing fuel and air in just the right proportions for all of the engine's operating conditions and for preparing the mixture for combustion. The fuel is nebulized inside the carburetor. The heat needed to vaporize the fuel comes from the components through which it passes, primarily the engine. The full vaporization process takes place inside the combustion chamber.



## VIRGINIA BEACH (USA)

### HOOD

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A STIHL chainsaw is easily recognized by its color scheme. Light gray and orange are emblematic of the STIHL brand. The hood of the STIHL MS 362 C-M – and many other STIHL products – is made of high-quality fiber-reinforced plastic in bright STIHL orange. It protects the cylinder and muffler, among other things, and is a perfect example of strength combined with low weight.



# 3 QUESTIONS FOR... MARTIN SCHWARZ

**In-house production has always played a big role at the STIHL Group. Why do we get so caught up in this kind of attention to detail?**

MARTIN SCHWARZ In-house production has a long history here. After all, we started building our international manufacturing network more than 40 years ago. This strategic approach has remained an important part of our success to this day. Ultimately, this approach brings us unique selling propositions and competitive advantages, ensures value creation, and underscores our claim to technological leadership.

**STIHL is far ahead of the competition in terms of in-house manufacturing of gasoline-powered products. What is the situation with battery-powered products?**

MARTIN SCHWARZ The majority of our battery-powered products are produced at STIHL Tirol, but we are also expanding the international manufacturing network in this segment step by step. Right now, for example, that means expansion at STIHL Inc., STIHL Qingdao, and also in Germany. Our completely innovative battery packs will mark a new technological milestone in 2021. The series processes have already been developed and are ready to go. Being able to make use of expanded in-house manufacturing in the battery-powered segment is an advantage for us because we are still operating in a niche in certain fields, such as high current capability. This project and others will help us improve our cost-effectiveness and competitiveness and the value we create within our organization.

**How do these efforts benefit customers?**

MARTIN SCHWARZ This practice means our products' components are designed to our own high standard, with a singular purpose – achieving optimal performance. Our customers get durable, high-quality products with the optimal power-to-weight ratio. We don't have to rely on our suppliers' standards. Instead, we coordinate the components and production processes with an eye to our requirements in the finished product. Changes and ongoing improvements come from within, which lets us work quickly to provide exactly what our customers want.

**MARTIN SCHWARZ** has been the STIHL AG Executive Board Member Manufacturing and Materials since January 1, 2020.





# DID YOU KNOW...

Only the flawless interplay among all components makes a product perfect in the end, and customers expect nothing less. We firmly believe this. That's why in-house manufacturing stands at more than 50 percent. But what does that mean? Here are a few interesting facts.



## 18

driverless transport systems (DTS) ensure a smooth supply of materials to the assembly lines at Plant 2 in Waiblingen.



## 650 °C

is the melting point of magnesium.



## 2,500

patents and patent applications are currently held by STIHL Group companies.



## 10,000

kilometers of aluminum pipe is processed into power equipment handlebars each year in plant 3, Wiechs am Randen, Germany.



... that the Waiblingen guide bar production unit processes about

## 5,000

 tons of steel a year?

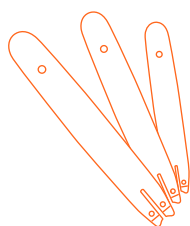
... that  
more than

**700**

different components used to make STIHL products are made of magnesium?

**7,850**

tons of magnesium are processed at STIHL Plant 4 in Weinsheim, in Germany's Eifel region, every year. 21 magnesium pressure casting machines run 24 hours a day here, producing parts.



Each day, some

**20,000**

guide bars are produced using this steel.

The plastic production unit in Waiblingen processes some **4,500** tons of plastic granulate on more than **50** injection molding machines a year.

STIHL produces many injection molds itself. They are made with pinpoint accuracy down to 1/100 of a millimeter.

A collaborative robot takes about **10** tons of weight off employees' hands during packaging of cut-off machines - every shift.



# IT'S ALL IN THE MIX —





Some 230,000 inhabitants and almost 10,500 kilometers separate the sleepy neighborhood of Wiechs am Randen, part of the town of Tengen in Germany, and the bustling city of São Leopoldo in the south of Brazil. And yet the two places are very, very close to each other every single day: both are part of the STIHL Group, and both are crucial elements of the manufacturing network. No matter how large, or how small, the plant might be.





**T**engen. A sleepy little town, a comfortable and quiet sort of place. The municipality borders on Switzerland to the east, south, and west. The viewer's gaze sweeps across rolling hills, meadows, forests. When visibility is perfect, you can see as far as Germany's Lake Constance. Tengen is a spa town, specially designated for its healthy air – a perfect place to take a deep breath. People who grow up here seldom leave. Roland Restle is firmly rooted in the local area, and he has found a home for his career at STIHL Plant 3, which has been located in Wiechs am Randen, part of Tengen, since 1960. His father and grandfather worked with saws, too, so his first job was as a carpenter. He has been with STIHL since 2011, having traded in his saws and woodwork for a job as an equipment operator. His favorite part? Working on the laser cutter used to manufacture STIHL brush knives. "The job is multifaceted and challenging," he says. But what he likes most about his work is the close-knit community here, at the smallest production facility in the STIHL Group. With just 67 employees at the plant, it almost goes without saying that everyone treats each other like family. "No one is just a number here. Everything is very personal and direct, and there usually isn't much red tape," Restle (36) says with a smile.



**»Getting a job at STIHL Ferramentas Motorizadas was a dream come true. I was first hired for a fixed term, and now I've been here for more than ten years.«**

**JAIANE DOS SANTOS BURKNER (34),**  
plastic production employee



**BRA  
B**

»It's a perfect blend of global company and family environment. Communications are direct, and the interpersonal climate is great.«

**FELIZITAS THIEL (46),**  
works council chair  
and quality assurance employee



Jaiane dos Santos Burkner remembers her first day at STIHL Ferramentas Motorizadas like it was yesterday: "Everyone said hello, and some people even hugged me. At first I thought someone had died." But then she realized it was part of the team's morning routine, with everyone telling each other to have a great day. Her hometown is more than 10,000 kilometers away from Restle's. But she doesn't have a long commute to get to work, either – these days, she lives right near the STIHL plant in São Leopoldo, a big city in the Porto Alegre metro area. She left her hometown specifically to take a job in plastic production here, and she has never regretted it: "I started out in a fixed-term job, and now it's been ten years." She has shared her enthusiasm for STIHL with both of her sons, too – they are both sure that they want to work for the global company from Swabia some day.

Some 60 years ago, a personal appeal led to the laying of the cornerstone for STIHL in Wiechs am Randen. With unemployment on the rise and mass migration from rural areas to the cities, the local parish priest approached Andreas Stihl, who felt a close connection with the place where his father had been born. So, he decided to help. The first production site outside the founding company's original location in Waiblingen began operating with six employees in the community center.





**Big and bigger – STIHL Ferramentas Motorizadas.**  
The production company in South America has been growing steadily since it was founded in 1973.

Brazil followed 13 years later, but it was another first, as it was the first production company located in another country. The city – dubbed the “cradle of German culture in Brazil” due to its large German immigrant presence – produced only about 500 machines a year at first. Today, the location is an integral part of the STIHL Group, with its expertise in magnesium pressure casting, crankshaft and bar manufacturing, and, above all, its cylinder production. Cylinders made in Brazil cover more than 90 percent of demand across the Group.

Gilmar Rodrigues Palagem is proud of that figure. Month after month, he stubbornly returned to submit his application at the reception desk, trying to join part of the success story himself. It worked – he has been with the company since 2004. Today, he works in the cylinder casting shop. He has completed a continuing education program to become a precision mechanic and is also studying part-time to become a production manager. “My goal is to acquire a lot of knowledge so I am ready for future opportunities within the company. I want to grow and develop here.” Commitment pays off, as Felizitas Thiel knows as well. Thiel, 46, has done “almost all the jobs” over the 15 years she has been working in Wiechs am Randen, she says. These days, Thiel, who originally apprenticed as a print artwork producer, works in quality assurance and chairs the works council. In her experience, things move a little differently in Wiechs than in the rest of the world. She likes that. And she really likes her location: “We went through a big

**»With STIHL’s support, I completed a training program to become a precision mechanic and am now studying production management. I want to grow and develop here.«**

**GILMAR RODRIGUES PALAGEM (37),**  
aluminum casting employee





**»STIHL gives you a good feeling even in uncertain times. The work is multifaceted, and there's a lot of variety. I'm really happy here.«**

**ROLAND RESTLE (36),**  
equipment operator, brush knife  
and bar production

development process. We proved what we can do time and again, and how important we are to the whole Group.” Producing the aluminum handlebars, with and without heating, and brush knives – those are minor but important capabilities that make us unique.

Sometimes, Holger Vollmer views himself and his team as a kind of academy within the STIHL Group. “We do assembly and production at the same location. It’s a big challenge for all of us. We’re like a mini factory,” says Vollmer, who manages the plant. He is obviously happy about this position within the company. Vollmer is a typical STIHL homegrown talent. Throughout his career, he has moved through various departments at the founding company. That is, up until he was offered the job of plant manager in this small enclave on the Swiss border back in 2013. He isn’t just the boss there. Sometimes he is a security guard, or a seller of brand shop items. Throughout his time here, he has held a firm belief: “The fact that we are located in a small village has nothing to do with our competence.” With machine efficiency at over 90 percent and loss time under 3.5 percent, Wiechs is performing much better than the required indicators. And with the company’s own shredder blade, “we really dislodged an Asian competitor.” That is encouraging as the team looks to the years ahead.



**A state-of-the-art laser system is used to produce brush knives in Wiechs am Randen – and nowhere else.**





»My career at STIHL is ending a year from now, after more than 35 years. I'll pass the torch to my kids and brother at that point. There's a reason people call us ›the STIHLERS.«

**LUIS CARLOS DE SOUZA (57),**  
export warehouse employee

While Vollmer looks down the road with a head full of ideas, Luis Carlos de Souza is looking back a bit. Now, at 57, he is getting ready to retire. He has mixed feelings. After all, it feels "like yesterday" that he started out at STIHL Ferramentas Motorizadas, he says. A warehouse clerk, de Souza actually has many years of work under his belt by now, 35 of them at STIHL. Back then, the situation in Brazil must have felt a bit like in Wiechs: "We were a small team. Everyone knew everyone else. There were only a few buildings, and it felt like a family." In the meantime, the STIHL family and his own have grown quite a bit – de Souza has three children. Two have already followed in his footsteps. He hopes his youngest daughter will do the same and join STIHL as well. "No matter how large or small it is, STIHL is STIHL, and it has always stayed true to its values. It is a family business, founded by one family for many other families."

