

# Robert Bosch LLC

## Bosch Americas unit faces 'difficult' year



**BOSCH**  
Invented for life

Difficult to break even in Americas this year because of economy

\* North American vehicle production may rebound in 2009

\* Evaluating possibility of bid for GE appliance unit

A slowing U.S. economy, soaring energy costs and falling U.S. auto production will make it hard for German auto parts giant Robert Bosch to break even in North America this year, an executive said on Wednesday.

But the company's investment in energy-efficient technology will help position it for longer-term growth, and will allow it to reach its 2015 target of generating a quarter of worldwide sales from the Americas, up from about 18 percent now.

„We will have difficulty, with this economy, to be profitable," said Peter Marks, chief executive of Robert Bosch LLC and board member of Robert Bosch GmbH [ROBG.UL]. He declined to comment on the outlook for 2009.

The world's largest auto components supplier, whose 2007 sales totaled 46 billion euros (\$71 billion), also makes building technology, industrial goods such as hydraulic systems, and consumer products like tools and home appliances.

This gives it good visibility into several key areas of the North American economy.

Marks said he expects North American production of vehicles to be just over 14 million this year -- slightly below the average industry estimates, which have been coming down in recent months -- and said output could increase to 14.4 million in 2009 if the economy rebounds and energy prices stabilize.

„I don't expect oil to come down," he said. „The question is the degree to which it continues to rise." Marks said he saw a lot of growth potential in the automotive space because consumers are shifting toward more fuel-efficient vehicles as a result of \$4 per gallon gasoline.

### U.S. CONSUMER SLOWDOWN

Bosch has invested heavily in research and development recently, and expects to benefit from demand for more efficient thermal and injection systems, and brake components that reduce a vehicle's weight by using aluminum rather than steel.

„U.S. consumer behavior has shifted completely," he said. „I believe that there is a sea change here in North America taking place."

A downturn in U.S. construction and in consumer spending overall has hurt demand for power tools and appliances, Marks said. The company is making the argument about energy-efficient products, but finds that consumers' disposable income is increasingly limited.

„If energy costs continue to rise ... I think we're in for another weak year in 2009," Marks said about construction. „Not only is new construction down, but remodeling is down, which is hurting us, particularly in household appliances."

A Bosch joint venture with Siemens AG (SIEGn.DE: Quote, Profile, Research) is Western Europe's largest maker of household appliances.

### ACQUISITION STRATEGY

Asked if Bosch was interested in bidding for General Electric Co's (GE.N: Quote, Profile, Research) appliances unit, which GE has recently put up for sale, Marks said: „We are evaluating this possibility. I think, shortly, there will be a decision necessary because it's a fast moving process."

He said the company was not „an opportunistic" buyer, and can spend decades waiting for the right chance to add to its product line or geographic reach. But, for a German company, the strong euro is an advantage.

„There are some particular chances right now because of the strong euro," he said. „There might be some interesting targets."

Bosch earlier this month said it plans to buy Germany's Ersol (ES6G.DE: [Quote](#), [Profile](#), [Research](#)) for about \$1.7 billion.

„There will be consolidation in the (solar) market, and we will participate in this consolidation,“ Marks said.

Marks said he believed the company has set „realistic“ goals of growing its Americas segment to about a quarter of total sales by 2015 and reducing automotive to about half of sales, in part by promoting energy efficient consumer products, as well as building and industrial technology.

For example, the company would like to „grow exponentially“ in providing security systems for buildings, such as closed-circuit television systems.

Automotive now accounts for more than 60 percent of company sales, both on the global and regional level.

„We want to grow over-proportionally in the non-automotive sector,“ Marks said.