

## Press release



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[https://www.boschmediaservice.hu/en/press\\_release/annual-press-conference-2016-following-record-year-bosch-remains-on-growth-course-127.html](https://www.boschmediaservice.hu/en/press_release/annual-press-conference-2016-following-record-year-bosch-remains-on-growth-course-127.html)

04/27/2016

ID: 127

## **Annual press conference 2016 Following record year, Bosch remains on growth course**

Services increasingly supplementing product portfolio

- 2015: record sales of 70.6 billion euros
- 2015: result from operations soared 24 percent to 4.6 billion euros
- 2016: sales growth of 3 to 5 percent forecast
- Broad product range is the basis for expanding services business
- Connected industry: cost savings and sales each totaling one billion euros
- Career prospects for 14,000 university graduates

Stuttgart and Renningen, Germany – Following a record year in 2015, Bosch wants to continue its growth trend this year. Despite a subdued economic outlook and geopolitical uncertainty, the supplier of technology and services expects its sales to grow between 3 and 5 percent in 2016. Bosch wants to continue growing faster than the company's key markets. If the first quarter's slowdown continues in certain regions and markets, sales growth will be at the lower end of the forecast scale. In the subdued market environment of the first quarter of 2016, Bosch saw a year-on-year sales increase of just under 3 percent, or roughly 4 percent after adjusting for exchange-rate effects. This growth was achieved despite the very strong nominal growth of the first quarter of 2015. "We plan to grow not only with innovative products, but also with innovative services," said Dr. Volkmar Denner, the chairman of the Bosch board of management, at the annual press conference at Bosch's research campus in Renningen. He continued: "We are increasingly using connected services to build on our broad basis in the hardware business." As it does so, the company benefits not just from its technological versatility, but also from its wide-ranging industry and domain expertise. As Denner explained, "In the future, Bosch will not only be engaging with its customers in their cars and kitchens. Connected services will make it a constant companion in many aspects of their daily lives."

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**Business year 2015: highs in sales and result**

In 2015, Bosch Group sales reached an all-time high of 70.6 billion euros. The full acquisition of two former fifty-fifty joint ventures, BSH Hausgeräte GmbH and Robert Bosch Automotive Steering GmbH, pushed sales up by almost 22 billion euros, or 44 percent. Bosch saw strong growth in its operations as well; calculated on a comparable basis, sales grew by 10 percent. After adjusting for exchange-rate effects, the sales increase was 3.8 percent. Aside from the Industrial Technology business sector, all business sectors saw double-digit growth and were able to improve their result in 2015. Similarly, the result for the Bosch Group as a whole improved once again in 2015. The supplier of technology and services recorded 4.6 billion euros in earnings before interest and taxes (EBIT), which equates to an EBIT margin of 6.5 percent. This means that EBIT from operations increased year on year by some 0.9 billion euros, or 24 percent.

Extraordinary effects had a positive impact on EBIT in 2015, but these were offset by an equivalent amount of extraordinary effects with a negative impact. These extraordinary effects arose from the first-time full consolidation of Automotive Steering and BSH Hausgeräte, impairments, and provisions in conjunction with legal risks. "Our ambition is to develop innovations that actively help shape our markets," said Dr. Stefan Asenkerschbaumer, the CFO and deputy chairman of the board of management. "Our business performance in 2015 shows that this strategy is paying off, and we will continue pursuing it in 2016 as well." Despite burdens from restructuring and higher investments in securing its future, Bosch aims to keep earnings stable in 2016.

**Services to supplement broad hardware basis in the future**

Going beyond hardware products for a connected life, Bosch's strategic objectives include service solutions for every aspect of connecting those products on the internet of things. In the connectivity business, the company focuses on the "3S's": sensors, software, and services. "Services are becoming an integral part of our product business. Every sale of hardware should be followed by the sale of complementary services," Denner said. When it comes to developing and introducing services for the connected world, Bosch's broad business portfolio offers a particular advantage, as does its competence in software and sensors. Denner went on to say that "Bosch can connect many things across a wide range of domains as no other company can – cars with houses, even entire cities." Nearly 50 percent of all Bosch electronic product classes are web-enabled. The company plans to gradually expand the existing services business in all four of its business sectors.

