Bosch to acquire Siemens’s stake in BSH Bosch und Siemens Hausgeräte GmbH

Presentation by Dr. Volkmar Denner,

Chairman of the Board of Management of Robert Bosch GmbH,

at the teleconference on September 22, 2014
Ladies and gentlemen,

Welcome to this hastily called telephone conference.
After sending you a press release yesterday, immediately after the agreements were signed, we would now like to inform you personally about the planned acquisition of BSH shares.

**Decision to acquire all BSH shares**
We plan to increase our stake in BSH Bosch und Siemens Hausgeräte GmbH to 100 percent. So far, we have held a 50 percent stake. An agreement to this effect was reached with Siemens AG yesterday, on September 21, 2014. At all times, the negotiations were constructive, and held in an atmosphere of trust. The purchase price is 3 billion euros.

In 1967, Bosch and Siemens pooled their household appliance activities and set up BSH. We have been jointly managing BSH successfully for more than 45 years:

We can look back on a long and good partnership with Siemens. Our joint venture has been successful and profitable for many years, and are a global market leader in the household appliance industry.
Siemens now wants to systematically continue its policy of focusing on its core business, and we have agreed that Bosch will completely take over BSH. At all times, the negotiations were constructive, and held in an atmosphere of trust. The Bosch supervisory board agreed to the transaction in the spring.

**Bosch strategy: fit with BSH**
The takeover fits excellently into the Bosch strategy: both strategically and technologically, BSH and Bosch are highly compatible.

Like us, BSH pursues a long-term strategy geared to innovation. It has an international presence and is committed to social responsibility.

In addition, BSH fits in well with our strategic imperative “Invented for life.” With smart technology, a high level of convenience, and user friendliness, BSH wants to make people’s lives around the world easier and more pleasant with its products and services, and to conserve natural resources with especially efficient appliances.

Technologically, we can intensify our collaboration with BSH in areas of future growth as well, especially in sensors, electronics, and the internet of things.

**Smart homes: a market of the future**

The homes of the future will be smart. Household appliances, heating systems, and security systems will be interconnected. Using mobile terminals such as smartphones or tablets, it will be possible to centrally control and monitor the oven, for example, or the central heating. The new ovens BSH recently presented at the IFA trade show are one example. They combine our expertise in sensor technology with BSH know-how. In the oven, state-of-the-art sensor technology (a lambda sensor from automotive technology, incidentally) permanently measures moisture in the baking mix and automatically adjusts
the baking process. Some oven variants are web-enabled and can be controlled using the “Home Connect” app.

Smart household appliances are a key component of any smart home. In such smart homes, they can be used even more energy-efficiently, and are even more user-friendly. In light of an aging society in particular, it is very important that household appliances are as simple to use as possible. The appliances have more and more functions, and are easier to use. For the young generation, the digital natives, connected and convenient solutions are now a matter of course. They want to be able to control their household appliances by smartphone or tablet as well, and to make their homes better with innovative technological solutions.

The benefit and added value of smart home concepts is the result of the intelligent interaction of appliances, including appliances made by different manufacturers. From the end of this year, BSH will be offering a new app solution. Called “Home Connect,” it will allow users to control the household appliances of different brands and manufacturers from their smartphone or tablet. This intuitive and user-friendly solution can be used not only to control appliances, but also for other services such as ordering spare parts and accessories.

Home Connect is designed as an open platform. Roughly 90 percent of all households have appliances made by different manufacturers. Open platforms are essential if users are to experience the full benefit of smart home solutions. For this
reason, Bosch is working with ABB, Cisco, and other partners to develop an open software standard that will allow the diverse appliances within a household to be interconnected. This will include not only household appliances but also security and heating systems.

**Bosch strategy: impact on sales structure**  
If BSH were fully consolidated, the Consumer Goods business sector would contribute roughly one quarter of Bosch sales. If we take ZFLS and BSH into account, the share of sales generated by the non-automotive business sectors will rise from 32 to 40 percent. In this way, we are taking a big step closer to our objective of generating half our sales from activities outside automotive technology, and will be able to further spread the opportunities and risks in the Bosch Group’s business. The consumer goods industry is subject to less cyclical fluctuation than the automotive or capital goods industries.

**Support for BSH’s long-term development**  
In the shape of Bosch, BSH will have a strong owner that is oriented to the long term. As a reliable partner, Bosch will support BSH in its further strategic development. 
For example, BSH wants to grow further worldwide, and to expand its presence in the world’s regions. Even today, it is a market leader for household appliances. This applies not only to Europe, where we are the market leader, but also worldwide.
Moreover, BSH intends to double its sales over the next ten years. To achieve this target, BSH wants to invest more in research and development, as well as in its brands.

For BSH’s brand image as well, the takeover is a sign of our faith in continuity. Today, BSH offers products under the Bosch and Siemens brands as well as other special brands. Even under Bosch ownership, Siemens will continue to be a brand for BSH household appliances over the long term. We have agreed this with Siemens.

Next steps – long-term prospects for BSH associates
In the next step, we have to obtain official approval relating to merger law.
We hope to be able to complete the acquisition in the first half of 2015.

Ladies and gentlemen,
BSH fits in well with our company, with Bosch Group strategy, and with our strategic imperative “Invented for life.” Our strategic objective is to create solutions for a connected world. Smart homes and their smart household appliances are an essential part of this. And in the shape of Bosch, BSH will continue to have a reliable partner that can support it in its development. Bosch is creating long-term prospects for BSH associates.