

March 2009

Innovation strategy will secure growth for Bosch UK

- ▶ High investment in R&D and financial independence secure Bosch's market position
- ▶ Innovation is key to future success particularly in environmental sector

Fiscal 2008 below expectations

Despite strong performances from various divisions, Bosch in the UK announced that its 2008 sales in the UK fell from 2.27 to 2.02 billion Euros. This has been due to the effect of the global economic crisis, which has had a particular impact on the automotive industry. Approximately 60% of Bosch's global business is in the automotive sector.

The number of associates employed by Bosch overall in the UK fell marginally from 5,501 to 5,429. The Bosch Group has 37 locations in the UK representing three business sectors – Automotive Technology; Industrial Technology; Consumer Goods and Building Technology – and all three felt the impact of the move towards recession in 2008.

The decrease in car sales means that UK car manufacturers have had to react quickly through the introduction of extended holidays, reduced working hours and redundancies. This in turn has a knock-on affect on Bosch's production levels and orders from automotive customers. At the Bosch alternator manufacturing plant in Cardiff, Wales, this resulted in 250 employees accepting voluntary redundancy by the end of March 2009.

The industrial technology sector has also been affected by the continued downturn in the US housing market, which has resulted in a negative effect on construction machinery purchases. Bosch Rexroth, which manufactures radial piston motors at its plant in Glenrothes, Scotland has had to make

head-count adjustments during the course of the year to compensate for a sharp decrease in customer orders.

Great innovative strength

The innovative strength of the Bosch Group ensures that there are areas of its business that are robust despite the current economic climate. In particular for Bosch UK's consumer goods and building technology sector, the Thermotechnology division, under the brand Worcester Bosch and its Power Tools division's lawn and garden products are proving to be resilient thanks to the ongoing development and exploration of product opportunities.

Worcester Bosch for example, is a leader in high efficiency boilers and renewable technologies such as solar panels and ground-source heat pumps. With growing interest in renewable technologies, the Bosch Thermotechnology division continues to expand its product range as it maintains major investment in research and development projects. Under the Worcester brand two new air source heat pumps will be launched in the summer of 2009 to compliment the existing range of ground source heat pumps and solar panels.

The Power Tools division has also seen success through championing new lithium-ion battery technologies and cordless solutions for the lawn and garden sector. In particular products such as the Isio hedge-trimmer and the cordless Rotak lawnmower, which are both powered by Bosch lithium-ion battery technology, are proving to be top sellers with the consumer.

Long-term strategy

Commenting on the figures, managing director of Bosch in the UK Robert Meier said: "In the current economic climate Bosch has had to revise its expectations for business development and there is no doubt that there are many challenges this year. Nevertheless, our focus remains on our long-term strategy. Bosch enjoys high brand awareness and perception, a great product range in all its sectors, a strong distribution system and a commitment to ongoing research and development - all of these elements create the right recipe for overcoming the challenges that face us".

Acquisitions

In 2008 the Bosch Group extended its business beyond its existing areas of activity; however, Bosch's portfolio management system ensures it always keeps its core business competencies in mind to ensure any acquired companies unlock synergies and increase the value of the company.

The Power Tools division, under Consumer Goods and Building Technology acquired the Swiss company SIA Abrasives and parts of the Italian Freud Group. SIA Abrasives, a Swiss manufacturer of flexible abrasive systems, has three sites based in Northern England, employing approximately 220 people overall. Through acquiring Freud's accessories business, with UK operations based in Leeds, Bosch extends its position in the circular saw blades, router bits and cutter heads markets. The high level of technical expertise in research and development and in manufacturing strengthens the current Bosch structures in this segment.

At the end of 2008, under the Industrial Technology sector - Bosch Rexroth division, Bosch acquired the Hägglunds Drives company. Bosch Rexroth is one of the world's leading specialists in the field of drive and control technologies. Therefore, Hägglunds Drives, a global market leader in hydraulic drive systems intended for low speed and high torque applications, makes a valuable addition to Bosch's Industrial Technology sector portfolio. In the UK, Hägglunds Drives is located in Wakefield.

Investment in Human Resource

As a company that relies on the innovation and skill of its employees, Bosch believes it is in its best interest to continue to develop its human resource also in tough times, to ensure they have highly-skilled and motivated workers and that employees benefit from a personal development point of view.

In terms of development, one area where Bosch can truly claim industry leadership is in the growth of its Bosch Management Support programme (BMS). This initiative, which won Bosch in the UK the 'Innovation' award at the CBI-backed 'Human Capital Awards' in 2008, recognises the demographics of an ageing population and uses the skills of retired Bosch employees to help develop younger associates, ensuring the skills of these valuable people are retained within the business.

In the UK finding employees with the right skills is difficult with a shortage of skilled engineering workers and fewer students taking engineering qualifications. There are a number of activities that Bosch employs both internally and externally to encourage engineering in the UK. Bosch has a very close relationship with the Royal Academy of Engineering, which has seen the development of an annual award in partnership with the Independent newspaper. The Independent-Bosch Technology Horizons Award gives schools and university students the opportunity to write an essay on the role that engineering and technology is playing the world. This year's topic addresses how technology and engineering is providing a solution to a global challenge. This is a perfect opportunity to introduce

engineering to students and to highlight where a career in engineering could lead them. In 2008, Bosch received the record number of 500 entries.

An example of how Bosch encourages and develops its associates can be seen in the Bosch Engineer of the Future competition, through which any UK associate with an engineering background can enter. Entrants have to demonstrate an innovative engineering idea or concept that has brought benefit and added value to Bosch. The competition helps not only to recognise engineering talent but it also helps to encourage and inspire innovation and constant business improvement amongst Bosch employees.

Bosch in the UK

Bosch has been active in the UK for more than a hundred years, since 1898 when Robert Bosch opened his first subsidiary outside Germany in London. Nine years later, the Bosch Magneto Company Limited was founded with premises just off Oxford Street. These beginnings laid the foundations for a long-term business strategy in the UK, resulting in Bosch being one of the UK's largest European investors, as well as a significant manufacturer and exporter.

Ends

For further press information:

Emma Hills

Robert Bosch Limited

Corporate Communications

Tel: +44 (0) 1895 838545

Email: Emma.Hills@uk.bosch.com

Note to Editors:

The Bosch Group is a leading global supplier of technology and services. According to preliminary figures, some 282,000 associates generated sales of roughly 45 billion euros in the areas of automotive and industrial technology, consumer goods, and building technology in fiscal 2008. The Bosch Group comprises Robert Bosch GmbH and its more than 300 subsidiaries and regional companies in over 60 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. Each year, Bosch spends more than 3 billion euros for research and development, and applies for over 3,000 patents worldwide. With all its products and services, Bosch enhances the quality of life by providing solutions which are both innovative and beneficial.

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.co.uk