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ABB China - Digitalization-led transformation

Lars Eckerlein, Chief Financial Officer, ABB (China) Ltd.

Important Notices

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” or similar expressions.

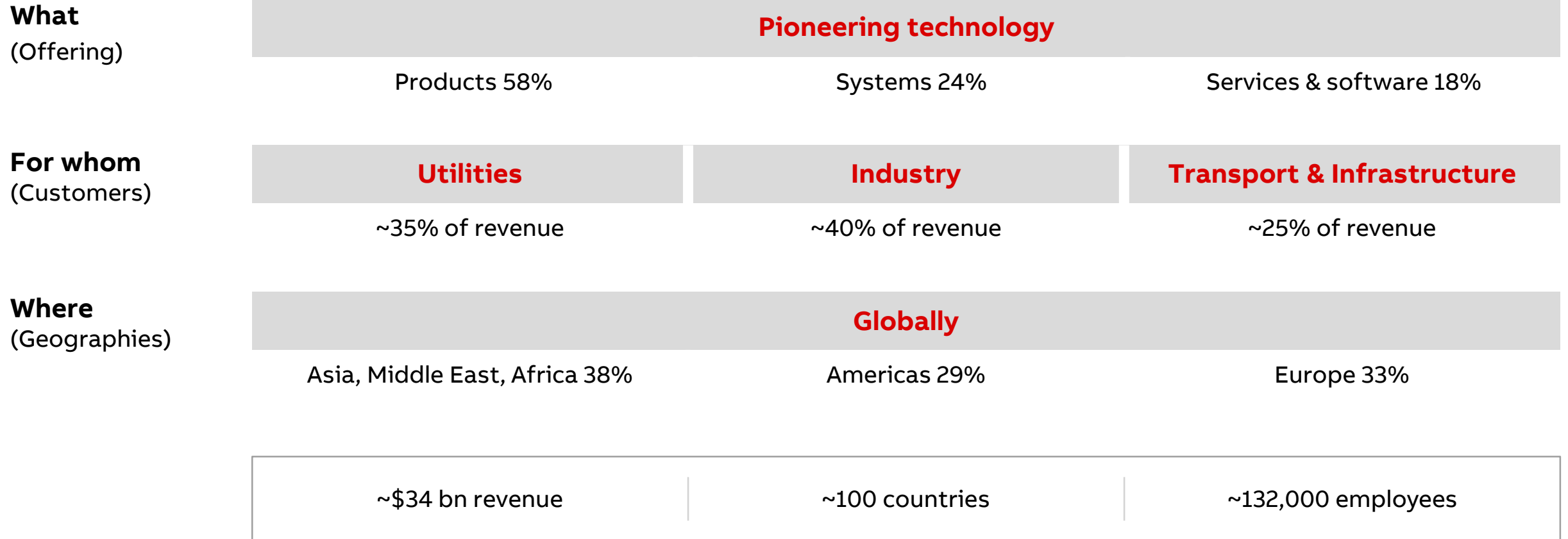
There are numerous risks and uncertainties, many of which are beyond our control, that could cause our actual results to differ materially from the forward-looking information and statements made in this presentation and which could affect our ability to achieve any or all of our stated targets. The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

ABB: the pioneering technology leader



Four market-leading entrepreneurial divisions

All businesses in #1 or 2 positions





	Partner of choice for...	Market size ¹ and growth	Position	Revenues ²	Top 3 competitors
	...electrification of all consumption points	~\$140 bn 2 – 4%	#2 in electrification	\$9.9 bn	Schneider Legrand Eaton
	...robotics and intelligent motion solutions	~\$110 bn 3 – 8% ³	#1 in motion #2 in robotics	\$7.9 bn	Siemens Fanuc Kuka
	...industrial automation	~\$120 bn 1 – 3%	#1 in process control	\$6.8 bn	Siemens Emerson Schneider
	...a stronger, smarter and greener grid	~\$110 bn ⁴ 3 – >10% ⁵	#1 in T&D	\$11.0 bn	Siemens GE Hyundai

