



Claudio Facchin, President , ABB North Asia and China, June 19, 2012

ABB in China

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Agenda



- Introduction to ABB
- Introduction to ABB in China



- China remains one of the most attractive markets for ABB
- ABB's competitive advantages in China
- Summary and Q&A



ABB: A global leader in power and automation



Power Products

\$10.9 billion¹



Power Systems

\$8.1 billion¹



**Discrete
Automation and
Motion**

\$8.8 billion¹



**Low Voltage
Products**

\$5.3 billion¹



**Process
Automation**

\$8.3 billion¹

Power transmission & distribution
solutions for utilities and industry

Market leader across most of the portfolio

Energy efficiency solutions for process industries (e.g., oil & gas), factory automation and building & construction

Among Top 3 in most markets

135,000 employees in 100 countries

\$38 billion in revenue (2011)

Head office in Zurich, Switzerland, traded on stock exchanges in
Switzerland, Sweden and the U.S. (NYSE)

Market capitalization ~\$45 bn

¹ 2011 revenues non-consolidated

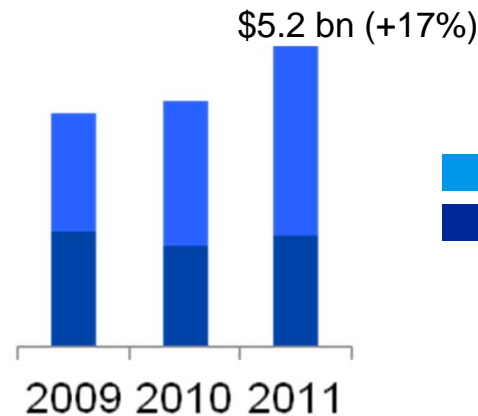
China is ABB's 2nd largest market

Automation is driving today's growth

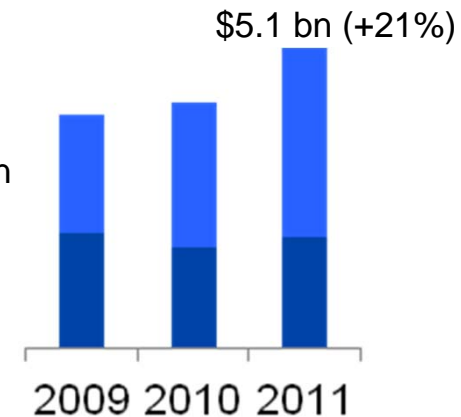


- 35 local companies (+5 in 2011)
- 18,300 people, >80 locations
- 20 years since 1st JV

Order growth



Revenue growth



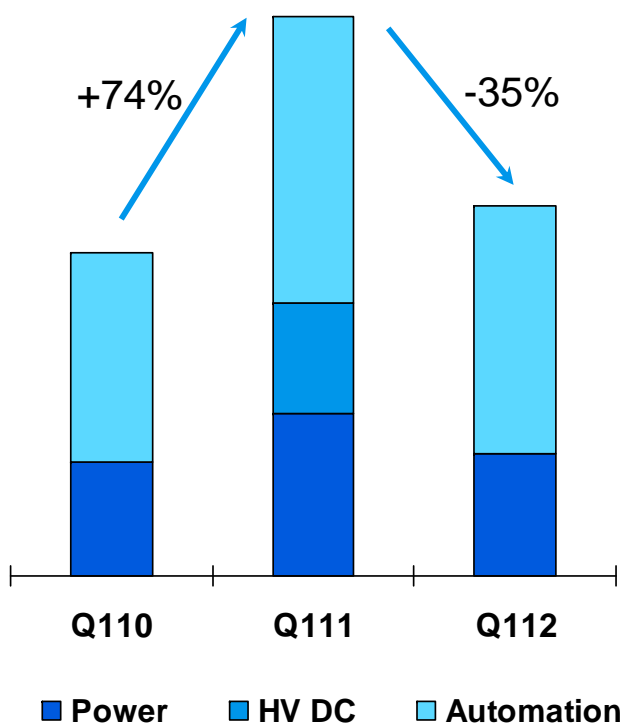
- Accumulated investment >\$1.5 bn
- Exports growing >50%
- Local purchasing >\$4.5bn (+27%)
- >85% of sales derived from local production

Complete value chain locally: R&D, engineering, supply management, manufacturing, sales and service

