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Record sales thanks to innovations for users

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Ladies and gentlemen,

We have just given you an insight into how we align our products and services with the user and their needs: We increase productivity and safety for tradespeople, and make DIY simpler. As a result, we were again very successful last year. Our innovations are well received by the user. What's behind it? How do we do it?

Our strategy is based on four growth segments:

- We bring user-focused innovations to the market – both for DIY enthusiasts and tradespeople.
- We seize the opportunities of increasing digitalization – by using sensor technology and connectivity.
- We are consistently continuing our longstanding commitment in emerging markets.
- We continue to focus on our strong Bosch brand.

User-focused innovation as a growth driver

In the following, I would like to give you a better understanding of these growth segments. What is the basis for our innovative strength? You have seen it again today: “Design Thinking” is our basis for user-focused innovation. We systematically research the needs and desires of our users, and focus on these when developing products and services. “Design Thinking” has three core elements: The first is that we develop our ideas for products and services in cross-functional teams. Colleagues from different departments such as Development, Marketing and Logistics work together in one team. A second crucial element are inspiring working conditions that foster creativity and collaboration. This includes technical equipment for mobile work, spaces that enable focused individual work as well as feedback and communication, but also flexible working hours. You can see how much we value the working environment simply by looking at our location here. We are investing substantially in a new building that will be completed before the end of this year. The third element of “Design Thinking” relates to the process: Products and services are created in many systematic iterative steps. During

the development process, we check time and again whether the user finds our product useful, can operate it easily, enjoys using it and also whether the product meets the aesthetic requirements.

This “Design Thinking” approach resulted in the EasyCut 12, for example. We derived the underlying sawing principle – the “NanoBlade” technology with the revolving micro-chain – from the needs of the user: Virtually vibration-free and therefore, very precise working – with a convenient cordless saw for the home and garden. Compared to well-known jigsaws this world novelty has many advantages, for example freehand cuts in a variety of materials can be done in no time at all.

Another example is the EasyPrune cordless secateurs: The user wants to easily cut individual branches in hedges or shrubs and fruit trees with just one hand. Thanks to the power-assist technology, the EasyPrune replaces heavy and difficult to handle pruning shears: If the force needed for cutting exceeds a set limit, the electronic power-assist function will automatically cut in. With the EasyPrune, we have created a whole new market segment: Electrically assisted cordless secateurs.

Synergies through the use of Bosch Group know-how

One advantage we have over our competitors is the extensive technological expertise within the Bosch Group – which we use to bring innovations for our users to the market. We use sensors from the automotive sector in power tools to increase occupational safety. Examples are KickBack Control or Drop Control in professional tools. In the case of the EasyPrune, we have successfully transferred the principle used for eBikes – power assistance when you need it – to secateurs. The quality of our GlassVac window vacuum is partly based on Bosch’s expertise in wiper blades for vehicles.

Success through innovation

Ultimately, it is the user who decides how successful our innovations are. Take the Ixo as an example, a tool we brought to market 15 years ago

and which is now the most popular power tool in the world. For a long time, this convenient and easy-to-use cordless screwdriver has been more than just a tool. With numerous adapters, it can be used to assist with barbecues, opening bottles or trimming plants. To-date, more than 17 million Ixo models have been sold. In this anniversary year, we are celebrating this success with a special edition in gold and black.

Our latest Zamo also follows the principle of the convenient, easy-to-use tool with various attachments. After selling around four million tools, we are now introducing a new generation with different adapters. The Zamo can therefore also be used as a digital tape measure or to measure uneven courses. With the Zamo, we have brought strong growth to the laser measure market – and we are following this up with the new generation. Another example of how professional users appreciate our innovations: Our hacksaw blades for jigsaws and reciprocating saws are particularly popular with users. Six billion of these products have now been sold.

Digitalization for increased convenience and productivity

The second strategic growth segment that we want to talk about is the use of opportunities offered by connectivity for products and for services. We are seeing rapid development in the field of digitalization: Computing power doubles every 18 months, while the available Internet bandwidth doubles every 21 months. This development is the basis for us to turn our classic power tools into intelligent power tools – by using connectivity and sensors.

This means increased convenience for the user and, ultimately, increased productivity. Our new professional cordless angle grinders are the first angle grinders worldwide to have a connectivity function: Thanks to an integrable Bluetooth module and the “MyTools” function in the Bosch Toolbox app, users can connect the tools to their smartphone. This means that they can personalize their tool, configure it to suit their individual needs, and call up tool information. For the first time, the angle grinders also feature a multi-

functional user interface, which allows professionals to keep an eye on the tool status at all times. The user receives information about the tool's status and the battery's charging state. There are also tips for troubleshooting, for example if the tool has switched off as a result of overheating. With connected power tools, we also make maintenance work easier for the user. Of course the tools can also be used with our "TrackMyTools" inventory management.

