



## Emerging stronger from the economic crisis Bosch makes a good start to the new fiscal year Strategy confirmed - challenges for the future

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- ▶ Sales up by roughly 15 percent in the first quarter of 2011
- ▶ Bosch confirms sales of more than 50 billion euros expected for 2011
- ▶ Two billion euros to be invested in Asia Pacific by 2013
- ▶ Electromobility as a future business field: 20 projects in series production by 2013

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Stuttgart/Gerlingen – The Bosch Group has made a good start to fiscal year 2011. Despite uncertainty in the wake of the events in Japan, it continues to see favorable prospects for growth and earnings. “No one can say at this point what the precise effects of the disaster in Japan will be. Nonetheless, we remain confident that our sales will pass the 50-billion-euro mark for the first time in 2011,” said Franz Fehrenbach, chairman of the Bosch board of management, at the annual press conference in Stuttgart. It is Bosch's objective to continue to achieve a return on sales of between 7 and 8 percent. The first-quarter figures bear out this forecast: The total sales of Bosch, which is a supplier of technology and services, rose in the first three months of 2011 by some 15 percent year on year.

All three business sectors were able to significantly increase their sales during this period. These positive developments are also reflected in employment levels: worldwide, the number of Bosch associates is expected to rise by 15,000 to some 300,000 by the end of 2011. More than half these jobs are to be created in Asia Pacific, 5,900 of them in China. Bosch intends to take on a further 3,800 associates in eastern Europe and Turkey, as well as 1,000 in North America and 800 in South America. And in Germany, Bosch wants to create 900 new jobs over the course of the year.

The positive mood in the company is currently overshadowed by the events in Japan. The earthquake and its consequences did not claim any victims among the nearly 8,000 Bosch associates in the country. And physical damage to the 36 Bosch locations in Japan was limited. "Our expectation at present is that the consequences of the Japanese earthquake will only put a temporary brake on the growth of the world economy," Fehrenbach said. "Nonetheless, the interdependency of manufacturers is very high, especially in the automotive industry – and that goes for Bosch as well." Other imponderables for the global economy include the development of raw materials prices and exchange-rate effects. With respect to the euro especially, Dr. Stefan Asenkerschbaumer, the chief financial officer, said: "It is now imperative to push ahead with budget consolidation in the eurozone countries, and to support this with an effective set of sanctions."

#### Rapid return to pre-crisis levels

In 2010, the global economy fared significantly better than originally expected. This meant that Bosch was able to increase its sales by 24 percent last year, to 47.3 billion euros. In other words, it exceeded the pre-crisis level of 2007 by roughly one billion euros. Profit before tax reached 3.5 billion euros in the reporting year, compared with a loss of 1.2 billion euros in the previous year. The pre-tax return on sales for 2010 was 7.4 percent, and thus back within the target corridor for result. "We achieved our aim of emerging stronger from the crisis," Asenkerschbaumer said.

#### Strategy confirmed – all business sectors on growth course

For Fehrenbach, the company's long-term orientation has been proved right: "Our strategy of focused diversification, of greater international presence, and of sustained innovative strength remains unchanged. It is the basis for our dynamic growth." This is also shown by the positive developments of the three business sectors.

In Automotive Technology, Bosch increased its sales in 2010 by 29 percent to 28.1 billion euros, achieving an EBIT (earnings before interest and taxes) of 2.3 billion euros. This sector thus recorded the greatest improvement. Apart from good capacity utilization as a result of the economic recovery, a decisive role was played here by strong demand for innovative products, as well as by considerable efforts to further improve competitiveness.

Fehrenbach described the growth prospects in automotive technology as good. The pick-up in demand for diesel-powered vehicles in western Europe is an advantage for the company. Accordingly, Bosch expects to see unit sales of its common-rail injection systems rising by 10 percent annually up to 2015. Gasoline direct injection is equally on the rise: the share of vehicles equipped with it worldwide will triple by 2015 to

18 percent. In conjunction with turbocharging, gasoline direct injection allows engines to be downsized. Smaller engines with fewer cylinders deliver the same performance while consuming less fuel. And the market for turbochargers, which Bosch is tapping into with the help of its Bosch Mahle Turbo Systems GmbH & Co. KG joint venture, is developing dynamically.

