

Brose expects further growth

Coburg (21. December 2012).

At the shareholder meeting on December 19, CEO Jürgen Otto reported that the Brose Group can look back on an extremely satisfactory year at the end of 2012. The automotive supplier is expecting an 11 percent increase in sales revenue in 2012 to a new record of 4.5 billion euros. The company plans to expand its global business to 5.3 billion euros in the coming years. In view of this, the shareholders decided at their meeting to invest around 1 billion euros in the group's further development as part of their three-year plan. Around 880 million will fund technical plant and equipment, while 130 million euros will be invested in new buildings and extensions. The biggest individual investment in the coming years will be the development of the Bamberg location, costing 50 million euros. Although the automotive market cooled off in the third and fourth quarters of 2012, the Brose Group benefited from the high demand in the premium segment. Business in China and North America was particularly good because of the continuing high demand for high-quality vehicle fittings. The company is expecting a turnover increase of over 30 percent in both these regions. Brose is also expecting a 5 percent increase in sales revenue in Europe, thanks to high exports of German premium brands. The top performer within the group, for the third time, was the Seat Systems business division, which saw turnover increase by over 30 percent. The company also registered two-figure growth rates for electric motors. Because of its strong growth, the global organization is stretched: many plants continue to work to full capacity, sometimes up to seven days a week. 9% of turnover invested in R&D in 2012 In 2012, the family-owned company invested around 311 million euros, primarily in the expansion and development of existing and new plants and in production facilities. Around 110 million euros was invested in Germany. In addition, Brose opened five new plants – in Keszemét (Hungary), Togliatti (Russia), Chongqing and Beijing (China) and Pune (India). As a result of the growth in business, the number of employees rose by 1,600 to around 21,000. The biggest workforce expansion took place in North America (+860) and Asia (+400). Investments in research and development and in staff training amounted to more than 9 percent of turnover in 2012. Global investments to reach a new high in 2013 Numerous new contracts – particularly for seat systems and motors – make it necessary to expand the group's global capacity. The shareholders have therefore decided to invest a total of around 350 million euros in the coming year in the construction of new plants and the expansion and modernization of existing ones. Work is due to start on a new administrative building in Bamberg in 2013. In addition, there are plans to extend the Brose plants in Ostrava (Czech Republic), Coventry (UK), New Boston (USA) and Querétaro/El Marqués (Mexico). There are also plans to set up new production facilities in Bremen and East London (South Africa) and to open the new Asian headquarters in Shanghai (China), which are currently under construction. Investment focus in Franconia in 2013 Around 160 million euros – nearly half of the Brose Group's total investments in 2013 – will be invested at the group's three locations in northern Bavaria: Coburg (54 million euros), Bamberg/Hallstadt (62 million euros) and Würzburg (40 million euros). This is nearly twice the amount invested in these sites in 2012. "Global demand for our products and local production is

leading to more jobs at our Franconian locations in areas such as development, sales and purchasing,” says Michael Stoschek, Chairman of the Brose Group. The global activities are managed through three centers of competence: Seat Systems (Coburg), Door Systems (Bamberg-Hallstadt) and Drives (Würzburg). These three Franconian locations currently employ a total of 6,400 people. A further 2,400 people work for around 600 Brose supplier firms in the Franconia region. Outlook: 6% turnover growth in 2013 In view of ongoing positive business prospects, the automotive supplier expects sales revenue in the coming year to rise by around 6 percent to 4.8 billion euros. According to Jürgen Otto, the main driving force in the coming years will come from North America, China, Korea, India and Russia. Europe will have to prepare for a prolonged market slowdown. “The major shift in our focus towards China and North America poses some serious challenges for our employees and the capacity of our global organization. Today Brose stands for innovation, quality and reliability. We want to maintain these values despite our strong growth,” Jürgen Otto said in conclusion.