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ABB LTD, NEW YORK CITY, USA, 31 MAY 2018

# **Positioned for profitable growth**

BERNSTEIN STRATEGIC DECISIONS CONFERENCE 2018

Ulrich Spiesshofer, CEO



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# Important notice

This presentation includes forward-looking information and statements including statements concerning the outlook for our businesses. These statements are based on current expectations, estimates and projections about the factors that may affect our future performance, including global economic conditions, and the economic conditions of the regions and industries that are major markets for ABB Ltd. These expectations, estimates and projections are generally identifiable by statements containing words such as “expects,” “believes,” “estimates,” “targets,” “plans,” “outlook”, “on track”, “framing 2018” or similar expressions.

There are numerous risks and uncertainties, many of which are beyond our control, that could cause our actual results to differ materially from the forward-looking information and statements made in this presentation and which could affect our ability to achieve any or all of our stated targets. The important factors that could cause such differences include, among others:

- business risks associated with the volatile global economic environment and political conditions
- costs associated with compliance activities
- market acceptance of new products and services
- changes in governmental regulations and currency exchange rates, and
- such other factors as may be discussed from time to time in ABB Ltd’s filings with the U.S. Securities and Exchange Commission, including its Annual Reports on Form 20-F.

Although ABB Ltd believes that its expectations reflected in any such forward-looking statement are based upon reasonable assumptions, it can give no assurance that those expectations will be achieved.

This presentation contains non-GAAP measures of performance. Definitions of these measures and reconciliations between these measures and their US GAAP counterparts can be found in the ‘Supplemental reconciliations and definitions’ section of “Financial Information” under “Quarterly results and annual reports” on our website at [www.abb.com/investorrelations](http://www.abb.com/investorrelations)

# ABB: the pioneering technology leader

**What**  
(Offering)

**Pioneering technology**

**For whom**  
(Customers)

**Utilities**

~35% of revenue

**Industry**

~40% of revenue

**Transport & Infrastructure**

~25% of revenue

**Where**  
(Geographies)

**Globally**

Asia, Middle East, Africa 37%

Americas 28%

Europe 35%

~\$34 bn revenue

~100 countries

~135,000 employees

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# ABB: Living the Next Level

## Profitable Growth

Driving growth in four market-leading entrepreneurial divisions

Quantum leap in digital

Value creating, strategic acquisitions and partnerships

Shifting the Center of Gravity: competitiveness, growth, risk

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## Relentless Execution

World-class operational excellence across the whole organization

Linked strategy, performance management and compensation

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## Business-led Collaboration

Market focused and lean organization

Continued leadership development

Strengthening the global ABB brand

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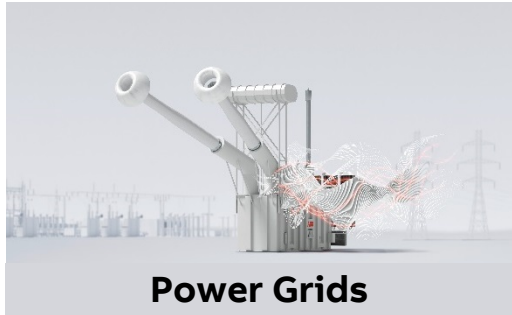
# ABB today

Two clear value propositions

**Bringing electricity from  
any power plant to any plug**

**Automating industries from natural  
resources to finished products**

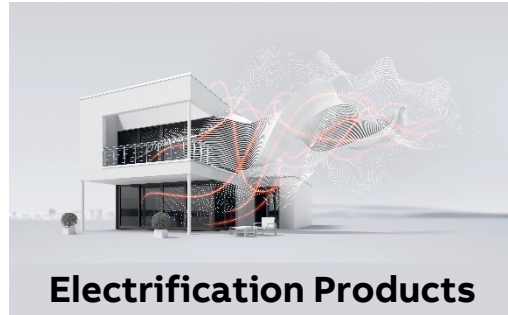
Partner of choice for...



