

## Brose pushes ahead with transformation



**Coburg (09. November 2020)** The Future Brose renewal program will help the automotive supplier remain competitive and return to profitable growth. For this purpose, Brose will invest in innovative technologies, expand its international production network and improve cost structures. In early November the company reached an agreement with the works councils in Germany on optimizing the organization and reducing headcount in a socially responsible way. The company now concluded negotiations with the works councils in Germany on optimizing the organization and reducing headcount in a socially responsible way.

“We are focusing on three key areas for leverage to successfully position Brose for the future. We will strengthen entrepreneurship, offer exciting innovations to existing and new customers, as well as increase competitiveness in the long-term,” says Ulrich Schrickel, CEO of the Brose Group.

In an effort to promote entrepreneurial thinking and action taking, Brose is simplifying and automating processes in production and administration, flattening hierarchies, reorganizing responsibilities and encouraging managers and employees at every level to assume responsibility. The new organization will be deployed gradually from the beginning of next year and will have a clear focus on the market and operations.

“Competition in our business segments is getting tougher and tougher. At the same time, vehicle production will take years to recover from recent turmoil. This is why we must adjust our cost structures,” explains Schrickel. Experts assume that the global vehicle market will not reach 2017 levels until 2025 at the earliest. “As a family-owned company, we want to offer our employees secure jobs, including at our German locations. To do this, we need to lay the groundwork now by increasing our efficiency – especially in Germany. This is even more important, as all of our competitors produce the majority of their products in lower-

cost countries,” Schrickel adds. To remain competitive well into the future, the supplier is expanding its international presence in countries like China, Mexico, the Czech Republic and Serbia.

### **Socially responsible headcount reduction**

Adjusting HR capacities will be unavoidable if the company is to remain competitive over the long term. A year ago, Brose announced that it intended to cut 2,000 jobs in Germany. This applies to production and administration. Over a period of twelve months, the company and employee representatives have engaged in intense negotiations and largely reached an agreement on the details of how these plans will be implemented. “We were able to come to an agreement with the works councils on socially responsible measures for reducing our headcount – which is not something to be taken for granted considering the current state of the global economy and the automotive industry,” said Schrickel.

The Bamberg/Hallstadt, Coburg, Wuppertal and Würzburg locations are affected by the HR measures. Socially responsible solutions have already been implemented for around 900 jobs, mostly through partial retirement contracts and by not filling positions that have become vacant. Nearly 1,100 additional jobs are to be cut by the end of 2022, largely with the help of a severance program. Around 440 jobs will be reduced at the Coburg location. In Bamberg/Hallstadt this figure will be about 280 and in Würzburg around 180. In Wuppertal, where closure systems manufacturing will come to an end in 2024, an additional 35 jobs will be cut in administration alongside the 200 jobs to be cut in production. Jobs will also be cut abroad, particularly salaried positions. Country-specific measures are based on local conditions.

“These cutbacks are painful. However, all of the measures taken in the scope of Future Brose – including the difficult ones – will ultimately secure the long-term competitiveness and, consequently, the future of Brose,” emphasizes Michael Stoschek, Chairman of the Brose Group.

### **Growth opportunities arise from innovations**

“Adjustment of HR capacities will enable profitable growth going forward. This will place us in the financial position we need to invest in future technologies and new business segments,” underscores Schrickel. “For example, we are connecting our solutions for vehicle access and the interior to create intelligent systems that enable an entirely new driving experience.” This year marked the first time that Brose received series production orders for radar sensors. The company uses radar for reliable collision protection for side doors that open automatically, for gesture recognition for hands-free opening and closing of liftgates and for monitoring the vehicle interior. The supplier also wants to benefit from the trend towards electrically powered mobility with its drives and electronic control units for electric two-wheelers. The company is creating new jobs in growth areas and is still recruiting qualified personnel in the fields of electronics, sensor technology, software and IT, including in Germany.

### **Stabilization of turnover development**

Brose turnover has now stabilized after a dramatic drop in the spring. The company will generate around 4.8 billion euros turnover in 2020. At 20 percent, the decline in sales compared to the previous year will be less than recently expected. As a result of large-scale cost-cutting measures, Brose expects to at least break even in 2020, despite the serious decline in turnover. “However, the Corona infection rate trends will determine how sustainable the current business recovery is,” stresses Schrickel.



Securing competitiveness: Future Brose will also help the automotive supplier focus on operational production excellence and top quality.



Fostering innovative strength: Brose wants to get existing and new customers excited about intelligent products. For example: Brose side door drive systems with radar collision protection.



The renewal program was launched at the initiative of Michael Stoschek, Chairman of the Brose Group.



Ulrich Schrickel, CEO Brose Group, is setting the course with Future Brose to prepare the automotive supplier for the future.