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More sales than ever before:

Bosch Power Tools grows with garden tools

Speech by Henning von Boxberg,
President of the Robert Bosch Power Tools GmbH
on the occasion of the press conference
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Check against delivery.

Robert Bosch GmbH
Postfach 10 60 50
70049 Stuttgart, Germany

Corporate Communications,
Brand Management,
and Sustainability
E-mail
Martin.Steinlehner@de.bosch.com
Telephone: +49 711 758-3132
Fax: +49 711 811-5188012

Senior Vice President:
Dr. Christoph Zemelka
www.bosch-press.com

Ladies and gentlemen,

Making gardening easier for the user through innovation – that is our claim. Today we have presented some new products to you which we developed with user needs in mind. That is certainly not a new trend at Bosch – quite the opposite: This year we are celebrating a historic anniversary. Sixty years ago, we launched the first Bosch power tool for the garden.

In 1957, following the DIY trend emerging at that time, Bosch developed a “DIY tool”. It consisted of a power tool motor, referred to as a “handheld motor”, and different attachments. DIY enthusiasts could use it not only for drilling, but also for sanding, sawing, planing, turning – and: cutting hedges. The hedgecutter at that time had a fixed blade with 11 teeth and a moving blade with 10 teeth. The worm gear was simply placed on the handheld motor’s drill spindle. To enable even technical novices to use the handheld motor, special attention was paid to safety. The tool could even be connected to unearthed sockets. At the time, the handheld motor was a true innovation.

In 1969, we took another major step on the way to making gardening easier: The first cordless hedgecutter laid the foundation for the development of battery-operated power tools at Bosch. This expertise in batteries has been a central element of our innovations in recent decades – and with that, our brief trip through time brings us into the present day.

Bosch Power Tools experienced substantial growth with its garden tools in 2016. We achieved a turnover of 325 million euros – more than ever before. Nominally, this amounts to an increase in turnover of 11 percent, or 14 percent in local currency. 2016 was a record year in garden tools for us – we were able to build on the positive trends we saw developing in previous years.

You can see that our users value our innovations by comparing the market development with our development over recent years. Over the past ten years, we have grown by an average of 11 percent in our European core

market, where we make more than 90 percent of our sales from gardening power tools. That is considerably faster than the market growth of 4 percent.

What is the secret to our success? A garden tool must meet the needs of its user. Today we have given you an insight into how we go about that: We follow the Design Thinking methodology, where we always focus on the user and their needs. We want to understand them, so we observe them and take on their perspective. Then, it is a question of quickly coming up with ideas, developing prototypes and testing – in an iterative process, again and again – until the user is satisfied with their Bosch garden tool. That is how we create innovations which really impress private gardeners.

Cordless tools as a growth driver

A key growth driver is our cordless tools. Over the past year, cordless garden tools have already accounted for 37 percent of our sales – and rising. The Indego robotic lawnmower, the Isio shrub and grass shears and our cordless hedgecutters have all been popular with users.

The key component of our success with cordless tools is our continuous development of lithium-ion technology. Since 2003, when Bosch launched the Ixo, the world's first power tool with a lithium-ion battery, our batteries have become continuously smaller, lighter and more powerful. In addition, the tools can be used immediately even after weeks of inactivity, as the battery loses virtually no charge. We make sure that our users can always enjoy optimum power and maximum runtime through the optimum coordination of key components such as the motor and the gear-box, combined with an intelligent electronic system, the "Syneon Chip". Our tools maintain full power until the battery runs out. We use this technology in all our DIY and garden tools with rechargeable batteries – in the 12, 18 and 36 volt classes.

Double-digit growth in Germany once again

With our product portfolio, we are also enjoying above-average success in Germany. In 2016, our sales increased by 11 percent in our core business,

electric garden tools excluding leaf blowers, aerators and high-pressure washers. The long-term comparison over the last ten years shows that users like our strategy: Our average growth at 16 percent per year has been twice as much as that of the market.

We offer products for every need, with the intention of making gardening easier for hobby gardeners, garden lovers, nature enthusiasts, city gardeners and self-supporters. The comments on Internet forums show what users think of us. Here are a few examples: Our cordless hedgecutter “cuts through the hedge like through butter”. The Rotak cordless lawnmower has impressed those who use it and is an “absolute purchase recommendation“. The Indego robotic lawnmower “is as quiet as a whisper” and “is easy to control using the app”. User feedback like that is what drives us.

Easy Gardening: The future of gardening

How do we see the future of gardening? What would we at Bosch like to do to keep our users satisfied? What does Easy Gardening mean for the future? Today, I am pleased to explain to you in greater detail Bosch's strategy for continuing to impress hobby gardeners in the future.

