brose
Excellence in Mechatronics

Brose and SITECH are planning to set up a global system supplier for complete seats

- Volkswagen AG's subsidiary SITECH to join the joint venture, Brose will hold a 50 percent stake
- Concentration and expansion of expertise to ensure competitive, future-focused company

Coburg / Wolfsburg (13. July 2020) Automotive supplier Brose and the Volkswagen AG are planning to create a joint venture devoted to complete seats, seat structures and seat components. The Volkswagen subsidiary SITECH will become part of the joint venture. Brose will hold a 50 percent stake in the company. The Brose Group and the Volkswagen AG will each own half of the company. Representatives of both companies signed a memorandum of understanding covering the joint venture today in Coburg.

Thomas Schmall, Chairman of the Volkswagen Group Components Brand Board of Management, said: "E-mobility and, above all, autonomous driving create new challenges for us as an automaker – also in the area of seat manufacturing in particular. The interior of the future will be a newly defined environment where flexibility and personalisation will be just as important as comfort and safety. The new joint venture will be able to perfectly address such needs. As part of the new joint venture, SITECH will become a global player."

Ulrich Schrickel, CEO of the Brose Group, added: "Brose is a leading provider of seat structures. We can offer our many years of expertise in the area of adjustment and comfort components, both manual and electric, to the joint venture. Our company also has the know-how needed to intelligently connect a vehicle's interior by connecting mechatronic products with sensors and software. SITECH, on the other hand, is a highly capable developer of complete seat systems and excels at production and logistics. In the joint venture, we can work together and provide customers with interior solutions for the future."

Daniela Cavallo, Vice Chairwoman of the Group Works Council at Volkswagen AG and member of the SITECH Supervisory Board, said: "The Works Council has won approval of a number of measures designed to protect the interests of workers at the German plants of SITECH Sitztechnik GmbH. These include a job guarantee that runs through 2029, a shared factory-utilization goal and the safeguarding of the strong co-determination rights of employees at SITECH's locations in Germany for the joint venture. We have gotten to know our future partner Brose as an innovative family-run company that, like we at Volkswagen, is clearly focused on technology and the long-term future. The joint venture with Brose will strengthen both sides and position the new unit for future success. This new combined strength will create the basis for a highly competitive company and job security."

Michael Stoschek, Chairman of the Brose Group, said: "The owners of Brose believe deeply in the joint venture's capabilities and potential. This is why we unanimously decided to continue negotiations about an alliance. I am confident that Volkswagen and Brose will lay a strong foundation for the joint venture, a company that will assume a leading position in

the highly competitive market for vehicle seats. As competitive partner, the joint venture will supply the Volkswagen Group and set out to win contracts from other automakers."

Brose and Volkswagen will review the transaction as part of a due-diligence process and finalize the agreement negotiations over the next few months. The agreement is scheduled to be signed by the end of the year. An antitrust review will follow.

At the Brose headquarters in Coburg, a memorandum of understanding for a planned joint venture was signed today. Representatives of Brose, Volkswagen AG and SITECH and their works councils met for this purpose. Among them: Thomas Schmall, Chairman of the Volkswagen Group Components Brand Board of Management (seventh from left), Daniela Cavallo, Vice Chairwoman of the Group Works Council at Volkswagen AG (fifth from left), Michael Stoschek, Chairman of the Brose Group (sixth from right) and Ulrich Schrickel, CEO of the Brose Group (fourth from right).

About the SITECH Group

More than 5,000 employees produce carsets and seat-structure components at six manufacturing plants in Germany, Poland and China. Seats and components are supplied directly to production lines.

More than 200 engineers are also involved in the development of new products. The work of these engineers covers the entire development spectrum: from pre-development to prototype creation and support of mass production. SITECH Sitztechnik GmbH is a subsidiary of Volkswagen AG. You will find more information on our website: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 6.2 billion euros in 2019.

Around 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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