**Power Grids**

... a stronger, smarter  
and greener grid

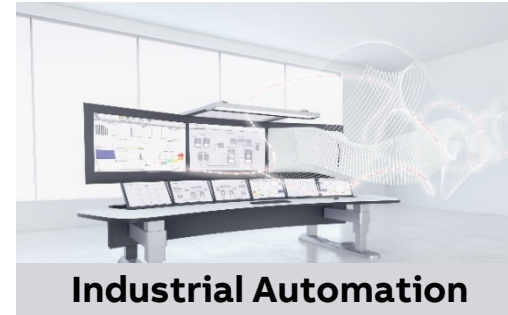
#1



**Electrification Products**

... electrification of all  
consumption points

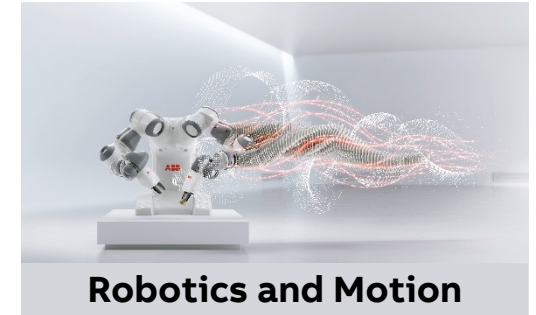
#2



**Industrial Automation**

... perfection in  
automation

#2



**Robotics and Motion**

... robotics and intelligent  
motion solutions

#1 motion  
#2 robotics

# ABB Ability™ – making a quantum leap in digital

## Power Grids



### ABB Ability™ Control & Protection System

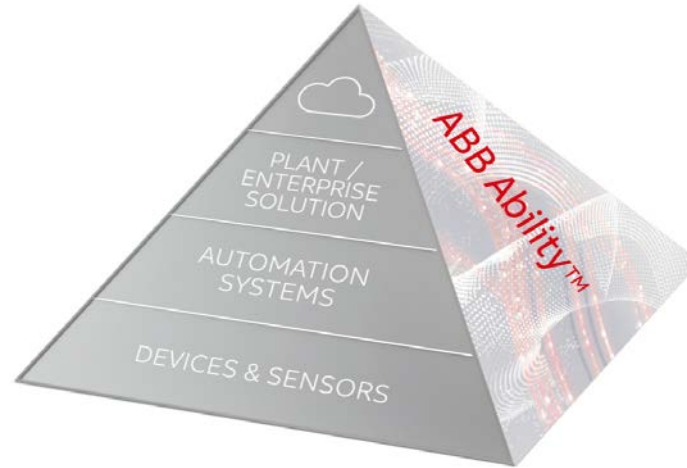
Digital grid upgrades

## Electrification Products

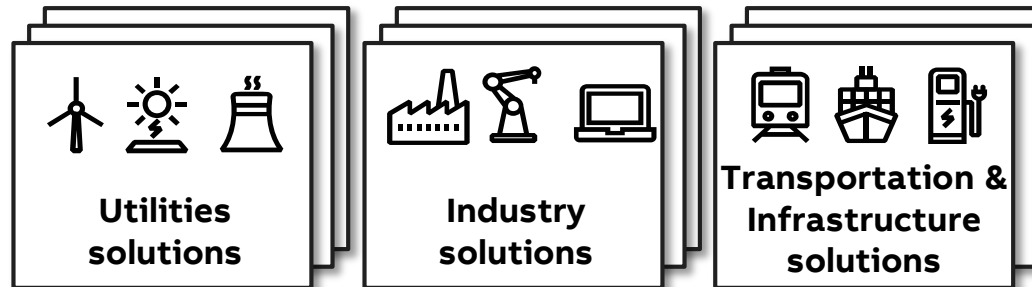


### ABB Ability™ Connected Solutions

EV fast-charging solutions



## 210+ ABB Ability™ solutions



## Industrial Automation



### ABB Ability™ Collaborative Operations

15 centers launched globally

