



# TRANS- FORMATION IS OUR OPPORTUNITY —

Michael Traub has been Chairman of the STIHL AG Executive Board for just over a year now. A lot has happened since he took office. We caught up with him to discuss the key topics at the STIHL Group, including where its business currently stands and what challenges it faces.



**H**is appointment as Chairman of the Executive Board saw Michael Traub return from the U.S. to his native Swabia, bringing with him a clear vision for the major transformation that lies ahead for STIHL. He described that vision to us in an interview.

**You have been with STIHL more than 18 months now. What kind of start did you have? And what did you notice?**

**MICHAEL TRAUB** One really big asset at STIHL is our team spirit. Everywhere I have gone, I have been welcomed very warmly and with open arms. You can really feel that we are a family-owned business and that the people here look out for each other. It is our employees who give STIHL a face and show tremendous motivation in what they do, despite all the uncertainty and crises that we have had to deal with in the past three years. That has impressed me greatly. The energy that emanates from our teams around the world shows how committed employees across the Group are to moving STIHL forward. What I found positive is how globally STIHL thinks. That is hugely important - after all, around 90 percent of our revenue is generated abroad.

**How was fiscal year 2022 for STIHL?**

**MT** In my entire career, I have not experienced a year like 2022, with such a combination of crises affecting the whole world. Various factors continue to weigh heavily on our business: the war of aggression in Ukraine, the effects of the coronavirus pandemic and the related supply chain disruptions, as well as shortages of supplies and raw materials, and now the energy crisis. On top of that, the STIHL Group is in the middle of a transformation and is still growing, despite these unfavorable conditions. That's why we are looking for large numbers of capable employees, who we urgently need to implement our strategy.

**Talking about strategy: Apart from the crises we mentioned, what are the key topics for STIHL at the moment?**

MT STIHL is a family-owned business with a history stretching back almost 100 years. We would not have come this far if we had kept taking short-term decisions. STIHL's success story is founded on the long-term thinking and actions of the partners, who work together with the Executive Board in a spirit of trust. We are rising to the challenges of today, without losing sight of our vision for the times ahead of us. As managers, we have the important task of always providing guidance and setting a clear course. However, each and every one of us plays an equally significant role, as does the effective interaction of all the functions across our global business.

**»The important thing is to make the right decisions now and invest even more in the areas where we see our customers focus.«**

**MICHAEL TRAUB**

Chairman of the Executive Board

**And what is the answer to this?**

MT Systematically aligning our actions with the needs of our customers. The important thing is to make the right decisions now and invest even more in the areas where we see our customers focus. We need to be proactive in driving forward and shaping the transformation from the gasoline to the battery business.

The battery trend started at STIHL back in 2009, and this segment now accounts for around 20 percent of our total sales. The transformation will continue to offer us tremendous growth potential going forward. By 2027, we plan to increase this share to at least 35 percent, with a goal of 80 percent by 2035. In Germany, we have already sold more battery-operated products than gasoline-powered products over the past two years. Our battery strategy is also associated with major decisions regarding our production companies. Starting in 2024, we will manufacture battery-operated products at our founding company in Waiblingen as well. In addition, we are building a new plant for battery-operated and electric tools in Romania, which is likewise scheduled to open in 2024.



#### MICHAEL TRAUB

was born in Ehingen an der Donau in 1968. He is married and has four children. He spent two decades working as an economist for the Bosch Group at locations in Germany and Asia, as well as in South and North America. After six years as CEO and President of Bosch Siemens Home Appliances North America, he took over the management of Serta Simmons Bedding, LLC in the U.S. in 2014, and later became CEO of Plum, Inc. He has been a member of the Executive Board of STIHL AG since November 1, 2021, and Chairman since February 1, 2022.

**They are ambitious goals. But what about the existing core business? What will happen to STIHL's gasoline-powered products?**

MT We continue to see falling unit sales of our gasoline-powered products in both absolute and relative terms. You don't need to be a prophet to know that this trend is here to stay. That said, we know that gasoline-powered products will be needed for professional applications for a long time to come. Gasoline technology will also help drive growth over the next decade in important markets in Latin America and Asia.

For us, this means both change and a huge opportunity. We are already adjusting to this change and taking the necessary actions to be able to continue our profitable growth. In a time where the world around us is changing so dramatically, we cannot afford to continue as we are.

Along with the technological switch, we must also be prepared to evolve our sales channels in our markets as a result of changing customer needs. At the same time, the disruption to supply chains worldwide is forcing us to restructure our own supply chain in order to reduce dependencies on individual suppliers and ensure a more localized supplier structure - in other words, to adopt a "local for local" approach. With this in mind, we have launched a whole range of projects in the area managed by the Executive Board member for Manufacturing and Materials.

**Mr. Traub, the transformation at the STIHL Group does not stop at our organizational structure.**

MT No, that would be a fatal error. One of the biggest competitive advantages we have is that the Stihl family is very forward-looking in its thinking and actions. This allows the Executive Board to initiate the right measures at an early stage to expand our position as global market leader in our industry. Now is the time to take targeted measures to evolve our organizational structures so that we can significantly strengthen our competitiveness from within.

**Alongside transformation, growth, and new products and markets, sustainability is becoming more and more important. What is STIHL doing on this topic?**

MT Here, too, we are taking a long-term strategic approach. Since it was founded in 1926, STIHL has been very active in the areas of sustainability and corporate social responsibility (CSR), and has even led the way at times. Our commitment includes wanting to leave behind a livable future for the generations to come. The second STIHL Sustainability Report will be published in 2023. We have been rolling out a Group-wide sustainability strategy since 2020 and have set ourselves ambitious goals to be met by 2030, including the full offsetting of carbon emissions at our production companies and the code of conduct for our suppliers, which further strengthens the commitment to responsibility in our supply chain. Our decision to join the United Nations Global Compact also underscores how seriously we take our sustainability activities. We are in the midst of a transformation in this area as well.

**Have you thought about how you would like to make your own mark on the company? What is your vision for STIHL?**

MT In the past year and since the beginning of 2023, the topic of change has come to the Executive Board in a very big way, seeing as how we are transforming ourselves from an all-male team to one with equal representation of men and women – three of each. I believe this is a good and important step, and I hope it will lead to more diversity in general across the Group. However, we have a long way to go and it will not be easy. We have some catching up to do here and in other areas. It is a personal priority of mine to pay attention to diversity and actively promote it, since it will be a key factor in our future success. Apart from that, I value one-to-one communication, as well as open and honest dealings with each other.

**Thank you for talking to us, Mr. Traub.**

