



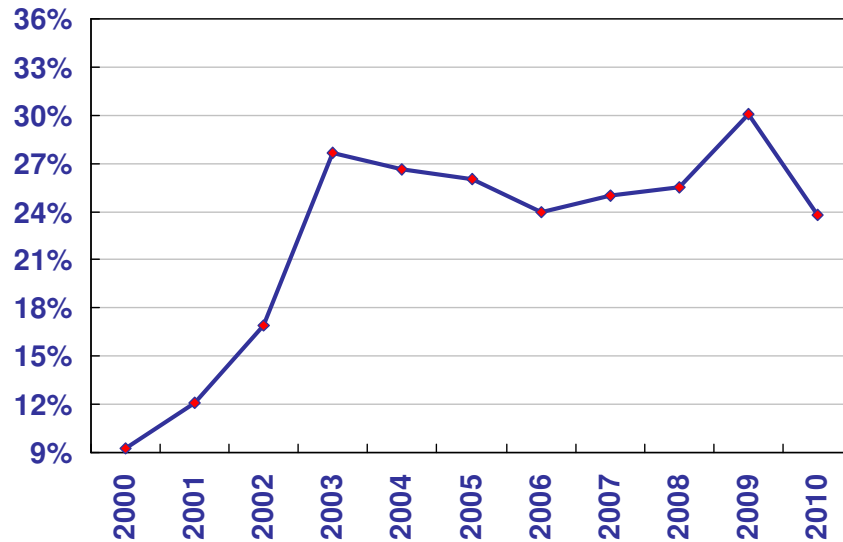
Claudio Facchin, President, ABB North Asia and China, March 2011

ABB and its presence in China

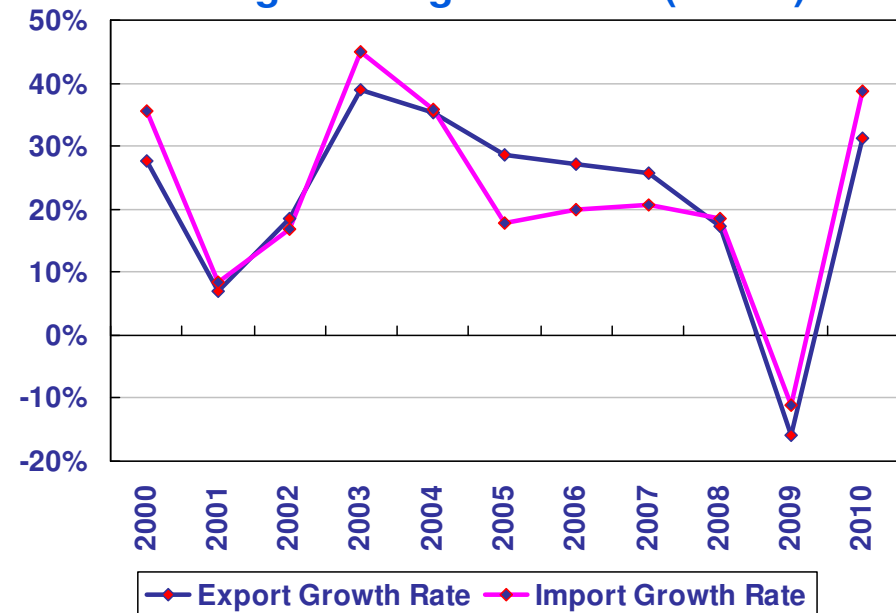
Investors meeting

China economy overview

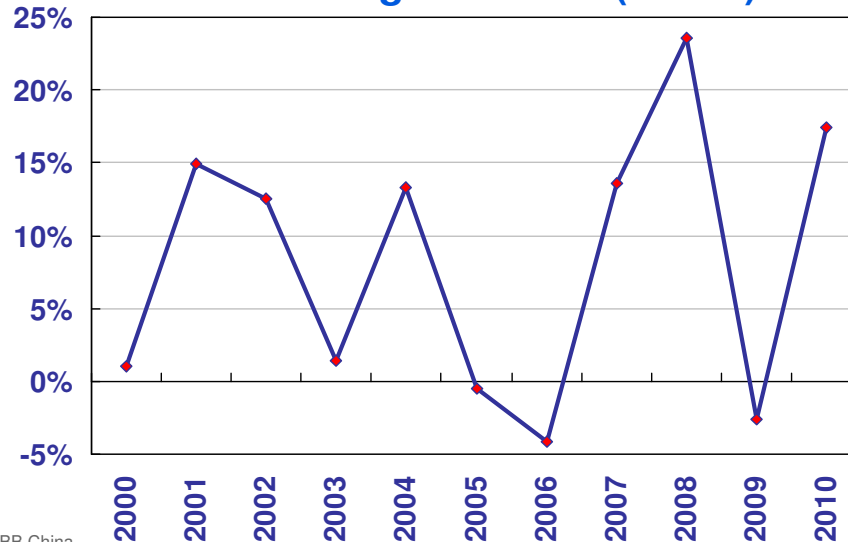
FAI growth rate (%YoY)