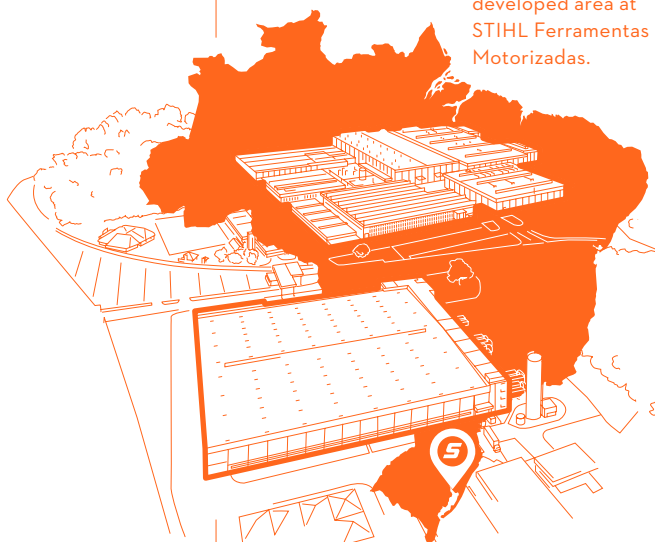
# BRA

**SÃO LEOPOLDO**  
BRAZIL

## 78,000

**SQUARE METERS**

is the current developed area at STIHL Ferramentas Motorizadas.



### CYLINDER EXPERTISE

More than 90 percent of all cylinders for STIHL products are made in Brazil. The Cylinder Competence Center was created there in 2012.



## 2,808

**EMPLOYEES** work in  
São Leopoldo.

### EXPORTS TO ALL OVER THE WORLD

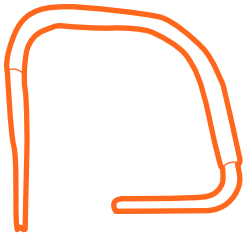
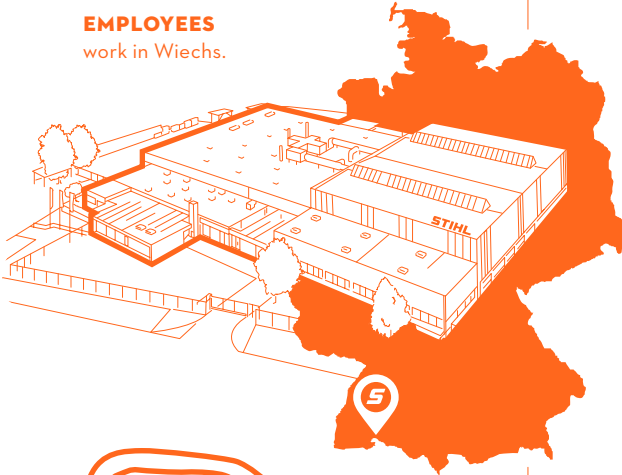
Every day, many, many components leave São Leopoldo for destinations across the STIHL Group.

# DEU

WIECHS AM RANDEN  
GERMANY

## 67

**EMPLOYEES**  
work in Wiechs.



### ALUMINUM HANDLEBARS

with and without heating, production of brush knives, and attachments for cut-off machines and electric saws are among the points that make the Wiechs plant unique.

## 1961

marked the start of STIHL's history in Wiechs am Randen. The company started out at the community center with just eight employees.

### EFFICIENT AND FAST

With machine efficiency at more than 90 percent, Wiechs takes top marks.



»We're a mini factory, the ›academy‹ for many other areas. I'm proud of that, and it shows just how valuable our plant is.«

**HOLGER VOLLMER (45),**  
plant manager in Wiechs am Randen since 2013



## LETTER FROM THE CHAIRMAN OF THE ADVISORY BOARD

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Dear Business Partners,  
Dear Staff,  
Dear Friends of the STIHL Group,

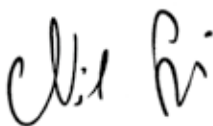
2020 was a truly memorable year, a year that was out of the ordinary. The coronavirus pandemic reshaped our day-to-day lives, from the personal to the professional. We have distanced ourselves – from friends and loved ones, from many of our favorite pastimes, and from our colleagues. Yet, I still feel that a very special sense of cohesion has arisen within the STIHL Group over the past few months.

We are a family-owned business. Standing together is part of our philosophy and our history. We can only succeed if we work together as a team – and STIHL has shown many times over the past 95 years just how well we can cope with a crisis, thanks to this spirit of cohesion. We will get through this unusual situation in the same way, working together on our future and moving toward our 100th anniversary, five years from now.

STIHL is healthy and has a solid financial structure that we have built over many years, looking ahead all the while. It gives us a robustness that may make all the difference now. But that isn't the only source of stability at STIHL. Our extensive worldwide sales and distribution network and international production alliance mean that we are firmly rooted in many regions and can rely on a solid structure of production sites, sales companies, dealers, importers, and employees, some of them having been with us through thick and thin for generations. All of this gives us both peace of mind and strength – especially in uncertain times.

This stability is the source of the extraordinary dynamism that has grown within our organization. Harnessing that dynamism has also required extraordinary dedication and commitment. With that in mind, a big thank you goes out this year to our employees first and foremost. Everyone gave their all, even under changing conditions, to make sure our customers' needs were met. It is thanks to our people and their prudent actions that we were able to close the last fiscal year with great success, contrary to initial forecasts.

On behalf of the Advisory Board, I would also like to thank all our partners, the Supervisory Board, the Executive Board, and the employee representatives for all their hard work and for their positive and constructive cooperation.



**DR. NIKOLAS STIHL**  
Chairman of the Advisory Board





## EXECUTIVE BOARD OF STIHL AG\*



**DR. BERTRAM KANDZIORA**  
Chairman of the Executive Board

»In 2020, we advanced important strategic projects, prepared the business for the challenges of the future, and concluded the year with outstanding success.«

»With more than 18,000 employees, STIHL companies worldwide are a bastion of stability. The aim is to offer all employees the very best conditions for a successful career.«

**DIPL.-ING. (FH) MARTIN SCHWARZ**  
Manufacturing and Materials



»STIHL can be counted on. Our international cooperation in a spirit of partnership with all Group member companies, our suppliers, and our business partners in 2020 showed that.«



**DR. MICHAEL PROCHASKA**  
Human Resources and Legal Affairs



**DIPL.-ING. (FH) NORBERT PICK**  
Marketing and Sales

»Record revenues and unit sales, along with an outstanding start for STIHL direct – you can only achieve something like that with extraordinary effort and tireless dedication.«

»We are approaching a major transformation in the STIHL product portfolio and the speed with which we operate.«



**DIPL.-ING. (FH) ANKE KLEINSCHMIT**  
Development

»Digital communication is more important than ever. That's why we plan to pursue new and increasingly digital technologies on an even broader basis across the business.«



**DIPL.-BETRIEBSW. (FH) KARL ANGLER**  
Finance and Information Technology

\* STIHL AG is the managing partner of STIHL Holding AG & Co. KG and of ANDREAS STIHL AG & Co. KG.



## REPORT OF THE EXECUTIVE BOARD

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Dear Business Partners,  
Dear Staff,  
Dear Friends of the STIHL Group,

Viewed in a sober light, the last fiscal year was a very special one for the STIHL Group in a number of areas. With revenue of over 4.58 billion euros, we achieved 16.5 percent growth.

Yet, 2020 was anything but easy. The worldwide coronavirus pandemic was a challenge for all of us in all areas of our lives. Plant closures among our suppliers and border closures across the globe led to a very tense situation along our supply chain. Initial economic forecasts in the spring seemed grim as a result. Nonetheless, we decided to continue producing at full capacity. This was only possible because everyone involved was creative, proactive, and committed – and that high level of engagement continues today. After all, we are still working through unusual circumstances, and we can successfully manage the challenges we face only if we continue our shared efforts, day after day.

In addition to higher revenue, we also saw an increase in unit sales in 2020. In particular, demand for battery-powered products rose, with this product segment growing by a whopping 46 percent. The coronavirus pandemic made home a safe place, a special place with gardens and yards that our customers beautified using STIHL products. We were pleasantly surprised that unit sales of our gas-powered products also rose by 20 percent.

Despite these good results, we continue to work hard in both the battery and gas-powered product segments. Battery products are more than just a sideline for us, and we know that they will continue to gain market share.

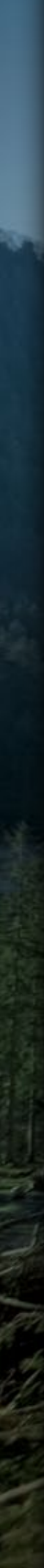
The coronavirus pandemic was also a major boost to e-commerce, and we are tapping into new customer groups with our own online platform, STIHL direct. All this means we have a number of big projects ahead of us, projects in which we will invest heavily in the future. We have no intention of becoming complacent. Instead, we will be taking bold action with a view to the future to expand on our current position of strength.

2020 was an unusual year, a year that brought surprisingly strong growth even as the overall economy slowed and the metals and electronics industries experienced a transformation. As we look forward, we expect the next few years to bring special challenges. We are approaching these challenges with clearly focused strategic initiatives. On behalf of the entire Executive Board, I would like to thank all our employees for their excellent work and tireless dedication. I would very much like to thank the owners for the trust they have placed in me, and the members of the Employee Council for their constructive cooperation.