## Robotics and Motion



### ABB Ability™ Connected Services

>7,000 connected robots globally

# Creating value by strengthening our portfolio

Shifting the center of gravity

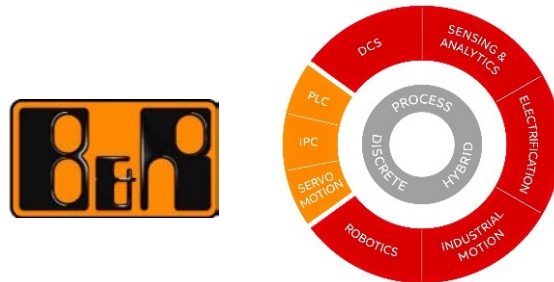
## Power Grids

#1 position strengthened in digital grid



## Industrial Automation

Global #2 position strengthened



## Electrification Products

Global #2 position to be strengthened



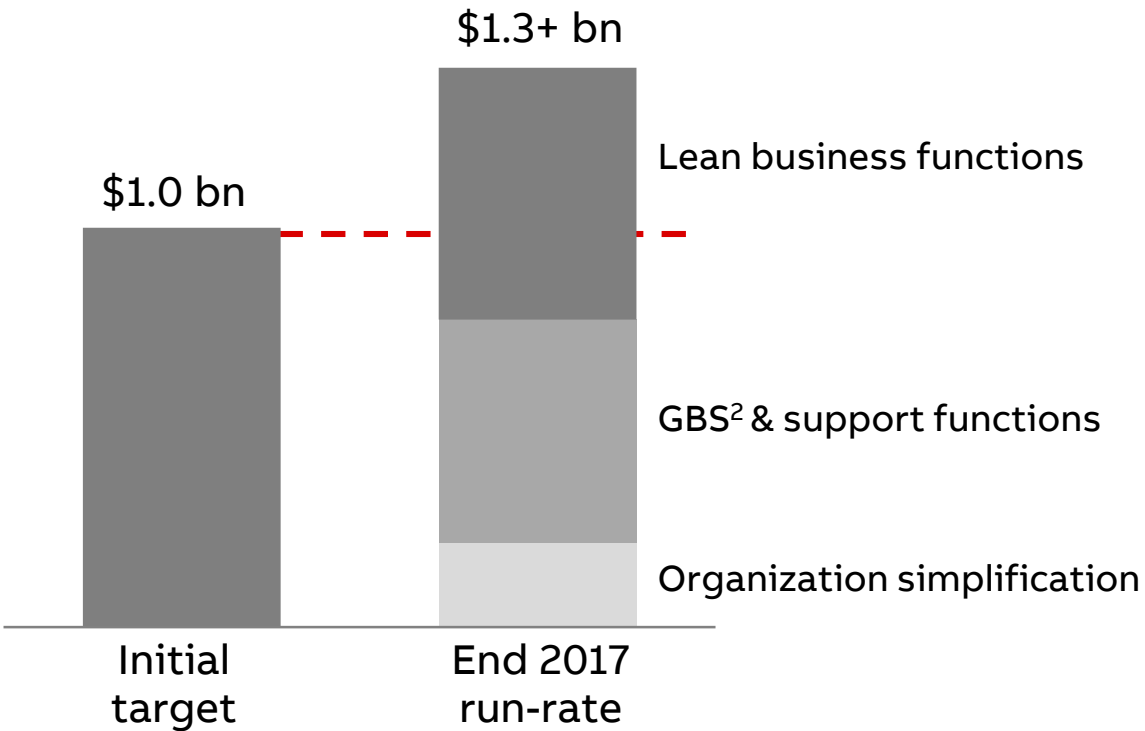
## Robotics and Motion

Leading in robotics and AI



# Relentless execution

## 2014 – 2017 WCP program savings<sup>1</sup>



## Highlights

End 2017 run-rate \$1.3+ bn versus initial \$1.0 bn target

Organization streamlined

- 5 → 4 divisions
- 8 → 3 regions
- ~1000 → ~500 HQ employees
- 60+ → 2 global & 3 regional business service centers