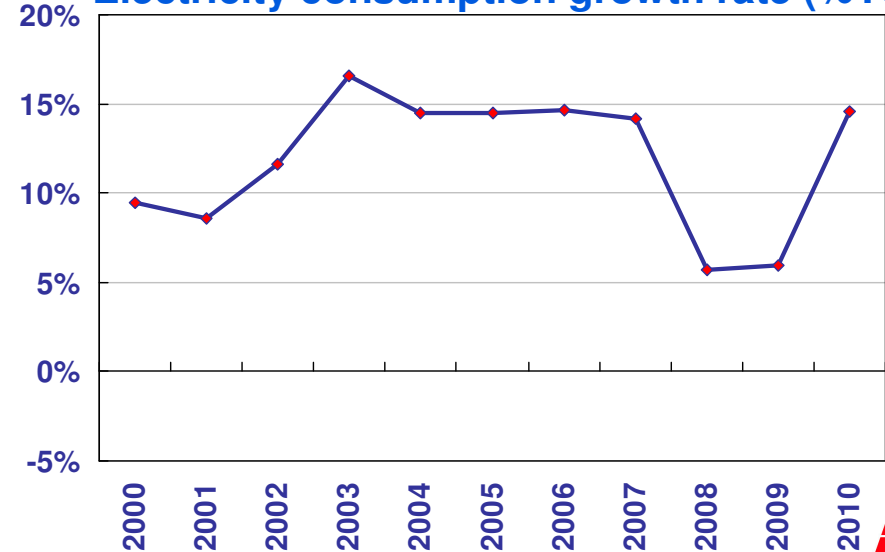
Foreign trade growth rate (%YoY)



Utilized FDI growth rate (%YoY)

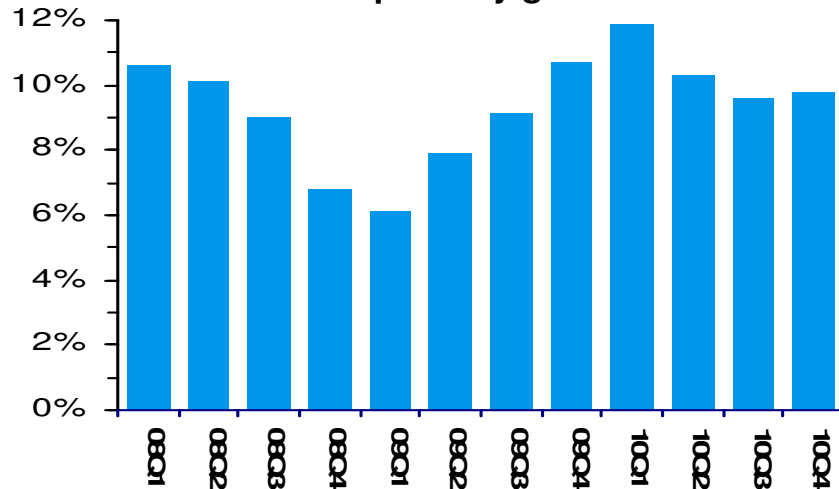


Electricity consumption growth rate (%YoY)