**DR. BERTRAM KANDZIÖRA**  
Chairman of the Executive Board





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# KEY FIGURES, 2020

CONSOLIDATED GROUP OF STIHL HOLDING AG & CO. KG		2020	2019	2018
Revenue	Million euros	4,581.3	3,932.5	3,782.1
Proportion of revenue from outside Germany	%	90.0	89.9	89.5
Wages and salaries, social security, pension contribution	Million euros	981.4	935.6	905.7
Employees	Dec. 31	18,200	16,722	17,122
Capital expenditure	Million euros	283.2	308.2	324.4
Depreciation	Million euros	173.8	173.3	158.8
Balance sheet total	Million euros	6,864.5	6,315.5	5,844.4
Equity ratio	%	69.6	70.4	69.9
ANDREAS STIHL AG & CO. KG		2020	2019	2018
Revenue	Million euros	1,380.6	1,207.7	1,198.2
Proportion of revenue from outside Germany	%	89.2	89.4	89.2
Wages and salaries, social security, pension contribution	Million euros	430.7	414.6	393.0
Employees	Dec. 31	5,262	5,090	4,997
Capital expenditure	Million euros	155.1	133.5	123.7
Depreciation	Million euros	64.3	62.9	56.1
Balance sheet total	Million euros	1,672.7	1,564.3	1,375.8
Equity ratio	%	38.9	39.0	44.3

## 4,581.3

**MILLION EUROS**  
REVENUE, 2020

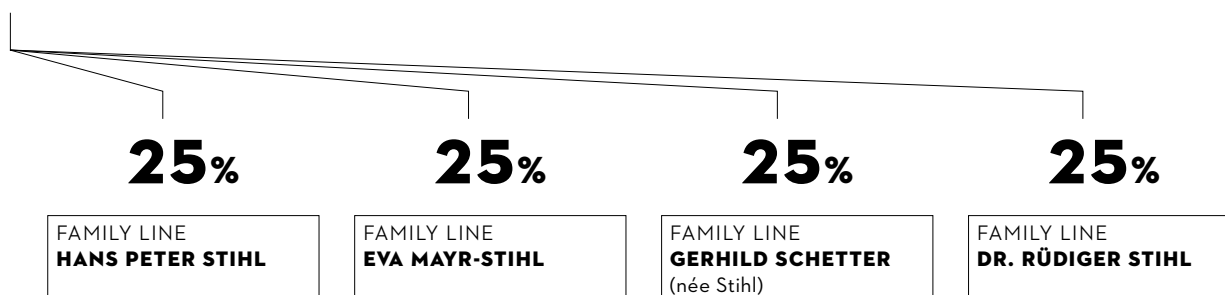
## 18,200

**EMPLOYEES**  
GROUP-WIDE, 2020

## 69.6

**PERCENT**  
EQUITY RATIO, 2020

### OWNERSHIP STRUCTURE OF STIHL HOLDING AG & CO. KG



## STIHL WORLDWIDE



IN OVER

# 160

**COUNTRIES AND ON FIVE CONTINENTS**, STIHL IS REPRESENTED AROUND THE WORLD.

The STIHL Group develops, manufactures, and distributes outdoor power equipment for forestry, agriculture, landscaping, construction, and discerning consumers. The product range is complemented by digital solutions and services. The products are sold to end users through authorized servicing dealers. The STIHL Group's sales network consists of 41 sales and marketing companies, approximately 120 importers and more than 54,000 independent, authorized dealers in over 160 countries. STIHL has been the world's best-selling chainsaw brand since 1971.

## STIHL HOLDING AG & CO. KG

(General Partners: Hans Peter Stihl and STIHL AG)

# 41

**STIHL OWNED MARKETING AND SALES COMPANIES WORLDWIDE**



¹ STIHL production and sales companies.



# MANAGEMENT REPORT – THE STIHL GROUP

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The STIHL Group posted revenue of 4.58 billion euros in the last fiscal year, a gain of 16.5 percent over 2019. If not for the negative currency effect reflected in this result, revenue would have been up by 20.8 percent. Capital expenditure was down slightly year over year in 2020, at 283 million euros, and was focused primarily on the worldwide production companies.

## 4.6 BILLION EUROS IN REVENUE

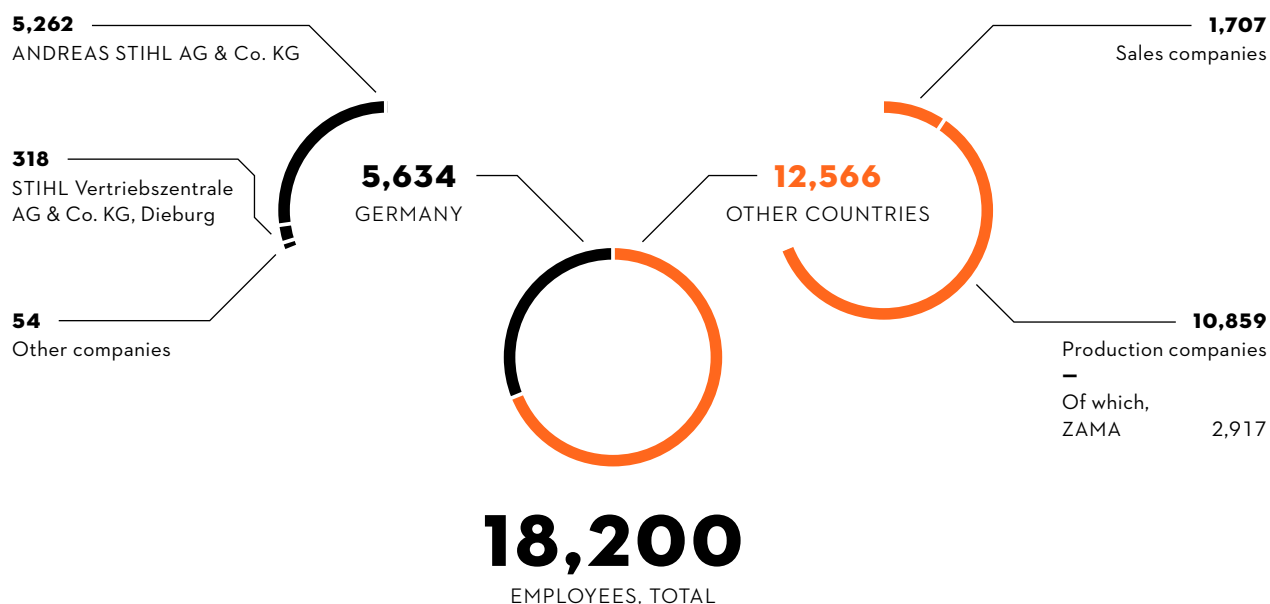
In fiscal year 2020, the companies of the STIHL Group generated consolidated sales of 4.58 billion euros. The revenue increase was 16.5 percent over the previous year (2019: 4.0 percent). The proportion of revenue generated outside Germany was 90 percent, compared with 89.9 percent in the previous year. 28.5 percent of the total revenue was earned in the eurozone, and 44.7 percent came from the European Union on the whole.

The currency side had a negative effect, at minus 4.3 percent. Calculated at the average exchange rates for 2019, revenue grew by 20.8 percent. The largest negative currency effects came from three markets: Brazil, Argentina, and the United States.

## INVESTMENT IN GERMANY AND ABROAD

In 2020, the investment volume (property, plant and equipment and intangible assets) in the STIHL Group amounted to 283.2 million euros (2019: 308.2 million euros).

54.8 percent of capital expenditure was invested at ANDREAS STIHL AG & Co. KG, while 45.2 percent was invested in the other companies of the Group, both in Germany and abroad. 88.3 percent of the total investment was made at production companies within the STIHL Group.

**NUMBER OF EMPLOYEES, DECEMBER 31, 2020 – STIHL GROUP**

Construction activity in the Group was at a high level in 2020, as previously. For example, a total of 110.4 million euros was invested in land and buildings (2019: 106.1 million euros).

As in previous years, investments focused mainly on production and logistics facilities at the production companies. A new production logistics facility was erected at the site of the magnesium pressure casting plant in Weinsheim for 18 million euros, for example, and STIHL Qingdao in China built a production building and a logistics building.

**SATISFACTORY EARNINGS**

From a Group perspective, the earnings situation was satisfactory in 2020.

**STRONG FINANCIAL STRUCTURE**

The capital structure remains positive. The equity ratio at the end of the reporting period amounted to 69.6 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

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2020 was not easy – and yet, by the end of the fiscal year, the STIHL founding company had posted significant revenue growth of 14.3 percent. Capital expenditure stood at 155.1 million euros, also above the previous year's total, and the equity ratio also remained high, at 38.9 percent.

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

In the 2020 fiscal year, revenue at the founding company increased significantly, rising by 14.3 percent (previous year: 0.8 percent), to stand at 1.38 billion euros. The export ratio was still very high, at 89.2 percent (previous year: 89.4 percent). Revenue growth was realized in particular in Australia / Oceania, North America, and Asia.

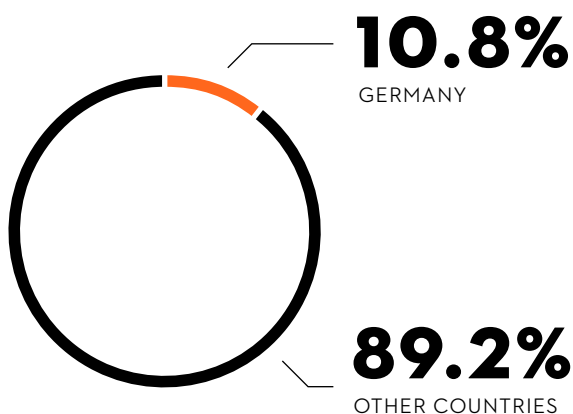
## **HIGH INVESTMENT**

The investment volume (property, plant and equipment and intangible assets) amounted to 155.1 million euros in fiscal year 2020 (previous year: 133.5 million

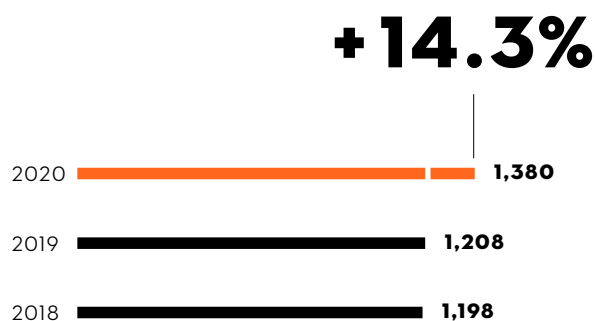
euros). A large portion of that amount went toward the brand world and high-rise construction projects in Waiblingen, the construction of the STIHL childcare center in Waiblingen, expanding the production logistics center, and the purchase of a new property for expansion purposes in Waiblingen's Neustadt district, along with the expansion of the logistics center in Ludwigsburg and the construction of the new production warehouse in Weinsheim. Further major expenditures involved the SAP S/4HANA project and investments in production facilities in Waiblingen and Weinsheim.

In addition, significant investments were made in research and development and new production technology in Waiblingen. As in previous years, investments in 2020 significantly exceeded depreciation.

#### SALES DISTRIBUTION 2020 – STIHL FOUNDING COMPANY IN %



#### REVENUE GROWTH IN 2020 – STIHL FOUNDING COMPANY IN MILLIONS OF EUROS



#### STABLE EQUITY RATIO AND HIGH LIQUIDITY

The equity ratio stands at 38.9 percent (previous year: 39.0 percent), so it is still at a high level. This means the fixed assets and part of inventories are covered by equity. Total liquidity, including securities held as current and non-current assets, accounted for 34.3 percent of the balance sheet total. 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 9.2 percent compared to 2019 (increase in the previous year: 11.0 percent). The calculations are based on the Heubeck 2018 G mortality tables.



