Leadership in industrial automation

ABB to acquire B&R (Bernecker + Rainer Industrie-Elektronik Gesellschaft m.b.H.)
Important notices

This presentation contains "forward-looking statements" relating to the acquisition of B&R by ABB. Such forward-looking statements are based on current expectations and involve inherent risks and uncertainties, including factors that could delay, divert or change any of them, and could cause actual outcomes and results to differ materially from current expectations. No forward-looking statement can be guaranteed. Among other risks, there can be no guarantee that the acquisition will be completed, or if it is completed, that it will close within the anticipated time period or that the expected benefits of the acquisition will be realized.

Forward-looking statements in the presentation should be evaluated together with the many uncertainties that affect ABB's business, particularly those identified in the cautionary factors discussion in ABB's Annual Report on Form 20-F for the year ended December 31, 2016. ABB undertakes no obligation to publicly update any forward-looking statement, whether as a result of new information, future events, or otherwise.
Leadership in industrial automation

B&R – closing ABB’s historic gap in machine and factory automation

Deal rationale

Attractive market segment
(CAGR 4-5%)

Attractive company
(CAGR ~11%)

Attractive strategic rationale
(shaping global #2 in industrial automation)

Attractive financials
(incl. strong growth and cost synergies)
B&R – fast growing innovation leader

“Perfection in Automation” – since 1979

Key facts and figures

Solutions for machine and factory automation
Top 5 in PLC\(^1\) / IPC\(^2\) / servo motion
\~4,000 machine builder / OEM customers
>3 mn automated machines, \~27,000 plant installations

>\$600 mn revenue FY 2015/16
CAGR \~11\% since 1995
\$75 mn, 12\% EBIT FY 2015/16

>3,000 employees\(^3\), >500 application engineers
Active in 70 countries
Headquarters: Eggelsberg, Austria

Markets

- Plastics
- Metals
- Textile machinery
- Automotive
- Paper & printing
- Others

Europe: Germany, Austria, Italy
AMEA: China, India, South Korea
Americas: US, Canada, Brazil

Products

- PLC
- IPC / HMI\(^4\)
- Servo motion
- Other

Plastics

- Metals
- Textile machinery
- Automotive
- Paper & printing
- Others

Geography (top 3 countries per region)

\(^1\)PLC: Programmable Logic Controller; \(^2\)IPC: Industrial PC; \(^3\)As of June 30, 2016; \(^4\)HMI: Human Machine Interface; Note: Foreign exchange rate as of March 31, 2017
B&R – a leader in machine and factory automation

Integrated product, software and solutions portfolio

**SOFTWARE**
- Application store
- Automation Studio

**SOLUTIONS**
- Visualization software

**PLC**
- PLC (Programmable Logic Controller)

**FIELD DEVICES**
- I/O modules

**IPC / HMI**
- IPC (Industrial PC)

**SERVO MOTION**
- Servo drives
- Servo motors
B&Rs history – continuous expansion and innovation

Geographic expansion

Founded in 1979

Today

Sales offices  Distributors / partners

Technology highlights

1983  Multicontrol PLC
1989  Component Industrial PC
1992  System 2000 PLC with multitasking
1997  Automation Studio software
1999  ACOPOS drives & servo motors
2002  POWERLINK Open Ethernet protocol
2005  X20 PLC & I/O systems
2007  OpenSAFETY Fieldbus safety protocol
2011  APROL process and factory automation software
2014  mapp\textsuperscript{1}; I/O-Link Industry 4.0 digital OPC modules
2016  mappView software

\textsuperscript{1}Modular APlication Platform
B&R – growth champion in a growing market

Organic CAGR of ~11% since 1995

Attractive market segment

<table>
<thead>
<tr>
<th>Year</th>
<th>PLC / IPC</th>
<th>Servo motion</th>
<th>CAGR 4 – 5%</th>
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<tbody>
<tr>
<td>2017</td>
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Attractive top-line growth of B&R