Re-investments in digital, Salesforce.com, brand

Program cost \$300 mn lower than originally announced<sup>3</sup>

<sup>1</sup>Gross cost savings

<sup>2</sup>GBS: Global Business Services

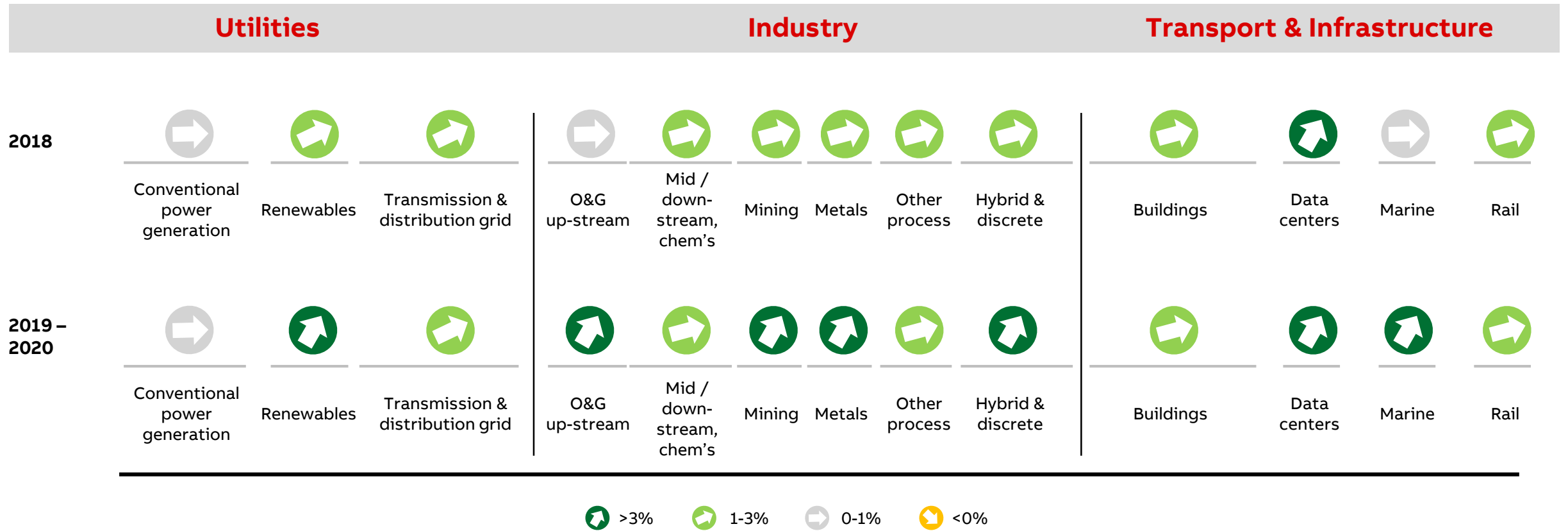
<sup>3</sup>In comparison to lower end of CMD 2015 estimate \$1,200 mn – \$1,250 mn

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# ABB Formula E – a true game changer



# All of our markets back in growth mode in 2018

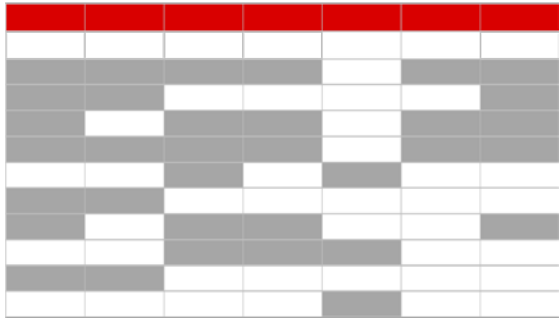


# Q1 2018 financial summary

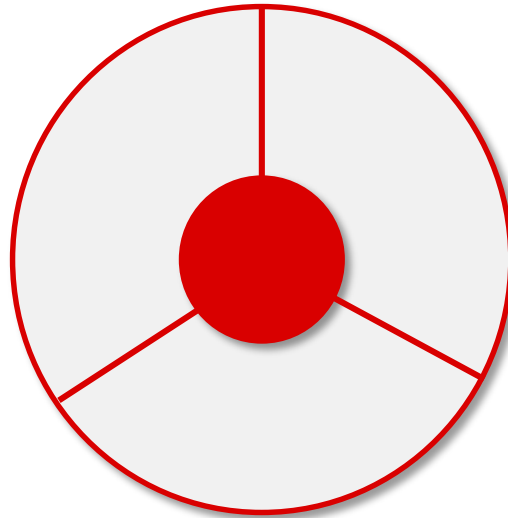
Orders <b>\$9.8 bn</b> +6% <sup>1</sup>	Base orders <b>\$8.8 bn</b> +5% <sup>1</sup>	Revenues <b>\$8.6 bn</b> +1% <sup>1</sup>
Operational EBITA margin <b>12.3%</b> +0.2 pts	Operational EPS <b>\$0.31</b> +6% <sup>2</sup>	Cash flow from operating activities <b>-\$518 mn</b>