# PRODUCTION

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Playing in the big leagues – that's our goal in every area of our business. This year, production teams worldwide went above and beyond to keep operations running and ensure that fiscal year 2020 would be a success, despite the coronavirus pandemic and everything it entailed. With great effort across the globe, the team pulled it off.

## DIGITAL PRODUCTION

A new manufacturing execution system (MES) is being introduced at all production facilities in Germany. The goal of this project is to create an integrated hardware and software platform that optimally links people, machines, and systems. The rollout phase, which involved replacing an internally developed system, was launched in 2020. Plant 3 in Wiechs am Randen, the plastic production site in Waiblingen, and the production company in Brazil have all already made the shift.

The adoption of new digital production technologies even extends to traditional guide bar production. A new digital printing machine for three-part bars was commissioned at plant 2 in Waiblingen. But the machine isn't the only thing that's new. The printing itself has also been updated to reflect the new corporate

design. Bars for slimmer models already feature the new design and have been on the market since March 2020. A limited production of 80,000 special-edition units for the 2021 STIHL Timbersports® season have been available from retailers since the start of 2021.

In 2020, the Swiss chain plant introduced a structured light scanner to analyze the punch strip in tool maintenance. The scanning technique replaces existing conventional measurement methods, enabling a quantitative view of the punch strip when removing the punch tools for cutting teeth. Any necessary adjustments to the punch tools are faster with the new method, and the process is targeted. The introduction of the structured light scanner has made it possible to significantly reduce tooling times for punch tools used to manufacture full-chisel cutting teeth. And that, in turn, enhances both quality and productivity.

**BARS WITH A NEW DESIGN**INDUSTRIAL DIGITAL PRINTING TAKES  
PRODUCTION BY STORM**3.5****SECONDS PER BAR**

is how long the printing process takes. The method is similar to that used by a conventional inkjet printer.



Now, for the first time, the new method enables **PRINTING IN MULTIPLE COLORS** and offers various design options.

**14.5****MILLION EUROS**

is the investment to date in the new printing technology at the three production companies that produce bars – in Germany, the U.S., and Brazil.

**STIHL BRAZIL IS GROWING**

Production across the global STIHL manufacturing network is constantly growing. STIHL Ferramentas Motorizadas in Brazil began relying on digital aid for constructing buildings and for complex installations in 2020, using advanced building information modeling (BIM) technology. This method makes it possible to visualize detailed digital models, which shortens construction time and helps to prevent issues later on in the project management process by identifying them at an earlier stage. There are other advantages spanning the entire building life cycle as well, from budget planning to cost-effective building operation.

**CHANGE AT ZAMA**

As part of the strategic realignment of the ZAMA product portfolio, new products were added at the Huizhou location in the past fiscal year, along with other changes. The goal of this move is twofold: first, to achieve greater independence from the components of traditional combustion engines, and second, to increase capacity utilization in mechanical production operations. ZAMA's precision machining shop produces chain lubrication pumps and steering knuckles for five-part crankshafts and now, starting this year, chain tensioners for gasoline-powered and battery-powered saws, as well as pump pistons for pressure washers. This was the impetus for commissioning six additional CNC lathes and two new CNC grinders in addition to the 156 lathes already in operation, making it possible to produce parts with even larger diameters of up to 45 millimeters. A new, fully automated 3D measurement machine is now used to monitor quality for rotationally symmetrical parts. It provides measurement data to monitor quality in real time.

In the Philippines, the ZAMA product portfolio was expanded in 2020 to include the production of cable harnesses, especially for STIHL battery-powered products. Assembly and testing take place using systems and equipment from ZAMA's own toolmaking team, which worked together very closely with colleagues in Waiblingen.



# OCCUPATIONAL SAFETY AND HEALTH AND ENVIRONMENTAL PROTECTION

---

The health and safety of all employees is a high priority throughout the STIHL Group. In 2020, this principle became even more important as the worldwide coronavirus pandemic struck. STIHL Group companies have taken extraordinary measures throughout the pandemic to reduce the risk of infection in the workplace. No matter where in the world, production and sales companies across the Group teamed up to achieve our common goals.

Since early 2020, management teams throughout the Group of companies have been working with experts and the responsible governmental authorities to implement a wide range of hygiene and protective measures. These measures, which often far exceed the measures specified by law, were particularly important for departments where working from home is not possible.

## PROTECTION ACROSS THE BOARD

One of the most important steps to reduce the risk of infection came right at the start of the pandemic, when extensive and effective hygiene measures were put in place. At the founding company alone, approximately 390,000 face masks were provided to employees by the end of the last fiscal year. More than

1,900 liters of surface disinfectants and hand sanitizer were purchased and used as well.

Alongside medical-grade face masks, some locations also distributed washable STIHL masks for added protection.

## WE ARE KEEPING OUR DISTANCE

Another factor that was just as important as the introduction of hygiene measures was creating more physical distance between employees in their day-to-day working environment. This measure was implemented at the start of the pandemic. Wherever possible, employees were given the equipment they needed to work from home, and the appropriate IT infrastructure was set up. IT equipment was provided for home

workstations on very short notice. In those departments where employees must be physically present, we had to find other solutions. Among other things, floor markings and signs were used for guidance, scheduling concepts for offset shifts were developed to enable greater social distancing, and distances between workstations were increased, thereby providing greater protection for everyone.

In Spain, ANDREAS STIHL S.A. took a very innovative approach with its “SafeZone” initiative. All warehouse employees wear wristbands containing sensors known as “safe tags.” The sensors measure the distance between individual employees in real time. If employees move closer than allowed by social distancing rules, the sensor sends an audible warning. The safe tags also make it possible to quickly identify possible contacts in the event of an infection and swiftly take additional steps.

## WELL INFORMED

With all the new terms and rules that have emerged over the course of the coronavirus pandemic, it isn't always easy to keep track of what's what. This means that in both public and private life, and on the job as well, clear and comprehensive communication is needed. That was another reason that response teams were established throughout the STIHL Group, keeping everyone informed of new developments and decisions on a regular basis through various communication measures. One tool used for communication in Germany is a dedicated pandemic page on the founding company's intranet. The page lists all of the current regulations at the state and federal levels, their ramifications and what is being done in response, tips for what to do if you experience symptoms, and helpful recommendations for staying productive and healthy while working from home. In Germany, the company's counseling service also offers discussions and training activities for employees who are dealing with psychological strain due to the pandemic. Other locations are also striving to help employees with mental health concerns. Some are even producing short videos with tips for coping with the current situation.

## HELP FOR OTHERS

During the pandemic, the STIHL Group has focused on protecting and supporting its people, of course. But even in these difficult times, we are also aware of our broader social responsibility and have made efforts to help those outside of our organization. The German founding company and STIHL Inc. in the United States have donated protective goggles and face shields to local hospitals and facilities for seniors and the disabled, for example. In Germany, a monetary donation was made to support SOS Kinderdorf Baden-Württemberg, which is striving to improve conditions for children and teens during remote learning. STIHL Ferramentas Motorizadas in Brazil has also looked beyond its immediate environment, as employees have distributed more than 1,200 baskets containing food and face masks to the needy in the São Leopoldo area.

## THE PANDEMIC IN FIGURES

EXAMPLES FROM CORONAVIRUS AT STIHL



**~ 390,000**

**FACE MASKS** were purchased and distributed in 2020.



**1,200**

**FOOD BASKETS** were donated to needy families by STIHL Ferramentas Motorizadas in Brazil.



**~ 1,900 LITERS**

**OF HAND SANITIZER AND SURFACE DISINFECTANTS** were purchased for the STIHL founding company alone.



# HUMAN RESOURCES

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The close of the past fiscal year marks the end of an eventful and busy year for the STIHL Group. In that way, it was like many previous years. But it was also a year when many familiar workflows and processes were turned upside down and inside out by the coronavirus pandemic. Despite the challenging circumstances, we accomplished a lot in 2020, and we did it all by working together. Amid all the challenges the pandemic has posed, this year showed just how much we can achieve when we work together and how important it is to stick together during trying times.

## HR STRATEGY

In terms of HR strategy, strategic priorities are set in keeping with Group-wide initiatives. We have a clear focus here: lasting change in HR and the workforce.

The transformation includes the adoption of new and increasingly digital technologies in our processes, among other elements. One of the objectives of “ONE HR” is to build a global community that develops and promotes shared standards for HR processes and tools. When we speak of transforming the workforce, we mean two things: rethinking the role of managers, and cultivating the skills and abilities of our employees. Through targeted executive development at Group companies across the globe, and

by developing new skills and abilities, the STIHL Group aims to gear up for the requirements of the future.

HR has assumed a critical role as a proactive partner that supports and advances the restructuring goals that have been identified.

## BALANCING WORK AND FAMILY LIFE

STIHL also made great progress in 2020 enhancing its appeal as an employer and improving the balance between work and family life. In 2020, ANDREAS STIHL AG & CO. KG opened a new childcare center in Waiblingen named after Mia Stihl, the wife of the company's founder. The center can care for as many

as 55 children ranging in age from six months to six years. The facility is operated and managed by pme Familienservice GmbH, a company based in Stuttgart that has been working with STIHL for many years. The Mia Stihl Childcare Center was developed in close cooperation with the city of Waiblingen. One key element of the partnership was a cooperation agreement aimed at jointly expanding and strengthening the range of childcare options available to working parents in Waiblingen.

## GOING DIGITAL

Adoption of digital technologies is an increasingly important factor in the field of HR, and we made great strides in this area in 2020, as in years past. Among other things, a new e-learning platform makes it possible to learn from anywhere, anytime. Visitors to the career site see a message saying, “Hi! I’m BENNI,” right away. Benni is a chatbot that now answers questions 24 hours a day on topics such as careers at STIHL, entry-level opportunities, and how to apply. If there is ever a time when Benni doesn’t know the answer, real HR employees take over.

There is also a new digital learning platform at STIHL Ferramentas Motorizadas in Brazil. The goal is to allow all employees to actively direct their own professional growth and give them virtual options for training and development. The range of courses offered has already grown to more than 15, all with the additional goal of optimizing knowledge management.

Beyond that, all employees now have access to an internal communications app that could previously only be used by managers. As a result of the coronavirus pandemic, the Brazilian company has increasingly turned to work-from-home arrangements. The app helps people keep in touch, promotes dialogue, makes content accessible to everyone faster, and facilitates general communications. More than 85 percent of the staff in Brazil now use the app.

