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Forging ahead with ambition and determination:

Bosch relies on its strengths as a global technology company

Stefan Hartung,
chairman of the board of management of Robert Bosch GmbH,
and Markus Forschner,
member of the board of management,
at the annual press conference on May 8, 2025

Check against delivery.

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Ladies and gentlemen,

Even in modern physics, there are still unsolved problems. Most of them are far removed from our everyday lives. However, one of them is a phenomenon we've all seen and often experienced firsthand: turbulence.

As yet, there's still no model to fully describe the way water swirls in a river or how air currents move in a storm: the dynamics are literally unpredictable. However, those caught up in these currents are by no means helpless. If you're sailing in rough waters, you have to take decisive counteraction while making use of the current; you must be prepared for anything and be able to react at any time; you need to manage your strength well, and above all, you mustn't lose sight of your goal. At Bosch, we're determined not to be unsettled by the current turbulence. We're remaining on course. And with that, welcome to our annual press conference! I'm delighted that you could join us today as our guests, whether here in person or via the webcast.

We're currently experiencing massive upheaval in our environment. In global politics, we're seeing the prevailing world order drift apart, as new power constellations emerge and even established rules and regulations are occasionally called into question. In the global economy, free trade is coming under massive pressure, while Germany and Europe are passing huge financial packages to boost an economy that's been flagging for years. And even as our old certainties are being shaken up, new technologies are developing everywhere, from AI to quantum computers – and doing so at such a rapid pace and scale that we can't yet fully foresee the changes and opportunities that will result.

All this has led to marked uncertainty among many people and companies, particularly in Germany and Europe, and therefore to reluctance in consumption and investment. And as we all know, we at Bosch weren't able to completely escape this adverse situation either. My colleague Markus Forschner will discuss the current and expected business situation in more detail later on, but I can already reveal this much – unfortunately, it doesn't look like there will be a clear turnaround this year.

Nevertheless, we at Bosch are sticking to our medium-term goals. Our Strategy 2030 provides us with specific targets: by 2030, we want to achieve average annual growth of at least 6 percent and a margin of at least 7 percent. In view of the aforementioned turbulence, this is an extremely challenging task. There's also much stronger competition, particularly from Chinese suppliers. For this reason, we'll have to continue working intensively on our costs and structures. This requires a clear focus on business areas and regions with attractive profit prospects; regrettably, this also means that the number of jobs, particularly in Germany and Europe, will decrease. We have already announced structural adjustments and job cuts in various areas, and have been in contact with employee representatives on this for some time. We now need to agree on measures quickly and start implementing them. Only then will we be able to take advantage of opportunities in a dynamic market environment, including those that crop up suddenly. We can no longer afford delays, as this would further weaken our competitive position.

Strategy 2030 also aims to put Bosch among the top three providers in our core markets, in five years' time at the latest. However, the restrictions on free trade could mean that we have to develop and offer our products and technologies in an even more regionally differentiated

fashion. Today, we don't have a world car or world fridge, but even for regional solutions, we have to bring together raw materials and know-how from different parts of the world. Economic exchange is thus becoming more difficult and more expensive – but remains necessary across all trade barriers. That's why I remain optimistic: the markets in Asia and the Americas will remain attractive for German companies. In North America and India in particular, we want to grow significantly faster in the coming years than we have before. For us, this isn't a question of day-to-day politics, but an integral part of our long-term strategy.

Our objectives remain ambitious. They have to, if we want to emerge stronger from all the upheavals I've mentioned. That's why the theme of this year's annual report was *ambitions*. This means nothing other than that we will use our strengths as a global technology company boldly and with full commitment. One of these is our innovative strength, a clear example of which is the number of patent applications: we filed more than 6,700 for inventions in 2024. For the fourth time in a row, the analytics company Clarivate has listed Bosch among the 100 most innovative companies worldwide, and at the German Patent Office, Bosch has submitted more applications than any other company for the past 18 years.

Innovations are also the best stimulus for a growing economy. That's why, as a provider of venture capital, we support startups worldwide that, like us, are working on technology that's "Invented for life." Our subsidiary Robert Bosch Venture Capital is currently setting up its sixth fund, which totals 250 million euros. The investments are focused on areas such as energy efficiency and artificial intelligence and are mostly long-term in nature. This allows startups to drive innovations that benefit not only our business divisions, but also the economy and

society. For this reason, Bosch wants to remain a reliable partner for the startup sector worldwide, even in an adverse business environment.

