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Bosch acquires residential and light commercial HVAC business from Johnson Controls and Hitachi

Home Comfort business will nearly double

- Bosch chairman Stefan Hartung: “Biggest transaction in Bosch history and important milestone in the implementation of our corporate strategy for 2030.”
- Bosch deputy chairman Christian Fischer: “Acquired entities will strengthen Home Comfort in an extremely attractive segment, and will become part of Bosch core business.”
- Expansion of presence in the U.S. and Asia.
- Innovative, energy-efficient solutions for the move to alternative energy and for helping to mitigate global warming.
- Bosch Home Comfort Group sales revenue to increase from roughly 5 billion euros to 9 billion euros.
- Integrated unit will then have workforce of more than 26,000 and complementary portfolio at the interface between heating and cooling.

Stuttgart, Germany – Bosch, the supplier of technology and services, is continuing its growth course with a strategic acquisition. For its Energy and Building Technology business sector, the Bosch Group plans to take over the global HVAC solutions business for residential and light commercial buildings from Johnson Controls. As part of this transaction, Bosch also intends to acquire 100 percent of the Johnson Controls-Hitachi Air Conditioning (JCH) joint venture, including Hitachi’s 40 percent stake. The Bosch shareholders and supervisory board have approved the transaction. Binding agreements on the acquisitions were signed by the parties involved today. The acquisition is subject to approvals from the antitrust authorities. The purchase price for the acquired businesses is 8 billion dollars (7.4 billion euros). The acquisition is expected to be closed in approximately 12 months.

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“As the biggest acquisition in Bosch history, this is an important milestone in the systematic implementation of our strategy for 2030. We are dynamically pushing ahead with the strong development of Bosch, and will achieve a globally leading position in the promising HVAC market with this acquisition,” says Stefan Hartung, chairman of the board of management of Robert Bosch GmbH. “In taking this step, moreover, we will strengthen our presence in the U.S. and Asia and achieve a better balance among our business sectors. This is also part of our strategy. In this way, we will open up further growth opportunities and put the company as a whole on a firmer footing.”

Together with JCH, the businesses Bosch intends to acquire generated sales revenue totaling roughly 4 billion euros in 2023, and employ some 12,000 people worldwide. The transaction includes 16 manufacturing sites and 12 engineering locations in more than 30 countries. The product portfolio covers the entire spectrum of HVAC solutions for residential and light commercial buildings, and includes well-known brands such as York and Coleman in the U.S. and Hitachi in Asia, for which Bosch will be granted a long-term license.

Christian Fischer, the deputy chairman of the board of management of Robert Bosch GmbH who is responsible for the Bosch Group’s strategic growth initiatives, and thus for this planned acquisition, adds: “With this acquisition, Bosch will accelerate its growth and nearly double its sales revenue in the HVAC market to roughly 9 billion euros. Together with our future colleagues, we want to seize the huge opportunities offered by the market for the further growth of this new unit.” The company expects the global HVAC market to grow 40 percent by 2030, driven by technological progress, the fight against climate change, and new regulations. “The acquired businesses will become part of the Bosch core business – and this will benefit customers, installation partners, and associates,” Fischer adds. “We have proved several times in the past that we can successfully integrate brands, take them forward through investments, and strengthen them.”

In the words of George Oliver, CEO of Johnson Controls: “Our leading residential and light commercial business and its world-class team perfectly complement the Bosch portfolio. We are confident that under Bosch’s leadership the business will continue to excel and deliver innovative products and service to its customers. We look forward to seeing their continued success.”

Jun Abe, executive officer and executive vice president at Hitachi, and executive officer and general manager of the Hitachi Connective Industries division, says: “The new partnership with Bosch to establish a global air-conditioning business is an important step. The market is dynamic, and is flourishing. I firmly believe

that a global supplier such as Bosch, with its strong European presence and many years of experience in the heating business, is the optimum partner for further expanding the global air-conditioning business of the longstanding Hitachi brand."

Innovative, energy-efficient solutions for mitigating global warming and the move to alternative energy

The current transformation in technologies and market conditions in the field of HVAC solutions opens up huge opportunities for supplying innovative and energy-efficient solutions for mitigating global warming and the move to alternative energy. Heating technology is moving away from fossil fuels such as oil and gas toward heat pumps and heat pump-hybrid solutions. At the same time, air-conditioning technology is growing in importance both in Europe and worldwide. Frank Meyer, the Bosch management board member responsible for the Energy and Building Technology business sector, and thus also for the Bosch Home Comfort Group and the integration of the new unit, says: "It is Bosch's aim to play an active part in shaping the innovative and growing market for energy and building technology, and to occupy a globally leading position. With this acquisition, we are improving our position, especially in air conditioning. In addition, we will be able to globally expand our heat-pump business and achieve greater economies of scale. With our technology and our products, we can work together to make a bigger contribution to energy efficiency and to more comfort and a better quality of life for many people in light of global warming. That's 'Invented for life' in its truest sense."

