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ABB Robotics & Discrete Automation outlines strategy for profitable growth

- Business is well positioned to take advantage of structural growth opportunities
- Balanced business leads to resilient performance in challenging market environment
- ABB Robotics & Discrete Automation (RA) reaffirms path to margin corridor of 13-17%

ABB's Robotics & Discrete Automation (RA) business presented its strategy to drive profitable growth at an event for the financial community held at its Solutions Center in Friedberg, Germany. The business is well positioned to outgrow the market with the broadest portfolio of offerings, innovation strength, global footprint and deep domain expertise, supporting its customers' transition towards robotics and automation in existing segments while driving growth through expansion into new customer segments.

The RA business supports its customers in responding to key global megatrends, including skilled labor shortages, digitalization, global uncertainty and the individualization of consumer needs. The market of the business, as a result, is expected to grow to \$110 billion in 2025 from \$75 billion in 2019, growing twice as fast as global GDP annual growth in the mid-to-long-term.

In the mid-term, ABB Robotics & Discrete Automation expects revenues to increase above an anticipated market growth of 6 percent per year. To achieve this, the business is focused on existing segments such as the automotive industry, including electric vehicle manufacture, new automation solutions, including machine-centric robotics and flexible manufacturing concepts, and new markets including logistics and healthcare. Roughly 60 percent of revenue is already generated outside the automotive sector.

The business reiterated its outlook to reach an operational EBITA margin corridor of 13 percent to 17 percent in the mid-term, supported by measures including factory productivity improvements, a more balanced mix and better project execution.

“With our strong position in key markets across three continents and innovation focus, we expect to deliver above-market growth. At the same time, our initiatives to improve profitability should enable us to operate within our target margin corridor over the medium term,” said Sami Atiya, President of ABB's Robotics & Discrete Automation Business. “To unlock new growth potential, we are continuously developing new applications for our innovative robotics and automation solutions. Our deep domain expertise is providing a strong basis for our entry into promising new markets and segments including logistics, retail and healthcare and we continue to expand our product portfolio to meet our customers' needs.”

ABB's RA business is the only global player offering joint robotics and automation solutions, from machine to plant level, for its customers in a “Factory of the Future” model. The Factory of the Future is

a completely automated and connected factory, characterized by productivity, flexibility, quality and simplicity. With integrated B&R automation and Robotics solutions – including its Machine Centric Robotics solution – customers benefit from the unprecedented opportunity of a one-stop shop.

To continue to meet customer needs, the RA business is investing approximately 5 percent p.a. in R&D to support the expansion of its portfolio, with a focus on collaborative robotics and its ease of use offering, machine-centric robotics, digital factory automation and Artificial Intelligence. The business also confirmed the completion date of its new state-of-the-art robotics factory in Shanghai, China during 2021 and expansion of its Machine Automation campus, including an expanded R&D Center, in Eggelsberg, Austria by late 2020.

While some customers, including those in the automotive industry, have already introduced fully embedded robotic solutions into their factories, others, including those in healthcare, retail and logistic companies, are only at the start. To expand into new growth sectors and to benefit from the scaling potential in new markets, ABB Robotics & Discrete Automation also leverages its partnership ecosystem, serving as an innovation multiplier.

A step towards robotics automation in the healthcare sector was announced in 2019 when ABB entered into a cooperation with the Texas Medical Center, where new robotics technologies are being developed in ABB's first global healthcare research hub. In addition, by offering a comprehensive range of logistics automation solutions, ABB helps its customers in the retail and e-fulfillment industry to meet challenges including accurate order picking, singling individual packages out of large volumes moving at great speed and efficiently handling complex pallet loads.

In 2019, the business was able to deliver resilient performance despite a challenging environment in some markets, such as automotive and machinery and an overall softening of global economic growth. ABB Robotics & Discrete Automation had revenues of \$3.3 billion and an operational EBITA margin of 11.9 percent last year.

With more than 400,000 installed robots, ABB is the second largest manufacturer of robots in the world, with number one positions in China and India. The business employs about 10,000 people doing business in over 50 countries.

ABB (ABBN: SIX Swiss Ex) is a technology leader that is driving the digital transformation of industries. With a history of innovation spanning more than 130 years, ABB has four, customer-focused, globally leading businesses: Electrification, Industrial Automation, Motion, and Robotics & Discrete Automation, supported by the ABB Ability™ digital platform. ABB's Power Grids business will be divested to Hitachi in 2020. ABB operates in more than 100 countries with about 144,000 employees. www.abb.com

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