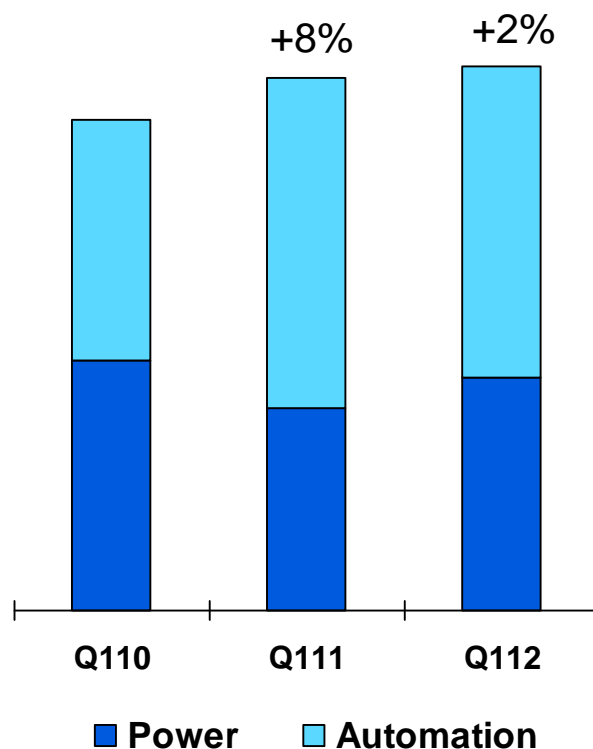
Q1 2012 reflected an economic slow down & challenging comparison with a record quarter last year

MUSD

Orders Received



Revenues



- Short cycle business impacted mostly by economy slow down
- Comparison to the record quarter in 2011
- Several areas still show strong growth e.g. robotics, service, high-voltage power product, power electronics, low-voltage systems, oil & gas

- 350 MUSD HVDC order in Q1 2011 included

Continuous investment in footprint and people

\$230 million investment in 2011

Investment in footprint

- Added 440ksqm, +85% (2007-2011)
- Azipod® propulsion system factory
- Mine hoist and synchronous motors & generators
- Enhanced PLC and Wind converters
- Transformer localization/testing in CQ
- Expand R&D centers nationwide

People – our lifeblood

- Added more than 2,000 employees
- Mobility opportunities for employees in and outside China
- Training records 60,000 persons/times, and investment up 80%
- Keep investing in management trainee program since 2004
- Cooperate with more than 10 universities

A strong customer base

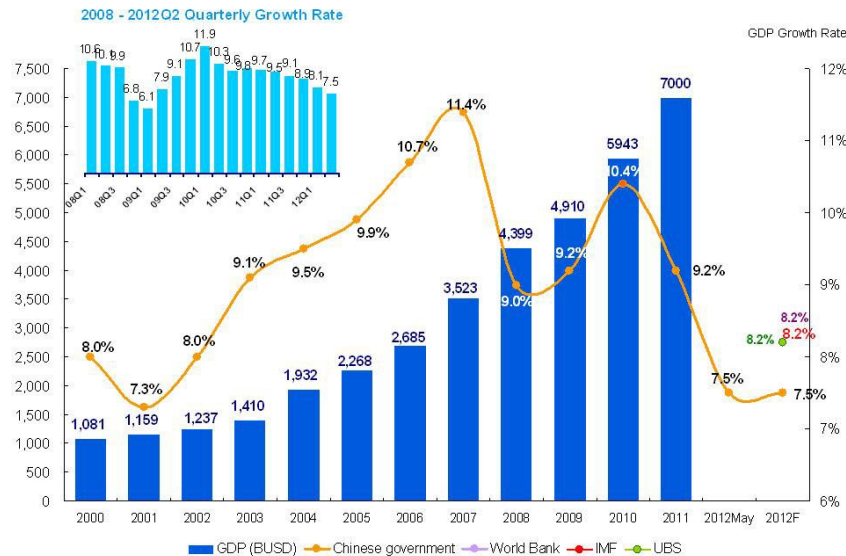


Key projects

- \$350 mill in UHVDC projects (SGCC, CSG)
- \$23 mill marine propulsion sys for Bourbon
- \$10 mill robot welding for Great Wall Motor
- \$8 mill MV drives for water project in Kunming
- Huatai Paper PMC800 multi-drive control
- Metro: 1st propulsion system in Shenzhen
- Multiple projects in Chemical Production Safety Control through *Winmotion*

China economy face a slowdown amid transition, but still the fastest GDP growth country in the world