Fehrenbach also sees further growth for safety systems such as the ESP<sup>®</sup> electronic stability program. A total of 34 countries have now passed legislation requiring this anti-skid system to be installed in new passenger cars. This legislation will be coming into effect in many European countries, the U.S., and Australia over the next few months. Bosch also wants to drive the electrification of the powertrain forward: the company invests 400 million euros in this area each year. Some 800 engineers work in this field. Bosch will start series production of 20 electromobility projects for 12 automakers by 2013. The most recent project is the planned establishment of a joint venture with Daimler AG to develop and manufacture electric motors for electric vehicles in Europe. Bosch and Daimler have signed a letter of intent to this effect, and begun negotiations.

Despite a recovery which only began in the second half of the year, the Industrial Technology business sector achieved the highest rate of growth: its sales increased by 30 percent to 6.7 billion euros. Consolidation effects as a result of the inclusion of aleo solar AG played a major role here. Without these effects, sales grew by a strong 20 percent in Industrial Technology. The Solar Energy division posted an above-average increase in sales. Bosch expects the global volume of the photovoltaics market to double by 2015. "To make further progress on cost, we also need economies of scale," Fehrenbach said. "The new plant in Arnstadt [Germany], which we will open in July 2011, is an important step. The next location will likely be in Asia." All in all, the Industrial Technology business sector disclosed a positive EBIT once again for 2010. It stood at 90 million euros, following a significant loss in the previous year.

In Consumer Goods and Building Technology, Bosch recorded sales of 12.5 billion euros in 2010. This is equivalent to 10 percent growth. With an EBIT of 740 million euros, this business sector developed encouragingly. Bosch sees this positive trend continuing in 2011, especially as regards demand for consumer goods such as energy-efficient household appliances and power tools. And for the Thermotechnology division, there is an additional boost in the shape of the market launch of an extremely compact hybrid boiler, which combines the strengths of a gas-fired condensing boiler and an air-source heat pump.

### Encouraging greater international presence

In 2010, Bosch was able to further expand its position in the Asia Pacific growth region. Its sales there increased by 43 percent to 11 billion euros. This meant that the share of Bosch Group sales generated in this region climbed to 23 percent for the first time. In the years to come, it is expected to climb still further, to 30 percent.

Accordingly, Bosch will invest some 2 billion euros in Asia Pacific between 2011 and 2013. Roughly half this amount will be spent in China. On April 20, 2011, the company will open a new headquarters in Shanghai. Some 2,000 associates will work in the new building by the end of 2012.

The company also grew strongly in North and South America in 2010. Following a lengthy difficult period, the regional companies in North America were able to achieve a positive result once more. In South America, 2010 sales even surpassed 2007 levels. All in all, Bosch sees good prospects for growth in the Americas. In the U.S., the company is benefiting from policies such as schemes to promote clean energy and the CAFE regulations.

Last year, sales in Europe came to 27.7 billion euros. Accounting for 59 percent of the Bosch sales, this region is still the backbone of the company's activities. Some 70 percent of capital expenditure will benefit European locations in 2011. Before the year is out, for example, Bosch will start construction of a new center for basic research and advanced engineering in Renningen, near Stuttgart.

### Bosch bolsters services business

Apart from the global expansion of its technology business, the Bosch portfolio of services is also to be extended. The company sees great potential here, also in the interconnection of devices, systems, and services on the "internet of things and services." Especially in building and energy technology, there are very many areas of application.

The Security Systems division also wants to grow further with services. In Russia and China, two new communications centers are planned. In total, there are 21 such service centers worldwide. The company expects to see growth of a strong 20 percent in this division this year.

### Investments in the future rise again

In the current year, Bosch intends to spend more than 7 billion euros on safeguarding its future. More than 4 billion euros of this will go into research and development, while 3 billion euros will be capital expenditure. In 2010, research and development expenditure came to 3.8 billion euros, while capital expenditure came to 2.4 billion

euros. Important large-scale projects such as the wafer fab in Reutlingen, Germany, or the expansion of manufacturing capacity for photovoltaics were carried out during the economic crisis. "Some 45 percent of our research and development focuses on products that conserve resources and protect the environment. These products already make up 40 percent of our sales, and this share will rise further," Fehrenbach said. In 2010, Bosch achieved a business volume of 1.5 billion euros with systems that harness renewable energy such as photovoltaics, solar thermal energy, or wind power. It employs more than 5,000 associates in these areas.

