

**The Bosch Group: further strengthening core businesses
and seizing new opportunities**

Uwe Raschke,
Member of the Board of Management,
Robert Bosch GmbH,
at the Bosch Press conference in China
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Check against delivery.

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Ladies and Gentlemen,

If 2011 made anything clear, it is that we live in times of rapid change and high volatility. In the first part of the year, the world economy continued to grow strongly following the global recession of 2009. But political and economic developments in different parts of the world soon gave rise to new uncertainties. By the start of 2012, all global regions had been affected by a slow-down in economic growth.

Without doubt, the increasing pace of globalization means that a global provider of technology and services like Bosch must be able to respond to the unexpected. At the same time, the long-term success of the company will depend on its ability to strike a balance between keeping its traditional core businesses strong, while doing everything it can to seize future opportunities.

In 2012, the Bosch Group is pushing ahead with its long-term strategy, which aims to ensure this balance. We continue to expand our global presence, diversify our businesses, and cultivate our innovative strength. To do this, we focus our activities on further improving existing technologies to make them even safer, cleaner, and more economical. We are also working at full speed to develop new innovations in promising areas, such as the fields of e-mobility, renewable energy, and the internet of things and services.

The Bosch Group's activities in Asia Pacific clearly reflect this strategy. Despite the current global slowdown, Asia's emerging economies will keep driving global economic growth, and the

region's development is expected to continue steadily in the years to come. Asian markets are gaining even more significance for the Bosch Group as well, and we are expanding our regional presence accordingly.

Today, I will discuss our current activities across the region. But before I do this, I would like to give you a brief overview of the Bosch Group's results for 2011.

Despite the cooling of the global economy, in 2011 the Bosch Group increased its sales by 9 percent, to 51.5 billion euros. Sales not only exceeded 50 billion euros for the first time ever, but also our expectations. On the back of this strong growth, we recruited an additional 19,000 associates worldwide in 2011. Over the course of the year, our total workforce increased by nearly 7 percent, to 302,500.

We also performed very well in Asia Pacific, where our sales rose by 8.9 percent to 12 billion euros. All three Bosch business sectors developed positively. Automotive Technology sales increased about 5 percent, to 8.2 billion euros. Industrial Technology recorded a strong 26 percent increase over the previous year, with sales amounting to some 2 billion euros. And the Consumer Goods and Building Technology business sector grew 12 percent year on year, with sales of 1.8 billion euros.

This positive regional development is also reflected in headcount. We hired an additional 8,000 associates in Asia Pacific last year. At the start of 2012, 71,200 people worked for the Bosch Group in the region. And headcount continues to

grow. By the end of 2012, we expect to have some 35,000 associates working for Bosch in China, about 5,000 more than at the start of the year. The numbers are rising in India as well: at the beginning of 2012, there were some 24,000 associates on board. By year's end, we expect our Indian workforce to exceed 26,000.

While these two countries continue to be the biggest Bosch markets in Asia Pacific, we are expanding our presence in other countries as well. For instance, we currently employ some 500 associates in Vietnam, and we expect the number to rise to 1,600 by 2015. In addition, we will open our first representative offices in Bangladesh and Laos by the end of 2012. In November 2011, we also opened a new office in Surabaya, Indonesia, to be closer to our customers in East Java.

In line with the global Bosch Group strategy, we continue to step up our regional manufacturing activities as well. To mention just three examples, in 2011 we opened a new production site for push belts in Vietnam. And in India, Bosch is currently building a new plant for electrical drives in Chennai, which is set to open this year. In Malaysia, our Solar Energy division is planning to start construction of its new manufacturing facility in the second half of 2012.

As China is the third biggest Bosch market worldwide and our largest market in Asia Pacific, we continue to strengthen our already deep roots in the country. Bosch is committed to supporting the Chinese government in furthering the economic development of the country's western regions.