China GDP growth



With a slow start in Q1 2012, the stabilized growth to be the outlook

- Q1 economic growth slowed to 8.1%, the lowest quarter since Q1 of 2009 but still above the 7.5% target set by the Government
- -19% in export growth y-o-y for Q1, -26% in import
- Government set the tone to “stabilize” the economy which indicates moderate pace of economic control etc.
- Power consumption 2012 projected to grow 8-10%

Power Consumption



In mid- and long-term, China economy will still grow in a high single digit rate

- Further economic restructuring to reduce excessive reliance on export
- Unsustainably high investment in the past, increased constraints on resources, energy and environment
- Transform into sustainable development mode driven by private consumption, innovation, industry upgrading and energy efficiency
- Wage increase and income tax reform will stimulate private consumption

ABB is prepared to support China's 12th Five-Year Plan

Focus on high efficiency and low carbon



“Emerging industries”

Targets and business opportunities

- | | | |
|--|--------------------------------------|---|
| ▪ Energy efficiency and environmental protection | ▪ Cut energy use by 17% per GDP unit | ▪ Energy efficient equipment, water treatment, etc. |
| ▪ High-end equipment manufacturing | ▪ Grid investments ~\$370 bn | ▪ Ultra high-voltage, railways & metro, etc. |
| ▪ New energy | ▪ New wind capacity 15-20 GW/yr | ▪ Smart grids, solar, wind power generation, etc. |
| ▪ e-mobility | ▪ 500,000 EVs/yr | ▪ Batteries, drive motors, electronic control areas |

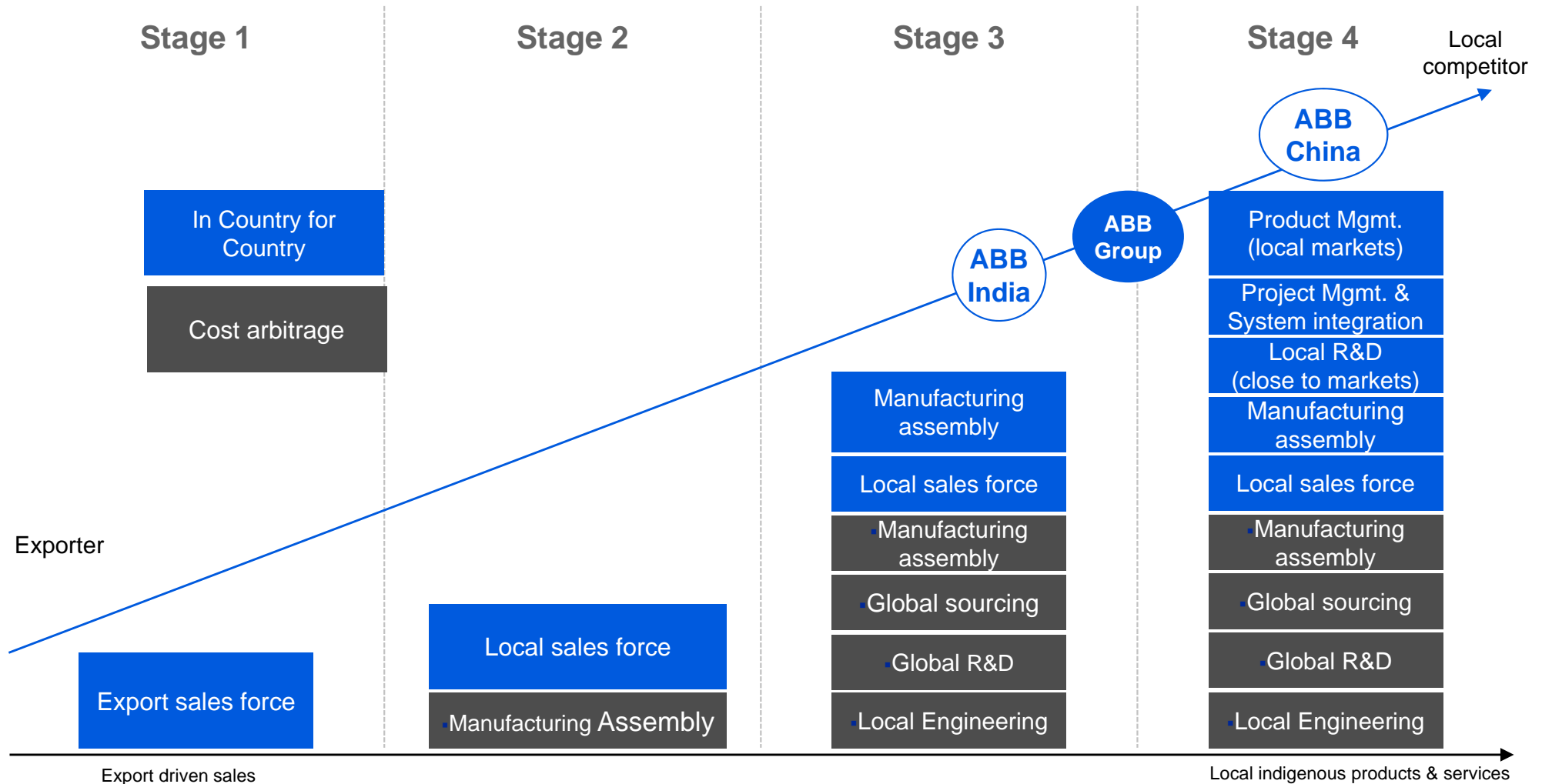
Five components of ABB strategic direction