# 85%

**OF EMPLOYEES** at STIHL  
Ferramentas Motorizadas in Brazil  
use the new communications app

## A NEW JOB IN NO TIME

STIHL Tirol in Langkampfen is pioneering a new approach to employee development. The concept, dubbed “Employees Train Employees,” includes internal training activities and an initial training and familiarization program for new production colleagues. Two recruiting events have also been implemented successfully. The initiative started with an applicant evening where prospective employees were invited to meet with representatives of HR and other departments in a relaxed atmosphere and learn more about job opportunities. There was a “speed round” geared toward helping people quickly find a new job in production. In this way, candidates were able to meet with hiring reps for brief interviews without applying beforehand. All participants received a response in just a few days, and some even went on to start a new job in production two weeks after the interview.

ANDREAS STIHL Power Tools in Qingdao introduced the Performance Excellence Activity (PEA) program in 2020. By the end of October, 344 employees in all had participated, and about 200 improvements around the company were implemented. These improvements enhance working efficiency while solving current problems in the day-to-day business.



# CAPITAL EXPENDITURE

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Construction and acquisition of new facilities have never been merely an end in themselves for members of the STIHL Group. In fiscal year 2020, the coronavirus pandemic prompted employers everywhere to reconsider how workspace is used. Despite all that was put on hold this year, important projects for the future moved forward, and STIHL companies invested in key projects around the world. This is the only way to ensure the strength for organic growth, even under tough overall conditions.

## A MODERN CAFETERIA IN SWITZERLAND

A new three-story entrance building with a modern cafeteria is under construction at the Swiss chain plant in Wil. An impressive 1,250-square-meter glass facade makes for a bright, inviting atmosphere. The building is automatically ventilated and cooled, so it can be operated year-round with the windows closed. To regulate the heat inside the building, it is connected to the heating network used for the neighboring production facility, so there is no need for an additional boiler. The Swiss chain production facilities already derive the majority of their heating needs from excess heat from the production equipment. The new cafeteria is scheduled to begin operating in the summer of 2021.

## NEW LOGISTICS FACILITY IN WEINSHEIM

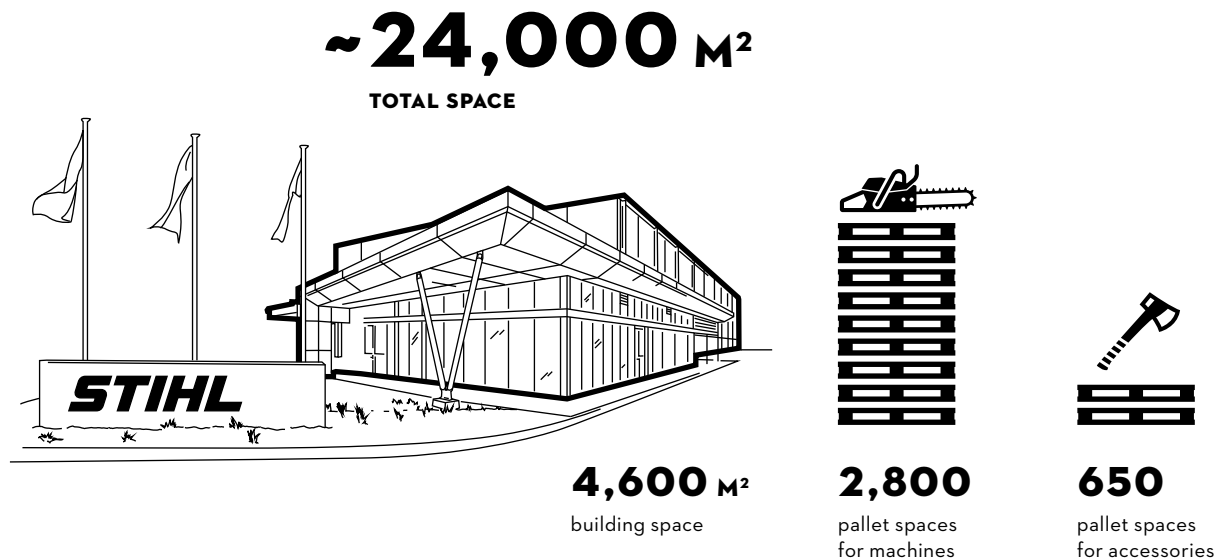
Just 13 months after the ground was officially broken, the extensive construction work on the site in the Eifel

region is complete. The STIHL magnesium pressure casting plant in Weinsheim has been expanded to include a new production logistics facility. A total of 18 million euros was invested in the new building. It has 6,300 square meters of usable space and provides over 11,100 storage bays. Like in Switzerland, the production logistics center uses the excess heat from production, making it particularly energy-efficient, and requires no supplemental source of heating.

## QINGDAO PLANT EXPANSION

Ever since production first started in Qingdao back in 2006, demand for STIHL products made there has grown by leaps and bounds. To accommodate the trend, the plant's production space has been expanded twice, most recently in 2020. The third phase of construction includes a production building with office space, a logistics building, technical space, and infrastructure adjustments such as parking spaces and a second gate. There is now an additional 24,000 square

**THINK BIG IN THE LAND DOWN UNDER**  
NEW WAREHOUSE IN BRISBANE, AUSTRALIA



meters of space available for receiving goods, parts storage, assembly, plastic production, shipping, and offices. The expansion also involved consolidation. Electrical products were pooled together in the new area to create space for further development of the product portfolio. Plastic production, previously housed in a rented building, also now has a permanent home inside STIHL Qingdao's own building.

**NEW CONSTRUCTION DOWN UNDER**

The grounds of the new warehouse of STIHL Australia in Brisbane, capital of the Australian state of Queensland, occupy some 24,000 square meters, with buildings offering 4,600 square meters of space in all. About 4,400 square meters of logistics space is also now operational in Australia, with about 2,800 new pallet spaces for powerheads and 650 for accessories, forestry items, and advertising materials. Everything is packaged and provided for shipping in an area encompassing 900 square meters. And if

the space should prove insufficient in the long term, there is more than 2,800 square meters of space on the grounds that can be used for expansion.

**NEW HOME FOR POWERHEADS IN BRAZIL**

A new home for production of powerheads was built in Brazil in 2020. The new building, which was constructed for 18.5 million euros, provides improved ventilation and its powerhead test stations are equipped with automatic filling systems. Due to the high utilization of production equipment during the past fiscal year, the start of the equipment transfer from the old building to the new facilities had to be postponed from November 2020 until April 2021.



## MIA STIHL CHILDCARE CENTER

### THE PERFECT BALANCE BETWEEN WORK AND FAMILY LIFE

# 55

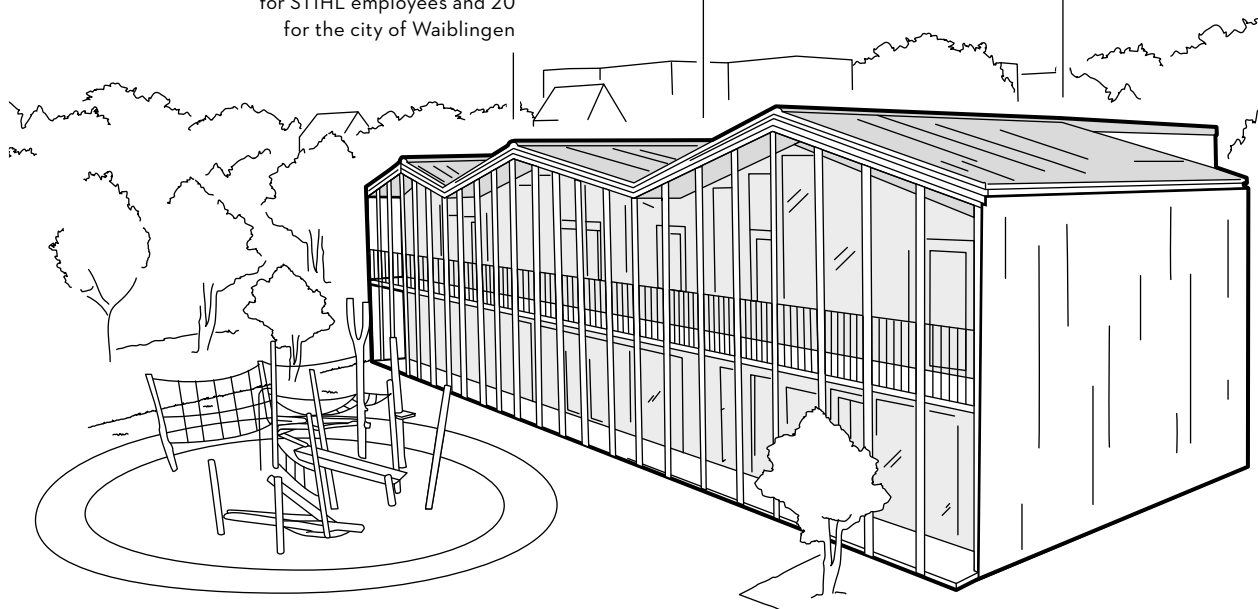
**CHILDCARE CAPACITY,**  
with 35 places reserved  
for STIHL employees and 20  
for the city of Waiblingen

# 21

**MONTHS UNDER  
CONSTRUCTION**

# 5.5

**MILLION EUROS IN  
OVERALL PROJECT  
COSTS**



STIHL opened its first childcare facility in November 2020 in Waiblingen. The Mia Stihl Childcare Center, staffed by 12 educators in all, can care for as many as 55 children ranging in age from six months to six years. The project cost about 5.5 million euros. Dr. Nikolas Stihl, Chairman of the Supervisory Board of STIHL AG, says: “Balancing work and family life is an important factor in the competition for skilled employees. But having a family-friendly environment in the form of good childcare doesn’t just make a company more attractive. It’s also a big gain for this location in general.” The childcare center was devel-

oped in close cooperation with the city of Waiblingen. One key element of the partnership was a cooperation agreement aimed at jointly expanding and strengthening the range of childcare options offered in Waiblingen. The facility was named after Mia Stihl, wife of company founder Andreas Stihl. The facility is operated and managed by pme Familien-service GmbH, a company based in Stuttgart that has been working with STIHL for many years.

The Mia Stihl Childcare Center is based on a sustainable construction concept and energy-conserving building planning.

The grounds extend over 1,800 square meters. There is a two-story building with 1,200 square meters of space and a spacious outdoor area. The facility also has a large photovoltaic system, underfloor heating, and a ventilation system with heat recovery.



# DEVELOPMENT

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Development is the keystone of the STIHL brand. The commitment to innovation defines STIHL in a way that hardly any other area can match. The development team uses its expertise to the fullest to design the products of the future. This allows STIHL to wow customers and continuously exceed their expectations with top-notch quality and a product portfolio that covers all possible applications. STIHL's technological leadership is always a factor. This past fiscal year, for example, we launched the most powerful production chainsaw on the market – the STIHL MS 881. It was created using new technologies and expertise from all over the world.

