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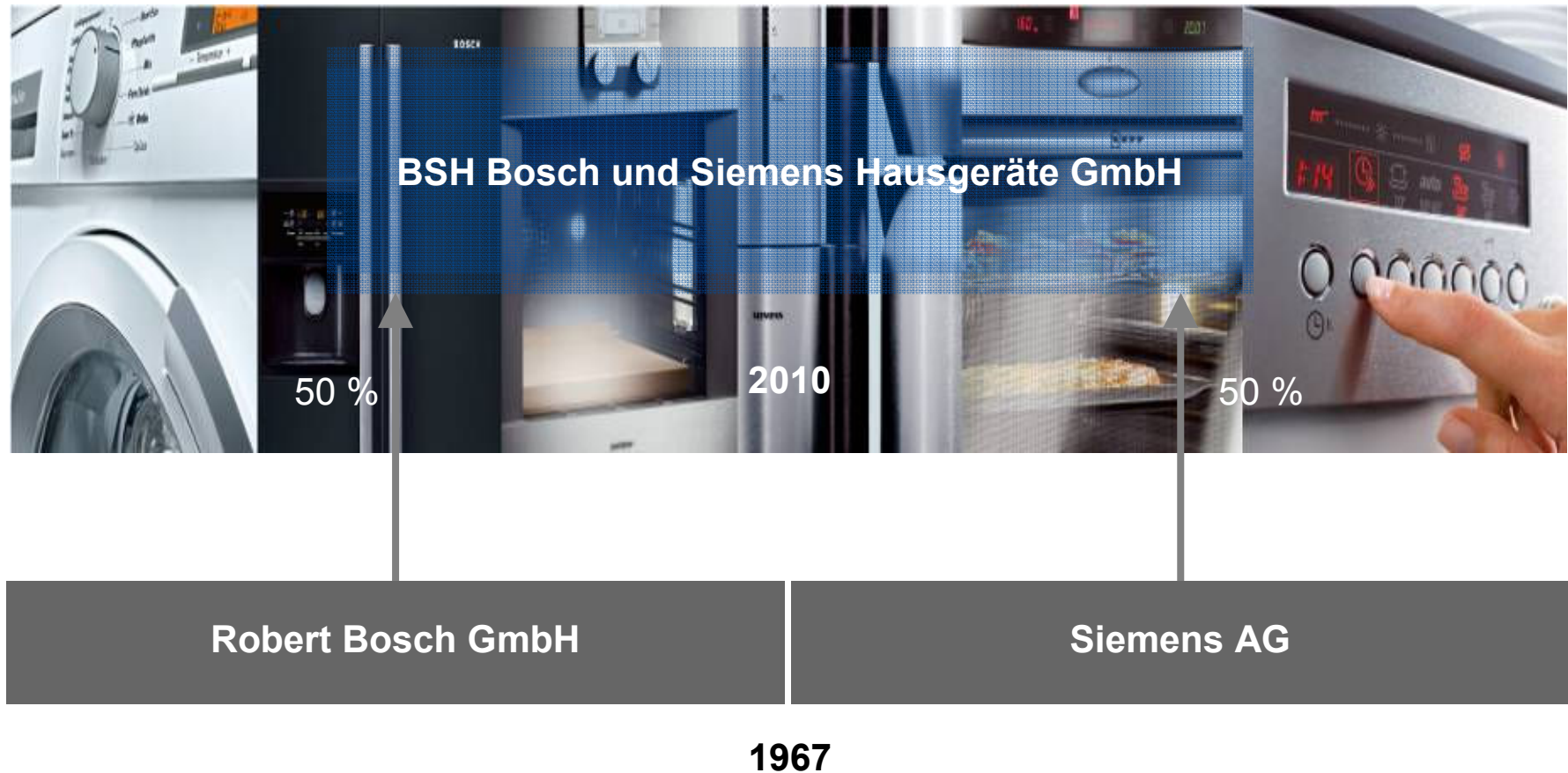
000 BSH Bytowaja Technika

09.06.2011



BOSCH AND SIEMENS HOME APPLIANCES GRO
UP

BSH-Group: Shareholders



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5 product divisions under the roof of the BSH

