



Hitachi abb power grid

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ABB today reached a significant milestone in the company's transformation towards a decentralized global technology company, with the completion of the divestment of 80.1percent of its Power Grids business to Hitachi, as planned.

The divestment allows ABB to focus on key market trends and customer needs such as the electrification of transport and industry, automated manufacturing, digital solutions and increased sustainable productivity.

Consistent with ABB's capital structure optimization program, ABB plans to return to shareholders net cash proceeds of \$7.6-7.8billion from the sale of Power Grids. ABB initially intends to launch a share buyback program of 10percent of the company's issued share capital shortly after the release of its second quarter 2020 financial results. This represents about 180million shares, when excluding treasury shares.

The share buyback program will be executed on a second trading line on the SIX Swiss Exchange and is planned to run until the company's Annual General Meeting (AGM) on March 25, 2021. At the AGM, ABB intends to request shareholder approval to cancel the shares purchased through this program and to announce further details on its ongoing capital structure optimization program. ABB aims to maintain its "single A" credit rating.

"With the divestment, ABB is well positioned for the future with a strong focus on industrial customers. Leveraging our technology leadership and passion for innovation, we will now focus on creating superior value for our customers, employees and shareholders. We will do this by evolving our decentralized business model, strengthening our performance management culture and driving active portfolio management," said Bjørn Rosengren, ABB CEO.

The transaction terms with Hitachi remain as announced on December 17, 2018, with an enterprise value of \$11billion for 100percent of the business. ABB has a pre-defined option to exit the retained 19.9percent shareholding three years after closing.

ABB (ABBN: SIX Swiss Ex) is a leading global technology company that energizes the transformation of society and industry to achieve a more productive, sustainable future. By connecting software to its electrification, robotics, automation and motion portfolio, ABB pushes the boundaries of technology to drive performance to new levels. With a history of excellence stretching back more than 130 years, ABB's success is driven by about 110,000 talented employees in over 100 countries.

In accordance with the agreement signed on December 17, 2018¹, Hitachi Ltd. and ABB Ltd today announced the completion of all required procedures as planned, and the formation of Hitachi ABB Power Grids Ltd. Hitachi has an 80.1 percent stake in this new joint venture entity (which has business volume of approximately



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10 billion USD2) and ABB holds the balance.

Toshikazu Nishino, Executive Vice President of Hitachi, is the Chairman of the new entity and Claudio Facchin the CEO. The new entity is headquartered in Zurich, Switzerland, and the current management team will ensure business continuity.

"Hitachi"s leading digital technologies merged with world-class power grid solutions will help us to play an active role in the global transformation and decarbonization of energy systems for a sustainable energy future. Intelligent solutions for a more dynamic grid will also contribute to the UN"s Sustainable Development Goal 7 of "affordable, reliable and clean energy"," said Toshikazu Nishino.

The joint venture brings together two highly respected companies to create a new global power leader. The alliance with Hitachi will facilitate expansion opportunities for the new entity in areas such as mobility, smart cities, industry, energy storage and data centers, besides providing financial muscle to support ambitious projects and enabling access to Japan, the third largest economy in the world.

"Synergies and access to new and growing markets provided by Hitachi will help take Power Grids to the next stage of its development, further strengthening its leading position," said Timo Ihamuotila, CFO of ABB and Director of the Board of Hitachi ABB Power Grids. "Hitachi brings long-term commitment to the new entity and strengthens the existing business partnership between our companies," he added.

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