## CONNECTED THROUGH DEVELOPMENT

The continuous improvement of the STIHL product portfolio is driven by the entire STIHL Group. An alliance focusing on development-related topics is currently being created to parallel the production alliance within the STIHL Group. Alongside central development activities in Germany, experts at the production companies worldwide are forging ties with each other so that knowledge from their respective production facilities can go directly into the development process. Data on new products is collected on-site, for example. To that end, endurance test automation was successfully introduced by STIHL Group companies in China, Brazil, Austria, and the United States. The move standardized software and hardware for endurance testing worldwide. Extensive and detailed training activities and close dialogue among all those involved allowed the team to overcome the challenges of standardization with the new approach to endurance test automation.

## CLEAN CARBURETORS, CLEAN COOPERATION

New, shared approaches to carburetor development have also been adopted. In partnership with ZAMA, we are developing a method of analyzing carburetors virtually. For example, simulation methods from Germany are being used to develop the processes and equipment used in production, with an eye to all aspects of carburetor cleanliness at ZAMA. This allows further coordination and means that processes relating to cleanliness, particularly on carburetor flushing in production, are factored into the carburetor development process at ZAMA as early as the conceptual design phase. Ongoing dialogue and refinement of the simulation methods in Germany ensure shared success.

## PRINTED METALS

3D printing is already a long-standing tradition in the STIHL Group. Now, a new technology called laser beam melting (LBM) has been added to the range of equipment available for additive manufacturing. This technique makes it possible to generate metal components straight from the powder bed, particularly useful during the product development process. Before now, only plastic parts could be produced via 3D printing. The new possibilities in the production of metal components will help shorten throughput times for items such as cylinders during early stages of development. In addition, the Development Department is continuously exploring new areas of application opened up by 3D printing. This is sure to remain an exciting field now and into the future.

## NEW, STRONG, STIHL

A true powerhouse was launched in 2020 – the STIHL MS 881 draws on the knowledge and skill of 25 departments from all around the Group of companies. The final product of this international cooperation is the world's most powerful production chainsaw, but that's not all. It is also the only one in its power class to meet current EU emission standards. The chainsaw can only meet the strict specifications of the EU-5 emission standard due to its advanced stratified engine. This meant that both the piston and the cylinder of the STIHL MS 880 had to be redesigned. Many other components were also optimized to make the performance and handling of the STIHL MS 881 something truly special. In all, the STIHL MS 881 has 50 new components.

Numerous new developments among ground-supported garden equipment came from STIHL Tirol in Langkampfen in 2020. The STIHL RLA 240 battery-powered lawn scarifier is based on the RLE 240 electric model and draws on the AkkuSystem COMPACT line in terms of design, concept, and price point. With a working width of 34 centimeters, the 800-watt motor with AK battery technology delivers speed of 3,600 revolutions per minute. The new STIHL RMA Vario battery-powered lawn mowers in the AP system make lawn mowing quick and efficient. Models with a

mono-comfort handlebar offer superior comfort and a grass catcher that is very easy to remove. STIHL also supplies rugged tillers for the European market: the MH 600 and MH 700.

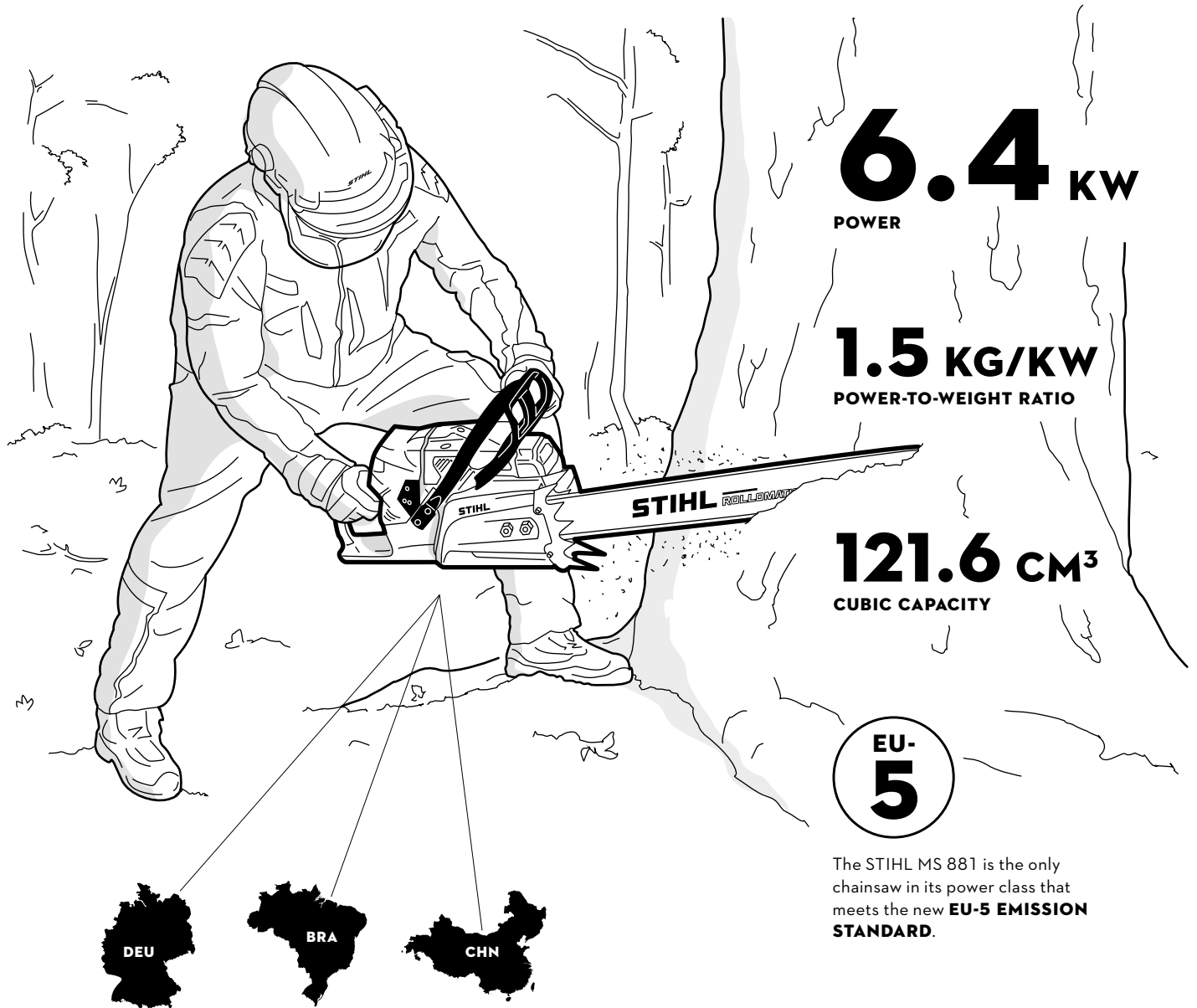
The STIHL BGA 200 and STIHL BGA 86 mark new steps in the development of battery-powered blowers. The handheld STIHL BGA 86, part of the AP system, is highly versatile thanks to its removable battery. Designed for professional users, it will certainly be welcomed by municipalities, businesses, and ambitious private users who face challenging cleanups. The new STIHL BGA 200 professional blower, part of the AR system, is not just much lighter than the STIHL BGA 100, but also has over 20 percent more blowing power. It impresses users with its versatility, and the innovative carrying system is designed to enable long-term daily use.

One completely new product with a new application is the STIHL 3212 cutting attachment for the STIHL GS 461 concrete cutter. The cutting attachment was developed especially for repairing fresh water and wastewater pipes often found in municipal utility networks. The new cutting attachment makes cutting smooth and comfortable, even in tight quarters. A new 45-centimeter guide bar with highly durable side plates, a new chain with vacuum-brazed diamond segments for reduced vibration, superior cutting performance, and long life, and a new sprocket were all specially developed to achieve this. The chain is produced in-house at the STIHL Kettenwerk in Wil, Switzerland, ensuring high quality and vertical integration for this product, like many others.



**THE STRONGEST OF ITS KIND**

THE MS 881 IS THE WORLD'S MOST  
POWERFUL PRODUCTION CHAINSAW



**6.4 kW**  
POWER

**1.5 KG/KW**  
POWER-TO-WEIGHT RATIO

**121.6 CM<sup>3</sup>**  
CUBIC CAPACITY



The STIHL MS 881 is the only  
chainsaw in its power class that  
meets the new **EU-5 EMISSION  
STANDARD**.

**3**

**COUNTRIES** with nine  
locations in all were  
involved in developing  
the new STIHL MS 881.

**50**

**NEW COMPONENTS** were opti-  
mized or newly developed when  
the MS 881 was designed, includ-  
ing a new stratified engine.

# MARKETS

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The STIHL Group saw significant growth in unit sales and revenue alike across almost all markets in 2020 – in spite of the worldwide coronavirus pandemic, and even as the situation caused sharp declines in many other industries. The classification of STIHL dealers as essential businesses, rapid and forward-thinking planning for production, sales and distribution logistics, and the successful launch of a new online sales platform all spurred growth in spite of the tough conditions this year.

