

Brose and Volkswagen AG sign joint venture agreement

- The partners want to establish a key global system supplier for vehicle seats and interior concepts
- Expansion of business with the Volkswagen Group and other automakers planned
- Brose and Volkswagen subsidiary SITECH have complementary portfolios and expertise
- The joint venture's business is expected to double by the end of the decade compared to SITECH's current sales, and the workforce is expected to grow by a third during the same period



At the Volkswagen headquarters in Wolfsburg, an agreement about the establishment of a joint venture for complete seats, seat structures and components along with solutions for the vehicle interior was signed. (Picture:Volkswagen)

Front, from left: Ulrich Schrickel (Chief Executive Officer of the Brose Group), Michael Stoschek (Chairman of the Brose Group), Dr. Herbert Diess (Chairman of the Board of Management of Volkswagen AG) and Thomas Schmoll (Member of the Board of Management Volkswagen AG, Technology, CEO of Volkswagen Group Components).

Back, from left: Tomasz Lewandowski (Chief Executive Officer of SITECH Sp. z o.o.), Thomas Spangler (Executive Vice President Operations of the Brose Group), Ingo Fleischer (Managing Director, Chairmen of SITECH Sitztechnik GmbH) and Andreas Jagl (Executive Vice President Interior of the Brose Group).

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The Brose Group and Volkswagen AG have signed an agreement to establish a joint venture that will develop and manufacture complete seats, seat structures and components along with solutions for the vehicle interior. Brose will acquire half of Volkswagen subsidiary SITECH. Brose and Volkswagen will each hold a 50 percent share of the planned joint venture. The parties have agreed that Brose will take over

the industrial leadership and consolidate the joint venture for accounting purposes. The transaction is still pending antitrust law approvals and other standard closing conditions.

The parent company of the new joint venture will continue to operate from its headquarters in the Polish town of Polkowice. In addition to existing development and production sites in Eastern Europe, Germany and China, plans are underway to expand activities in Europe, America and Asia. Both companies will be represented equally on the board, with Brose providing the Chief Executive Officer and the Chief Technology Officer. Volkswagen AG will appoint the Chief Financial Officer and will also be responsible for production.

The joint venture aims to take on a leading position as a global player in the hard-fought market for vehicle seats. First, the joint venture plans to expand its business with the Volkswagen Group. Second, the new, highly innovative system supplier for complete seats, seat components and seat structures also plans to capture a significant share of business from OEMs that are not part of the Volkswagen Group. SITECH anticipates sales of around 1.4 billion euros during the current fiscal year, generated by a workforce that is over 5,200 strong. The joint venture is expected to double business volume to 2.8 billion euros by 2030. The number of employees is expected to rise to around 7,000. This would translate into a growth in the employment rate of about one third, which should benefit all sites of the joint venture if possible.

Flexible and personalized design options in the vehicle interior

Brose and SITECH are bundling their expertise in the new company and preparing for future developments in the market for vehicle seats and interior solutions. Current trends such as e-mobility, cross-system connectivity and autonomous driving are changing the requirements for tomorrow's interiors. The vehicle interior is developing into a mobile living space that blends conventional demands on comfort and safety with new, flexible and personalized design options.

The envisaged joint venture will build on the strengths and successes of Brose and SITECH. Over the long term, the joint venture is expected to establish a firm foothold as one of the industry's top 3 players. The joint venture can offer its customers all key products across the entire value chain. Brose and SITECH's portfolios complement each other perfectly. As a leading supplier of seat structures, Brose is bringing its systems knowledge and years of expertise in manual and power adjusters as well as comfort components to the table. The automotive supplier also uses software and sensorics to connect its mechatronic components. This creates intelligent concepts for the vehicle interior. SITECH has comprehensive expertise in development, assembly and logistics for complete seat systems and metal structures.

The establishment of the joint venture is still pending standard closing conditions and antitrust law approvals, which should be completed by the end of the year.

About the SITECH Group

Over 5,200 employees at six production facilities in Germany, Poland and China manufacture complete seat sets (car sets) and seat structure components. Seats and

components are delivered directly to production lines. In addition, more than 200 engineers work on developing new products. They cover the entire development spectrum: from advanced development to prototype construction to series production support. SITECH Sitztechnik GmbH is a subsidiary of Volkswagen AG. Visit our website for more information: www.sitech-sitztechnik.de.

About Brose

Brose is the world's fourth-largest family-owned automotive supplier. The company develops and produces mechatronic systems for vehicle doors and seats as well as electric motors, drives and electronics for steering, brakes, transmissions and engine cooling. Around 25,000 employees at 65 locations in 24 countries generated turnover of 5.1 billion euros in 2020. About 8,000 employees at 24 locations in 12 countries develop, produce and market seat structures and components worldwide. The Interior business division employs 650 engineers and technicians in Europe, the US and China, who work on seat systems and adjusters for the vehicle interior. Customers include over 50 car manufacturers.

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