ABB in China – a success story

Present for 110 years and steadily growing

110 years of
collaborating with
customers in China

USD **2.1 bn**
accumulated investment
in China



~17,000
employees across China

>90% sales from
locally made products
and services

40 entities and **139**
locations across China

Attractive markets

Energy and Fourth Industrial Revolutions

The Energy Revolution



The Fourth Industrial Revolution



Utilities

Industry

Transport & Infrastructure

Penetration

Increase ABB's share of customer wallet by further driving service account management

Situation: overcapacity in China's Iron & Steel industry

65 Mt Iron & Steel overcapacity cut in 2016, equivalent to 83% of US annual crude steel production

Action: drive service key account management

Collaboration across 4 divisions

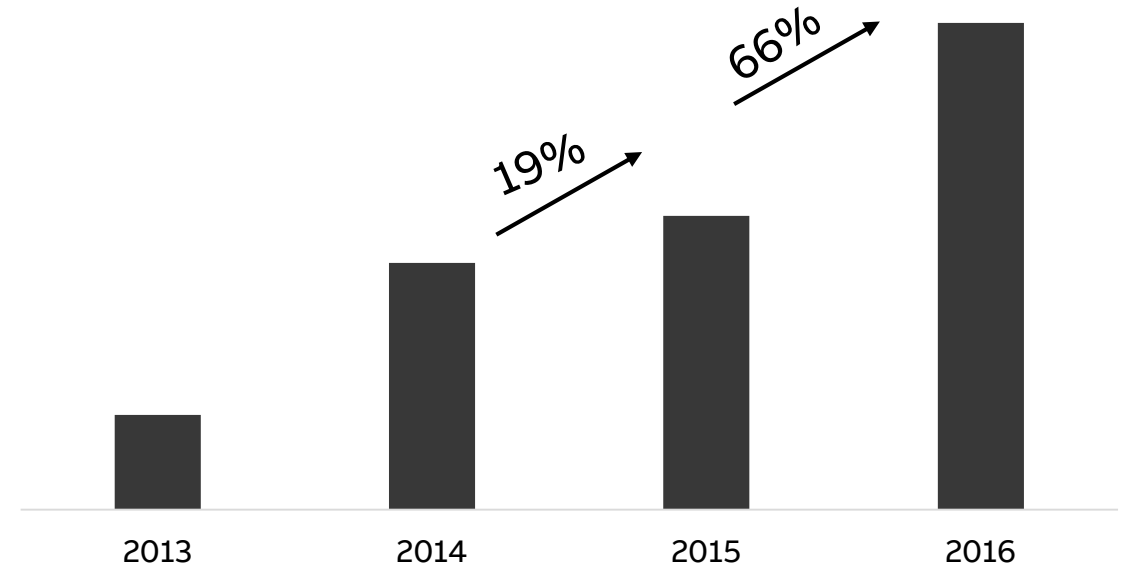
Sign and expand frame contracts & ABB scope of supply

Penetrate non-ABB installed base

66% orders increase in 2016

Total 3rd-party orders for a leading steel company

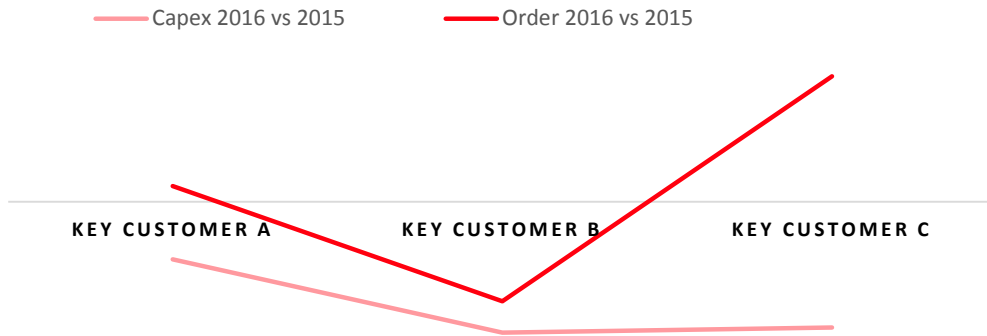
(growth %)