China growth

2008 – 2010 quarterly growth rate

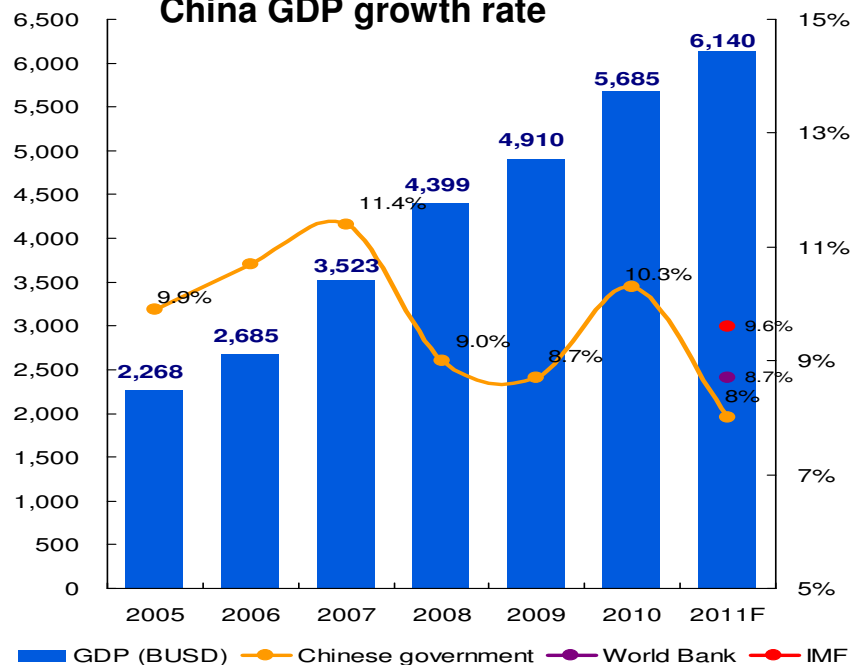


China's economy remains strong, but overcapacity in some areas will lead to consolidation and price pressure

Trends in the mid term (USCBC, Jun 2010)

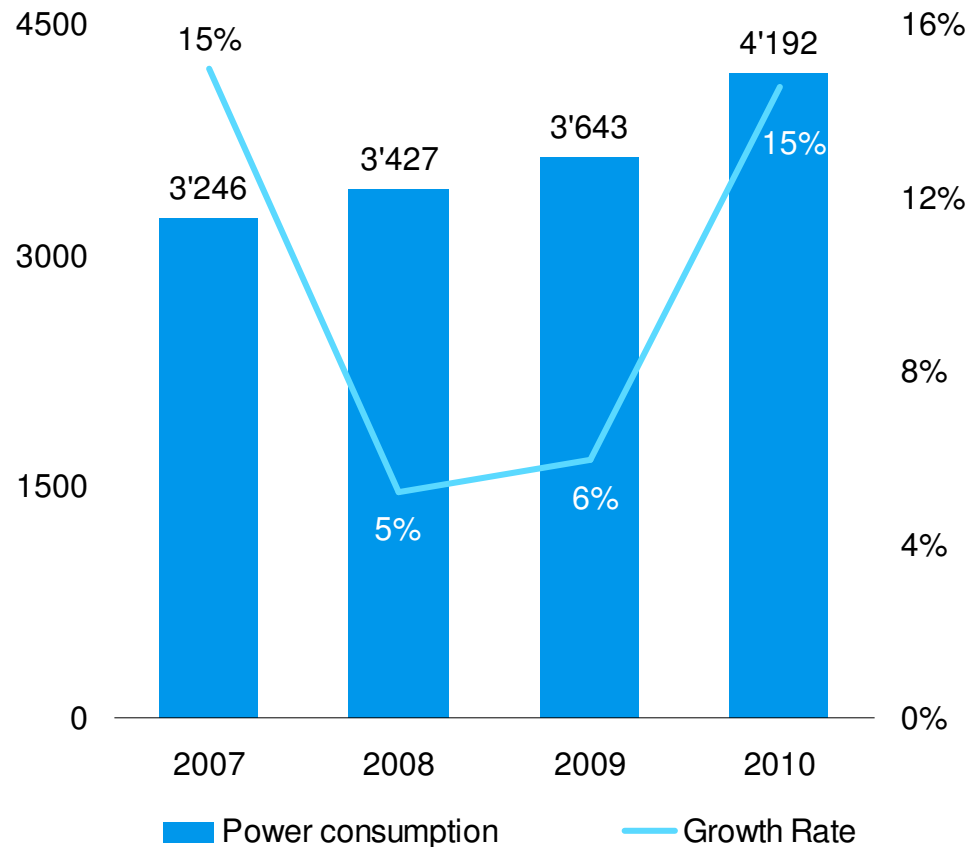
- Industrial structure transformation will continue, with focus on promoting innovation (e.g., R&D centers)
- Acceleration of regional development, e.g. “go west” strategy, and revised local policies to attract investments
- Transition from High to Low Carbon Economy, improve energy efficiency and innovation (e.g., Smart grid)
- Enriching livelihoods, e.g. change from “enrich China” to enrich “Chinese people”

