

Disappointing fiscal year 2018 for Brose

Coburg/Germany (16. May 2019) The weakening economy in the automotive industry is also affecting business development in the Brose Group. The roughly 6.3 billion euros in turnover generated in fiscal 2018 was just below the prior year's level. However, earnings were well below expectations. CEO Kurt Sauernheimer presented this information at the shareholder and advisory board meeting in Würzburg. A cost-cutting program was launched to increase the competitiveness of the Brose Group. The family-owned company will also invest around 1.5 billion euros by 2021.

Economic fluctuations across the globe made for a turbulent fiscal year. "In the first half of the year we were still growing six percent, but then turnover decreased by seven percent in the second half," explained Sauernheimer. "Our business development was better than the global automotive market, which declined by 1.2 percent, but we cannot be satisfied with our result. Reasons for this include unscheduled costs in the ramp-up of new products and expenses for quality assurance. At the same time, upfront investments in products for future automotive trends led to an increase in staff and higher investments. Our fixed costs rose disproportionately as a result. Higher raw material prices, punitive tariffs and special taxes also weighed on profit."

The door business division in Bamberg generated 3.2 billion euros (-0.5 percent) in revenue, which is more than half of group turnover. The seat structures business based in Coburg contributed around 2 billion euros (-2.4 percent). And the electric motors and drives business located in Würzburg accounted for over 1 billion euros (+0.9 percent) in turnover. Despite the continuing difficult economic situation Brose will let all employees – including temporary workers – share in the business results for 2018 and is setting aside around 46 million euros for this purpose.

Turnover in the first quarter of 2019 was 5 percent lower than a year earlier. At the same time earnings were down significantly. Immediate actions have been taken to counteract this development that will already save tens of millions of euros this year.

In addition, Brose launched a cost-cutting program to adapt processes, structures and HR resources. The measures are designed to improve efficiency and strengthen innovative power. This will enable the automotive supplier to streamline its organization and increase its competitiveness while also shaping technological transformation in the automotive industry.

"This program will help us achieve the required results so that we can make the necessary investments for future organic growth and preserve the independence of our family-owned company," said Sauernheimer. Over the next three years Brose will also spend around 1.5 billion euros on the development of new products, technical equipment and the global expansion of locations.

Brose sees more opportunities than risks in the new mobility trends. Innovative products such as doors that open automatically, flexible solutions for the interior or thermal management for electric vehicles are opportunities for the automotive supplier to continue to grow.



The Brose administrative building in Bamberg. The company generated 6.3 billion euros turnover in 2018, just below the prior year's level.



Brose CEO Kurt Sauernheimer