Strong execution and focus across these key strategic areas

- 1 Drive competitiveness** and stay relevant in our current markets
- 2 Capitalize on mega trends:**
Anticipate, participate and lead in key mega-trends
- 3 Aggressively expand core business** to secure next level of growth
- 4 Disciplined M&A** across products, markets and geographies
- 5 Find and exploit disruptive opportunities** in relevant markets

The nature of global business is changing

In country for country - China leading the way



Strong R&D reduces time to market

2,000 R&D and design engineers in China

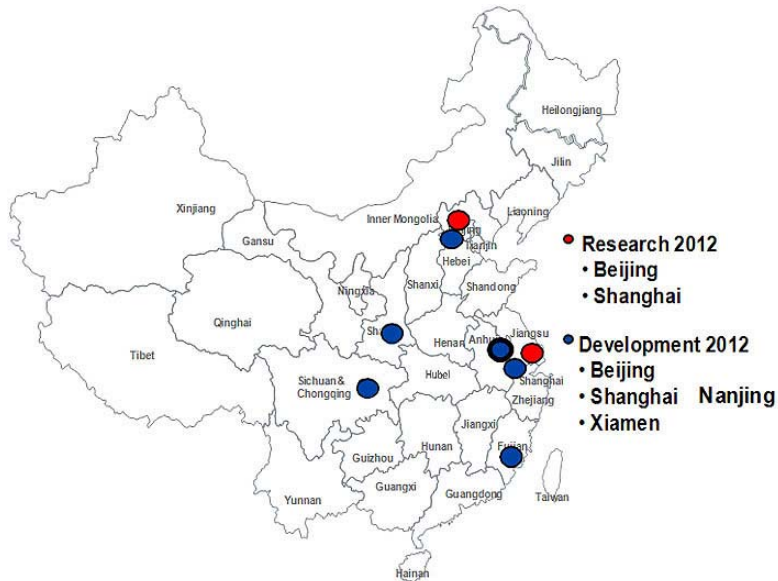
Since
1992

Technology transfer

Localization

Creation in China

- **Continuous growth and investment on R&D team**
 - Double the resources in the last two year
 - Full-range R&D capabilities including product development and design for China market
- **R&D close to talent pools and business/customers**



Examples of new R&D products in China in 2011

Door Entry System for both local and global markets



Small-size robot for 3C mftg. Localized 500kV GIS



Localization of high end power technology In China for China



- **HVDC**

- New JV in China: ABB Sifang Power System Co., Ltd, the company is a major step to localize the HVDC business in China and to serve the Chinese customers even better in future with a strong local presence.
- Recent Orders:
 - Gaoling II 750MW HVDC back to back project
 - Jinping-Sunan $\pm 800\text{kV}$ 7,200MW UHVDC transmission
 - Qinghai-Xizang $\pm 400\text{kV}$ 600MW HVDC transmission

- **HV GIS portfolio**

- Localizing 500kV GIS portfolio since 2009
- Redesign of HV GIS to new market requirements and reinforce technology leadership
- Regain market leadership in the last two years due to the successful localization program



Portfolio adaptation for local market needs

Leader in LV Drives, doing more in MV Drives

Situation today

- Energy efficiency applications are becoming increasingly important in all process industries.
- ABB is already a key player in China for Motors and LV Drives, with presence in all key process industries.
- New Energy Efficiency standards expected in 2012

Future direction

- Become leading player also in general purpose MV Drives with products developed in China for China.
- Build further on strength in special purpose MV Drives with expanded localization and supply base.