China GDP growth rate



Power consumption in China

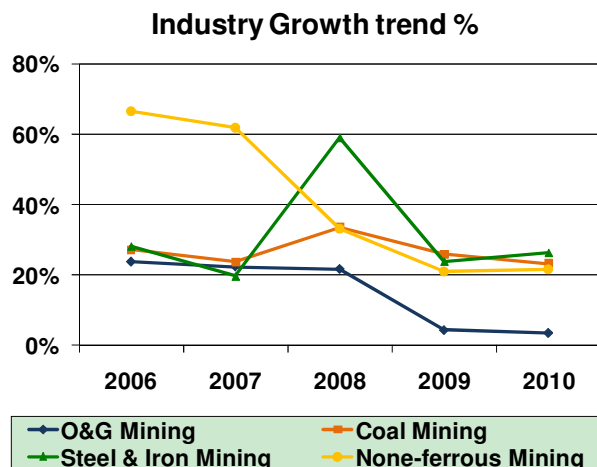
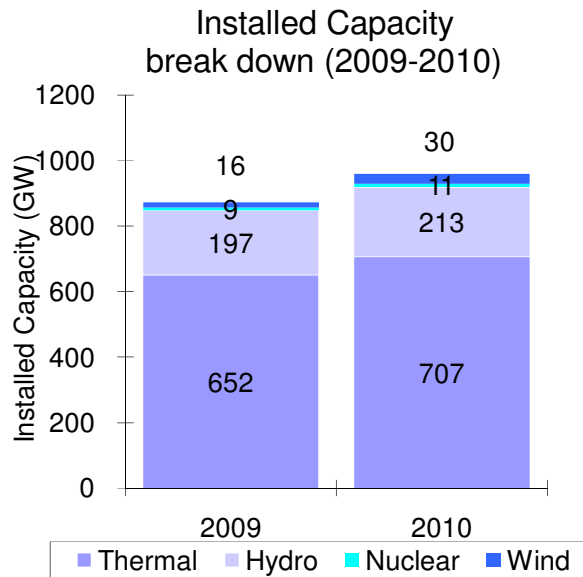
Growing fast with stimulus investment and economic growth



- Overall power consumption grew 15% in 2010
- With implementation of energy saving and emission reduction target, 2011 growth may decrease
- 2010 installed capacity was 962 GW, up 10.1% vs 2009

Source: The actual 2010 power consumption was from CEC.

Market classification – promising sectors



- **Nuclear:** 10 GW now vs 86 GW planned by 2020 - 8 to 10 GW projects bidding each year by 2015
- **Wind:** New capacity expected at ca. 10 GW/yr, 130-150 GW expected by 2020, incl. off-shore; grid connection is the bottleneck and requires investments
- **Solar:** Strongly policy support; average annual growth of installed capacity expected >30% over next 10 years
- **Railway:** Still flourishing, ca. 6,000 km high-speed lines start in 2010
- **Metro:** An investment hotspot during 12th 5-year plan
Total operating lines to double from 2009-2015
- **Water processing:** Strongly supported by urbanization and environmental protection; average market growth ca. 20% in the next 3 years
- **Mining:** “Slowdown” to 20% CAGR from 2010-2013

100 years' journey in China

- 1907 Provided 1st steam boiler to China
- 1974 1st office for China established in Hong Kong
- 1979 Permanent office established in Beijing
- 1992 First manufacturing JVs established in XM/HF
- 1995 Holding company – ABB China set up
- 2003 Ranked among “top 10 employers”
- 2005 Set up research center in BJ & SH
- 2006 Moved Robotics HQ to China
Beijing becomes HQs of North Asia
- 2007 Set up 4 global lead centers
#1 in ABB (revenues/orders/people)
- 2008 Consolidated #1 in ABB
- 2009 In China for China
- 2010 In China for China and the world
China as a hub for purchase and export



λ Location of local companies
λ Location of sales/service branches

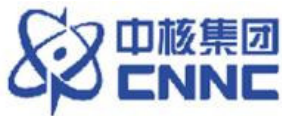
• Note: Business in Taiwan is not included here.

