



ZURICH, SWITZERLAND, APRIL 4, 2017

ABB to acquire B&R

Shaping leadership in industrial automation

- Acquisition of B&R (Bernecker + Rainer Industrie-Elektronik GmbH) will close ABB's historic gap in machine and factory automation
- Creating a uniquely comprehensive automation portfolio for customers globally
- B&R is a proven innovation leader in Programmable Logic Controllers (PLC), Industrial PCs (IPC) and servo motion-based machine and factory automation
- B&R delivered a revenue CAGR of 11% over last two decades and annual sales of >\$600 million¹ in the highly attractive \$20 billion machine and factory automation market segment
- B&R's software and Internet of Things (IoT) solutions further strengthen ABB's digital offering, ABB Ability™
- Clear commitment to B&R's growth strategy, mid-term sales ambition of >\$1 billion
- Continuity of B&R's management, founders support integration phase as advisors
- B&R's headquarters in Eggelsberg, Austria, to become ABB's global center for machine and factory automation
- Transaction funded in cash, operational EPS accretive in year one, closing expected in summer 2017
- Purchase price not disclosed, multiple in line with peer valuations

ABB today announced the acquisition of B&R, the largest independent provider focused on product- and software-based, open-architecture solutions for machine and factory automation worldwide. B&R, founded in 1979 by Erwin Bernecker and Josef Rainer is headquartered in Eggelsberg, Austria, employs more than 3,000 people, including about 1,000 R&D and application engineers. It operates across 70 countries, generating sales of more than \$600 million (2015/16) in the \$20 billion machine and factory automation market segment. The combination will result in an unmatched, comprehensive offering for customers of industrial automation, by pairing B&R's innovative products, software and solutions for modern machine and factory automation with ABB's world-leading offering in robotics, process automation, digitalization and electrification.

Through the acquisition, ABB expands its leadership in industrial automation and will be uniquely positioned to seize growth opportunities resulting from the Fourth Industrial Revolution. In addition, ABB takes a major step in expanding its digital offering by combining its industry-leading portfolio of digital solutions, ABB Ability, with B&R's strong application and software platforms, its large installed base, customer access and tailored automation solutions.

"B&R is a gem in the world of machine and factory automation and this combination is a once-in-a-lifetime opportunity. This transaction marks a true milestone for ABB, as B&R will close the historic gap within ABB's automation offering. This is a perfect fit and will make us the only industrial automation provider offering customers the entire spectrum of technology and software solutions around measurement, control, actuation, robotics, digitalization and electrification," said ABB CEO Ulrich Spiesshofer. "This acquisition perfectly delivers on our Next Level strategy. With our unique digital offering and our installed base of more than 70 million connected devices, 70,000 control systems and now more than 3 million automated machines and 27,000 factory installations around the world, we enable our combined global customer base to seize the huge opportunities of the Fourth Industrial Revolution."

"This combination offers fantastic opportunities for B&R, its customers and employees. We are convinced that ABB offers the best platform for the next chapter of our growth story. ABB's global presence, digital offering and complementary portfolio will be key for us to further accelerate our pace of innovation and growth," said Josef Rainer, co-founder of B&R.

¹ 2015/16



"This is a strong signal for our employees as our operations in Eggelsberg will become ABB's global center for machine and factory automation," said Erwin Bernecker, co-founder of B&R. "The most important thing to me is that the companies and their people fit so well together and that our founding location will play such a key role."

Complementary strengths

With the acquisition, ABB will expand its industrial automation offering by integrating B&R's innovative products in PLC, Industrial PCs and servo motion as well as its software and solution suite. ABB will offer its customers a uniquely comprehensive, open-architecture automation portfolio.

B&R has grown successfully with a revenue CAGR of 11 % over the last two decades. Revenues more than quintupled since 2000 to more than \$600 million (2015/16). The company has a rapidly growing global customer base of more than 4,000 machine manufacturers, a proven track record in automation software and solutions and unrivaled application expertise for customers in the machine and factory automation market segment.

Both companies have complementary portfolios. ABB is a leading provider of solutions serving customers in utilities, industry and transport & infrastructure. B&R is a leading solution provider in the automation of machines and factories for industries such as plastics, packaging, food and beverage. The joint commitment to open architecture increases customer choice and flexibility facilitating connectivity in increasingly digitalized industries.

Substantial investments in innovation

Innovation is at the heart of both companies. B&R invests more than 10 percent of its sales in R&D and employs more than 1,000 people in R&D and application engineering. ABB spends \$1.5 billion annually on R&D and employs some 30,000 technologists and engineering specialists. Going forward, ABB and B&R will continue to invest considerably in R&D.

Automation of machines and factories is a key driver of the Fourth Industrial Revolution and the IoT. ABB will continue B&R's strong solution-based business model and build on its deep domain expertise to develop new software-based services and solutions for end-to-end digitalization. ABB's industry-leading digital offering, ABB Ability, will now capitalize on the large installed base, application and solution know-how, simulation software expertise and advanced engineering tools of B&R.