Drives market in China

Source: Gongkong and ABB estimates, in MRMB

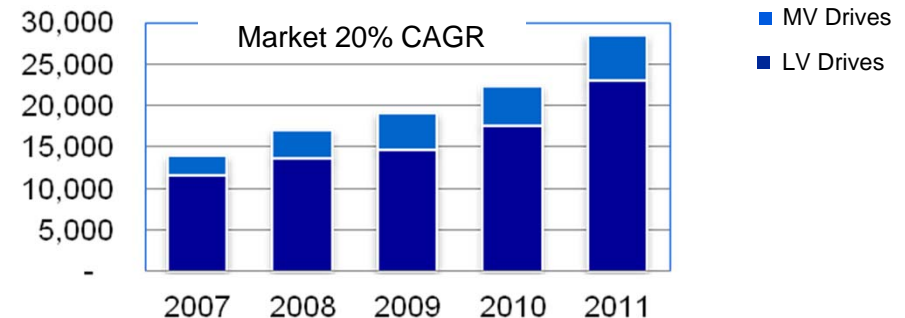


ABB well positioned to meet the new Government standards for energy efficiency motors

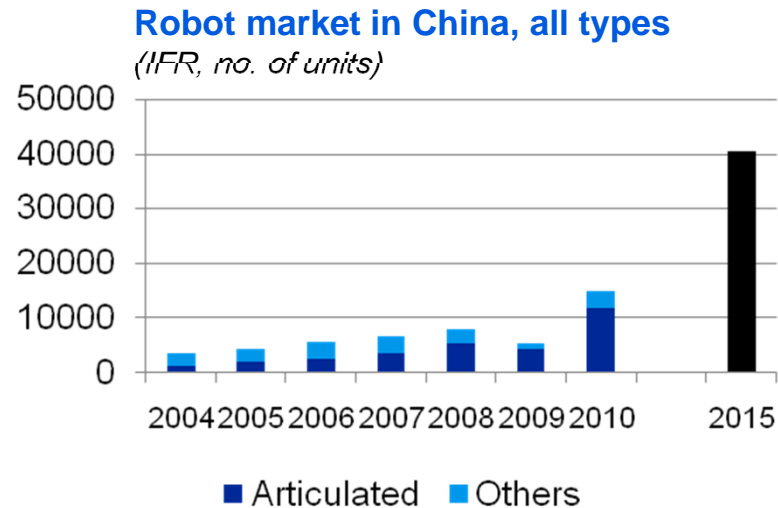


- The new standard for Small and Medium Three-phase Asynchronous Motors will be implemented as of September 1.
- In the new standard, the efficiency values for motors shall be a mandatory clause which will be enforced on the market place.

- As the market leader of low-voltage high efficiency motor, ABB actively responds and supports the new standards.
- Moreover, we regard promoting high efficient motors as the obligatory responsibility of the corporation.
- ABB has full range of higher efficiency motors to meet the new standard.
- Industry research shows that to compare with IE1 motor with the same power, the 0.75kW IE2 motor loss is reduced by 33%.

Leverage local R&D for the world

Leader in articulated robots in China



- Long presence in China
- Full value chain, products, systems & services
- About 33,000 articulated robots installed in China, close to 9,000 from ABB
- R&D center in Shanghai, first robots developed in China launched in 2010

- An articulated robot is a robot which is fitted with rotary joints.



Mouse and keyboard assembly at Rapoo, China, a leading manufacturer of wireless peripheral products

- 70 sets of IRB 120 robots
- Stable quality of output
- Uninterrupted production
- Flexible output
- Adjustable product model
- 70 robots equals the output of 280 workers on two-shifts



Majialiang Coal Mine- reduction of downtime by 70%, energy consumption reduced by 28%

- China's biggest main mine hoist application, covering main unit, motor, control system, drive, etc. Average payload: 1,520 tons per hour.
- ABB solution: two sets of mine hoist systems, which help improve operational efficiency



Sinopec Petrochemical Baling Refinery

- China first integrated process automation and power control system in line with IEC 61850
- Based on ABB's Extended System 800xA, covering process automation control system, Safety system and electrical power management system (PMS)
- Provide advanced technology and solutions for energy efficiency, improved safety standards and lower life cycle costs
- Typical savings can result in a 20% reduction in CAPEX and OPEX by integrating these two automation infrastructures

The complete low-voltage product portfolio

Covering a wide range of utility and industry customers



LV Systems

Breakers
and Switches

Enclosures and
DIN-Rail Products

Control
Products

Wiring
Accessories

Thomas &
Betts

Distributors



Panel Builders



OEMs



System Integrators and
Contractors



End-users and
Utilities



Industry



Buildings and
infrastructures



Renewable energy



E-mobility



Building Automation and
Energy Efficiency



Strategic partnership & acquisitions in China

Secure better growth and synergies

Geography

- Shenzhen
- Nanjing
- Shantou
- Yangzhou

Product and services

- Circuit breakers and MV switchgear
- Relays
- Surge arrestors
- Electro mechanicals

Markets

- Mid-segment
- Smart grid
- HVDC



中国华电集团公司
CHINA HUADIAN CORPORATION

SAC 国电南京自动化股份有限公司
GUODIAN NANJING AUTOMATION CO.,LTD.