Competence for all customers in China



- Capability to provide full product portfolio
- #1 or #2 in most technology and product domains
- Most extensive sales and service network across the country
- 80% of our sales derived from locally manufactured products
- ABB's local companies help set industry standards
- ABB's competitive edge in energy efficiency, productivity and grid reliability meets the needs of the market

Top ABB customers in China



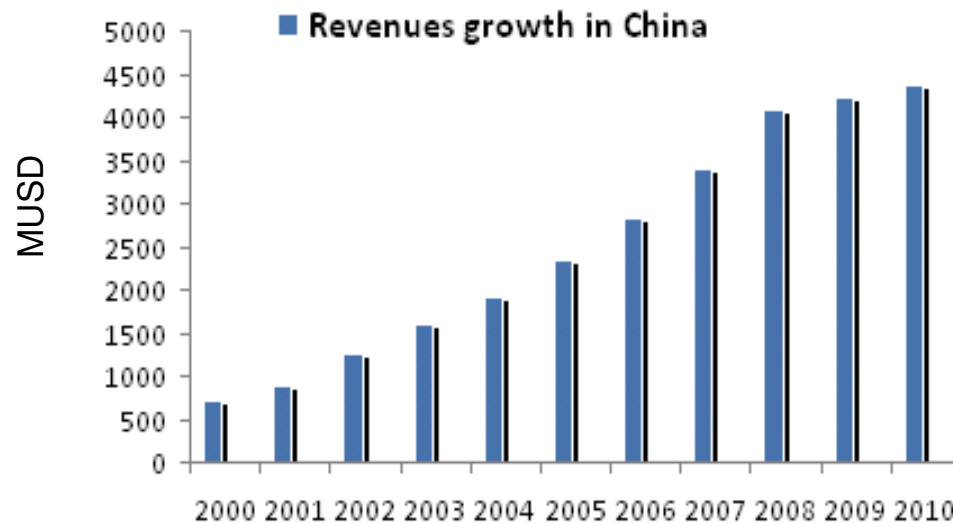
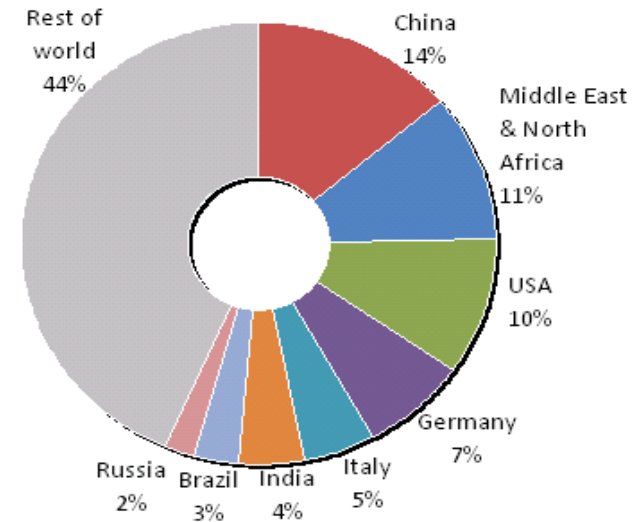
- **State Grid:** Owns 70% grids across 24 provinces; revenue \$184 bn
- **China Southern Grid:** owns 30% power network in the South. Revenue \$45 bn
- **Ministry of Railway:** Railway construction & operation; plans to build 160,000 km rail lines (60% electrified) by 2020 – available market \$3 bn
- **Sinopec:** Largest oil, gas & chemical company in China; revenue ca. \$165 bn
- **China Guangdong Nuclear Co:** Nuclear power company; total assets \$19 bn
- **China National Nuclear Co:** Nuclear power
- **China Petro:** Revenue \$189 bn (#1 oil company in market value \$329 bn)
- **CNOOC:** Oil company; revenue \$30 bn
- **Shanghai Zhenhua Heavy Industry:** Largest heavy-duty equipment manufacturer in the world; revenue \$4 bn
- **Shenhua Group:** Revenue \$23 bn
- **Bao Steel Group:** Revenue \$28 bn

All revenues for 2009

Strong growth in 2010

- 30 local companies (incl. 21 JVs)
- 16,300 people in 80 locations
- Revenues \$4.4B (+3%)
- Local purchase >\$3.6B (+37%)
- Total accumulated investment > \$1.3B (increasing at rate of 10%)
- *Total export +50%
- 10 ABB companies among the top 100 electrical companies in China