# ABB's unique competitive differentiation

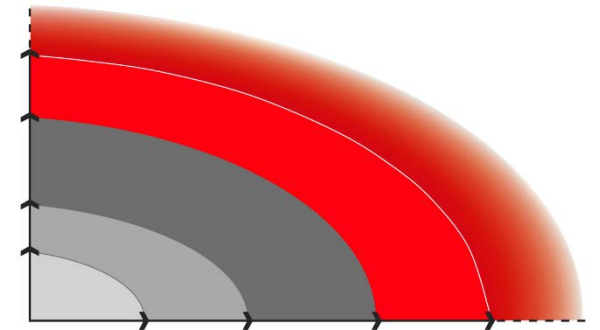
3 key levers



**Leading portfolio**



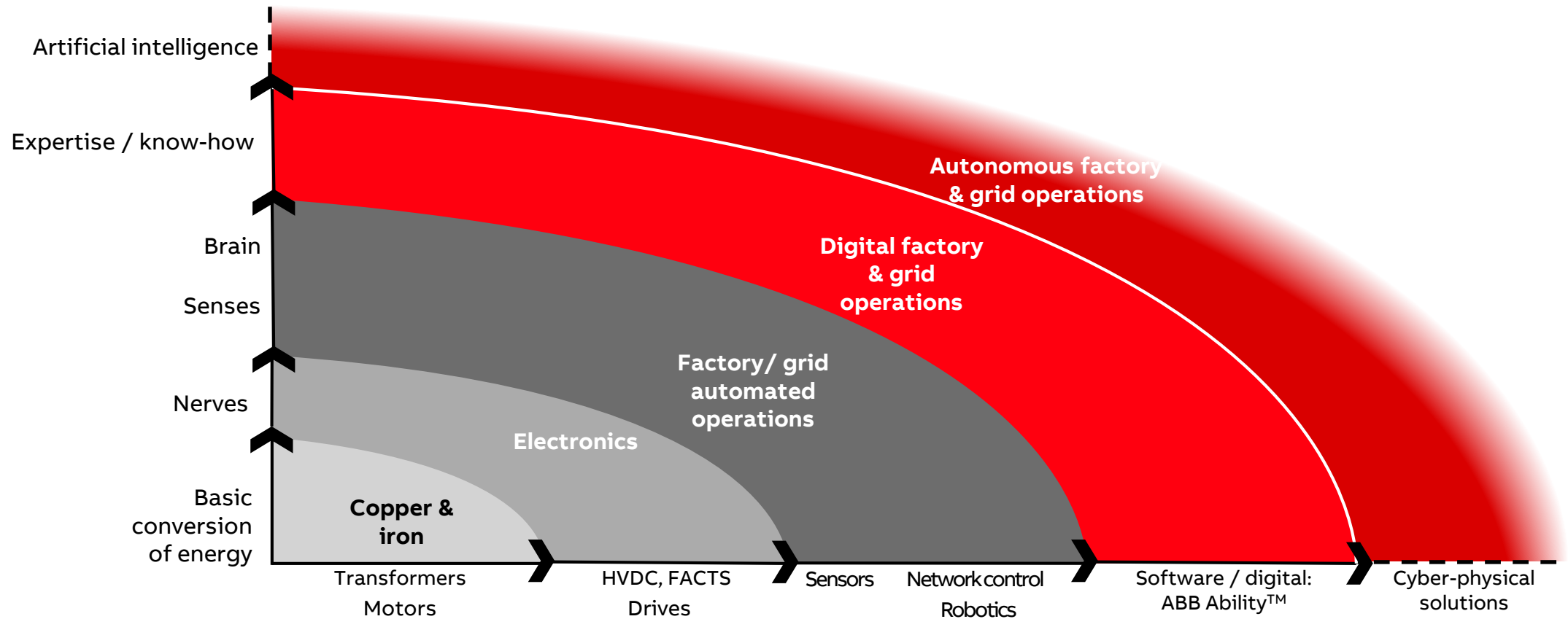
**Solution-oriented  
business model**



**Innovation dynamics**

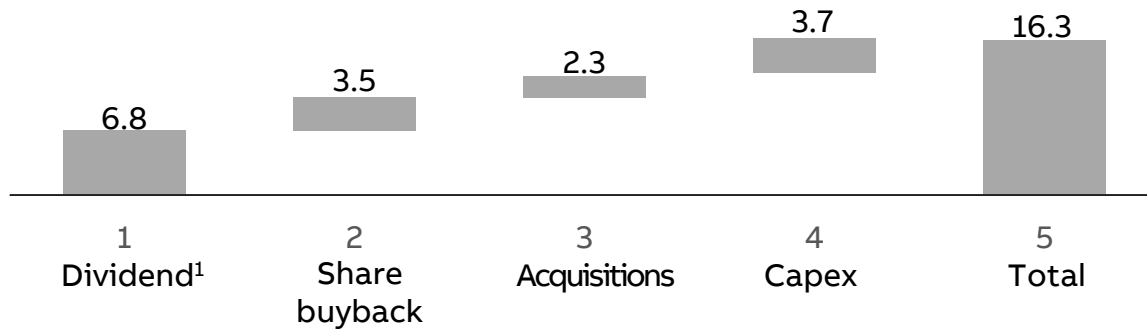
# Innovation leadership

Increasing value for customers in utilities, industry and transport & infrastructure