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<tr>
<th>Year</th>
<th>Revenue ($ mn)</th>
<th>CAGR</th>
<th>Target</th>
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Ambition to exceed $ 1bn mid-term

April 4, 2017

Source: B&R; Note: B&Rs FY ends June 30; Foreign exchange rate as of March 31, 2017; ¹Incl. I/Os
ABB and B&R – strong #2 in industrial automation

Business volume industrial automation (products, software, solutions, services)

Source: Management estimate, based on revenues, \(^1\)Excl. electrification
# B&R and ABB – leadership in industrial automation

Closing the historic gap in machine and factory automation

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<thead>
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<th></th>
<th>Sensing &amp; analytics</th>
<th>DCS</th>
<th>PLC / IPC servo motion</th>
<th>Industrial motion(^1)</th>
<th>Robotics</th>
<th>Digital platform</th>
<th>Electrification(^2)</th>
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Note: indicates competitive offering

\(^1\)Motors, drives; \(^2\)LV, MV and power quality
B&R and ABB – jointly driving a quantum leap in digital

Customer value through sector expertise and end-to-end digital solutions

**ABB Ability™**
Digital end-to-end solutions

**B&R**
IoT solutions for machine and factory automation
B&R and ABB – jointly driving a quantum leap in digital

Open architecture and large installed base

ABB Ability™

>6,000 solutions installed

>70,000 systems installed

70,000,000 digitally enabled devices connected

~4,000 machine builder / OEM customers

>3 mn automated machines

~27,000 plant installations

Strong expertise in machine and factory automation
B&R and ABB – integrating for growth

A new business unit within Industrial Automation division

- Creating global business unit “Machine & Factory Automation”

- Global responsibility for PLC / IPC / servo motion-based solutions

- ABB’s PLC and servo drives activities to be merged into new business unit

- Continuity of B&R’ management assured

- Owners support company during integration as advisors
# B&R and ABB – leadership in industrial automation

## 10 core principles of the combination

| Character of the acquisition | 1 | A friendly combination |
| 2 | Combining two trusting partners with complementary strengths |
| Joint objectives | 3 | Shaping a global leader in industrial automation |
| 4 | Accelerating the growth momentum |
| 5 | Fostering innovation leadership as common value |
| Integration cornerstones | 6 | Building on B&Rs successful brand, business model & expertise |
| 7 | Retaining B&Rs management and employees, founders act as advisors |
| 8 | B&R as ABB’s global center for machine and factory automation<sup>1</sup> |
| 9 | “Best-of-both-worlds” integration |
| 10 | Proven integration process |

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<sup>1</sup>PLC / IPC / servo motion-based
B&R and ABB – significant synergy potential

Synergy impact: >8% of stand-alone revenue in year 4

**Growth**
- Enhanced market coverage
- Broader solution scope for customers
- End-to-end digital offering
- Combined innovation power

**Costs**
- Scale in supply chain management
- Global G&A platform
- Reverse integration of ABB’s PLC and servo drive activities

1^Op. EBITA as % of stand-alone revenue in year 4
B&R and ABB – financial insights

Compelling financial structure of the deal

- $600 mn sales<sup>1</sup>
- ~11% CAGR<sup>2</sup>
- $75 mn EBIT (12%<sup>1</sup>)

Deal multiple in line with peer valuations

- IRR above target rate

Funded with cash

- Operational EPS accretive in year 1

- Retain “A” credit rating

- Expected closing summer 2017

Following seller’s request, purchase price will not be disclosed

<sup>1</sup>2015/16; <sup>2</sup>1995 – 2016; Note: Foreign exchange rate as of March 31, 2017
B&R and ABB – milestone of Next Level Strategy

Another step in shifting ABB’s Center of Gravity

1. Robotics acquisitions
2. Service growth
3. ABB Ability™
4. Substation EPC partnership
5. Cable divestiture
6. Offshore wind business model change
7. Strategic partnerships
8. Expansion in high-growth markets
9. Driving organic growth
10. Lowering risk

Strengthening competitiveness

Starting point

Future

April 4, 2017
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