Share of ABB revenues



A strong customer base

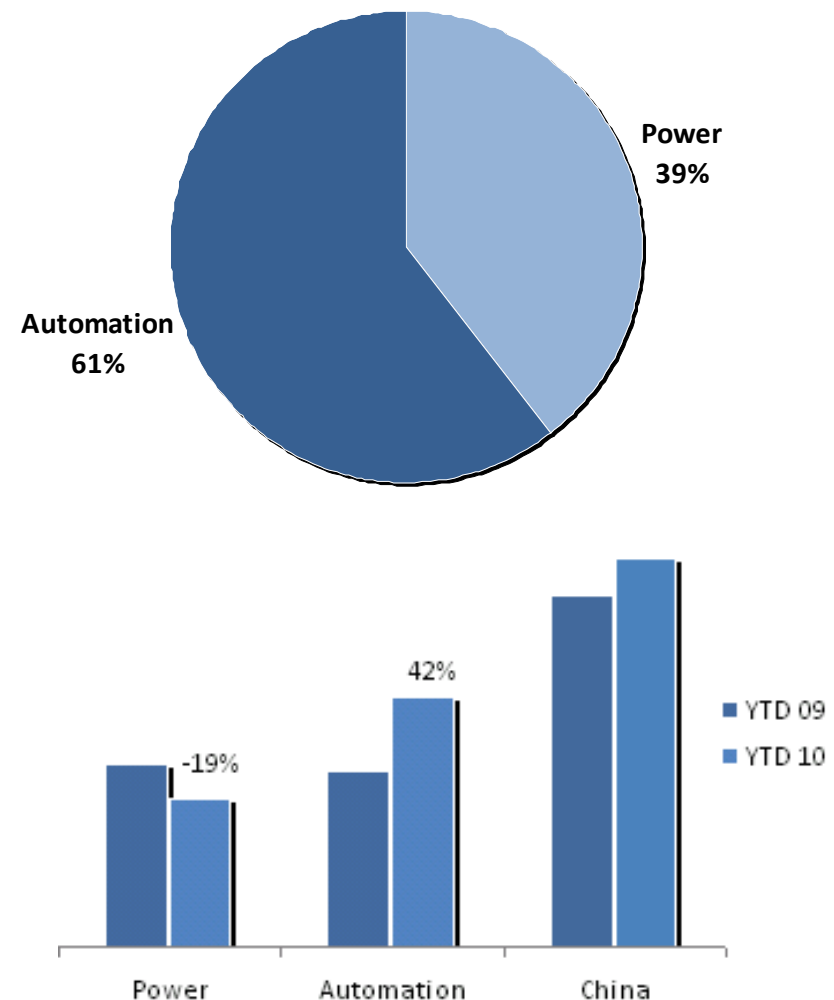


China remains attractive for our business in 2010

2010 summary

- Market picks up for automation, recovers slowly for power
- Growth drivers remain favorable – energy efficiency, industrial productivity, renewable energy
- Fast and significant cost savings achieved
- Local content rules have an impact, but overall demand continues to grow
- Automation growth offset lower utilities

2010 Orders by businesses in China



Achieve vertical and service business growth in 2010

ABB growth in China in 2010

ABB's capabilities

Wind



- +39%

- Converging around automation & power to generate electricity, link to grids, and adapt to new grid requirements

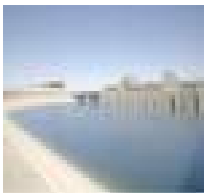
Rail



- Flat due to strong order in 2009
- Market remains strong

- Converging around automation & power for efficient locomotives and reliable power for rail infrastructure and systems

Water



- + 26%

- Converging around automation & power for efficient and reliable water management systems

Service



- +24%

- Converging around automation & power to ensure reliable and efficient operation, and maximize the life span investment in products and solutions

Market
converging
across ABB's
portfolio

Key orders 2010



- \$39 mill for mine hoist systems to Hulusu & Menkeqing Coal Mines of China National Coal Development Co.
- \$26M for flexible conveying systems (robotics) to Changan Ford Mazda Automobile Co. Ltd.
- \$26 mill traction transformers with Datong Electric Locomotive Co. of CNR for HXD2C high-power electric locomotive project
- \$17 mill to supply switchgears to Beijing-Shanghai high-speed railway – longest and fastest high-speed line in China
- \$17 mill for generator circuit breakers to Xiluodu and Xiangjiaba hydropower stations (2nd and 3rd largest)
- \$16 mill for electrification (transformer, switchgear, mid & low voltage motors) to Jindong Paper
- \$12 mill for switchgears for 1st phase project of Sanmen and Haiyang nuclear power stations
- \$15 mill switchgear for Saudi Electricity
- Contract with China Southern Grid to provide power systems to its Qingyuan Pumped Storage Station

