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Excellence in Mechatronics

Brose braves the coronavirus crisis and achieves positive earnings in 2020

Coburg (16. March 2021) Despite a sharp drop in vehicle production, the coronavirus pandemic and internal expenditure associated with restructuring, the Brose Group achieved positive earnings and generated 5.1 billion euros in sales with its products in 2020. The 17-percent decline in sales compared to the previous year was in line with the general trend in vehicle production. The global automotive supplier recorded the second highest order intake in its history last year. In order to secure its future, the company must make major upfront investments.

"In addition to the coronavirus pandemic, Brose is currently in the midst of a demanding renewal and restructuring phase. The associated financial burdens and the significant decline in sales had a markedly negative impact on our earnings in 2020. We were able to achieve positive earnings in the end thanks to the extraordinary dedication of employees at every level of our company and the trust-based partnership we have with our works councils – my sincere thanks go out to all of them," stresses Brose Group CEO Ulrich Schrickel. Rapidly implemented cost-cutting measures helped save several hundred million euros. Fortunately, liquidity improved slightly compared to the previous year, thus further securing the family-owned company's independence. Initial progress has already been achieved in the scope of the Future Brose renewal program, including the development of a more efficient organization with flat hierarchies and digitized processes.

New products and business segments

The Exterior business division in Bamberg/Hallstadt generated 2.5 billion euros in sales, or roughly half of group turnover. The Interior business division in Coburg accounted for around 1.7 billion euros in sales. The Drives business division in Würzburg achieved sales of over 900 million euros. The Brose Group acquired nearly 1.3 billion euros in orders p.a. in 2020, and Brose was successful in both existing and new business segments. The company strengthened its foothold in the product segment for radar sensor technology with its first series orders for radar-based collision detection sensors. This technology guarantees reliable protection for side doors and liftgates that open automatically and enables their hands-free operation. Radar sensors are used to monitor the vehicle interior as well. The company was also awarded an important contract in the growing micromobility segment: in addition to e-bike drives, Brose will supply motors, control units and power electronics for e-scooters starting in 2022. The first customer is one of the largest two-wheeler manufacturers in the world.

Expanding electronics and software expertise

"Electrification and connectivity offer Brose promising opportunities for growth. We want to position our company more effectively as a system supplier in these fields," Schrickel underscores. Therefore the company is expanding its electronics expertise. The automotive supplier uses sensors and software to connect their mechatronic components and create intelligent overall systems for vehicle access as well as the vehicle interior. This technology provides additional customer benefits along with more convenience and

comfort. Electrification of the vehicle powertrain offers further opportunities for Brose. The supplier is partnering with a premium German car manufacturer to work on advanced development of a thermal system that can extend the range of electric vehicles by up to ten percent. “We must make major upfront investments to develop new products and bring them to series production. It will take a lot of hard work to ensure these innovations are also financially viable,” Schrickel explains. In total, the family-owned company will invest more than one billion euros over the next three years in innovative technologies, technical equipment and the worldwide expansion of locations. Brose is creating new jobs in growth areas and is recruiting qualified personnel in the fields of electronics, sensor technology, software and IT, including in Germany.

Outlook 2021

Despite the uncertainties associated with the pandemic and the global semiconductor shortage, Brose expects automotive production to continue to recover during the current year. “We want to reach 2019 sales levels again by 2022. We plan on outperforming the market over the next few years. The earnings situation should continue to improve despite major upfront investments. Taking into account the planned joint venture with Volkswagen for complete seats and interior concepts, we expect consolidated business volume to exceed nine billion euros in 2025 – assuming steady growth in the vehicle market,” says Schrickel. The joint venture is subject to approval by the antitrust authorities. The company expects to sign the contracts finalizing the joint venture with Volkswagen soon.

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Radar sensors prevent collisions with the vehicle door. (Source: Brose)