Penetration

Driving growth in difficult markets like oil, gas and chemical (OGC) segment

Successes in OGC segment during a capex decline



Improved customer intimacy & one-stop shopping
OGC roadshow with product show, executive meetings, seminar, media events

- 4 divisions
- 11 cities & multiple sites
- 4500+ customers
- Cross-selling package offering



Customer visit of OGC truck



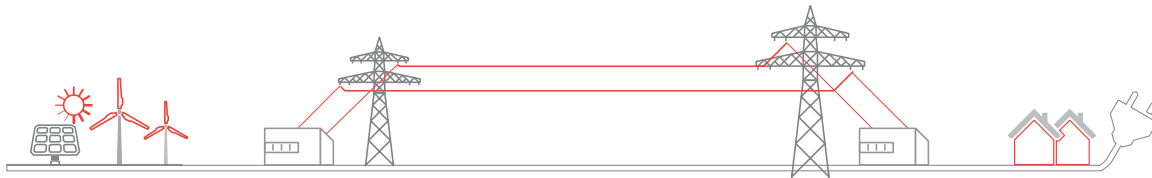
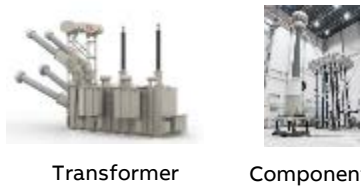
Seminar in OGC roadshow

Penetration and innovation

Increase ABB's share of wallet for HVDC projects to SGCC

Penetration of the full ABB portfolio

Past



Now



Innovation

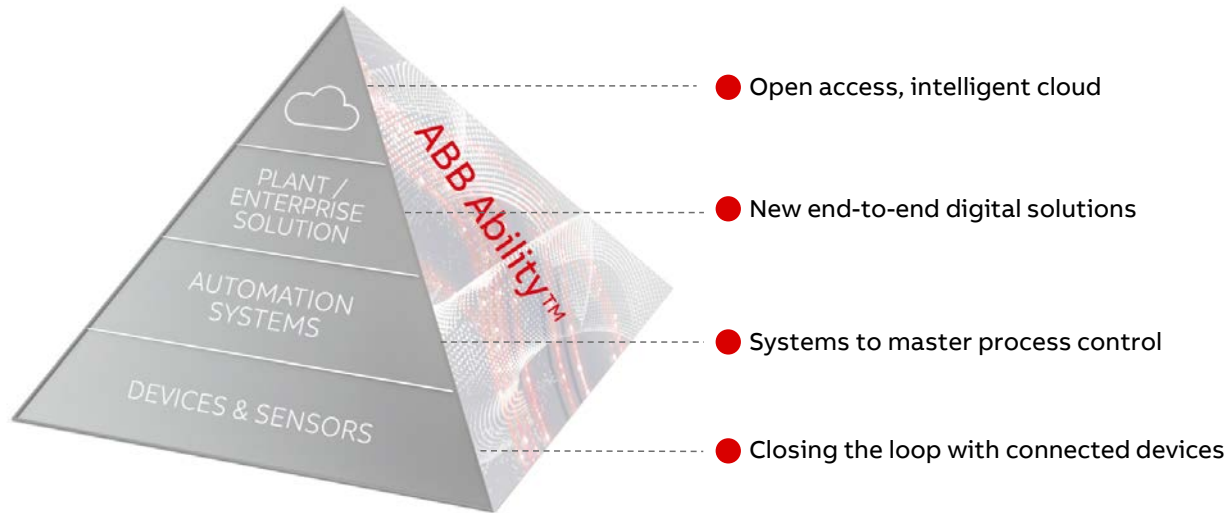
Technology breakthrough **8 GW, 10 GW and 12GW** for +/- **800kV** and +/- **1100kV**