Complementary portfolio, established brands, and a strong team

Bosch intends to integrate the acquired businesses into the Home Comfort Group. The 14,600 associates of the existing Bosch Home Comfort Group generated sales of roughly 5 billion euros in 2023. Home Comfort is excellently positioned in the major segments of the heating market, of the heat-pump market, and of the market for heat pump-hybrid solutions, which comprise a heat pump and a fossil fuel-fired boiler for peak loads. Following the transaction, the new unit will have a workforce of more than 26,000 and be able to benefit considerably from economies of scale and a complementary portfolio at the interface between heating and cooling. Jan Brockmann, president of the Bosch Home Comfort Group, says: "With our successful heating technology in Europe, we already have a strong team and a sound foundation. Now is the right time for a bold step toward a global presence. Demand for air-conditioning solutions is growing especially fast." In the U.S., for example, Bosch expects to see more than 50 percent growth by the end of the decade, and in Europe as well, strong growth of approximately 30 percent is forecast up to 2030. Together, we will be able to build on strong, well-established brands. We are looking forward to

shaping the future of the Bosch Home Comfort Group with our future colleagues and their innovations and ideas," Brockmann adds.

The HVAC business Bosch plans to acquire from Johnson Controls has an especially strong presence in the United States and Asia. In the United States, its portfolio focuses on ducted solutions in which air passes from a central source through ducts in order to heat or cool all rooms at the same time. In Asia, it especially sells ductless solutions, where interior units in each room can heat or cool individually, as well as modern air-conditioning systems based on variable refrigerant flow (VRF) systems. This technology is used in commercial applications ranging from light commercial premises such as retail stores to large projects such as hotels and hospitals. The portfolio in these regions is supplemented by efficient air-water heat pumps, which Johnson Controls offers above all in Europe.

Press photographs and infocharts are available on the Bosch Media Service at www.bosch-press.com.

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The Bosch Group is a leading global supplier of technology and services. It employs roughly 429,000 associates worldwide (as of December 31, 2023). The company generated sales of 91.6 billion euros in 2023. Its operations are divided into four business sectors: Mobility, Industrial Technology, Consumer Goods, and Energy and Building Technology. With its business activities, the company aims to use technology to help shape universal trends such as automation, electrification, digitalization, connectivity, and an orientation to sustainability. In this context, Bosch's broad diversification across regions and industries strengthens its innovativeness and robustness. Bosch uses its proven expertise in sensor technology, software, and services to offer customers cross-domain solutions from a single source. It also applies its expertise in connectivity and artificial intelligence in order to develop and manufacture user-friendly, sustainable products. With technology that is "Invented for life," Bosch wants to help improve quality of life and conserve natural resources. The Bosch Group comprises Robert Bosch GmbH and its roughly 470 subsidiary and regional companies in over 60 countries. Including sales and service partners, Bosch's global manufacturing, engineering, and sales network covers nearly every country in the world. Bosch's innovative strength is key to the company's further development. At 136 locations across the globe, Bosch employs some 90,000 associates in research and development, of which nearly 48,000 are software engineers.

The company was set up in Stuttgart in 1886 by Robert Bosch (1861–1942) as "Workshop for Precision Mechanics and Electrical Engineering." The special ownership structure of Robert Bosch GmbH guarantees the entrepreneurial freedom of the Bosch Group, making it possible for the company to plan over the long term and to undertake significant upfront investments in the safeguarding of its future. Ninety-four percent of the share capital of Robert Bosch GmbH is held by Robert Bosch Stiftung GmbH, a charitable foundation. The remaining shares are held by Robert Bosch GmbH and by a corporation owned by the Bosch family. The majority of voting rights are held by Robert Bosch Industrietreuhand KG. It is entrusted with the task of safeguarding the company's long-term existence and in particular its financial independence – in line with the mission handed down in the will of the company's founder, Robert Bosch.

Additional information is available online at www.bosch.com, www.iot.bosch.com, www.bosch-press.com.