Mid-segment strategy

Penetrate the mid-market in addition to high end

- Enter the faster growing mid-market dominated by local competitors
- Compete with ABB's cutting-edge technology, comprehensive solution, and extensive sales, marketing and service network
- ABB's strong footprint ensures localization, key to mid-segment strategy
- ABB's successful start with Winmation



- Set up in Aug 2009. 100% owned by ABB
- Focus on mid-segment market
- Compete with local suppliers.
- Low cost and lean organization
- Target at >50% growth in 2011

Support UHV technology development in China

Grow power with lower emissions



Xiangjiaba – Shanghai

- World's longest and highest-capacity power link
- Ultrahigh-voltage DC technology
- 6,400 MW of hydropower
- Clean energy for 31 million people



West to East power transmission link

- Ningxia Yellow River 750kV substations
- Xinjiang 750kV substations in Hami
- Provide power transformer from ABB Chongqing Transformer

The service market is maturing



CSPC LCM – HZ, Guangdong

- Asset lifecycle management with services bundling and operation warranty
- Complex installed base: Hundreds of MV switchgears, drives, motors, transformers, instruments, etc.
- Reliability & performance optimization
- Best Service Award

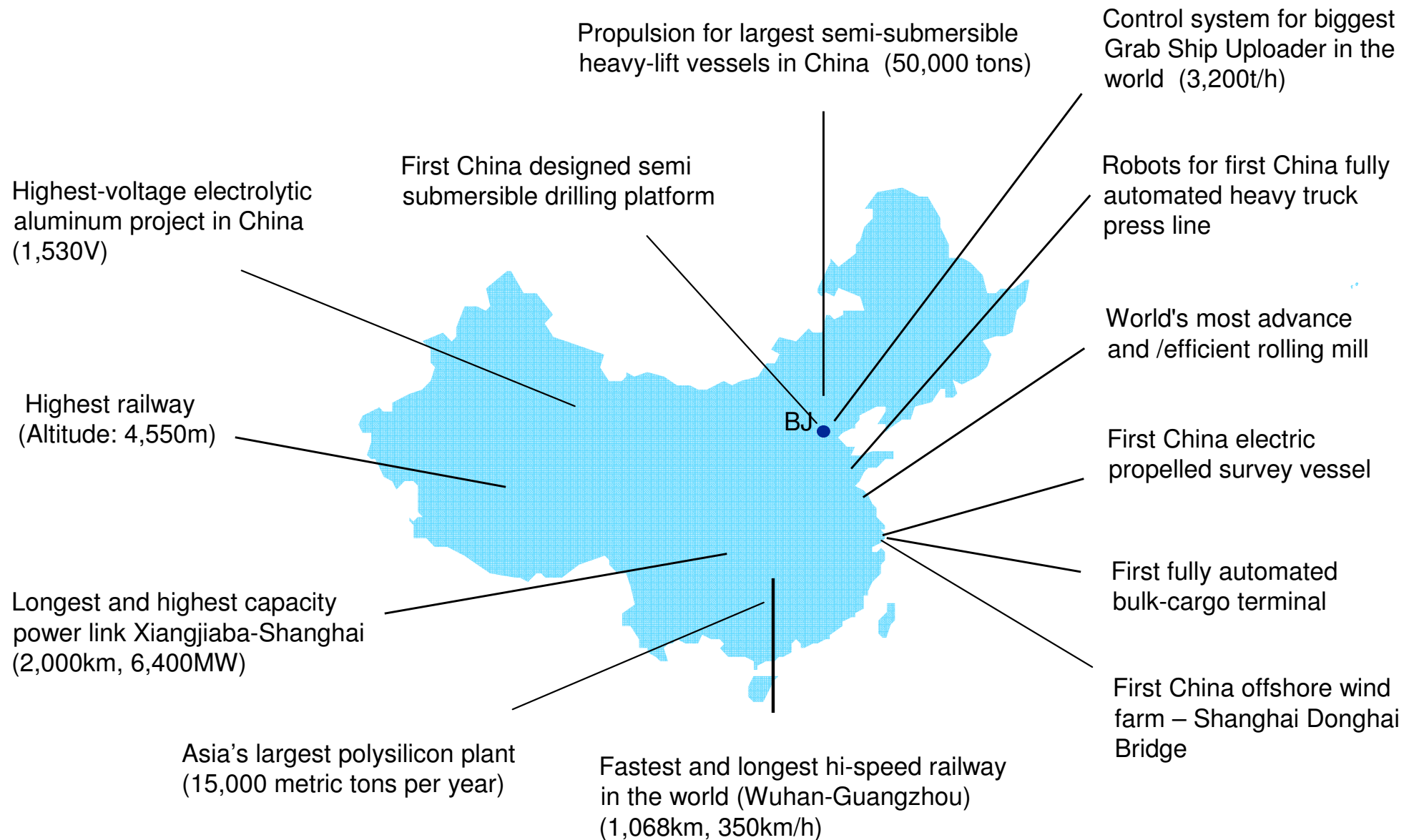


Full Service – RZ, Shandong

- Performance-based service pilot project
- Purpose: Set up professional maintenance system and build up maintenance culture
- ABB offering: Service model, systems, tools, processes, site maintenance management
- Result: Sustainable mechanism, productivity improvement and cost control

ABB contributes to milestone projects in China

Pushing the boundaries of technology



R&D activities in China

Over 1,500 engineers in 20 locations



Engineering and Design

Product / system customization and localization, technical support and system engineering

Grow with business needs, local focus



Research and Development

New technologies, innovations, participation in global projects, turn local challenge into global opportunity

Strong growth, with local and global dimension

Key investment projects in 2010



- Set up Guangzhou ABB Microunion Traction Equipment Co