## SHARP GROWTH IN UNIT SALES

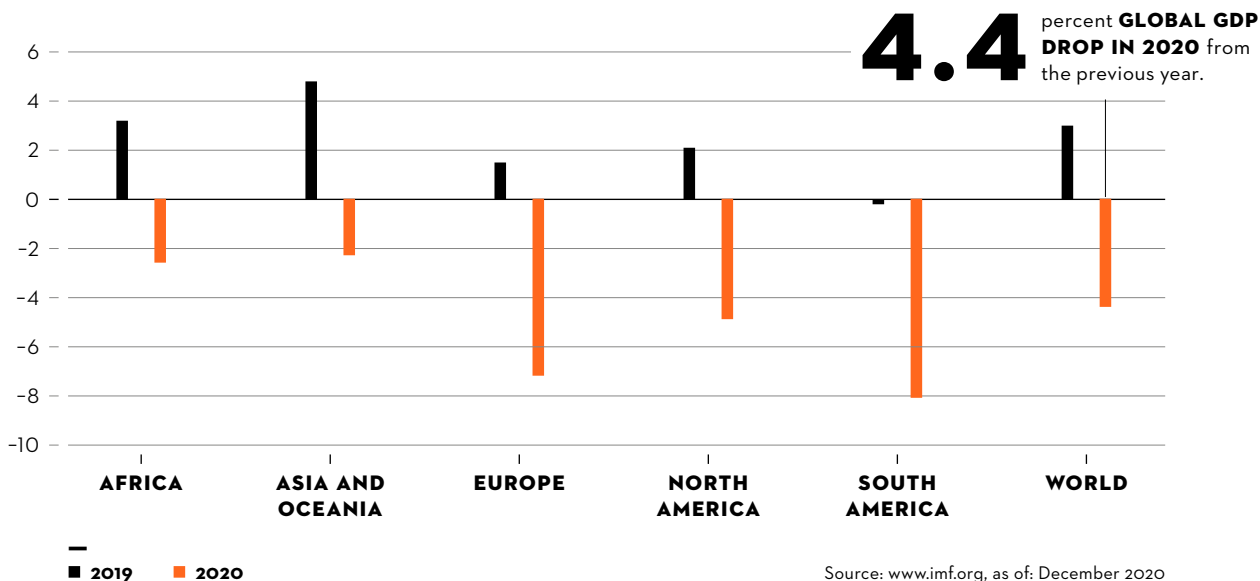
Worldwide, the STIHL Group saw a significant increase in sales revenue and unit sales in fiscal year 2020. Huge demand, especially for outdoor and landscaping tools, was attributable to various factors, including the fact that people hunkered down at home during the coronavirus pandemic, a phenomenon known as “cocooning.” Many customers spent significantly more time at home last year, working in the garden or yard and enjoying the outdoors. At the start of the pandemic, many STIHL dealers were forced to shut down temporarily, which caused sharp losses from February through April. Some normalcy returned in May, however, and demand increased significantly, which more than made up for the initial market weakness. Robust growth was seen across almost all markets starting in early summer.

## A RAPID RESPONSE

The coronavirus pandemic not only led to temporary closures among STIHL dealers, but also created a tense situation along the supply chain. Thanks to forward-looking planning early on, in February and March, STIHL production companies were able to maintain their supply chains to a large extent. The sales and distribution system coupled with the STIHL companies’ many regional storage facilities provided a level of product availability that enabled the Group to fully supply the market before the global crisis struck, and placed it in a strong position to respond to the subsequent rise in demand. Another helpful factor was that STIHL dealers were classified as essential businesses in many countries because they sell gardening and landscaping equipment. They were able to continue to operate during lockdowns. As a result, the STIHL Group not only benefited from general growth, but outperformed the market as a whole. However, even STIHL experienced some supply delays for products that were in especially high demand.

**REAL GLOBAL GDP GROWTH, 2019/2020**

IN %

**ONLINE AND BATTERY BOOMING**

The restrictions brought about by the coronavirus pandemic, some of them quite severe, led to a general boom in the online retail segment in 2020. The launch of the new STIHL direct online sales platform in Germany and France allowed the STIHL Group to benefit from this trend as well. Battery-powered products remained popular, and STIHL companies posted disproportionate growth in this segment in many markets worldwide. The trend in unit sales of gasoline-powered products was another bright spot. Especially in North America, where unit sales of gasoline-powered products had been more or less flat in recent years, the market saw an upturn. Demand for chainsaws rose in particular, spurred by widespread storm damage on the coasts and mild temperatures. A similar picture emerges for Australia, where cleanup work in the wake of devastating wildfires and improved weather conditions brought significantly greater unit sales.

**SOLID GROWTH IN SOUTH AMERICA, MIXED PICTURE IN AFRICA**

In South America, the past fiscal year saw increased demand for STIHL equipment on the back of rising raw material prices for agricultural products. Currency fluctuations, especially in Brazil and Argentina, and the ongoing political unrest in Venezuela, continue to pose challenges for our market.

In Africa, as in other emerging economies, sales of chainsaws rose due to advances in the mechanization of agriculture. The African market was hard hit by the effects of the coronavirus pandemic. Some countries were completely sealed off for a time and could hardly import any goods. In addition, the general public in many countries on the continent still has very little purchasing power, which negatively affects sales of mechanized agriculture and forestry equipment.



# SUSTAINABILITY AT STIHL

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The Stihl family and the STIHL Group have always felt a special sense of responsibility toward the environment. Since the brand's roots lie in forestry, and because STIHL products are put to work every day in the responsible use, protection, and conservation of forests across the globe, there is an unbreakable link between STIHL and the natural world.

The STIHL Group is committed to the Paris Agreement's goal of limiting global warming to less than two degrees Celsius, thereby reducing the impact of climate change. That is why the company has been developing a sustainability strategy, setting sustainability goals, and pursuing those goals with determination. One initial result is that the founding company has committed to be climate-neutral in Germany in 2021. Production companies worldwide will follow in 2022, and the sales companies will do the same by 2028. These efforts will seek to compensate for more than 100 metric tons of CO<sub>2</sub>. This climate strategy is another element in the mosaic of global sustainability activities. The STIHL Group is already actively involved in protecting the environment through a wide range of projects and cooperative initiatives, some of which go back years. Here is a brief overview.



FOR MORE ON OUR CLIMATE STRATEGY, VISIT  
[STIHL.COM/CLIMATE-STRATEGY](https://stihl.com/climate-strategy)



FURTHER EXAMPLES OF HOW WE ACTIVELY HELP PROTECT THE ENVIRONMENT ARE FEATURED AT  
[STIHL.COM/ACTIVE-IN-ENVIRONMENTAL-PROTECTION](https://stihl.com/active-in-environmental-protection)

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## BORNEO AND UGANDA

### SAVING AND PRESERVING THE RAINFOREST



Rainforests are often called the green lungs of our planet. Protecting them, contributing to reforestation, and creating adequate livelihoods for local people at the same time are the goals of Fairventures. This nonprofit organization takes an approach focusing on agriculture and forestry in Borneo and Uganda, working to reforest already degraded and cleared areas with local community involvement. Fairventures planted its millionth tree on the island of Borneo in early 2020. The next goal? 100 million trees for Borneo. STIHL has been supporting Fairventures since 2017 with financial resources, equipment, and know-how, and is supporting this new project as well.




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## BOLIVIA

### RESEARCH FOR SUSTAINABILITY

Almost half the area of Bolivia lies in the Amazon. As part of a project called "Making forests work for local people," researchers from the University of

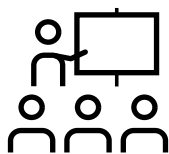
Freiburg are studying the measures and methods local communities in the tropical rainforest can use as sustainable livelihoods without clearing larger and larger swaths of the forest. They began actively forging ties between government agencies, NGOs, and local communities in Bolivia and performing field studies toward this aim in 2018. STIHL also supports this project with financial resources, equipment, and know-how.

## USA

### NATURE PARK PARTNERS



There are nearly 7,000 state parks across the United States. Designated conservation zones, these parks together cover about 75,000 square kilometers. Over 50,000 square kilometers of that is forest, which needs to be preserved and protected. The National Association of State Park Directors (NASPD) supports state parks with effective operation and management of these areas. STIHL Incorporated has worked with the NASPD for many years in an important partnership and supports this organization financially. It remains the sole sponsor of the NASPD Leadership School to this day.

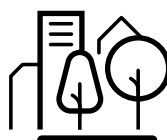


## BRAZIL

### CULTIVATING KNOWLEDGE

The Amazon rainforest is a unique ecosystem that today extends over more than six million square kilometers. A large portion of that area is located in Brazil. Instituto Floresta Tropical works to conserve the tropical forests of the Amazon and ensure sustainable management. The organization's goal is to raise awareness of rainforest protection. Together with STIHL Ferramentas Motorizadas, it has offered training activities focusing on sustainable forest management for about two decades now. These activities are designed for government officials, forest workers, and local communities for which the

forest is an important part of family income. The company also provides equipment, accessories, tools, and personal protective equipment. STIHL has also been involved in a project aimed at strengthening local forest management practices in the Brazilian Amazon region since 2020.



## ITALY

### GREEN CITIES

“La Città per il Verde”: that is the name of a prize given out by Italian publisher Il Verde Editoriale every year since 2000 in recognition of cities that take innovative approaches to create new public green space, parks, or gardens, or improve existing ones. The goal is to increase awareness of natural spaces and emphasize their contribution to improving urban quality of life. The STIHL sales company in Italy has supported the project as a principal sponsor since the award was first presented.

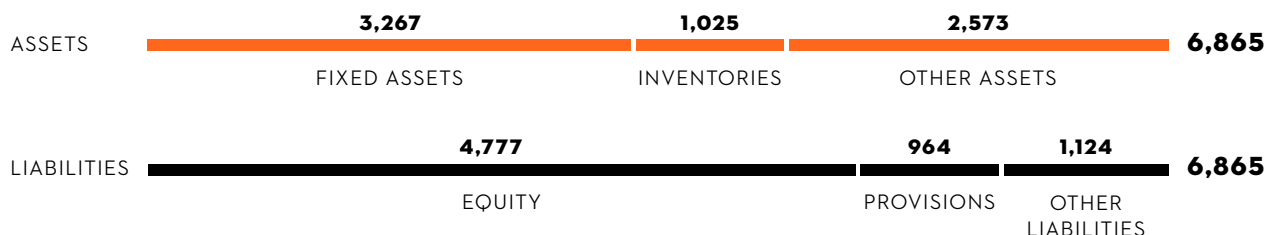
## GERMANY

### PRESERVING THE FOREST, TOGETHER



Protecting the forest, maintaining our livelihoods, and strengthening awareness of ecosystems – those are the goals for Bergwaldprojekt e.V., a nonprofit that organizes volunteer weeks throughout Germany, thereby helping to inform and educate the public. In these week-long activities, participants care for forest biotopes, plant trees, and carry out other similar work. The STIHL founding company has supported Bergwaldprojekt e. V. with financial resources, equipment, and know-how since 2006.