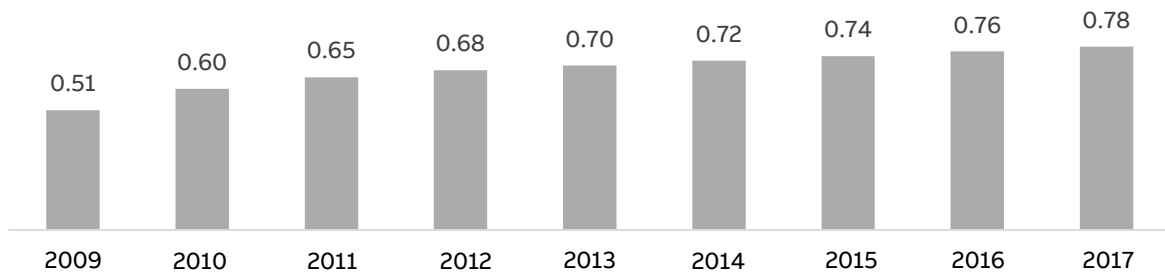


# Attractive shareholder returns, disciplined capital allocation

## Capital allocation 2014 – 2017, \$ bn



## Dividend per share progression, CHF



## Capital allocation priorities

Fund organic growth at attractive CROI

Steadily rising sustainable dividend

Value-creating acquisitions

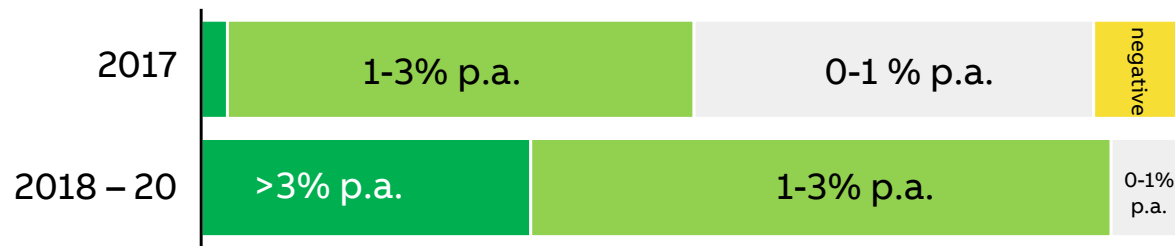
Returning additional cash to shareholders

# ABB positioned for profitable growth

## Summary

### Market growth across sectors

Share of ABB total market



### ABB base order growth, yoy, comparable

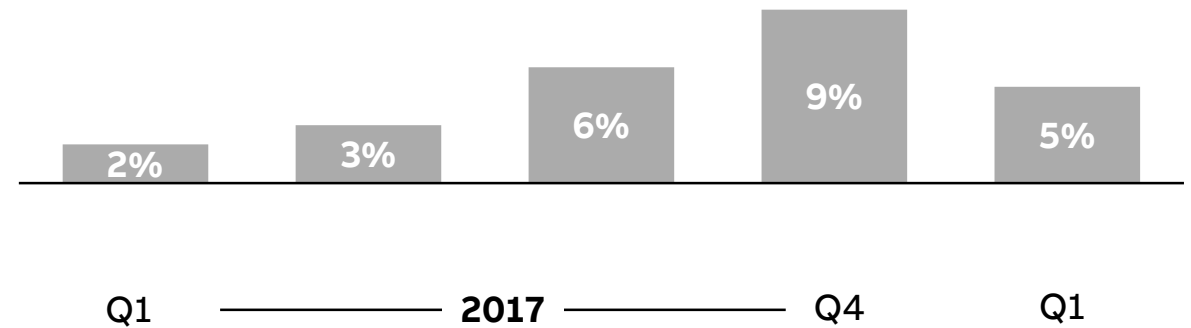


ABB better positioned in a better market

Portfolio and operations streamlined and strengthened

Focus on relentless execution

**ABB**