



Continuation of positive developments worldwide: **Bosch increases sales and earnings** Growth in all business sectors

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- ▶ Growing demand for technologies for more environmental protection and safety bolsters Automotive Technology
- ▶ Renewed dynamic growth in Industrial Technology as well as Consumer Goods and Building Technology
- ▶ Asia Pacific region as growth driver, with sales up 15 percent
- ▶ Workforce worldwide up by 11,000 to 272,000 and by more than 1,800 in Germany, to 112,000

STUTTGART – Internationally, the Bosch Group continues on a growth course: in 2007, sales rose by nearly six percent to 46.1 billion euros. After adjusting for currency effects, sales growth was roughly eight percent. All three business sectors made a positive contribution to this development. In its earnings, too, the company made progress: at nearly eight percent of sales, the result before taxes was in line with the long-term target for return on sales. In 2006, the result before taxes was 7.1 percent. Associate numbers have also risen once more: at the end of 2007, some 272,000 associates were employed at Bosch. This is 11,000 more than last year. In Germany, the number of jobs increased by more than 1,800 to 112,000 in total. “For Bosch, 2007 was a good year, which developed better than expected. In real terms, therefore, our performance in 2007 was in line with the long-term growth course we have set for our company,” said Franz Fehrenbach, chairman of the Bosch board of management, at the press briefing on the preliminary figures for 2007 in Stuttgart. “In our result before taxes, however, there were differences among the business sectors: in Automotive Technology especially, the persistently high pressure on costs was very noticeable,” Fehrenbach said.

With a sales increase of nine percent, the growth driver was the Industrial Technology business sector – above all due to positive developments at Bosch Rexroth. With its industrial technology, Bosch generated sales of

5.9 billion euros. After adjusting for currency effects, growth came to 12 percent. The Consumer Goods and Building Technology business sector also did well, improving its result by just under seven percent to 11.7 billion euros. Without currency effects, it grew by more than eight percent. While the Thermotechnology division was able to hold its own over the competition, consumer restraint in Germany had a negative effect on its sales. This compared with a significant improvement in the Power Tools, Household Appliances, and Security Systems divisions. The Automotive Technology business sector performed much better than expected, increasing its sales by 4.5 percent to 28.5 billion euros. After adjusting for currency effects, it grew by nearly seven percent. "In the second half of the year in particular, demand for clean, safe, and economical technologies increased significantly. This was driven by forces that also promise positive developments for the years to come," Fehrenbach said.

Strong growth in Asia Pacific and with environmental technologies

Regionally speaking, the focus of growth was once again Asia Pacific. In local currency, sales there were up by 15 percent. In the Americas, Bosch was able to grow by 7.5 percent after adjusting for currency effects, performing strongly in South America. In North America, the increase in sales after adjusting for currency effects was six percent. Business in Europe developed better than in the previous year, growing by six percent in total. "The way business developed in 2007 is clear confirmation that our strategy of creating a broader and more international base is the right one," Fehrenbach said.

In 2007, Bosch had to contend above all with the weakness of the U.S. automotive market, the undiminished price pressure in automotive technology, the depreciation of the dollar and the yen, and purchasing restraint in Germany. On the positive side, it benefited from the sound global economy, from the dynamic growth in Asia, central and eastern Europe, and South America, from the growth in global automotive production, from the sustained high level of demand for capital goods, and from the generally growing demand for environmentally friendly technologies. "On balance, the positive economic conditions more than made up for the negative ones," Fehrenbach said.

At the end of the year, Bosch announced a number of acquisitions. They included: Holger Christiansen in Denmark, a remanufacturer of starters and alternators, Health Hero Network in the U.S., a provider of telehealth solutions, Extreme CCTV in Canada, a manufacturer of video-based security

technology, and RoboToolz in Hong Kong, a specialist manufacturer of laser measuring tools. In total, Bosch spent some 800 million euros on acquisitions and stockholding increases in 2007. In addition, Bosch plans to establish a fifty-fifty joint venture with Mahle that will develop, manufacture, and sell turbochargers. Series production is to start in 2010.

Looking ahead to 2008, Fehrenbach was cautious: "We would be satisfied with the same level of growth in 2008 as in the year that has just ended. Basically, the risks in North America are offset by the opportunities in the other regions of the world." Given the uncertainty about economic developments in the U.S., it was, he said, currently not possible to make any detailed growth forecasts. In principle, however, the Bosch CEO sees in the Automotive Technology business sector "a boost for all technological solutions that make economical driving possible."

Research and development spending further increased – "green" technologies as a global driver of growth

To maintain its technological lead, Bosch once again increased its research and development spending in 2007, to 3.6 billion euros. This is equivalent to just under eight percent of sales. "Our R&D cost ratio was higher than ever before," Fehrenbach said. Bosch is also investigating the potential of technologies that may only become relevant for the company in the long term. It is for this reason that it has entered into research alliances – to study organic photovoltaics, for example - and has set up a venture capital fund. "As you can see, we continue to develop our company. We do so on our own, and frequently also by mobilizing new resources. Whatever we do, our priority is always 'Invented for life'," Fehrenbach said. In 2007, capital expenditure at Bosch came to some 2.8 billion euros, or six percent of sales. Of this sum, more than one billion euros was spent on locations in Germany. Other focal points of investment were Asia Pacific and central and eastern Europe.

Bosch expects the main stimuli for growth to come from products and technological solutions for environmental and climate protection, as well as from Asia Pacific and central and eastern Europe. To take the example of clean diesel technology: following global sales of 10.5 million high-pressure diesel-injection systems in 2007, this year's figure will be as high as 12.5 million. Or the example of gasoline direct injection: in 2007, Bosch was able to sell more than one million systems, and this figure is likely to pass the two-million mark by 2009. Energy-efficient technologies beyond the power train are also increasingly in demand: in 2008, it is planned to

sell half a million start-stop systems, and in 2009 the figure is likely to be more than one million.

In addition, Bosch is intensifying the worldwide use of efficient environmental technologies across all its divisions – from energy-saving cooling appliances, to lawnmowers that have a 20 times better energy balance than conventional gasoline-powered mowers, to modern heating systems. If condensing and solar technology are combined, the CO₂ saving compared with 30-year-old heating systems can be as much as 60 percent. “But what do we see? Consumers are waiting – confused by a politically motivated debate about new emissions regulations, a debate that is not being translated rapidly into new legislation,” Fehrenbach said. In 2007, the German thermotechnology market contracted by 30 percent. It was with these long decision-making processes in mind that Fehrenbach addressed the following remark to politicians: “A modernization bottleneck is the last thing climate protection needs. And politicians who expect industry to come up with quick technological solutions would be well advised to speed up their own decisions.”

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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, some 272,000 associates generated sales of 46.1 billion euros in fiscal 2007. The Bosch Group comprises Robert Bosch GmbH and its roughly 300 subsidiary and regional companies in over 50 countries. This worldwide development, manufacturing, and sales network is the foundation for further growth. Bosch spends more than three billion euros each year for research and development, and in 2006 applied for over 3,000 patents worldwide. 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 up-front investments in the safeguarding of its future. Ninety-two percent of the share capital of Robert Bosch GmbH is held by Robert Bosch Stiftung GmbH, a charitable foundation. The majority of voting rights are held by Robert Bosch Industrietreuhand KG, an industrial trust. The entrepreneurial ownership functions are carried out by the trust. The remaining shares and voting rights are held by the Bosch family and by Robert Bosch GmbH.

Additional information can be accessed at www.bosch.com.