

Annual Press Conference 2014

Bosch registers double-digit growth in China

Continuous innovation and localization efforts

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- ▶ Consolidated sales increase of 18 percent to a total of CNY 41.2 billion (5 billion euros)
- ▶ Pioneering innovations for a connected world
- ▶ Energy-saving and emissions-reducing efforts for local sustainable development
- ▶ Double-digit growth expected again in 2014

Beijing – Bosch, a leading global supplier of technology and services, recorded consolidated sales of CNY 41.2 billion* (5 billion euros) in China in 2013 – a significant year-on-year growth of 18 percent. “This outstanding performance demonstrates the lasting strength and success of our innovative technologies and localized solutions for the Chinese market,” said Peter Tyroller, the member of the board of management of Robert Bosch GmbH responsible for Asia Pacific. He added: “China expects to witness further stable economic growth, which will ensure a healthy business environment with dynamic opportunities. We aim to further strengthen our position in China, and we strive to achieve double-digit growth in the years to come as well.”

Bosch’s Automotive Technology business sector grew almost twice as fast as the market in China in 2013. Sales development of Bosch’s other three business sectors in China reflects the development of the respective industries in the past year. Power Tools, part of Bosch’s Consumer Goods business sector, reports moderate sales revenue growth. In the Energy and Building Technology business sector, the Thermotechnology division performed well thanks to its expanded portfolio and energy-efficient

*Note: Due to changes in accounting policies, Bosch no longer reports figures for sales, result, and headcount from non-consolidated ventures or affiliates. The 2012 figure has been adjusted for the purpose of comparison.

condensing appliances, while the Security Systems division experienced a slight decrease. In the Industrial Technology business sector, the Drive and Control Technology division has not yet fully recovered: however, there are signs that the construction market is stabilizing. The Packaging Technology division achieved moderate growth.

Continuous localization efforts

Bosch continues to intensify its localization strategy in its various business operations. In the last three years, Bosch has invested over CNY 10 billion in China, with the aim of further enhancing its local value chain, and especially of cultivating local R&D competence. In the past year for example, Bosch's Automotive Aftermarket and Chassis System divisions opened plants in Nanjing and Chengdu respectively, and a new Automotive Test and Technology Center in Donghai. This year, the Bosch joint venture Bosch Mahle Turbo Systems plans to open a plant in Shanghai for the production of turbochargers for gasoline engines. There are also plans for a plant for diesel systems in Qingdao.

Bosch currently has a total of 17 technical centers in China. The number of Chinese associates working in R&D increased to 3,300 – more than 10 percent of Bosch's total headcount in China. The more than 150 patents filed in China last year – nearly 20 percent more than in the previous year – are a sign of Bosch's increasing local R&D competence. "We are focusing on affordable products, especially in the mid-price segment, which are tailored to local customer needs without compromising Bosch quality," said Dr. Chen Yudong, president of Bosch (China) Investment Ltd. As an example, Bosch Thermotechnology launched its first series of air-source heat pump water heaters in China in March this year. These take account of specific local needs for relatively small volumes of 150 and 200 liters, as well as of energy-saving requirements.

Associates as cornerstone of business development

By the end of 2013, Bosch had increased its workforce in China to over 32,000. Two-thirds of its local management team are Chinese. Bosch offers a comprehensive incentive package with diverse associate training programs. In 2013, Bosch Training Center offered over 900 training sessions. As a result of these efforts, Bosch has now been named "Top Employer" by the Corporate Research Foundation, an independent international human resource institute, for three years running. "Our dedicated associates are our great strength and I would like to give credit to them for Bosch's business success in 2013," said Dr. Chen Yudong. "It is their hard work and innovative ideas which make our success possible. The

innovations provided by our talented associates will continue to be a main driver of our future success.”

Pioneering innovations for a connected world

Bosch estimates more than 75 percent of the global population and 6.6 billion devices will be connected to the internet by 2015, which will bring more convenience in daily life and significantly improve energy efficiency. In line with this trend, Bosch is reaching out to new business areas and promoting new business models, especially by leveraging and combining its wide-ranging expertise in existing areas of business. “The internet of things and services is now a hot topic in China, and we expect stronger momentum in the coming years. As an innovative company, Bosch is ready for the business opportunities it brings us,” said Dr. Chen Yudong.

Leveraging its sensor and software technologies, Bosch is sparing no effort to establish the framework and foundations of connectivity. Bosch Sensortec, the Bosch subsidiary that specializes in MEMS (micro-electro-mechanical systems) technology, has had its Asia Pacific headquarters in Shanghai since 2013. Bosch Sensortec develops and markets micro-mechanical sensors for consumer electronics, mobile phones, safety systems, industrial technology, and logistics. Now every second smartphone worldwide uses Bosch sensors. While MEMS technologies are regarded as the hardware basis for connectivity, Bosch Software Innovations is capable of providing software solutions. It launched a pilot project for promoting electric vehicle application in Shanghai in 2013. Automated driving is another example of the potential and advantages of connectivity technologies. With connectivity-capable components such as sensors, cameras, and electronic control units, Bosch can offer driving assistance functions which will lead to automated driving in the future.

Energy-saving and emissions-reducing efforts for sustainable development

In China, rapid industrialization and urbanization create enormous challenges for the environment, and make immediate energy-saving and emissions-reducing efforts necessary. Stricter environmental protection regulations already show the government’s determination to tackle these challenges. “The fastest way to get results is by improving the efficiency of energy conversion. Bosch offers innovative technical solutions for energy efficiency, ranging from mobility to home appliances”, Peter Tyroller said. For example, on the path to electrification, Bosch’s aim for 2020 is to reduce the fuel consumption of gasoline- and diesel-powered vehicles by a further 20 percent from their 2012 levels. Bosch’s Thermotechnology

division has also successfully developed a condensing wall-mounted boiler with thermal efficiency of as much as 111 percent.

As a sustainable manufacturer, Bosch has introduced its EHS (environment, health, and safety) standards in all its manufacturing sites in China, especially for energy saving, resource conservation, and pollution prevention. Thanks to the joint efforts of 150 fully dedicated associates involved in supervising and controlling work across China, Bosch China reduced its relative energy consumption by almost 24 percent and relative CO₂ emissions by 21 percent across China in 2013, compared with their 2007 levels.

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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 32,000 associates in 63 legal entities and facilities, with consolidated sales of CNY 41.2 billion in fiscal 2013 (Note: due to a change in the legal rules governing consolidation, the 2013 figures can only be compared to a limited extent with the 2012 figures).

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

The Bosch Group is a leading global supplier of technology and services. According to preliminary figures, its roughly 281,000 associates generated sales of 46.4 billion euros in 2013 (Note: due to a change in the legal rules governing consolidation, the 2013 figures can only be compared to a limited extent with the 2012 figures). Its operations are 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 more than 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. In 2013, Bosch applied for some 5,000 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, www.bosch-press.com and <http://twitter.com/BoschPresse>