

ABB chairman outlines China strategy

Says company to add 5,000 employees in China in next three years

Zurich, Switzerland, October 25, 2004 – “ABB in China plans to hire 5,000 new employees and double its orders and revenues to \$4 billion by 2008,” ABB chairman and CEO Jürgen Dormann said at a press conference in Beijing today.

“China is currently ABB’s third largest market,” said Dormann, speaking during a visit by ABB’s Board of Directors to the power and automation technologies leader’s China operations. “Of our \$18 billion in sales worldwide, around \$2 billion will come from China in 2004. Of our 105,000 employees, 7,000 already live and work here.

“Our target is for ABB in China to grow to around \$4 billion in sales by 2008, overtaking Germany as ABB’s second largest market. To do that, we plan to hire at least an additional 5,000 people here in China – bringing our total to around 12,000 employees in China by 2008.”

For ABB, China ranks behind the United States and Germany in terms of sales. Dormann said he believes China will be the company’s number one market in five years. “The ABB Group has a clear, well-defined five-point strategy to help us meet our ambitious targets here,” he added.

1. Organic growth. ABB has historically achieved double-digit growth rates in China, and expects to grow 20 percent per year until at least 2008.
2. New investments. ABB has invested more than \$600 million in China and plans to invest at least \$100 million starting new product lines and factories in China in the run-up to 2008. Dormann cited a new relay business in Xiamen as an example.
3. Cost migration. ABB has a special team buying materials locally and using them to build complete product lines, rather than importing certain components from Europe as it has often done in the past. Coupled with using China as a base for global sourcing, there is an obvious cost advantage.
4. New research and development center in Beijing. Will drive local innovation levels higher and allow ABB to better meet Chinese customer needs.
5. Developing local talent. An important part in ABB’s five-point plan, it involves hiring an additional 5,000 employees – highly talented and well educated – in the run-up to 2008.



At the press conference, ABB in China country manager Peter Leupp pointed to China's plans to quadruple annual per capita GDP to \$3,000 by 2020 as an indicator that demand for ABB's power and automation products would continue.

"The Olympic Games in 2008 and World Expo in 2010 will certainly drive foreign direct investment and infrastructure improvements," said Leupp.

ABB (www.abb.com) is a leader in power and automation technologies that enable utility and industry customers to improve performance while lowering their environmental impact. The ABB Group of companies operates in around 100 countries and employs about 105,000 people. ABB in China (www.abb.com.cn) employs around 7,000 people in 27 companies and sales offices in 30 major cities.

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