Leadership in electrification

ABB to acquire GE Industrial Solutions
Important notices

This presentation includes forward-looking information and statements including statements concerning the outlook for our businesses. These statements are based on current expectations, estimates and projections about the factors that may affect our future performance, including global economic conditions, and the economic conditions of the regions and industries that are major markets for ABB Ltd. These expectations, estimates and projections are generally identifiable by statements containing words such as “expects,” “believes,” “estimates,” “targets,” “plans,” “outlook”, “commits” or similar expressions.

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- business risks associated with the volatile global economic environment and political conditions
- costs associated with compliance activities
- market acceptance of new products and services
- changes in governmental regulations and currency exchange rates, and
- such other factors as may be discussed from time to time in ABB Ltd’s filings with the U.S. Securities and Exchange Commission, including its Annual Reports on Form 20-F.

Although ABB Ltd believes that its expectations reflected in any such forward-looking statement are based upon reasonable assumptions, it can give no assurance that those expectations will be achieved.

This presentation contains non-GAAP measures of performance. Definitions of these measures and reconciliations between these measures and their US GAAP counterparts can be found on our website at www.abb.com/investorrelations
Leadership in electrification
ABB to acquire GE Industrial Solutions (GE IS) for $2.6 billion

Deal rationale

Market access
- Expanded access to North America
- Significant installed base globally

Performance improvement
- Non-core business for GE
- Significant value creation potential:
  - ABB technology leadership
  - Cost synergies

Comprehensive electrification portfolio
- Complementary portfolio and solutions

Strategic supply partnership
- GE to tap ABB’s leading portfolio through long-term supply partnership
GE IS – a leader in electrification solutions
Established global player with strong North American roots

**Facts and figures**
- Revenues: $2.7 bn (60% in NAM)
- Op EBITDA: ~8%, Op EBITA: ~6%
- 13,500 employees
- HQ: Atlanta, Georgia, USA
- 100+ countries:
  - 29 manufacturing facilities
  - 15 distribution centers
  - 13 service centers
  - 9 R&D centers
- Offering for commercial, residential and industrial:
  - Products
  - Solutions
  - Services

**Geographies**
- North America
- Europe
- China
- Latin America
- Asia (excl. China)
- Middle East and Africa

**Products and solutions**
- Products
- Engineered solutions
- Configured solutions
- Embedded solutions

Note: geography and products and solutions share based on revenues
GE IS – a leading position in North American market

**Attractive market**

- Market size
  - ~$32 bn electrification market\(^1\)

- Market growth
  - +2% CAGR\(^2\) expected 2017-2020

**Attractive profit pool**

- Low-voltage segment, access to strong distribution

**Strong competitive position**

- Established player
  - Large US installed base
  - Strong brand

- Go-to-market
  - Large sales force
  - Deep channel relationships (1,000+ US distributors)

- Offering
  - Addressing US market requirements through full switchgear solutions

\(^1\)2016, ABB analysis; \(^2\)2017-2020, ABB analysis
## GE IS – comprehensive electrification solutions

<table>
<thead>
<tr>
<th>Products</th>
<th>Engineered solutions</th>
<th>Configured solutions</th>
<th>Embedded solutions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Circuit breakers</td>
<td>Low-voltage systems</td>
<td>Switchboards</td>
<td>Telecom power supply</td>
</tr>
<tr>
<td>Modular control products</td>
<td>Busbars</td>
<td>Panelboards</td>
<td>Front-end power</td>
</tr>
<tr>
<td>Critical power</td>
<td>Medium-voltage switchgear</td>
<td>Switches and load centers</td>
<td>Custom power</td>
</tr>
<tr>
<td></td>
<td>DC power systems</td>
<td>Residential circuit breakers</td>
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<td></td>
<td>Distribution transformers</td>
<td>Dry transformers</td>
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</tbody>
</table>

Field services and workshops
## Opportunity to create value

<table>
<thead>
<tr>
<th>Current challenges for GE IS</th>
<th>Potential with ABB</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-core business for GE</td>
<td>Integrate into global #2 electrification player</td>
</tr>
<tr>
<td>Aging portfolio</td>
<td>Leverage ABB technology</td>
</tr>
<tr>
<td>Declining US market share</td>
<td>Stabilize, reshape, grow</td>
</tr>
<tr>
<td>Below peer margin</td>
<td>Realize margin potential</td>
</tr>
</tbody>
</table>