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Cooking



**Refrigeration/
Freezing**



**Washing/
Drying**



Dishwashing

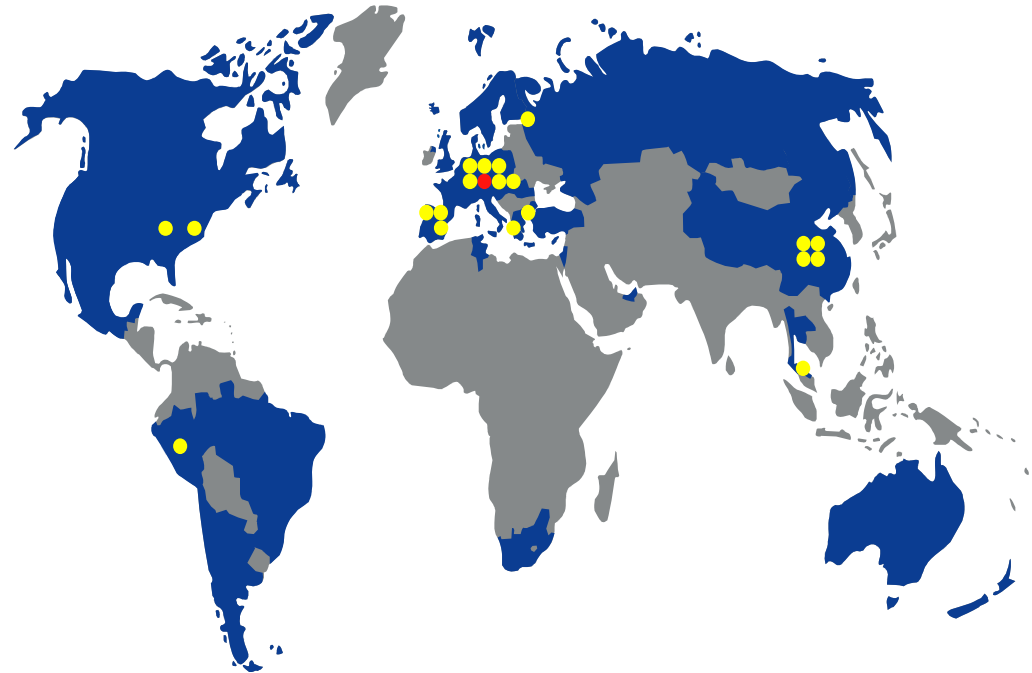


**Consumer
Products**

Electronic Drives and Systems (EDS)

BSH-Group: Business at a Glance

- **Number of brands:** 12
- **Number of employees:**
ca. 43,000 worldwide
- **Corporate sales in 2010:**
9.1 billion EUR
- **Number of companies:**
ca. 70 in 46 countries
- **Number of factories:**
41 in 13 countries in Europe,
Americas and Asia.
~ 40 Millions of home appliances produced p.a.
- Multiple **awards** for products and factories



As of Dec. 31, 2009

Brand Portfolio

Main brands



Special brands



Regional brands



BSH location in Strelna -today-



- **Foundation of BSH Bytowije Pribory** **21st March 2005**
- **Start of production Cooling 1st Step** **Sept. 2007**
 - Production surface **21.000 qm**
 - Capacity **250.000 units/ye**
- **Extension production Cooling Step 2** **7.000 qm**
 - Extended surface **28.000 qm**
 - Total surface production **500.000 units/ye**
 - Capacity total
- **Logistics Warehouse** **20.000 qm**
 - Total surface
- **Assembly of Washing machines** **July 2010**
 - Start of production **100.000 units**
 - Capacity
- **Employees*** **700 total**
520 in production
- **Building new factory Washing machines** **350.000 units**
 - Capacity **June 2012**
 - Start of production
- **Total investment till end of 2011** **100 Mio Euro**