In 2010, the number of associates working in research and development worldwide rose to more than 34,000. "We have a strong team that creates products 'Invented for life' in more and more variations," said Dr. Volkmar Denner, the Bosch board of management member responsible for research and development. "We create added strength by networking our competencies." This networking could assume quite different forms, he said. For example, Bosch is working to improve collaboration among its engineers in the various business sectors and regions. Pooling knowledge in this way will create synergies. One example of such networking is Diesel Hydraulic Control for mobile machinery, developed jointly by the Bosch divisions Drive and Control Technology and Diesel Systems. It satisfies upcoming emissions standards, and saves 20 percent fuel at the same time.

Bosch sees power electronics as an important field with a promising future. Power electronics devices are needed to govern and control energy flows, also in electric vehicles. There are nearly 750 Bosch engineers working in this area alone. Moreover, the company has joined with two universities from the Stuttgart region to set up a center for studies and research into power electronics in nearby Reutlingen.

Additional information, press photographs, and video material are available online from the Bosch Media Service at [www.bosch-presse.de](http://www.bosch-presse.de)

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*The Bosch Group is a leading global supplier of technology and services. In the areas of automotive and industrial technology, consumer goods, and building technology, some 285,000 associates generated sales of 47.3 billion euros in fiscal 2010. The Bosch Group comprises Robert Bosch GmbH and its more than 350 subsidiaries and regional companies in over 60 countries. If its sales and service partners are included, then Bosch is represented in roughly 150 countries. This worldwide development, manufacturing, and sales network is the foundation for further growth. Bosch spent 3.8 billion euros for research and development in 2010, and applied for over 3,800 patents worldwide. With all its*

*products and services, Bosch enhances the quality of life by providing solutions which are both innovative and beneficial.*

*Bosch is celebrating its 125th anniversary in 2011. The company was set up in Stuttgart in 1886 by Robert Bosch (1861-1942) as "Workshop for Precision Mechanics and Electrical Engineering." The special ownership structure of Robert Bosch GmbH guarantees the entrepreneurial freedom of the Bosch Group, making it possible for the company to plan over the long term and to undertake significant up-front investments in the safeguarding of its future. Ninety-two percent of the share capital of Robert Bosch GmbH is held by Robert Bosch Stiftung GmbH, a charitable foundation. The majority of voting rights are held by Robert Bosch Industrietreuhand KG, an industrial trust. The entrepreneurial ownership functions are carried out by the trust. The remaining shares are held by the Bosch family and by Robert Bosch GmbH.*

Additional information is available online at [www.bosch.com](http://www.bosch.com), [www.bosch-presse.de](http://www.bosch-presse.de), and [www.125bosch.com](http://www.125bosch.com).

## Bosch key data 2010/2009

	2010	2009	change
Total sales revenue	EUR 47,259m	EUR 38,174m	24%
percentage share of sales revenue generated outside Germany	77%	76%	-
Sales revenue of the business sectors			
Automotive Technology	EUR 28,097m	EUR 21,716m	29%
Industrial Technology	EUR 6,660m	EUR 5,105m	30%
Consumer Goods and Building Technology	EUR 12,480m	EUR 11,331m	10%
Sales revenue in the major regions			
Europe	EUR 27,693m	EUR 23,831m	16%
- of which Germany	EUR 10,865m	EUR 9,325m	17%
Americas	EUR 8,591m	EUR 6,661m	29%
Asia Pacific (including other regions)	EUR 10,975m	EUR 7,682m	43%
EBIT (previously operating result)	EUR 3,181m	EUR -1,151m	-
Profit before tax as a percentage of sales revenue	EUR 3,485m 7.4%	EUR -1,197m -3.1%	-
Profit after tax as a percentage of sales revenue	EUR 2,489m 5.3%	EUR -1,214m -3.2%	-
Unappropriated earnings (dividend of Robert Bosch GmbH)	EUR 82m	EUR 67m	-
Research and development cost as a percentage of sales revenue			
	EUR 3,810m 8.1%	EUR 3,603m 9.4%	5.7% -
Capital expenditure as a percentage of sales revenue			
	EUR 2,379m 5%	EUR 1,892m 5%	26%
Depreciation of property, plant, and equipment	EUR 2,373m	EUR 2,374m	-
Equity			
Equity	EUR 26,243m	EUR 23,069m	14%
Equity ratio	50%	49%	-
Associates (as per January 1 of following year)			
Europe	283,507	270,687	12,820
- located in Germany	186,602	183,440	3,162
Americas	113,557	111,710	1,847
Asia Pacific (including other regions)	33,689	31,709	1,980
	63,216	55,538	7,678

