

## SUMMARY OF THE PROPOSED COMBINATION

### **A. NAME OF THE PARTIES TO THE COMBINATION**

1. The parties to the Proposed Combination are:
  - i. Acquirer: Hitachi, Ltd. (**Hitachi**)
  - ii. Target Business: The entire power grid business of ABB Ltd (**ABB/Seller**) (**Target Business**).
2. Hitachi and the Target Business are collectively referred to as the **Parties**.

### **B. NATURE AND PURPOSE OF THE COMBINATION**

3. The **Proposed Combination** concerns the proposed acquisition from ABB of 80.1% of the issued share capital of ABB Management Holding AG of Switzerland (**Target**), which will hold the Target Business, by Hitachi, resulting in control by Hitachi of the Target, following which ABB will retain a non-controlling minority stake of 19.9% of the Target. By way of this 80.1% acquisition (subject to regulatory approvals, including the approval of the Hon'ble Competition Commission of India (**Commission**)), Hitachi will exercise control over the Target Business. Hitachi has also entered into a purchase option to acquire the remaining 19.9% of the issued share capital of the Target, which when exercised at the sole discretion of Hitachi, would result in the Target becoming a wholly-

owned subsidiary within three (3) years after closing (together referred to as the **Proposed Combination**).

4. Given this, the Proposed Combination will fall under Section 5(a) of the Competition Act, 2002 (**Competition Act**).

## **C. PRODUCTS, SERVICES AND BUSINESS(ES) OF THE PARTIES TO THE COMBINATION**

### Hitachi

5. Hitachi, headquartered in Japan, is the parent company of the Hitachi group of companies, which is active in a variety of business segments including IT Solution, Energy Solution, Industry Solution, Mobility Solution, and Smart Life Solution. For ease of reference, the Hitachi group of companies is referred to as **Hitachi Group**.
6. Hitachi is listed at the Tokyo Stock Exchange and Nagoya Stock Exchange in Japan. Hitachi consists of 793 consolidated subsidiaries, of which 175 are located in Japan and 618 outside of Japan.

### Target Business

7. The Target Business involves the development, engineering, manufacturing and sale of products, systems and projects in the power grids sector.<sup>1</sup>

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<sup>1</sup> Additional information may be found at: <https://new.abb.com/about/our-businesses/power-grids>.

8. The Target Business is divided into the following four business lines:

- i. High Voltage Products (**HV Products**)<sup>2</sup>- includes the design, manufacture and sale of high voltage (**HV**) products (such as HV switchgear, HV circuit breakers, HV disconnectors, HV instrument transformers, HV surge arresters, as well as HV capacitors, harmonic filters, and other Reactive Power Compensation (**RPC**) products) as well as certain other medium voltage (**MV**) and low voltage (**LV**) products and related services;
- ii. Transformers - includes the design, manufacture and sale of different types of transformers (such as power transformers, distribution transformers, and traction transformers) as well as specific transformer components (including, e.g., bushings and tap-changers) and related services;
- iii. Grid Automation (**GA**) - includes the design, manufacture and sale of substation automation and network control products, systems and services as well as enterprise application software; and
- iv. Grid Integration (**GI**) - includes the design, manufacture and sale of substations (mainly HV), HV direct current (**HVDC**) stations, flexible alternating current systems (**FACTS**), and

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<sup>2</sup> Please note that HV Products also includes (to a limited extent) MV and LV products as well as certain products that can be used at different voltage levels.

semiconductors as well as related services. This business line also includes charging infrastructure such as for buses/trams and power consulting services.

9. For completeness, the Seller, ABB is a Swiss-based company and the ultimate parent company of the ABB group of companies, whose activities are divided into the following global businesses: (i) Electrification, (ii) Industrial Automation, (iii) Motion, (iv) Robotics & Discrete Automation and (v) the Target Business (i.e., the power grids business). ABB's shares are traded on SIX Swiss Exchange, Nasdaq OMX Stockholm and New York Stock Exchange.

**D. RESPECTIVE MARKETS IN WHICH PARTIES TO THE COMBINATION OPERATE**

10. Since the Proposed Combination relates only to the acquisition of the Target Business, overlaps between the Parties' activities have been mapped in the context of the Target Business.
11. At a global level, Hitachi and the Target Business are both active in the supply of electrical equipment for use in the transmission and distribution of electricity within power systems, including HV Products, Transformers, as well as GA and GI solutions.
12. In India, the activities of Hitachi and the Target Business only overlap with respect to two products: Power Semiconductors (including High Power Semiconductors) (more specifically: discrettes and insulated gate-bipolar transistor (**IGBT**) modules),

and, to a very minor extent, LV RPC Products. Hitachi's and the Target Business' activities do not overlap in India with respect to Transformers or any offering within GA.

13. Hitachi submits that the relevant markets should be considered as:  
(i) the overall market for LV Products in the power grids sector (or, alternatively, the market for RPC Products) in India; and (ii) the market for the supply of Power Semiconductors (including High Power Semiconductors) in India (**Relevant Markets**).
14. To assist in the Hon'ble Commission's review and without prejudice to the market definition set out above, the Parties have also provided information in relation to the narrowest plausible segments within the markets set out above in which their activities overlap, namely: (i) the segment for the supply of LV RPC Products in India; (ii) the segment for the supply of IGBT modules in India and (iii) the segment for discretetes in India (**Relevant Segments**).
15. Keeping in mind the limited overlaps between Hitachi's and the Target Business' activities in India, their limited shares under any plausible market definition and the presence of several established key market players in the power grid industry, the Proposed Combination will not result in an appreciable adverse effect on competition in India.

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