This fits in with another of Bosch's strengths: our perseverance. Or, to put it another way, resilience through continuity. Allow me to give you an example: Bosch launched the ESP anti-skid system 30 years ago and has continued to develop it ever since. To date, we've sold over 350 million units worldwide, which, according to our accident research, have saved more than 22,000 lives in Europe alone. And this fall, we're opening the next chapter in braking technology with the launch of our hydraulic brake-by-wire solution. The ESP is still a central component, but now the mechanical connection between the brake pedal and the braking system has been removed. This not only makes the vehicle lighter, but the components can also be installed flexibly – where it is safest and quietest and where the most space can be saved.

This success would hardly be possible without our decades of experience. The future, however, will be determined by the software-defined vehicle. Our aim is to be at the forefront of this development as well and to be a valuable partner to automakers, just as we've always been. Bosch solutions and products such as central computers for software-defined vehicles are already in large-scale production worldwide. However, we know very well that while experience is certainly helpful in this new customer and competitive world, it's not the only decisive factor. Nowadays, companies need in-depth knowledge – both domain-specific and cross-domain – plus speed plus flexibility. And we're in good shape here: we're a leader in comprehensive understanding of the vehicle, and we're strong enough in terms of speed and movement to be among the frontrunners even in China. Just a few days ago, we presented a whole range of innovations at Auto Shanghai – the new

Bosch ADAS product family, for example. This is a modular system for driving assistance in three variants: for the entry-level segment, the mid-range segment, and the premium segment. We also presented a cockpit vehicle computer with AI functions. The solutions were ready for the market remarkably quickly. Our next step now is to carefully examine how we can become even faster in other regions, particularly in the area of software-defined mobility.

Ladies and gentlemen, in turbulent times, you need a firm footing. But in a world divided into competing blocs, we can pursue our interests only within a close-knit and self-confident European Union. We should therefore do everything we can to further strengthen the EU. This includes, for example, deepening the single market, reducing bureaucracy, and rapidly expanding the Capital Markets Union, an issue that's been stuck in the discussion phase for far too long. However, it also includes having the courage to make far-reaching reforms and decisions. If we as Europeans want to have a say on the world stage, our industries must be as competitive as possible. After all, a robust economy not only ensures social prosperity, but it also provides what we need to guarantee our own security and freedom.

The comprehensive financial packages from Brussels and Berlin are therefore a good thing in principle – as long as they are accompanied by a very careful look at previous spending policies. New debts don't release us from the obligation to make savings wherever possible. And the billion-euro packages should be invested specifically in the planned reforms. After all, at the moment, "business as usual" would really be just a step backward. To stabilize our democracy and our economy in the long term, we don't need half-hearted compromises; we need concrete measures and actions.

One thing is true: whether there's a political tailwind or not, we ourselves are responsible for the future of Bosch. I'll talk about what technologies we'll be focusing on after the rundown of our figures. But for now, I want to hand over to my colleague Markus Forschner.

Dr. Markus Forschner on the business situation:

Early action secures leeway in uncertain times

Ladies and gentlemen,

a warm welcome from me too. As Stefan did, I'd like to talk about the keyword "ambitions." One of our ambitions is to at least maintain our already strong global market position and further expand our activities in regions such as North America and India, which offer us considerable potential for additional growth. Our ambitions also include further strengthening the competitiveness and robustness of our company worldwide. Because one thing is certain in these uncertain times: the importance of competitive and robust structures is increasing. And early action, even in difficult conditions, opens up financial leeway for the innovations, investments, and acquisitions of the future. I've identified the key challenges that shaped the 2024 annual financial statements and will shape our work in the current year and beyond. I'll be focusing on the most important factors at play here, especially as the business figures for 2024 are hardly any different from those communicated at the beginning of February.