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



# BALANCE SHEET AS OF DECEMBER 31, 2020

(Condensed version)

**ASSETS** **CONSOLIDATED FINANCIAL STATEMENTS OF STIHL HOLDING AG & CO. KG**  
IN THOUSANDS OF EUROS

**ANDREAS STIHL AG & CO. KG**

Notes to the Balance Sheet	DEC. 31, 2020	Dec. 31, 2019	DEC. 31, 2020	Dec. 31, 2019
<b>FIXED ASSETS</b>				
Intangible assets	97,762	65,510	95,731	63,694
Property, plant and equipment	1,409,186	1,398,221	463,494	406,903
Financial assets (1)	1,760,178	1,920,224	185,804	394,422
	<b>3,267,126</b>	3,383,955	<b>745,029</b>	865,019
<b>CURRENT ASSETS</b>				
Inventories	1,025,107	1,242,784	226,343	247,000
Receivables and other assets				
Trade receivables	568,243	474,832	32,549	29,906
Receivables from related companies	17,581	18,724	225,758	173,703
Receivables from companies in which an equity interest is held	0	208	0	0
Other assets	102,483	111,683	8,211	10,482
	<b>688,307</b>	605,447	<b>266,518</b>	214,091
Securities (2)	715,265	167,575	202,340	0
Cash and bank balances	1,006,893	771,244	200,379	213,203
	<b>3,435,572</b>	2,787,050	<b>895,580</b>	674,294
<b>DEFERRED INCOME AND ACCRUED EXPENSES</b>	<b>25,552</b>	24,790	<b>5,633</b>	3,945
<b>DEFERRED TAX ASSETS</b>	<b>136,275</b>	119,744	<b>26,434</b>	21,033
<b>TOTAL</b>	<b>6,864,525</b>	6,315,539	<b>1,672,676</b>	1,564,291



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

ASSETS	<b>745</b>	<b>226</b>	<b>702</b>	<b>1,673</b>
	FIXED ASSETS	INVENTORIES	OTHER ASSETS	
LIABILITIES	<b>650</b>	<b>700</b>	<b>323</b>	<b>1,673</b>
	EQUITY	PROVISIONS	OTHER LIABILITIES	

**LIABILITIES CONSOLIDATED FINANCIAL STATEMENTS OF STIHL HOLDING AG & CO. KG**  
 IN THOUSANDS OF EUROS

**ANDREAS STIHL AG & CO. KG**

Notes to the Balance Sheet	DEC. 31, 2020	Dec. 31, 2019	DEC. 31, 2020	Dec. 31, 2019
<b>EQUITY</b> (3)	4,776,645	4,443,311	650,000	610,000
<b>PROVISIONS</b> (4)				
Provisions for pensions and similar obligations	537,247	491,305	499,355	455,733
Provisions for taxes	64,066	19,677	31,198	8,900
Other provisions	362,492	288,728	169,612	158,522
	<b>963,805</b>	799,710	<b>700,165</b>	623,155
<b>LIABILITIES</b>				
Liabilities to banks	770	9,047	0	0
Loan from the Eva Mayr-Stihl Foundation (5)	150,000	150,000	150,000	150,000
Participating capital (6)	37,235	35,632	37,235	35,632
Advance payments received	11,522	7,409	0	0
Trade payables	223,326	202,151	33,339	42,435
Liabilities to related companies	0	0	51,006	30,507
Liabilities to companies in which an equity interest is held	0	2,454	0	0
Liabilities to owners	591,394	563,056	15,681	37,678
Other liabilities	88,880	81,019	33,499	33,565
	<b>1,103,127</b>	1,050,768	<b>320,760</b>	329,817
<b>DEFERRED INCOME AND ACCRUED EXPENSES</b>	<b>297</b>	552	<b>1,639</b>	1,077
<b>DEFERRED TAX LIABILITIES</b>	<b>20,651</b>	21,198	<b>112</b>	242
<b>TOTAL</b>	<b>6,864,525</b>	6,315,539	<b>1,672,676</b>	1,564,291

# 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	4,581,346
2. Income from equity investments	In thousands of euros	5
3. Wages, salaries, social security contributions, and expenses for pensions and other employee benefits	In thousands of euros	981,390
4. Average number of employees in the twelve months ending on the balance sheet date		17,323

Waiblingen, March 2021

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

The annual financial statements of STIHL Holding AG & Co. KG 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	1,380,590
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	430,672
4. Average number of employees in the twelve months ending on the balance sheet date		5,154

Waiblingen, March 2021

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 direct material, direct labor, and an appropriate proportion 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 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. 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.

### 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 SHEET

### 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 2020 fiscal year.

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

Europe	8,235
Americas	4,877
Asia/Oceania/Africa	4,211
<b>TOTAL</b>	<b>17,323</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	TOV ANDREAS STIHL Zemelna Kompanija, Kiev, Ukraine	100.0
STIHL AG, Waiblingen	100.0	ANDREAS STIHL EOOD, Sofia, Bulgaria	100.0
ANDREAS STIHL AG & Co. KG, Waiblingen	100.0	STIHL d.o.o. Beograd, Belgrade, Serbia	100.0
STIHL International Gesellschaft mit beschränkter Haftung, Waiblingen	100.0	OOO ANDREAS STIHL Marketing, St. Petersburg, Russia	100.0
STIHL Vertriebszentrale AG & Co. KG, Dieburg	100.0	OOO STIHL SUEDEWEST, Krasnodar, Russia	100.0
ANDREAS STIHL Verwaltungs-GmbH, Waiblingen	100.0	STIHL Limited, London, Ontario, Canada	100.0
STIHL-Verwaltungsgesellschaft mbH, Waiblingen	100.0	ANDREAS STIHL S.A. de C.V., Cuautlancingo, Puebla, Mexico	100.0
STIHL Kettenwerk Verwaltungs-GmbH, Waiblingen	100.0	STIHL SAS, Rionegro, Antioquia, Colombia	100.0
STIHL Beteiligungsgesellschaft GmbH & Co. KG, Waiblingen	100.0	ANDREAS STIHL S.R.L., Lima, Peru	100.0
STIHL Kettenwerk GmbH & Co. KG, Waiblingen	100.0	ANDREAS STIHL Amazonas S.R.L., Pucallpa, Peru	100.0
Zama Holding GmbH, Waiblingen	100.0	STIHL Motoimplementos S.A.U., El Talar, Buenos Aires, Argentina	100.0
STIHL Digital GmbH, Waiblingen	100.0	ANDREAS STIHL (PTY.) Ltd., Pietermaritzburg, South Africa	100.0
SDP Digitale Produkte GmbH, Waiblingen	100.0	Kabushiki Kaisha STIHL, Kaminokawa-machi, Tochigi, Japan	100.0
STIHL direct GmbH, Waiblingen	100.0	Taichang ANDREAS STIHL Power Tools Co., Ltd., Taichang City, Jiangsu, China	100.0
<b>Other countries</b>		ANDREAS STIHL Pvt. Ltd., Chakan, Tal-Khed, Dist.-Pune, India	100.0
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	U.S.A. Zama, Inc., Franklin, Tennessee, USA	100.0
STIHL Vertriebs AG, Mönchaltorf, Switzerland	100.0	Zama Precision Industry Manufacturing Philippines, Inc., Sto. Tomas, Philippines	100.0
ANDREAS STIHL Ltd., Camberley, Surrey, United Kingdom	100.0	Zama Precision Industry (Huizhou) Co., Ltd., Huizhou City, China	100.0
ANDREAS STIHL N.V., Puurs-Sint-Amands, Belgium	100.0	ZE Electronic Manufacturing Services Limited, Hong Kong	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		
ANDREAS STIHL S.p.A., Cambiago, Italy	100.0	<b>NONCONSOLIDATED COMPANIES</b>	
ANDREAS STIHL SINGLE MEMBER S.A., Kifissia, Attika, Greece	100.0	Carl Benz Center Objekt GmbH & Co. KG, Stuttgart	100.0
ANDREAS STIHL A/S, Sandefjord, Norway	100.0	Carl Benz Center Neckarpark GmbH, Stuttgart	100.0
ANDREAS STIHL Norden AB, Stenkullen, Sweden	100.0		
ANDREAS STIHL Oy, Vantaa, Finland	100.0	<b>OTHER HOLDINGS</b>	
ANDREAS STIHL Sp. z o.o., Tarnowo Podgórne, Poland	100.0	BMZ Holding GmbH, Karlstein am Main	20.0
ANDREAS STIHL, spol. s r.o., Modřice, Czech Republic	100.0	Globe (Jiangsu) Co., Ltd., Changzhou, China	24.9
ANDREAS STIHL Kereskedelmi Kft., Biatorbágy-Budapark, Hungary	100.0	Dryad Networks GmbH, Eberswalde	5.81
ANDREAS STIHL Motounelte S.R.L., Otopeni, Romania	100.0		
TOV ANDREAS STIHL, 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

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**Eva Mayr-Stihl**, Remseck  
Deputy Chair of the Advisory Board until June 23, 2020

**Selina Stihl (MSc, MBA, ACA)**, Stuttgart  
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**Dipl.-Ök. Karen Tebar**, Waiblingen  
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**Friedrich Merz**, Düsseldorf and Arnsberg  
Attorney at Law

**Dr. Eberhard A. Veit**, Göppingen  
Managing Partner of 4.0-Veit GbR and  
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## MEMBERS OF THE SUPERVISORY BOARD OF STIHL AG

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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. 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

## REPRESENTING THE EMPLOYEES

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Deputy Chair of the Supervisory Board  
Chairman of the Employee Council of the Weinsheim plant of  
ANDREAS STIHL AG & Co. KG

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

**Marion Freytag**, Burgstetten  
Quality Associate in Crank Mechanism Production at  
ANDREAS STIHL AG & Co. KG

**Matthias Fuchs**, Ludwigsburg  
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**Dr. Klaus Langhans**, Winnenden  
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ANDREAS STIHL AG & Co. KG

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Chairman of the Executive Board

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Finance and Information Technology

**Dipl.-Ing. (FH) Anke Kleinschmit**  
Development

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

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

**Dipl.-Ing. (FH) Martin Schwarz**  
Manufacturing and Materials

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



## PUBLISHING INFORMATION

### Published by

STIHL Holding AG & Co. KG  
Badstraße 98  
71336 Waiblingen  
Germany  
[www.stihl.com](http://www.stihl.com)

### Editorial team

Antje Raecke  
STIHL Corporate Communications

### Concept and design

3st kommunikation GmbH,  
Mainz, Germany

### Photography

STIHL (inside cover, pp. 3, 5, 8–9, 24–28)  
Torben Jäger, Winnenden  
(pp. 2–3, 10, 16–23, 29, 32, 35, 37, 39, 41–43)  
Getty Images (pp. 2, 4)  
Tânia Meinerz, Porto Alegre, Brazil  
(pp. 3, 6, 25, 34, 36, 38)  
Rudy Hühold, Rio de Janeiro, Brazil (p. 7)  
Adobe Stock (pp. 11, 13–14)  
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Günther Bayerl, Ulm (pp. 15, 27)  
Paulo Ricardo de Quevedo Ferreira,  
Porto Alegre, Brazil (pp. 33, 36)

### Printer

Drake Media GmbH,  
Bad Oeynhausen, Germany

### Paper

GardaMatt eleven



This Annual Report is a translation  
of the original German version and  
is provided for your convenience.





**STIHL**

EMPOWERING PEOPLE SINCE 1926



