

Double-digit growth over the past decade

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Bosch China continues steady business performance in 2012

Increasing local agility to sustain long-term growth

- ▶ Total revenue at CNY 41.7 billion (5.1 billion euros)
- ▶ Compound annual growth rate of 25 percent makes China a Bosch success story over the past decade
- ▶ Double-digit growth expected in 2013

Shanghai – Bosch, a leading global supplier of technology and services, generated consolidated sales revenue of CNY 41.7 billion (5.1 billion euros) in China in 2012. “After many years of strong growth, our business in China stagnated on a high level in 2012. Even so, China remains Bosch’s second largest overseas market. For 2013, we again expect to see considerable growth in China,” said Uwe Raschke, the member of the board of management of Robert Bosch GmbH responsible for Asia Pacific. He added: “The compound annual growth rate of 25 percent over the past decade makes China a Bosch success story. And we strive to achieve double-digit growth in the future.” A number of measures were introduced to improve local agility in 2012, and these will continue in 2013. They include greater local decision-making powers, a higher share of local value add and supplies, more products oriented to local markets, and a continuation of the company’s long-established policy of substantial local R&D activities.

2012 is a mixed year in terms of business development for Bosch in China. With the lasting strength of innovative technologies and localization solutions for the Chinese market, the Automotive Technology business sector managed to grow in line with the market. The Industrial Technology business sector, however, felt the effects of the downturn in mechanical engineering. And as the real estate market recovered, the Consumer Goods and Building Technology business sector witnessed moderate growth.

Bosch Group business developments 2012-2013

For 2013, Bosch expects global sales growth of 2 to 4 percent. The measures to improve result that were started in 2012 – such as limits on fixed costs, capital expenditure, and company acquisitions – are to be continued. The supplier of technology and services will also continue to rigorously pursue the main lines of its strategy – with systems for environmental protection, energy efficiency, and safety. Bosch believes that there is huge energy-efficiency potential, as well as sales potential, in modernizing buildings' power supply, energy management, and insulation.

On January 1, 2013, Bosch brought together the areas of its business that deal with this to form a fourth business sector, Energy and Building Technology. This new business sector generated sales of 5 billion euros in 2012. The company also expects sales growth to come from innovative and beneficial products, web-based business models, and the further expansion of its international presence. At the company's recent [annual press conference](#) in Germany, Dr. Volkmar Denner, the chairman of the Bosch board of management, said: "Bosch's broad footprint has never been as valuable as in the age of connected life."

Comprehensive localization efforts

"Bosch continued to step up its localization activities in China, paying increasing attention to prospects for long-term growth," said Dr. Chen Yudong, president of Bosch (China) Investment Ltd. "We see talent and innovation as the two main drivers of our future development. And in view of the results, our efforts have paid off," he added. Bosch continued to invest heavily in China in 2012, with investments reaching a total of CNY 3.6 billion (440 million euros). Bosch's localization policy manifests itself in various ways.

There has been continuous investment in R&D and local engineering competence has improved. In 2012, Bosch filed 126 local patents in China, 75 percent more than in the previous year. By the beginning of 2013, headcount was over 34,000 – 11 percent more than in the year before. And at 16 percent, the increase in Chinese associates working in R&D was even higher. They now number 3,200.

By appointing Chinese executives the new local presidents of a number of divisions in mid 2012, Bosch strengthened its local decision-making power. To meet regional market demands, Bosch stepped up its "Go West" strategy, especially in Chengdu, where Bosch established a communication center that will act as a service hub for the entire country. In addition, a

plant for the Chassis Systems Control division will open this year, and further plants for Packaging Technology and Power Tools will be completed in 2014. In Nanjing, the Automotive Aftermarket division just opened a new plant, which will be the Bosch Group's biggest spark-plug production base as well as the R&D hub for Asia Pacific.

Tailoring solutions to customers' requirements

As domestic consumption becomes increasingly important in the economy, China is undergoing a profound transition. "Consumers with increasingly differentiated demands are flexing their economic muscle, and their purchasing behavior is evolving dramatically," said Dr. Chen Yudong, and continued: "With a focus on these customers, Bosch has broadened and intensified its access to end-users through products and technologies, channels and market presence."