The main factor impacting our business in 2024 was the weakness of our core markets. Automotive production, including heavy commercial vehicles, fell to 93 million units from 94 million units in the previous year. In the European Union and the United Kingdom, the decline was

as much as 6.7 percent. In addition, technologies of the future, such as electromobility, fuel cells, and automated driving, are taking much longer than the industry expected to become established, and this process is playing out with major regional differences. China is now leading the way in these areas of future importance, and is the world's biggest vehicle producer with more than 31 million vehicles – which for the first time puts it ahead of Europe and North America combined, with 14.9 million units manufactured in Europe and 16.2 million in North America. Our other two core markets, mechanical engineering and especially the construction industry, are also experiencing difficult times. And the heating market in Europe, Germany in particular, is still suffering from considerable distortions due to changes in government subsidies.

In view of this market development, the Bosch Group's decline in sales was kept to a minimum, at 1.4 percent to 90.3 billion euros; adjusted for exchange-rate effects, sales fell 0.5 percent. In our planning, however, we had anticipated significant sales growth overall. This also applies to areas of future importance such as electromobility and automated driving. They are indeed growing, but more slowly than expected. As a result, Bosch failed to achieve its margins, which weighed heavily on the EBIT margin, and was also the main factor behind the drop in result. That made it all the more important that we announced extensive additional structural adjustments last year, even if they initially reduced our result further. By taking comprehensive cost measures across the entire value chain to broadly strengthen our competitiveness, we were able to cushion the two main effects – failure to achieve margins and additional structural measures – but were unable to fully offset them. As a result, the EBIT margin from operations of

3.5 percent is significantly below the previous year's figure of 5.3 percent.

We can't be satisfied with this decline in result, but with the structural measures we announced and our intensive work on costs in all areas, we're laying the foundations for increased earnings in the future, which in turn will secure our financial health and robustness. This means that we are still aiming for our target margin of 7 percent in 2026. However, this also requires more growth. And it means hard work. However, it's important for us to maintain the balance and continue to invest in the future. In 2024 alone, we again made upfront investments of almost 13 billion euros – with 5.1 billion euros for capital expenditure and 7.8 billion euros for research and development.

We're pleased to say that, as planned, we achieved a free cash flow of 0.9 billion euros or 1 percent of sales revenue in 2024. Our financial robustness is reflected in our equity ratio of 44.3 percent – a slight increase of 0.1 percentage points – and high liquidity of 8.2 billion euros compared to 7.4 billion euros in the previous year. Our conservative financial policy ensures flexibility. Even in challenging times, it allows us to make major acquisitions, such as in HVAC technology, and to invest substantial amounts.

Before I go into the other challenges we'll face in the 2025 business year, let me first take a brief look at the regions and business sectors. In 2024, we generated more than half our sales, 50.7 percent, outside Europe for the first time. Although sales fell by 4.9 percent in Europe, they increased by 4.8 percent in the Americas and by 0.7 percent in Asia Pacific. The chart also shows the exchange rate-adjusted figures.

In Mobility, we were able to roughly maintain the previous year's level of 55.8 billion euros thanks to our broad international footprint. In Industrial Technology, the difficult situation in its core markets of construction and mechanical and plant engineering led to a 13 percent drop in sales to 6.4 billion euros. Our Consumer Goods business sector also depends in part on the construction industry. However, there was a noticeable increase in retail demand for home appliances over the course of the year, which led to slight growth of 1.6 percent to 20.3 billion euros. In Energy and Building Technology, sales dropped 2.7 percent to 7.5 billion euros; the main reason was turmoil on the heating market. Again, the chart also shows the exchange rate-adjusted figures.

All business sectors, even Industrial Technology, reported a positive result from operations. The EBIT margins from operations for Mobility and Consumer Goods are on a par with the Bosch Group at 3.8 percent and 3.5 percent respectively, while Energy and Building Technology's margin is significantly higher at 4.9 percent. In the midst of a massive market slump, Industrial Technology achieved a margin of 1.2 percent.

Additional structural measures are required in all areas. The number of associates worldwide fell by 2.7 percent in 2024 to around 417,900. This particularly affected the Mobility, Industrial Technology, and Consumer Goods business sectors, and to a lesser extent Energy and Building Technology. Looking at the different regions, as the chart also shows, Europe and Germany in particular were affected, although headcount also fell slightly in Asia Pacific and the Americas.