Connectivity via Bluetooth interface and app

The GLL 3-80 C Professional and GLL 3-80 CG Professional line lasers are the first line lasers worldwide which can be controlled using an app and Blue-tooth interface. For example, tradespeople can use the Bosch Levelling Remote app to switch on and off the laser lines individually without touching the tool and altering settings accidentally when handling the device. The user can also easily adjust the brightness of the laser lines. In future, he will also receive information about potential negative effects caused by impacts or temperature. The app is part of the Bosch Toolbox app, which is available free of charge in the Google Play Store and in the Apple App Store.

The Bluetooth interface on the new GLM 120 C Professional laser measure makes it possible to transfer the measured values directly to the Measuring Master app, where they can be further processed. This means that, for example, you can share measured data with colleagues, carry out material calculations, or create and adjust floor plans. Furthermore, the app is used as a remote control for the GLM 120 C Professional, meaning that measurements can be taken without blurring and without requiring any assistance from colleagues.

Improved occupational health and safety thanks to sensors

Thanks to the Bosch Group's expertise in sensor technology, we used sensors for occupational health and safety at an early stage. The KickBack Control offers increased protection, for example. Thanks to the sensor signal, it switches off the motor within a split second if there are sudden blockages

during the work process – for example when tilting a drill or cutting disc – thus reducing the risk of injury caused by kickback. KickBack Control has now been integrated into 25 Bosch Professional power tools, including rotary hammers, angle grinders and drill drivers.

Long-term commitment in emerging markets

Of course, our growth strategy is not just aimed at industrialized markets. We continue to see great opportunities in emerging markets. In addition to availability and service, it is particularly important that the products are affordable. We are therefore continuously expanding our product range: In 2018, we are already offering a total of almost 50 professional products for users in emerging markets – products that are both affordable and durable, and can be easily maintained.

We work intensively on the African continent, for example, where the expected population growth alone provides enormous potential for growth. In order to convince African users that switching from a traditional hand tool to a power tool brings benefits, we will focus more intensively on our own sales organizations. We are also continuously expanding the network of logistics and service centers. In the past two years, we have founded additional power tools organizations in six African countries. We believe that this investment will pay off not just for our growth but also for the economies in these countries.

Addressing targeted users with a strong brand

Last but not least, we are building on our strong Bosch brand. We are the only manufacturer of power tools offering products for all user groups under one brand. This means that the potential target group for Bosch power tools is huge: According to our estimates, if we add professionals in industrialized and emerging markets and then DIY enthusiasts and garden-lovers too, we could gain around one billion people across the world as users of Bosch power tools.

It is especially important here to specifically target the respective users. I would like to provide you with an example of our brand communication for professional users. Our message: We assist you in achieving the best results in the most efficient way – so it's all about productivity, according to the motto: "It's in your hands".

The second example from our DIY world is clearly distinguished from this: We help DIY enthusiasts and garden-lovers to express their own creativity. So this is all about "Home made by you".

Record sales: Bosch Power Tools continues to see substantial growth

Following this insight into our growth strategy, with a focus on innovation, digitalization, emerging markets and a strong brand, I would now like to demonstrate the economic consequences of this. We were again extremely successful in 2017 – more successful than ever. Our sales grew strongly to the record level of 4.7 billion euros. This growth corresponds to five percent in local currency and four percent nominally.

On average over the past five years, we have grown by six percent annually and thus faster than the global market, which grew by an average of four percent. With regard to the German market, we were even more successful in the past five years and the difference is even more evident here: Between 2012 and 2017, the German market grew by an average of four percent while we grew by an average of ten percent.

We are convinced that our innovations are the best prerequisite for future success. We will again launch over 100 new products on the market in 2018 – in Germany alone. These are innovations that assist professionals in increasing their productivity and innovations that further simplify DIY and invite users to discover their creativity. Feel free to test for yourself what it is like to work with our new tools.

I would like to briefly recap the most important points:

- Bosch Power Tools again achieved record sales in 2017.
- We are growing faster than our competitors.
- Our growth is based on four growth segments: Innovation, digitalization, emerging markets and a strong brand.
- Our primary focus is and always will be the user and their needs.

Thank you for your attention.

Press photo: #959051

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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 2017, its roughly 20,000 associates generated sales of 4.7 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. In 2018, 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 400,500 associates worldwide (as of December 31, 2017). According to preliminary figures, the company generated sales of 78 billion euros in 2017. 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 industry. 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 create solutions for a connected life, and to improve 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 60 countries. Including sales and service partners, Bosch's global manufacturing, engineering, and sales network covers nearly every country in the world. The basis for the company's future growth is its innovative strength. At 125 locations across the globe, Bosch employs 62,500 associates in research and development.

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