Bosch divisions are setting up new manufacturing facilities in the Western regions of the country. For instance, Bosch Packaging Technology is planning a new production plant in Chengdu. Set to open in 2015, the new facility will manufacture packaging machinery for the pharmaceutical, food, and confectionary industries. Some 300 associates will work at the new plant, which represents an investment volume of 150 million Yuan.

The Bosch Chassis Systems Control division is also expanding its activities in China with the opening of its second manufacturing site in Chengdu. With an investment of some 800 million Yuan, the new facility will focus, among other things, on the production of ABS anti-lock braking systems as well as ESP anti-skidding technologies.

In addition to expanding our manufacturing presence, we are also taking steps to better serve our Chinese customers: since 2010, we have opened more than 40 new regional sales offices across the country.

The figures and our regional expansion activities clearly show the importance of Asia Pacific for Bosch. Since the year 2000, our sales and workforce in the region have almost tripled. In 2011, Asia Pacific accounted for 23 percent of global Bosch Group sales, up from 13 percent a decade ago. Increasing investment and strengthening our presence in Asia is thus both natural and necessary. In 2011, we invested some 800 million euros in the region, and we expect to spend more than 2.1 billion euros in Asia Pacific by the end of 2013.

Most of these funds will go into intensifying our local activities even further. By the end of 2012, more than 13,000 out of some 43,000 Bosch development engineers will be located in the region – that’s five times as many as just five years ago. Thanks to the growing strength of our local marketing and R&D presence, Bosch has gained a sound understanding of what our customers in Asia Pacific's diverse markets expect. As a result, we have come up with a range of cost-effective products that are tailored to local needs, in line with our strategic imperative “Invented for life”.

Products such as the Power Tools division’s T-series are a strong example of this. Launched in 2011, the tools were developed with the needs of Chinese tradesmen in mind. Their immediate market success clearly shows that we are on the right track: last year, the Power Tools division’s sales in China grew twice as fast as the market. And we have begun to develop customized products for other Asian markets, too.

In automotive technology as well, our engineers in China have developed products that are tailored to the local market. For instance, our UAES joint venture will be launching a first small series of electric drive systems for plug-in hybrid vehicles in 2013. We see great potential for the plug-in hybrid, as it allows long distances to be travelled economically using diesel or gasoline, and electric driving in the city.

The work of our engineers in Asia Pacific also has a strong impact beyond the region. To name just one example, Bosch engineers at our R&D center for active automotive safety systems in Yokohama, Japan developed the world’s smallest

and lightest motorcycle ABS antilock braking system. Launched in 2010, the system is now featured in the motorcycles of several OEMs, and has been very successful in all global markets. It has also won several safety prizes.

Without doubt, our Asian engineers are an integral part of the global network of Bosch specialists who benefit from each others' know-how and market intelligence. Together with their colleagues around the world, they form one of the pillars of our innovative strength.

This strength will prove to be an asset as software-intensive technologies continue to gain significance. In the future, the Bosch Group aims to further strengthen its position as a global supplier of software and services. In the long term, we want to provide not only innovative products, but also innovative services which require the networking of a range of devices. From driver information systems with open source software, to heating systems with an integrated IP interface, to web-based technologies for video surveillance systems, Bosch is forging new ground.

In these areas, too, Bosch associates in Asia Pacific play a very important role. The company recently opened a branch of its subsidiary Robert Bosch Engineering and Business Solutions in Vietnam. The new site will complement the company's activities at its home base in India. Representing an investment of 3.4 million euros, the new location in Ho Chi Minh City is the first Bosch software and engineering facility in Southeast Asia. It currently employs 160 engineers, and another 400 are set to join them by 2015. This is in addition to the 10,000 associates

already working for Robert Bosch Engineering in India. The company provides engineering, IT, and business services in all of the Bosch Group's fields of business.

As its workforce and regional footprint grow, the Bosch subsidiary is consistently expanding its areas of expertise. Just last year, more than 800 new engineers were hired in India to further strengthen our global worldwide software engineering activities for electronic control units. Their work will focus on ECUs for vehicles with conventional drivetrain technologies, as well as on hybrid and electric vehicles.