中国华电集团公司
CHINA HUADIAN CORPORATION

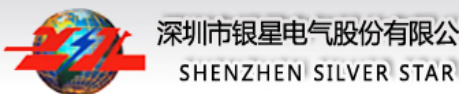
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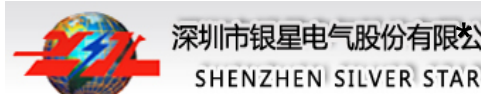
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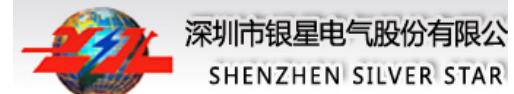


深圳市银星电气股份有限公司
SHENZHEN SILVER STAR

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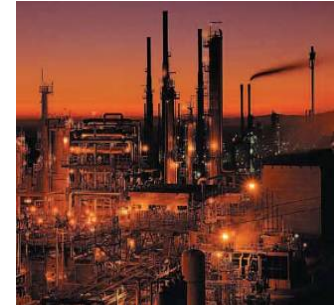
Gain leading power grid capability through partnership SAC and ABB JV - Nanjing SAC Automation Co. Ltd



- Leading player in China
- Headquarter in Nanjing
- 1,400 employees

- 200 R&D engineers
- 400 sales and service
- Integrated manufacturing
- Complete power Automation Portfolio for all market segments
- 30 branches in China
- Global management

Industry Infra



Power plant



Utility

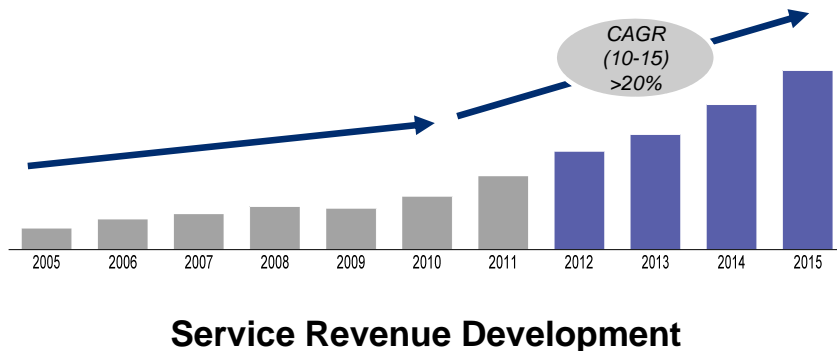


Develop service as an important part of business

Addressing new service requirements in China

2011 service achievements

- Strong revenue (+43%)
- Strong service team, added 430 people
- Solid service strategy and strong portfolio
- Reinforced service capabilities and realigned service team
- Set up regional Energy Efficiency Hub



Service business & reference

Product Lifecycle Management Service



- CSPC - CNOOC & Shell Petrochem
- One of the largest projects in China
- Petrochem industry, ethylene

Reliability engineering & consultancy

- Service package including 24x7 support, spare parts, training, regular site audit, root cause analysis, preventative maintenance, upgrades etc.

Performance Service



- April Paper Rizhao factory
- ABB Full Service®, Maintenance Management Scope
Performance based fixed price including Maintenance
Management of labor, material, subcontractors

ABB well positioned to continue successful track record in China

- ICFC: Complete value chain localized, from R&D to after sales and service
 - The right products for the local market
 - Competitive cost base
 - Faster and more responsive to market
- Strong local partnerships and comprehensive sales channels create a solid platform for growth
- Solid service strategy to grow service revenue twice the ABB China's overall growth
- Drive our strong position in the high end while building our position in the mid-segment
- ABB's global brand, technology, expertise in process optimization and service capabilities allow us to differentiate on our value proposition
- Tap ABB global domain expertise to deliver power and automation solutions in discrete manufacturing, oil & gas, mining and other industries

Power and productivity
for a better world™