That about covers 2024. Forecasts for the 2025 business year are a tough challenge in these uncertain and volatile times. However, we assume that global trade and therefore the global economy as a whole will suffer from the rising trade barriers. This is also reflected in our forecast for global economic output of 2¼ to 2¾ percent, while growth in 2024 was 2.8 percent. So far, the economic effects of the German and European infrastructure packages can be estimated only to a limited extent. The same applies to the negative effects the additional tariffs will have on result, even though we are closely monitoring the risks. Given the volatility of the discussion, it is too early to give specific figures here. As a globally operating company, one fundamental way we are responding is to further expand our regional strategy. Not only does this allow us to maintain proximity to our customers, but it also strengthens the robustness of our supply chains.

In the first three months of 2025, we were able to increase sales in the Bosch Group by some 4 percent, both in euros and adjusted for exchange-rate effects. Sales in the Mobility business sector saw a disproportionately large increase of around 7 percent, while the difficult phase in Industrial Technology continued with a decline of 7 percent. Consumer Goods and Energy and Building Technology saw slight increases in sales of roughly 1 percent and about 3 percent respectively. Our ambitious goal is to organically increase our sales revenue in 2025 by 1–3 percent – despite all the odds and core markets that are still quite weak. Assuming that we can complete our acquisition in the HVAC sector over the course of summer 2025 as planned, growth for this year is likely to be 1 to 2 percentage points higher. The first full consolidation of the acquisition will then take place in the 2026 business year. We want to improve the Bosch Group's result despite the risks arising from the tariffs discussion. We are also aiming for a free

cash flow at the previous year's level. As you can see, even in times like these, we remain ambitious. On that note, I'll now hand back to Stefan Hartung.

Dr. Stefan Hartung on the implementation of our strategy:

Thank you, Markus! As you just heard, our environment will remain uncertain for the time being and we must expect considerable risks. Nonetheless, as we're talking about ambition, this especially means that we want to systematically seize every opportunity that comes our way. And there are quite a few of them – in fact, they're in all our business sectors.

The transformation in mobility continues. Although demand for the latest generation of combustion engines is helping us in the transitional phase, it means that our facilities for e-mobility, in which we have invested a great deal, are not being used to capacity. In the medium and long term, however, electromobility will come out on top. Bosch has the right expertise and products for this. This year alone, we're going into production with about 50 projects around the world and especially in Europe and China. In total, we've already supplied more than 17 million powertrain components for battery-electric and hybrid vehicles, including for example 5.5 million electric motors.

Another technology of the future is the hydrogen engine. Structurally similar to a combustion engine, the hydrogen engine emits no CO₂ locally and is particularly suitable for heavy off-highway trucks and powerful construction and agricultural machinery. Even if we don't expect relevant market growth until the end of this decade, the solution is already well advanced technologically. Politically, alas, not yet. Although

the EU doesn't levy an energy tax on the use of hydrogen in fuel cells, it does for its use in combustion engines. This is causing uncertainty at many filling stations, so that they don't currently offer refueling for hydrogen engines. However, the EU also allows tax exemptions under certain circumstances. The German government should take advantage of this and exempt the hydrogen engine from the energy tax as soon as possible.

Hydrogen will remain important for us anyway, even if progress in this area is slower than expected. We recently presented our Hybrion stacks at Hannover Messe. They are at the heart of electrolysis systems that can be used to produce hydrogen. This is a strategic growth field for us: we can make excellent use of our fuel-cell expertise as well as our experience in full-scale production to achieve economies of scale and reduce costs. We previously discontinued our work on the stationary fuel cell, but that just underlines the determination with which we are pursuing our strategy; after all, ambition also requires consistency.

Another important growth area is the use of AI in mobility, particularly in driver assistance and automated driving. Bosch's strength lies in the combination of federated learning with the huge amount of traffic data that we've recorded all over the world with our sensor technology. In federated learning, several decentralized servers train a shared AI application without the data itself being exchanged. This makes it possible to comply with regional data protection regulations and to develop global AI solutions more quickly. We've already successfully used this technique in the development of our multifunctional camera and are also using it in the new camera generation.

However, the automotive sector isn't the only area where competition for the best innovations has increased significantly. In Consumer Goods, we also have to adapt strategically to different, more demanding market and customer requirements. In the Power Tools division, we're focusing primarily on expanding the cordless device range and on innovations that open up new business areas. We already considerably increased the number of product launches in 2024, and this year we'll once again significantly accelerate the expansion of our portfolio with around 90 new launches planned in power tools alone.

