



## Positive development continued worldwide: **Bosch achieves sales and earnings targets** Good start to 2008 / “broad growth spectrum”

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- ▶ 2007: after adjusting for currency effects, sales grow by eight percent to 46.3 billion euros; pre-tax return on sales reaches 8.2 percent
- ▶ 2008: generally positive development of business expected despite less favorable economic environment
- ▶ Innovations: focus on technologies that protect the environment and conserve resources
- ▶ Asia: nearly 1.9 billion euros to be invested between 2008 and 2010 in further expansion of activities
- ▶ Germany: expansion of Abstatt engineering center near Heilbronn will create up to 900 new jobs
- ▶ Scarcity of specialists: “Education is the best growth investment”

Stuttgart – The Bosch Group is energetically continuing its course of international growth. The company’s sales revenue increased by six percent in fiscal 2007 to 46.3 billion euros. After adjusting for currency effects, growth was eight percent. Profit before tax came to 3.8 billion euros, compared with 3.1 billion euros in the previous year. The pre-tax return on sales was thus 8.2 percent, following 7.1 percent in 2006. “For the Bosch Group, 2007 was a successful year. We achieved our sales and earnings targets. The fundamental strategy of the Bosch Group is the right one. Worldwide, we have a broad spectrum of growth,” said Franz Fehrenbach, chairman of the Bosch board of management, at the annual press conference in Stuttgart. In 2007, Bosch invested roughly 6.2 billion euros in the future of the company. Of this amount, 3.6 billion euros went into research and development, and 2.6 billion euros into capital expenditure. Worldwide, the number of Bosch associates rose by roughly 10,000 to some 271,300. In 2007 alone, the company spent more than 225 million euros on training for its associates.

For fiscal 2008, the Bosch CEO was cautiously optimistic: “Despite all the worries about the economy, we have good reason to be confident. The operating environment may have weakened, but we do not foresee a global downturn. We expect the Bosch Group to continue to perform well on the whole.” Fehrenbach expects Bosch Group sales to again increase by some five percent in 2008, despite the strong euro. In addition, the company aims to once more achieve its target for pre-tax return on sales of seven to eight percent. In the first four months of 2008, Bosch Group internal sales increased by a nominal four percent, and seven percent after adjusting for currency effects.

### **Encouraging developments in all three business sectors**

“Our positive result in 2007 has enabled us to further strengthen our financial basis, providing us with a very sound financial platform for funding future growth,” said CFO Gerhard Kümmel in his review of the Bosch financial statements. The equity ratio rose by a further three percentage points to 51 percent. All Bosch business sectors contributed to this good result. The Automotive Technology business sector increased its sales by a nominal 4.5 percent to 28.4 billion euros. After adjusting for currency effects, growth came to 6.7 percent. Despite substantial up-front investments in research and development, its return on sales from operations rose from four percent to 5.8 percent. Growth was driven primarily by demand for advanced diesel and gasoline injection systems, as well as a rise in the share of vehicles equipped with the Electronic Stability Program ESP®. Above all, the development of result showed the effect of improved capacity utilization, and of the many measures to improve processes, reduce costs, and increase productivity at all locations worldwide.

Sales of the Consumer Goods and Building Technology business sector increased by 6.5 percent to 11.7 billion euros. After adjusting for currency effects, this was a plus of eight percent. The return on sales from operations amounted to 7.5 percent, after 8.2 percent in the previous year. Business in the areas of power tools, household appliances, and security systems developed positively in terms of both sales and result. In its thermotechnology operations, by contrast, Bosch was able to hold its market position, but felt the effects of marked purchasing restraint in Germany, where consumers are unsure what to expect when it comes to future emission regulations and government grants. In the first months of 2008, by contrast, the thermotechnology business has picked up again.

The Industrial Technology business sector recorded a sales increase of 9.4 percent in 2007, to six billion euros. After adjusting for currency effects,

it grew by 12 percent. Its return on sales from operations rose from 7.8 percent to 8.4 percent. In automation technology, Bosch benefited from the healthy global business climate for capital goods and from its broad product portfolio. And following restructuring measures, packaging technology developed better than in previous years.