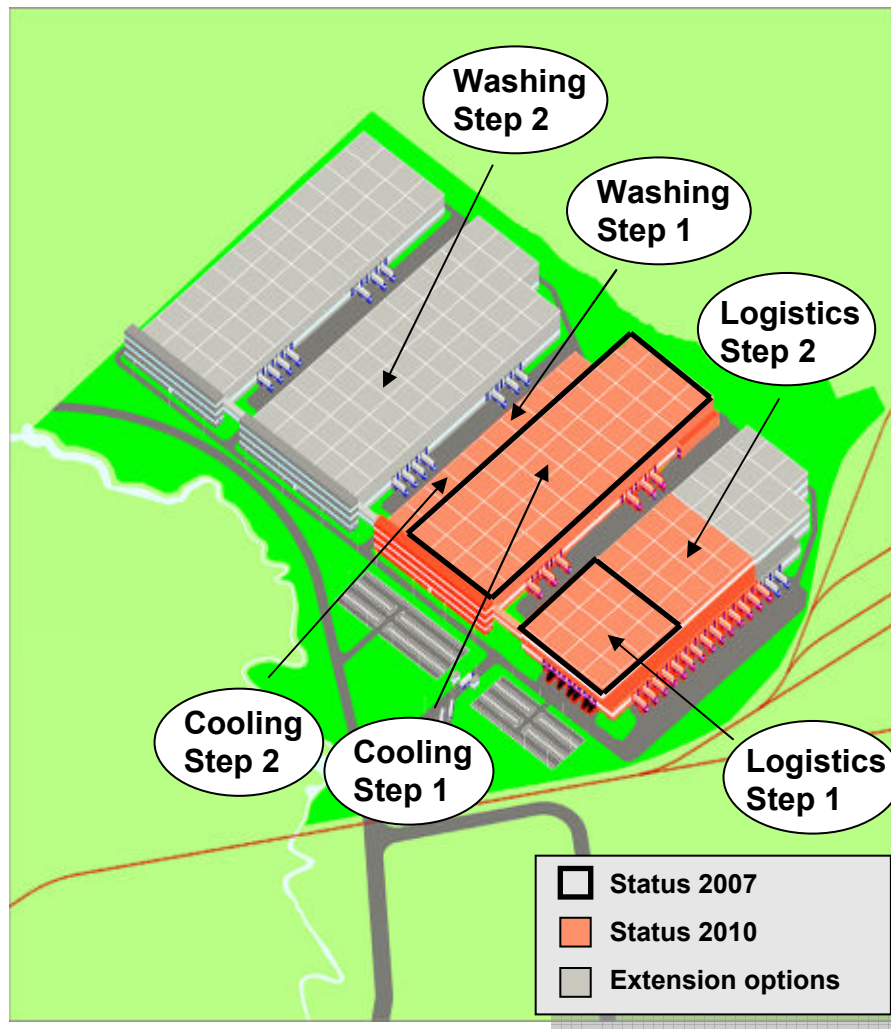
* As of 03/2011

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February 2011



Extension of BSHP-RUS



- The capacity increase for the cooling appliance factory up to 500.000 units per year finished 1st July 2010
- The logistic extension finished 1st July, 2010.
- First step of washing machine production with a capacity of 100.000 units per year started 1st July 2010.
- Second step of washing machine production with a capacity of 350.000 units per year will start 1st of June 2012
- There are further possibilities for expansion on the site

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We produce Bottom-Freezer refrigerators in St. Petersburg...



SKD Slimline actual 3 VIB's



- **5,0 kg Load capacity**
- 1000 rpm o. 1200 rpm
- **45cm depth**

- 3 Option buttons
- LED Symboldisplay
- Superfast programme 30 minutes
- **Mixed load programme**
- **30cm door**

- **Actual 3 VIB's**
- **3 additional from April 2011**

BSH factory in St. Petersburg: goals

Production of high quality appliances under the brand names Bosch and Siemens for Russian market and **developing of local industry through localization** of components for our products

The high quality of our appliances can only be guaranteed through the high quality of the components used in production. We need suppliers who can meet our **high quality** requirements and can supply us with **competitive prices** in the right quantity at the right time

BSH factory goal is to **localize a high share of parts**, especially plastic, stamping and rubber parts because:

- these are parts with high number of different variants
- these are cosmetic and sensitive parts and therefore have a high risk of damage during transportation
- these are fairly large parts and would generate high logistics costs if they are delivered from far away

BSH Requirements for large scale series suppliers



Produce and deliver parts with zero defect

Consequences of parts with bad quality:

- potential production shut down with high cost effect
- unsatisfied customers due to necessary service calls and costs after warranty period



Exact fulfilment of delivery dates and scheduled quantities

Consequence of parts delivered too late or wrong quantity:

- potential production shut down with high cost effect




Cost Management / Competitive pricing

Consequences of bad cost management / not competitive prices:

- BSH purchases parts at too high price level which has bad impact on the sales price of the finished product; thereby products get too expensive and demand from the market will go down, this will have bad impact on the suppliers as well

Basic procedure to become a supplier for BSH

		Activity	Explanation
5 – 12 months 	Phase I	NDA Request for Information Supplier Quick Scan Radar Audit	<ul style="list-style-type: none"> ■ Non disclosure agreement for data exchange with business partners ■ Supplier self assessment ■ to evaluate risks and opportunities of new suppliers which have to be considered before starting sourcing activities the Quick Scan will not substitute a 2 days Audit
	Phase II	Request for Quotation Process Audit	<ul style="list-style-type: none"> ■ Quotation including detailed cost breakdown ■ Performing of a detailed 2 days process Audit
	Phase III	Supplier selection/decision Contract signed	<ul style="list-style-type: none"> ■ Supplier selected and fixed based on the “Decision Matrix for supplier selection (PAT)” ■ Frame Purchase Agreement ■ Quality Management Agreement (QMV) ■ Logistic Agreement

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Examples:



Agitator paddle

5 months

Phase I

NDA

RFI

Quick scan

Phase II

RFQ

Audit

Phase III

Supplier fixed

Contract



Window complex

10 months

Phase I

NDA

RFI

Quick scan

Phase II

RFQ

Audit

Phase III

Supplier fixed

Contract

PW competitors with local production in Russia



Status 03/2009

Development and localization in Russia.

Raw materials.

- There are no some kinds of raw materials of required quality.

Manufacture.

- Low automation.
- Old equipment.
- Low productivity.
- Big overhead charge.

Customs duties.

- Not the clear customs policy.
- (Customs duties for PCBa is low than for components).

Suppliers

- Market of subcontractors is undeveloped.
- There are few enterprises specialized in production of certain kind of products.

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Need for localization: Refrigerators



Microsoft Excel
Worksheet

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Need for localization: Washing machine assembly SKD



Microsoft Excel
Worksheet