In everything that we do, coming up with solutions that help achieve more energy efficiency and tap the enormous potential of renewable resources will remain a central aim. In 2011, roughly half our research and development expenditure of 4.2 billion euros was allocated to products and services designed to conserve resources and protect the environment. These products and services now account for around 40 percent of the Bosch Group's global sales.

Indeed, all three of our business sectors already offer a broad portfolio of eco-friendly technologies and services. These range from e-mobility solutions and energy-saving household appliances, to advisory services which enable our customers to reduce energy consumption in industrial processes. Not only can this extensive portfolio help our Asian customers meet ever stricter environmental standards, it can also contribute to reducing carbon footprint and protecting the climate.

To further improve our innovative strength and lay the foundation we need to meet the challenges ahead, we must also succeed in recruiting the best talent. This is very important in Asia Pacific, where the environment is especially competitive in this regard. While attracting top talent is certainly decisive, keeping associates motivated and committed requires consistent investment in career development programs and opportunities for lifelong learning. In 2011, Bosch invested a total of over 200 million euros in training for its associates worldwide. The number of Bosch associates in Asia Pacific who participated in internal seminars increased by 54 percent. In total, Bosch seminars in the region counted some 200,000 participants.

The Bosch Group's commitment to education extends far beyond the company's walls. For instance, the Bosch InterCampus program reflects the company's commitment to social responsibility and establishing strong local roots. Launched in the spring of 2011, the initiative aims to drive forward academic research in the areas of environment, energy, and mobility. Over a period of ten years, Bosch will contribute some 50 million euros to support research activities at universities in China, Germany, India, and the United States. Our ultimate goal is to make lasting improvements to the research conditions of students and scientists. This will in turn help accelerate technological progress.

While continuing to enhance existing technologies and developing new ones will be decisive for the Bosch Group's success in the future, it is only part of the challenge. The other is doing all that we can to ensure that our core businesses

remain competitive in a fast-changing world. This is why we are committed to pursuing a sound portfolio management strategy.

Our approach is threefold: first, we restructure existing businesses where necessary, as we recently did with the realignment of our Automotive Technology business sector's worldwide brake operations. Second, we acquire companies which further strengthen our business. Our recent acquisition of Unipoint in Taiwan is a strong example of this. The manufacturer of starters, alternators, and wiper blades complements our global Automotive Aftermarket business well. And finally, we establish and invest in companies and businesses that show promise for the future. There are many examples of this, from the expansion of Robert Bosch Engineering and Business Solutions, to the successful launch of our e-bike business. In 2011, Bosch established partnerships with about 40 bicycle manufacturers.

In closing, the activities I have discussed with you today clearly show the focus of Bosch's efforts: maintaining and increasing our current strength and competitiveness, while at the same time laying the foundation for our future success. Given the ever-growing significance of Asia Pacific for the Bosch Group, this will mean keeping up our strategy of further expansion, diversification, and investment in the region. And since China will continue to make a major contribution to the success of our company in Asia Pacific, our commitment to intensifying our activities in the country remains strong.

On that note, allow me to hand over to Chen Yudong, who will talk about Bosch developments in China in greater detail.

Thank you for your attention.

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In China, the Bosch Group manufactures and markets automotive original equipment and aftermarket products, industrial drives and control technology, packaging technology, solar energy products, power tools, security and communication systems, thermotechnology, household appliances. Having established a regional presence in China since 1909, Bosch employs over 30,200 associates in 51 legal entities and facilities, with consolidated sales of 42.3 billion CNY in fiscal 2011.

For more information, visit www.bosch.com.cn.

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, more than 300,000 associates generated sales of 51.5 billion euros in fiscal 2011. The Bosch Group comprises Robert Bosch GmbH and its roughly 350 subsidiaries and regional companies in some 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 some 4.2 billion euros for research and development in 2011, and applied for over 4,100 patents worldwide. With all its products and services, Bosch enhances the quality of life by providing solutions which are both innovative and beneficial.

Additional information can be accessed at www.bosch.com, www.bosch-press.com.