### **Asia as a motor for growth – activities also being expanded in Germany**

In 2007, moreover, it was possible to strengthen all three business sectors by means of a series of acquisitions. “Last year, we spent a total of around 800 million euros on acquisitions and on increasing our holdings in existing affiliated companies,” Fehrenbach said. For 2008 and successive years, he said, there were sufficient funds available for the company to be able to spend considerably greater amounts. “We will continue to take full advantage of our opportunities for growth in automotive technology, but at the same time growing by an above-average rate in consumer goods, building technology, and industrial technology. To achieve this, we shall continue to make acquisitions wherever they fit in with our core competencies and our corporate culture,” Fehrenbach said. Bosch is currently tendering an bid to acquire all shares in Bosch Corporation, its Japanese subsidiary. The bid is valid until June 19, 2008.

In regional terms, Bosch was once again able to post double-digit sales growth in Asia Pacific. After adjusting for currency effects, sales in North America rose by 6.5 percent, despite the weakness of the automotive industry. In euro terms, North American sales dropped by 1.6 percent. In Europe, Bosch generated six percent sales growth. “By 2015, we aim to generate over half of our sales outside Europe. However, Europe itself will remain a key market for our innovations. And despite all the current problems, we continue to trust in the long-term strength of the American economy. Nonetheless, our strongest growth region will be Asia,” Fehrenbach said. Bosch intends to triple its sales in the region by 2015, and to invest nearly 1.9 billion euros there by 2010. This is half a billion euros more than in the last three years. The company’s presence in Germany is also to be expanded further: “Between now and 2010, we will spend more than 60 million euros on expanding our engineering center in Abstatt, near Heilbronn. This may create up to 900 new jobs, especially in engineering and application,” Fehrenbach announced at the annual press conference.

### **Fehrenbach: climate protection goals can only be achieved with specialists**

Across all its business sectors, Bosch intends to further expand its research and development work on technologies that protect the environment and conserve resources. In the automotive area, for example, Bosch has set up

a second project unit in addition to its hybrid unit. This project unit will develop high-performance lithium-ion batteries, and focus the company's efforts on further developing the core competence it needs for the increased use of electrical motors in drive systems. But the company's activities go far beyond the car: "In the Bosch Group, more than 40 percent of our research and development budget now goes into products that conserve resources and protect the environment. In 2007 alone, this was a good 1.5 billion euros," Fehrenbach said. Going beyond energy efficiency, greater effort is to be invested in harnessing and utilizing renewable energies. Sales generated with these systems will grow at a double-digit rate to more than 750 million euros in 2008 – and are expected to exceed 1.2 billion euros in 2010.

"But in the 21st century we shall only be able to meet our ambitious targets for carbon dioxide reduction if we have enough specialists. Not enough thought is devoted to this subject, let alone action," Fehrenbach said.

"Education has hardly ever been as important as it is now, in the age of globalization. Competition for the best people is increasing every single day." This was, he said, why Bosch was involved in diverse ways in the area of education. In addition, the company took on 5,500 university graduates worldwide in 2007. Fehrenbach is convinced: "In the long run, education is the best growth investment."

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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 271,000 associates generated sales of 46.3 billion euros in fiscal 2007. The Bosch Group comprises Robert Bosch GmbH and its more than 300 subsidiaries and regional companies in roughly 50 countries. This worldwide development, manufacturing, and sales network is the foundation for further growth. Each year, Bosch spends more than 3 billion euros for research and development, and applies 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 are held by the Bosch family and by Robert Bosch GmbH.*

*Additional information can be accessed at [www.bosch.com](http://www.bosch.com).*

## Bosch key data 2007

<i>Currency figures in millions of euros</i>	<b>2007</b>	<b>2006 (1)</b>
<b>Total sales revenue</b>	46,320	43,684
percentage change from previous year	+6.0	+5.4
<b>Sales revenue of the business sectors</b>		
Automotive Technology	28,449	27,220
Industrial Technology	5,967	5,452
Consumer Goods and Building Technology	11,732	11,012
<b>Sales revenue in the major regions</b>		
Europe	30,289	28,519
of which Germany	11,595	11,333
Americas	8,421	8,350
Asia Pacific, including others	7,610	6,815
<b>Profit before tax</b>		
	3,801	3,081
<b>Profit after tax</b>		
	2,850	2,170
<b>Research and development cost</b>		
	3,583	3,348
as a percentage of sales revenue	7.7	7.7
<b>Capital expenditure</b>		
	2,634	2,670
<b>Depreciation of property, plant, and equipment</b>		
	2,428	2,309
<b>Equity</b>		
	24,825	22,482
as a percentage of sales revenue	51	48
<b>Associates</b> (as per January 1, 2008/2007)		
	271,265	261,291
located in Germany	112,300	110,480

<sup>1</sup> With the exception of profit after tax, figures apply to continuing operations only