Local innovations that make products more affordable without compromising Bosch quality performed a prominent role in the expansion of the company's portfolio. Products such as the inexpensive AB light airbag control unit and the mid-price T-edition power tools for Chinese tradespeople were developed using Bosch expertise from a number of areas. The Thermotechnology division is developing a low output wall-mounted boiler for the Chinese housing market. To further strengthen its bond with consumers, Bosch is attaching more importance to its B2C platforms, and has opened new gates for customer communications, such as the Bosch Car Service's newly inaugurated Beijing workshop.

In the future, Bosch wants to progress from customer satisfaction to customer enthusiasm. User experience, with a focus on connectivity, will be the primary contributor to meeting this objective. As of January 1, the company has established a fourth business sector, Energy and Building Technology. This sector shows great potential, from both an economic and an environmental perspective. It will focus on two main areas: the control of heating and security systems, and energy-management services.

Enduring and comprehensive efforts to support industrial upgrading

Rapid industrialization has made China the world's leading manufacturing base, but also places enormous pressure on the environment. "As China seeks to transform its economic growth pattern to one of lower environmental impact and greater innovative competence, industrial upgrading is essential," said Dr. Chen Yudong. "Besides technical innovations, talent is the key to the success, especially the blue-collar workers who are the bedrock of our manufacturing operations," he added.

Thanks to its dual system for training blue-collar workers, Bosch has sustained its competitiveness for over a century in the manufacturing world. Since its Chinese equivalent, the "Apprentice Class Program," was introduced in 2007, the system has been made available in Suzhou, Beijing, Changsha, and Nanjing. More than 200 apprentices have completed the program and showcased the skills they acquired.

In addition to manufacturing quality, Bosch provides innovative solutions for energy efficiency. For mobility, Bosch proactively develops cleaner technologies. Locally made products include the Denoxtronic 6-5 exhaust-gas treatment system and the start-stop system. For manufacturers, Bosch has introduced its "Rexroth for Energy Efficiency" program, which allows industrial systems to be optimized and offers an energy saving potential of up to 44 percent.

By partnering with customers and suppliers, Bosch intends to boost the competence of related industries along the value chain. The more than 60 "best supplier" awards it has received are evidence of Bosch's successful cooperative practices with customers. On the other hand, Bosch spares no effort in cultivating local suppliers that meet Bosch's global standards. As an incentive, Bosch confers preferred-supplier status on suppliers that deliver outstanding products or services every year.

Actively taking on social responsibility

In each of the past two years, the independent international human resource institute Corporate Research Foundation has named Bosch a "Top Employer." It is Bosch's aim to offer its associates attractive working conditions and career development opportunities. As a corporate citizen, and in accordance with its wider presence in China, Bosch makes a valuable contribution to society. In 2012, Bosch China Charity Center kicked off its three-year plan, increasing its efforts in the less developed mid-western regions and focusing on areas such as poverty and vocational training. By integrating its responsibilities for both associates and society into its daily activities, Bosch is determined to drive forward a sustainable and mutually beneficial development in and with China.

Bosch at the International Automobile Exhibition in Shanghai, Hall E2

Under the theme of “Clean and Economical, Safe and Comfort”, Bosch will present a series of leading automotive technologies and system solutions on the 15th International Automobile Exhibition in Shanghai, **April 21 - April 29**, including innovative safety technologies and driver assistance systems committed to “accident-free” driving, powertrain electrification systems, diesel common rail systems, gasoline direct injection systems, start/stop systems, CNG system for natural gas and combined diesel-gas-drivetrains.

The press release will be available here on April 20:

http://www.bosch.com.cn/new/web/press/press_release_en.htm

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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 34,000 associates in 58 legal entities and facilities, with consolidated sales of CNY 41.7 billion in fiscal 2012.

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

The Bosch Group is a leading global supplier of technology and services. In fiscal 2012, its roughly 306,000 associates generated sales of 52.5 billion euros. Since the beginning of 2013, its operations have been divided into four business sectors: Automotive Technology, Industrial Technology, Consumer Goods, and Energy and Building Technology. The Bosch Group comprises Robert Bosch GmbH and its roughly 360 subsidiaries and regional companies in some 50 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 4.8 billion euros for research and development in 2012, and applied for nearly 4,800 patents worldwide. The Bosch Group’s products and services are designed to fascinate, and to improve the quality of life by providing solutions which are both innovative and beneficial. In this way, the company offers technology worldwide that is “Invented for life.”

Additional information is available online at www.bosch.com and www.bosch-presse.com