

Overview of Hitachi ABB Power Grids

(the acquired company operating power grids business (As of July 1, 2020))

Name	<u>Hitachi ABB Power Grids AG</u> <u>("Hitachi ABB Power Grids Ltd" in English)</u> <u>(Name changed from "ABB Management Holding AG"</u> <u>on July 1, 2020)</u>	
Location	Swiss Confederation, Zurich	
Title and name of representative	<u>CEO Claudio Facchin</u>	
Description of business	Design, manufacturing and sale of power grid products and systems, software and service solutions	
Number of manufacturing sites	<u>(Consolidated) Approx. 100⁽⁵⁾</u>	
Number of sales sites	<u>(Consolidated) Approx. 200⁽⁵⁾</u>	
Number of employees	<u>(Consolidated) Approx. 36,000⁽⁵⁾</u>	
Capital	<u>US\$1.32 mn</u>	
Establishment date	<u>September 20, 2018 (Established as "ABB Management Holding AG")</u> <u>(Name changed to "Hitachi ABB Power Grids Ltd" and started operation on July 1, 2020)</u>	
Major shareholders and ratio of shareholding	<u>Hitachi: 80.1%, ABB: 19.9%</u> <u>(Before the completion of investment procedure,</u> <u>Hitachi: 0.0%, ABB: 100.0%)</u>	
Relationship between Hitachi and the company (before the completion of investment procedure)	Capital relationship	<u>None</u>
	Personnel relationship	<u>None</u>
	Transaction relationship	<u>None</u>

(5) Including companies that are planning to be carved out from ABB and transferred to Hitachi ABB Power Grids by the first half of 2021.

Directors

Chairman and Director	Toshikazu Nishino
Director	Atsushi Oda
Director	Ryuichi Otsuki
Director	Duncan Hawthorne
Director	Manuel Valverde
Director	Timo Ihamuotila
Vice chairman and Director	Frank Duggan

Financial conditions and business results for recent years of Hitachi ABB Power Grids (ABB's Power Grids business) ⁽⁶⁾ (US\$mn)

Fiscal year-end	Dec. 2017	<u>Dec. 2018⁽⁷⁾</u>	<u>Dec. 2019⁽⁷⁾</u>
Total assets	8,387	-	-
Total revenues	10,028	-	-
Income from operations	875	-	-
Operational EBITA	1,027	-	-

(6) These numbers are provided by ABB and might be different depending on actual carve-out business areas.

(7) ABB's Power Grids business has been classified as part of discontinued operations since the year ended December 31, 2018, and results of this business alone are not disclosed.

ABB has disclosed its results of discontinued operations including Power Grids business as below. (US\$mn)

Fiscal year-end Dec. 2018 Total revenues: 9,698, Income from operations: 994

Fiscal year-end Dec. 2019 Total revenues: 9,037, Income from operations: 660

Overview of ABB Ltd (As of December 31, 2019)

Name	ABB Ltd	
Head Office	Swiss Confederation, Zurich	
Title and name of representative	<u>CEO Björn Rosengren (as of March 1, 2020)</u>	
Description of business areas	<u>Electrification, Industrial Automation, Motion, Robotics & Discrete Automation</u>	
Establishment date	January 5, 1988 (founded: 1883)	
Capital	US\$188 mn	
Total equity	<u>US\$14.0 bn</u>	
Total assets	<u>US\$46.1 bn</u>	
Major shareholders and ratio of shareholding	<u>Investor AB: 11.8%, Cevian Capital: 5.3%, BlackRock: 3.4% Artisan Partners 3.0%</u>	
Relationship between Hitachi and ABB Ltd	Capital relationship	None
	Personnel relationship	None
	Transaction relationship	Hitachi has a software purchasing agreement with ABB.
	Status as related party	None

Schedule

Signing of the agreement	December 17, 2018
Closing date of stock purchase	<u>July 1, 2020</u>

Shares acquired, shares owned before and after acquisition and acquisition price

Shares owned before the acquisition	0 share						
Shares acquired	<u>1,001,250 share (80.1%)</u>						
Acquisition price ⁽⁸⁾	<table border="0"> <tr> <td>Share purchase price:</td> <td>Approx. JPY 740.0 billion</td> </tr> <tr> <td>Advisory fee etc.:</td> <td>Approx. JPY 10.0 billion</td> </tr> <tr> <td>Total:</td> <td>Approx. JPY 750.0 billion</td> </tr> </table>	Share purchase price:	Approx. JPY 740.0 billion	Advisory fee etc.:	Approx. JPY 10.0 billion	Total:	Approx. JPY 750.0 billion
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Advisory fee etc.:	Approx. JPY 10.0 billion						
Total:	Approx. JPY 750.0 billion						
Shares owned after the acquisition	<u>1,001,250 share (80.1%)</u>						

(8) The purchase price will be finalized through price adjustments with ABB after the closing. Advisory fee etc. price is currently estimated.

Outlook

The impact of this acquisition on the consolidated results for the fiscal year ending March 31, 2021 will be announced as soon as it is determined.

(Reference) Consolidated financial forecasts for the year ending March 31, 2021 (announced on May. 29, 2020) and consolidated financial results for the previous fiscal year (JPYmn)

	Revenues	Adjusted operating income ⁽⁹⁾	Income from continuing operations, before income taxes	Net income	Net income attributable to Hitachi, Ltd. stockholders
Forecasts for Fiscal 2020 (Year ending March 31, 2021)	7,080,000	372,000	600,000	351,000	335,000
Consolidated Operating Results for Fiscal 2019 (Year ended March 31, 2020)	8,767,263	661,883	180,268	127,246	87,596

(9) Adjusted operating income is presented as revenues less cost of sales as well as selling, general and administrative expenses.