Plan in place, ready to improve performance together with GE IS team
**ABB’s Electrification Products division**
Partner of choice for electrification of all points of consumption

<table>
<thead>
<tr>
<th>Offering</th>
<th>Electrification from substation to socket</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Full portfolio of low- and medium-voltage products and solutions</td>
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</table>

<table>
<thead>
<tr>
<th>Customers</th>
<th>Utilities</th>
<th>Industry</th>
<th>Transport &amp; Infrastructure</th>
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<tr>
<th>Geographies</th>
<th>Globally</th>
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<tr>
<td></td>
<td>Asia, Middle East, Africa 37%</td>
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</tbody>
</table>

| ~$9.9 bn revenue | 100+ manufacturing sites | ~42,500 employees |
GE IS and ABB
Strengthening global #2 in electrification

Global electrification business volumes

Schneider | ABB & GE IS
$12.3bn
Eaton | Siemens | Legrand | Hubbell | Vertiv | Hager | Chint | Leviton

Source: management estimate, based on revenues
Electrification: low- and medium-voltage electrical distribution products and solutions
## GE IS and ABB

**Comprehensive North American electrification portfolio**

<table>
<thead>
<tr>
<th></th>
<th>MV Protection and Control</th>
<th>LV Protection and Control</th>
<th>Building Products</th>
<th>Critical Power (UPS)</th>
<th>Installation Products</th>
<th>Solar Inverters</th>
<th>EV Charging</th>
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<tbody>
<tr>
<td>ABB in NAM</td>
<td><strong>Red</strong></td>
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<td>GE IS</td>
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<td>ABB + GE IS</td>
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<th>Brand</th>
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GE IS and ABB
10 core principles of the acquisition

Character of the acquisition
1. Integrating non-core GE business into global #2 electrification player
2. Attractive combination of two complementary businesses

Transaction objectives
3. Shaping global leadership in electrification with a comprehensive US portfolio
4. Expanding access to North American market
5. Reaching a leading position in US power business
6. Raising GE IS’s performance towards peer levels
7. Leveraging ABB’s technology leadership and ABB Ability™ to realize GE IS’s full potential

Integration cornerstones
8. Retaining key management, engineering and sales staff
9. Building on deep customer relationships and strong brand position
10. Integrating “best of both worlds” within ABB’s EP division
GE IS and ABB – significant value creation potential
Annual cost synergies potential ~$200 mn

Sources of synergy
Product and technology portfolio harmonization
Footprint optimization
Supply chain savings
SG&A cost reduction

Integration & implementation costs
Cumulative one-time costs $400mn

Expected annual cost synergies ($mn)

<table>
<thead>
<tr>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Year 4</th>
<th>Year 5</th>
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<tbody>
<tr>
<td>~100</td>
<td>~120</td>
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<td>~200</td>
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Expected annual costs ($mn)

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Upside potential through longer term revenue synergies
GE IS and ABB

Financials

- $2.7 bn sales
  - Op EBITDA: ~8%
  - Op EBITA: ~6%

- Secured long-term supply partnership with GE

- $2.6 bn purchase price
  - Deal multiples in line with peer valuations

- Targeting continued “A” credit rating
- Share buy back on hold

- Operationally accretive in year 1

- Closing subject to customary regulatory clearances, expected in H1 2018
GE IS and ABB
Another step in shifting ABB’s Center of Gravity

Strengthening competitiveness

- Solutions & service
- Partnerships: IBM
- Expand in less cyclical industries
- Business model change
- Cable divestiture
- KEYMILE acquisition
- Robotics acquisitions, e.g. NUB3D
- Discrete: B&R acquisition
- PIE: Expansion in high-growth markets

Lowering risk

Driving organic growth
ABB – continued investment in the US
Leading positions across our portfolio

Strengthening ABB US market position

Electrification Products:
GE IS, T&B, Power One

Power Grids:
Ventyx, Bolt-ons

Robotics and Motion:
Baldor, Auburn Hills robot factory

Industrial Automation:
K-TEK, Los Gatos
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