Firstly: Even closer merging of home and garden – after all, DIY enthusiasts are very often hobby gardeners as well. It is of course convenient for this target group if they can complete different projects using the same battery. Secondly: Smart Gardening. By which we mean autonomous garden tools, such as the Indego, which save the user time. And by which we also mean connected products. Thirdly – and only Bosch can do this: In future, we want to utilize even more synergy effects available within the Bosch Group. Allow me to explain these three aspects to you briefly.

Systematic workload reduction: The 12 and 18 volt families

Our 12 and 18 volt “Power for All” batteries are compatible with all green products in the same volt class. That means you can use one battery first for sawing, and then for cutting hedges and branches. We know from customer

feedback that they value convenience – and of course it ultimately saves money if further products can be bought without a battery. In our 12 volt "Power for All" system, we currently offer 14 products for home and garden, while the 18 volt system already boasts 21 products. We will continue to expand our product range in both volt classes. What's more, we are extending the system with the addition of household appliances. Future BSH products will rely on our batteries. The first product will be the "Sprinter" vacuum cleaner. As such, we will cover an ever growing range of applications around the home and garden with compatible cordless solutions.

Perhaps the Bosch experts among you have already spotted our new products in the pictures: To make this close connection between home and garden more visible, we have standardized the color of our green tools. From now on, all new garden tools will be launched in the DIY green that you know so well.

Smart Gardening: Autonomous and connected solutions

You are all familiar with our Indego robotic lawnmower, which we are now offering in its new version. With the Indego 400, we help users to enter the world of autonomous lawn care with ease. The Indego represents Bosch's autonomous and connected products – what we call Smart Gardening. For us, it is not about showing that we can bring autonomous and connected products to the market. The benefits for the customer are paramount – that is what guides our continuous development. Let us surprise you!

Utilizing synergies: Transferring expertise within the Bosch Group

Very few companies are as diverse as Bosch: Power-assisted eBike systems, whisperingly quiet vacuum cleaners and innovative wiper rubber. What does all that have to do with Power Tools? They are just three examples to show that we are constantly utilizing synergy effects within the Bosch Group to improve the way in which we meet the needs of our users. Henk Becker presented our new products to you today: The EasyPrune power-assisted cordless secateurs, the new Rotak lawnmowers and the GlassVac window

vacuum, which mark our entry into a new segment. By the way, the “Logicut” software for the Indego, which enables it to mow systematically in parallel lanes, was originally developed by our central research department. With all these products, the user is benefiting from the expertise of the entire Bosch Group. Only Bosch can do that – and we will constantly use that to our advantage to offer users the best possible products.

Because that is our claim: Easy Gardening – making gardening as easy as possible for users. So they can enjoy it – at home and in the garden. Home made by you.

To conclude, allow me to summarize the most important information for you briefly:

- We are always guided by user needs.
- That is why our garden tools are successful even after 60 years – more successful than ever before.
- We enjoyed double-digit growth in 2016 with our garden tools – faster than the market, including in Germany.
- Due to our innovative battery technology, the share in sales for cordless garden tools continues to grow.
- And we are counting on Easy Gardening for the future: Standardized battery systems for home and garden, autonomous and connected solutions, and transfer of expertise within Bosch.

Thank you for your attention!

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Contact person for press inquiries:

Martin Steinlehner

Phone: +49 711 758-3132

E-mail: Martin.Steinlehner@de.bosch.com

The Robert Bosch Power Tools GmbH, a division of the Bosch Group, is one of the world's leading providers for power tools, power tool accessories and measuring tools. In 2016, its roughly 20,000 associates generated sales of 4.5 billion euros, about 85 percent of which outside of Germany. With brands such as Bosch and Dremel, the division stands for customer focus and great engineering progress. The core success factors are innovative strength and pace of innovation. The division generated about one third of its sales in 2016 with products that have been on the market for less than two years. In 2017, Bosch Power Tools will again launch more than 100 new products onto the German market in its four business segments power tools, accessories, measuring tools and garden tools.

The Bosch Group is a leading global supplier of technology and services. It employs roughly 390,000 associates worldwide (as of December 31, 2016). The company generated sales of 73.1 billion euros in 2016. Its operations are divided into four business sectors: Mobility Solutions, Industrial Technology, Consumer Goods, and Energy and Building Technology. As a leading IoT company, Bosch offers innovative solutions for smart homes, smart cities, connected mobility, and connected manufacturing. It uses its expertise in sensor technology, software, and services, as well as its own IoT cloud, to offer its customers connected, cross-domain solutions from a single source. The Bosch Group's strategic objective is to deliver innovations for a connected life. Bosch improves quality of life worldwide with products and services that are innovative and spark enthusiasm. In short, Bosch creates technology that is "Invented for life." The Bosch Group comprises Robert Bosch GmbH and its roughly 440 subsidiaries and regional companies in some 60 countries. Including sales and service partners, Bosch's global manufacturing and sales network covers nearly every country in the world. The basis for the company's future growth is its innovative strength. At 120 locations across the globe, Bosch employs some 59,000 associates in research and development.

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