**Connected industry: cost savings and sales of a billion euros each**

In the world of connected industry, also known as Industry 4.0, Bosch benefits first and foremost from the practical experience it gains by applying it in around 250 of its own plants. The company translates this in-house experience into services for third parties. One of these is the Production Performance Manager,

which visualizes production data in real time and autonomously initiates maintenance processes. By 2020, Bosch expects connected industry to deliver an aggregate 1 billion euros in cost savings and to generate an additional 1 billion euros in sales. “Bosch’s broad footing and its international presence stand it in good stead in connected industry. We can connect large-scale automotive production as well as small-batch mechanical engineering – in Asia, Europe, and the Americas,” Denner said.

#### **Service Solutions: 15 percent annual sales growth**

The newly created Bosch Global Service Solutions division is already seeing strong growth. The division’s approximately 6,000 associates work on projects such as supporting the business processes of customers in a variety of sectors or processing eCalls on behalf of automakers. In 2015, Global Service Solutions handled more than 120 million customer calls for over 1,000 companies in 30 countries – 30 million more than in 2013. Bosch expects the division’s sales to grow by about 15 percent each year.

#### **Smart homes: new smart-home products to debut in fall 2016**

Increasing connectivity will make life easier and more convenient in the smart home as well. Bosch launched its Smart Home System at the start of the year, offering a simple and secure solution for smart homes. Further products for the system are to follow over the course of 2016. One of these is a smoke alarm that, besides its usual function, also provides increased security; for instance, when the residents are on vacation. Bosch expects the global market potential of smart homes to reach 10 billion euros as early as 2017. By 2020, some 230 million homes – 15 percent of all households worldwide – will be equipped with smart-home solutions.

#### **Mobility Solutions: one app for car, bicycle, bus, and train**

Bosch’s portfolio in the Mobility Solutions business sector already extends beyond the car. For example, Bosch is working with several partners on realizing a software-based mobility assistant for intermodal transportation. It offers users in the greater Stuttgart area the ability to plan, reserve, and pay for tickets for various forms of transport, including cars, bicycles, trains, and buses, all via a single app. Similarly, connected parking will also have a strong service component. At present, searching for a parking space in German cities takes an average of ten minutes and accounts for 30 percent of inner-city traffic, Bosch solutions will soon make this a thing of the past. In what is known as “community-based parking,” cars themselves function as sensors. The vehicles identify empty parking spaces on the street as they drive past, and then report these over the internet to Bosch. The company uses this information to generate a real-time map that displays available parking spaces. And thanks to data mining, real-time parking maps can be generated using the sensor data from just 6 percent of all vehicles in rapidly flowing traffic.

#### **Bosch IoT Cloud: integral part of the services business**

A core component of Bosch's services business is its own IoT cloud. The Bosch IoT Cloud offers the technological infrastructure necessary for scaling connected solutions. In 2016, some 50 Bosch applications will be running in the company's cloud. Use of the IoT cloud will also be extended to third-party customers as a service starting in 2017. The Bosch IoT Suite forms the software core of the IoT cloud. It is the brain of the connected world, and offers all the functions necessary to connect devices, users, and companies. Big data management allows enormous amounts of data to be analyzed in the Suite. Rules for automatic decisions can be stored in the Bosch IoT Suite – such as when patterns of wear and tear should be reported and preventive action taken to service machinery. Bosch and its customers already operate many solutions and projects that are based on this platform. More than five million devices and machines are currently connected via components of the Bosch IoT Suite.