As announced, this year we're launching the world's first *Matter*-capable home appliance: an especially economical XXL fridge-freezer from our factory in Giengen. *Matter* is a new standard that enables simple, secure, and fast connectivity – regardless of manufacturer. And our Bosch Green Collection has also been well received by customers. The appliances contain CO₂-reduced steel and bioplastics, which decreases the material's carbon footprint by 50 percent.¹

The home appliances division also provides a current example of our global orientation: BSH is currently getting its first factory on the African continent up and running. The plant in Egypt will be able to produce around 350,000 ovens per year for the regional market – specially adapted to the needs of Africa and the Middle East.

¹ Compared to a similar Bosch fridge-freezer with conventional production materials (standard size: KGN39VXAT, XL: KGN492IAF). Calculation of the CO₂ footprint of the production materials (without packaging) based on ISO 14067. In production, the CO₂-reduced material is partly mixed with conventional material, but is allocated to the Bosch Green Collection fridge-freezers by means of mass balancing (in accordance with ISO 22095). Verified and confirmed by TÜV Rheinland, an independent certification organization.

In the Energy and Building Technology business sector, we're looking forward to playing at the very top of the global HVAC market as of the midpoint of the year. This is because the antitrust authorities' approvals should be in place by then, so we can complete the biggest acquisition in our history – the takeover of the HVAC business for residential and light commercial buildings from Johnson Controls and Hitachi. Our integration plans are well underway, and when everything gets going, we expect strong growth from the acquisition, particularly in North America and India – a great fit for Bosch's overall strategy.

In the Building Technologies division, we're also making good progress with our focus on the integrator business. We've strengthened the key growth area of building automation with smaller acquisitions in Germany and North America. And here, too, we're increasingly relying on AI for our solutions; for example, for early fire detection in the great outdoors. This involves setting up a network of special detectors in which intelligent gas sensors from Bosch Sensortec have been installed. With the help of an AI-based algorithm, the system detects smoke gases at an early stage, alerts emergency services, and provides them with all relevant information directly.

Overall, we want to double the result from operations in the Energy and Building Technology business sector by 2030. This, too, is part of our growth strategy.

In Industrial Technology, we're currently seeing a certain stabilization in incoming orders – although it's not yet clear whether this will continue, especially in view of the ongoing uncertainties in trade policy. However, our goals remain unchanged here as well: by the beginning of the next decade, we want Industrial Technology's sales revenue from software and software-related services alone to have reached around 1 billion euros. In this endeavor, we will benefit from our own experience in manufacturing – we sell our solutions from user to user.

We're also investing in our global manufacturing network and in key areas of future importance, such as digitalization, artificial intelligence, and the hydrogen industry. In factory automation, sales will focus more strongly on important growth industries such as the production of batteries, semiconductors, and consumer goods.

Ladies and gentlemen, before we move on to the Q&A session, I'd like to make a general comment. It's already been implied a couple times, but let me be clear: sustainability remains a priority for us, and sustainable technologies remain a growth business. They must remain so – climate change isn't going to disappear just because we suddenly have to deal with completely different challenges.

Bosch was one of the first global industrial enterprises to achieve climate neutrality, which it did in 2020 with its more than 450 locations worldwide.² However, we also want to reduce emissions that arise outside Bosch's direct sphere of influence, known as scope 3 emissions;

² With its more than 450 locations worldwide, the Bosch Group has been carbon neutral overall (scopes 1 and 2 of the [Greenhouse Gas Protocol Corporate Accounting and Reporting Standard](#)) since 2020. This is achieved with four levers: improving energy efficiency, generating energy from renewable sources, purchasing green electricity, and offsetting residual CO₂ emissions with carbon credits. Visit sustainability.bosch.com for further information on the Bosch Group's sustainability strategy.

for example, from suppliers, logistics, or product use. Our previous goal was to reduce these emissions along our entire value chain by 15 percent by 2030. We've now doubled this target: we want to reduce our scope 3 emissions by 30 percent in absolute terms over the next five years compared to the baseline year 2018, regardless of our growth targets and regardless of any turbulence. That, too, is ambition.

Thank you!