

Pressrelease

STIHL®

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STIHL commences factory construction in China with groundbreaking ceremony

The STIHL Group expands its worldwide manufacturing capacity with the construction of a new factory in Qingdao, 600 km north of Shanghai. On 14 September, construction will commence with a ground-braking ceremony attended by STIHL's chairman of the executive board, Dr. Bertram Kandziora, together with Qingdao's mayor, Mr. Xia, as well as a great number of other government representatives. In the first stage of construction, premises with a total of 22,500 square metres of floor space will be constructed. The aggregate capital investment, through to 2011, amounts to 27 million euros. The start of production is planned for July 2006. Products there will be manufactured for the world market, starting with brushcutters. "We guarantee uncompromising quality at all of our manufacturing centres - including, of course, China," said Dr. Kandziora in his speech.

The goal: optimizing international business location policy

The STIHL Group began to organize a network of international production facilities in the early 70's, facilitating cost-efficient production close to its markets, as well as minimizing the risks of currency fluctuation. New, competitively priced manufacturing facilities are required in order to maintain STIHL's growth. The

step towards China is the logical continuation of STIHL's international manufacturing strategy. As Dr. Kandziora stated, "Worldwide growth and job security are possible only if we optimize our international business location policy."

Qingdao location offers crucial advantages

STIHL considered all relevant criteria in their search for a suitable location in China. In sum, Qingdao offered the most advantages: excellent access to the harbour, airport and highway, the possibility of gradually expanding the site, and reliable energy supplies. Qingdao is also a very attractive location for the staff. STIHL had quick, unbureaucratic and effective support from the representatives of Qingdao's local government, the Chengyang District, as well as the Qingdao Export Processing Zone.
