

## Press Release

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Positive development continued in 2005:

### **Bosch increases sales and earnings**

#### **Strong growth in Asia and the Americas**

- Headcount worldwide rises to some 250,000
- Research and development expenditure increased once again
- Bosch anticipates “somewhat stronger growth” in 2006

**STUTT GART, February 13, 2006:** The Bosch Group continues on a growth path: in 2005, sales rose by just under five percent to some 42 billion euros. Bosch was also able to record a slight increase in earnings. “We have achieved our targets,” said Franz Fehrenbach, Chairman of the Bosch Board of Management, presenting the preliminary figures for fiscal 2005: “All our business sectors have contributed to this positive development. Our strong international orientation and our broad business set-up are paying off.” With respect to fiscal 2006, the Bosch CEO is optimistic: “We are confident about our prospects for the current year. We anticipate growth to be somewhat stronger in 2006 than in 2005,” Fehrenbach said.

Despite an unsteady economic environment, Bosch was able to hold up well in 2005 in the markets that are relevant for the company. In automotive technology, sales rose by approximately four percent to a good 26 billion euros. Once again, the diesel systems business developed over-proportionally well. Sales of the Consumer Goods and Building Technology business sector approached the ten billion euro mark for the first time. That is equivalent to growth of nearly five percent — growth in which the business with household appliances and power tools played a leading role. The largest growth was recorded by the Industrial Technology business sector. Its sales rose by a good eight percent to just under six billion euros. Above all, the subsidiary Bosch Rexroth was able to benefit from the positive international investment climate.

## **Strong growth in Asia and the Americas**

In regional terms, Bosch has been able to grow especially strongly in Asia: “In 2005, nearly one-third of our sales growth was due to our business in Asia,” Fehrenbach said. In total, sales in the Asia-Pacific region rose by approximately 11 percent, to more than six billion euros. The outstanding drivers of this growth are the Bosch companies in China, India and Korea. In the Americas, Bosch sales rose by approximately ten percent to nearly eight billion euros. Business in Europe grew by two percent to nearly 28 billion euros. Sales in Germany, by contrast, stagnated. This was also due to the divestment of the Buderus castings and special steels businesses. Leaving consolidation effects aside, sales grew by 1.5 percent. In this context, and with a view to the impending wage negotiations in Germany, Fehrenbach called for a considerate approach: “We hope that unions and industry find the right balance – one that does not involve further risks, either for economic developments in general or for the employment situation in particular.”

In 2005, Bosch generated most of its growth from within the company: acquisitions such as Oil Control Group, Controlled Energy Corporation, and ADC Technologies International allowed the existing portfolio to be selectively rounded off. In the years to come, Bosch wants to continue significant expansion of its business internationally, and to achieve a better balance among its individual business sectors. This is also to be achieved by means of acquisitions. With a view to potential acquisitions, Fehrenbach said: “Our scanners are in operation.”

## **Global headcount up, innovative strength further reinforced**

These positive business developments are also reflected in personnel numbers. At the beginning of 2006, the number of Bosch associates worldwide was roughly 250,000 – which is a good 8,000 more than in the prior year. Especially China has seen a significant increase in headcount. At some 110,000, the number of associates in Germany remained by and large constant. Bosch is continuing to attract qualified young talent: in 2005, the company recruited 1,800 university graduates in Germany, for example.

The year 2005 also saw a renewed increase in research and development expenditure: the share of sales spent on R&D came to a good seven percent, while in automotive technology this share was two percentage points higher. These heavy upfront investments secure the company’s future viability. In Power Tools alone, Bosch generates 35 percent of its sales with products that have been in the market for less than two years. At the beginning of 2006, Bosch employs some 24,300 associates in research and development – 2,000 more than at the beginning of 2005. Furthermore, the number of patent applications increased once again to a

total of 2803 in 2005. Efforts in the area of quality have also made continuous progress: "The number of defect reports again fell significantly last year. In many areas, there are no defect reports at all," Fehrenbach said.

In the annual report for 2005, Bosch has switched from German GAAP to International Financial Reporting Standards (IFRS) in its consolidated accounting. This will also result in changes in the key company data. Bosch will present its detailed annual financial statements for 2005 at the Annual Press Conference in April 2006.

### **About the Bosch Group**

*The Bosch Group is a leading global manufacturer of automotive technology, industrial technology, and consumer goods and building technology. In fiscal 2005, some 250,000 associates generated sales of 42 billion euros. Set up in Stuttgart in 1886 by Robert Bosch (1861-1942) as "Workshop for Precision Mechanics and Electrical Engineering," the Bosch Group today comprises a manufacturing, sales, and after-sales service network of some 270 subsidiaries and more than 12,000 service centers in over 140 countries.*

*The special ownership structure of the Bosch Group guarantees its financial independence and entrepreneurial freedom. It makes it possible for the company to undertake significant up-front investments in the safeguarding of its future, as well as to do justice to its social responsibility in a manner reflective of the spirit and will of its founder. 92 % of the shares of Robert Bosch GmbH are held by the charitable foundation Robert Bosch Stiftung. The entrepreneurial ownership functions are carried out by Robert Bosch Industrietreuhand KG.*