- Set up instrument transformer Company in Sihui
- Set up QCS and Web Imaging Systems factory for Pulp and Paper business in Shanghai
- Set up ABB UHV Test Center in Chongqing
- Set up LV apparatus laboratory in Guangdong
- Set up Robotic Paint Lab in Shanghai
- ABB Beijing Drive company expansion
- Set up mine hoist manufacturing facilities in SH
- New production lines for instrumentation in Anhui

Beijing - ABB's largest business hub in China

4,500 people supporting ABB's activities



- ABB (China) Ltd. (the parent company)
- ABB Bailey Beijing Engineering Co. Ltd.
- ABB Low Voltage Installation Materials
- ABB Beijing Drive Systems Co. Ltd.
- ABB High Voltage Switchgear Co. Ltd.

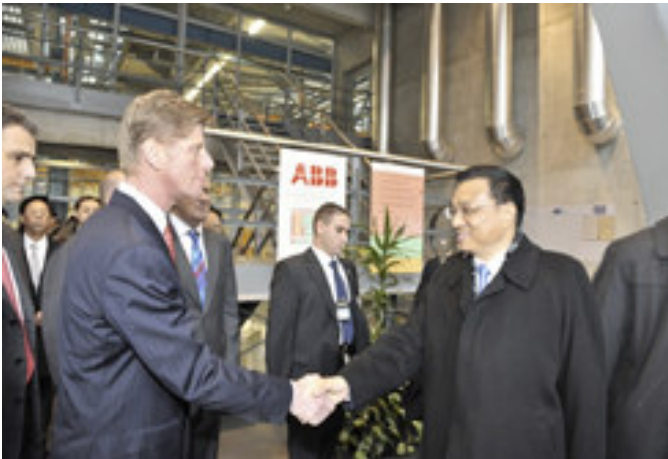
- ABB North Asia regional headquarters
- Global research center
- Global wind power headquarters
- Global Center of Excellence for Minerals
- ABB university

Keep strong footprint for localization in 2011

>2,000 new employees to be added

- Further robotics localization in Shanghai
- New mineral and marine propulsion plant in Lingang, Shanghai
- Upgrade motor and generator facility in Minhang, Shanghai
- Localized and new product lines in low- and high-voltage JVs in Beijing
- Enhance PLC and wind drives, Beijing
- New medium-voltage switchgear assembly line in Xiamen
- New testing lab for LV and door entry system, Xiamen
- New LV circuit breaker production line in Xinhui, Guangdong
- Small power transformers in Zhongshan, Guangdong
- New factory for MV apparatus and OEM motor in Sihui and GZ
- Transformer/turbocharger further localization & testing lab, CQ
- Expand R&D facilities in China

2011 outlook



- Market remains mixed, but will continue to be strong
- Energy efficiency, grid reliability and industrial productivity continue to drive China market
- ABB is a strong local player with the right technology, portfolio and people
- The benefits of China as an export and sourcing base are still to come
- Competition will keep increasing and pose challenges to our traditional position – but we are ready to meet the challenge
- The search for talent will continue but ABB has a good reputation and can offer great development opportunities

Power and productivity
for a better world™