Proven integration approach

On closing of the transaction, B&R will become part of ABB's Industrial Automation division as a new global business unit – Machine & Factory Automation – headed by the current Managing Director, Hans Wimmer. Both companies consider B&R's management and employees as a key driver of future growth and the business integration together with their counterparts from ABB. The co-founders of B&R, Erwin Bernecker and Josef Rainer, will act as advisors during the integration phase to ensure continuity.

The integration will be growth-focused and live by the "best-of-both-worlds" principle, with ABB adding its own PLC and servo drive activities to the offering of the new business unit in a phased approach. ABB underlines its clear commitment to continuing the B&R growth story by articulating a mid-term sales ambition to exceed \$1 billion.

ABB is committed to further investing in the expansion of B&R's operations and to building on the company's successful business model and brand. B&R's headquarters in Eggelsberg will become ABB's global center for machine and factory automation.

Austria benefits as technology and business hub

With this acquisition, ABB becomes the largest industrial automation player in Austria. ABB has operated in Austria for more than 100 years. With the strong future role, B&R and its headquarters in Austria will play as part of ABB, Austria, particularly Upper Austria, will benefit. The planned expansion of the R&D and production activities in Eggelsberg and Gilgenberg will strengthen Austria's high-tech industrial landscape.



Transaction financials

The transaction multiple is in line with peer valuations. The parties agreed not to disclose the purchase price. ABB will finance the acquisition in cash. The transaction is expected to be operationally EPS accretive in the first year, and is expected to add significant synergies of about 8% of B&R's stand-alone revenue in year four. The transaction is expected to close in summer 2017, subject to customary regulatory clearances.

More information

B&R and ABB will host a media webcast today starting at 10:30 a.m. Central European Time (CET). The event will be accessible by webcast on www.abb.com/ia4es. The presentation slides for the digital conference will be available on www.abb.com/ia4wa.

The conference call numbers are included below:

Germany:	+49 (0)69 505 0 0082
Austria:	+43 (0)1 25 302 1402
USA – L.A.:	+1 (1)213 799 1725
USA – N.Y.:	+1 (1)631 570 5613
UK:	+44 (0)20 3059 5862
China:	+86 400 120 2319

A conference call for analysts and investors is scheduled to begin today at 1:00 p.m. CET (12:00 p.m. BST, 7:00 a.m. EDT). Callers from the UK should dial +44 (0)203 059 58 62. From Sweden, the number to dial is +46 (0)85 051 00 31 and from the rest of Europe +41 (0)58 310 50 00. Callers from the US and Canada should dial +1 (1)631 570 5613 (east coast) or +1 (1)213 799 1725 (west coast). Callers are requested to phone in 10 minutes before the start of the call. The call will also be accessible on the ABB website and a recorded session will be available as a podcast one hour after the end of the conference call and can be downloaded from our website www.abb.com. The presentation slides for the digital conference will be available on www.abb.com/ia4wa.

B&R is an innovative automation company with headquarters in Austria and offices all around the world. As a global leader in Industrial Automation, B&R combines state-of-the-art technology with advanced engineering to provide customers in virtually every industry with complete solutions for machine and factory automation, motion control, HMI and integrated safety technology. With industrial fieldbus communication standards like POWERLINK and openSAFETY as well as the powerful Automation Studio Software development environment, B&R is constantly redefining the future of automation engineering. The innovative spirit that keeps B&R at the forefront of industrial automation is driven by a commitment to simplifying processes and exceeding customer expectations.

ABB (ABBN: SIX Swiss Ex) is a pioneering technology leader in electrification products, robotics and motion, industrial automation and power grids, serving customers in utilities, industry and transport & infrastructure globally. Continuing more than a 125-year history of innovation, ABB today is writing the future of industrial digitalization and driving the Energy and Fourth Industrial Revolutions. ABB operates in more than 100 countries with about 132,000 employees. www.abb.com

Important notice about forward-looking information

This press release contains "forward-looking statements" relating to the acquisition of B&R by ABB. Such forward-looking statements can be identified by words such as plans, intends, expects and other similar terms. Such forward-looking statements are based on current expectations and involve inherent risks and uncertainties, including factors that could delay, divert or change any of them, and could cause actual outcomes and results to differ materially from current expectations. No forward-looking statement can be guaranteed. Among other risks, there can be no guarantee that the acquisition will be completed, or if it is completed, that it will close within the anticipated time period or that the expected benefits of the acquisition will be realized. Forward-looking statements in the press release should be evaluated together with the many uncertainties that affect ABB's business, particularly those identified in the cautionary factors discussion in ABB's Annual Report on Form 20-F for the year ended December 31, 2016. ABB undertakes no obligation to publicly update any forward-looking statement, whether as a result of new information, future events, or otherwise.



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