### **The business year 2015 by region and business sector**

#### **Asia Pacific: subdued growth in China**

In **Asia Pacific** – including Africa – the Bosch Group boosted its sales in 2015 by 17 percent to a total of 19.2 billion euros (2.8 percent after adjusting for exchange-rate effects). This was below expectations, the main reason being the subdued pace of economic growth in China and other emerging markets. Bosch sees major potential in **Africa** over the long term. In 2015, the company continued expanding its activities there, and now has its own branch offices in ten African countries.

#### **Americas: strong year in North America**

In **North America**, Bosch was able to benefit from the region's excellent economic development. Sales here grew by 25 percent to 12.6 billion euros (6.7 percent after adjusting for exchange-rate effects). In **South America**, on the other hand, the recession in Brazil had a major impact on Bosch's business. Overall, sales in the region fell by 13 percent (3.7 percent after adjusting for exchange-rate effects).

#### **Europe: good development in western Europe**

The Bosch Group's business in **Europe** developed better than initially forecast, with sales rising by 3.8 percent to 37.3 billion euros in 2015. Sales developed positively in the company's home market of **Germany** as well, climbing 1.3 percent.

**Mobility Solutions: outpacing market growth**

The **Mobility Solutions** business sector was able to achieve a marked increase in its growth and result in 2015. Calculated on a comparable basis, sales rose by some 12 percent to 41.7 billion euros (4.6 percent after adjusting for exchange-rate effects). This means that the sector considerably outperformed global automotive production, which grew by just 2 percent to 92 million units. Margin from operations rose to 8.4 percent.

**Industrial Technology: lingering weakness in the mechanical engineering market**

The **Industrial Technology** sector's development reflected the difficult situation in the mechanical engineering market. Overall, sales in this business sector fell by 1.6 percent to 6.6 billion euros (6.5 percent after adjusting for exchange-rate effects). The decline in sales was also reflected in result: Industrial Technology finished 2015 with an operating loss of roughly 100 million euros. In contrast, the Packaging Technology division performed well.

**Consumer Goods: double-digit sales growth**

Last year was a good one for the **Consumer Goods** business sector, with 17.1 billion euros in sales. Sales of BSH Hausgeräte, totaling some 12.6 billion euros, were included for the first time. On an operational level as well, both the business with household appliances and the Power Tools division developed well. Calculated on a comparable basis, sales increased by about 10 percent year on year (5.7 percent after adjusting for exchange-rate effects). The sector's margin from operations increased to 7.2 percent.

**Energy and Building Technology: strong growth in sales and result**

Last year, the Energy and Building Technology business sector achieved a considerably greater increase in sales than in 2014. Sales revenue rose 11 percent to 5.1 billion euros (7.2 percent after adjusting for currency effects). The sector's steady improvement in result was reflected in a margin of 4.4 percent.

**Headcount: IT and software specialists wanted**

As of December 31, 2015, the Bosch Group employed some 375,000 associates worldwide. Headcount rose last year by 17,600 associates (like-for-like comparison). The largest increases were in central and eastern Europe, Germany, Asia Pacific, and the United States. In the current year, Bosch plans to hire roughly 14,000 university graduates around the world, with software expertise particularly in demand. At the moment, nearly half of all vacancies at Bosch are software-related.

## **More information:**

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## **Basic information:**

The Bosch Group is a leading global supplier of technology and services. It employs roughly 375,000 associates worldwide (as of December 31, 2015). The company generated sales of 70.6 billion euros in 2015. Its operations are divided into four business sectors: Mobility Solutions, Industrial Technology, Consumer Goods, and Energy and Building Technology. The Bosch Group comprises Robert Bosch GmbH and its roughly 440 subsidiaries and regional companies in some 60 countries. Including sales and service partners, Bosch's global manufacturing and sales network covers some 150 countries. The basis for the company's future growth is its innovative strength. At roughly 118 locations across the globe, Bosch employs 55,800 associates in research and development. The Bosch Group's strategic objective is to deliver innovations for a connected life. Bosch improves quality of life worldwide with products and services that are innovative and spark enthusiasm. In short, Bosch creates technology that is "Invented for life."

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 is available online at [www.bosch.hu](http://www.bosch.hu)