28 HVDC projects in China are equipped with ABB technology

Innovation

ABB Ability™: Unlocking the ABB potential in digital

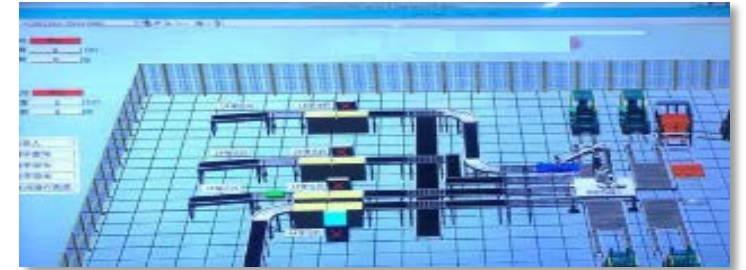
ABB Ability™: industry-leading digital solutions



Example:

100% increase in productivity through use of MES¹ + Robot

MES: Decathlon Service Software



Palletizing Robot



Payback on investment: 2.3 years

Innovation and expansion

Business model change drives transformation: expanding channels to eBiz

New challenge, new methodology, new competency



Online service
8:00-24:00



Working time
8:00-24:00



Smallest order
< 2 USD



Biggest order
> 15,000 USD



Daily inquiries
200+

40,000+ products from 4 divisions

Growth rate: +78% yoy

Orders from 770 cities/towns, 85% without ABB office

A dedicated, lean, agile team tuned for e-biz dynamics

Double 11 – intensive online marketing campaign



3-month preparation in advance

3 rounds of online promotion

12 customer service people

24-hour online services

Expansion

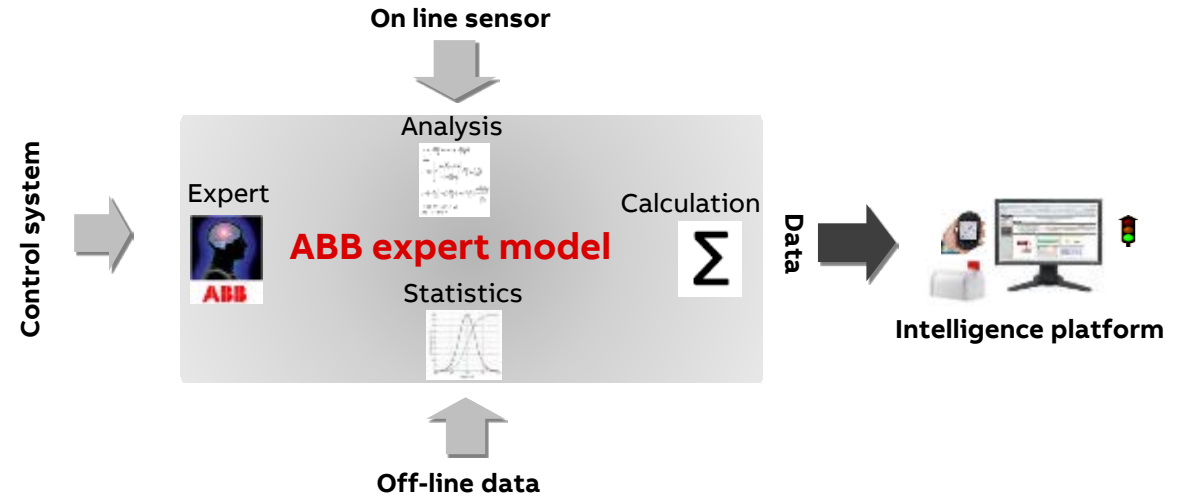
Profitable growth by software-based service businesses

ABB Ability™: Remote service solution for water project



- Remote services on real-time data monitoring & preventive maintenance
- Ensure the high reliability of the pump stations which provide water supply for 11 million population
- Reduce risks of unplanned shutdown and enhance water supply safety

ABB Ability™: Asset health center prevents unexpected downtime



Monitoring 287 units of 220kV transformers and 562 units of 110kV transformers online
Significant service potential

Expansion

Focus on high growth segments such as EPC

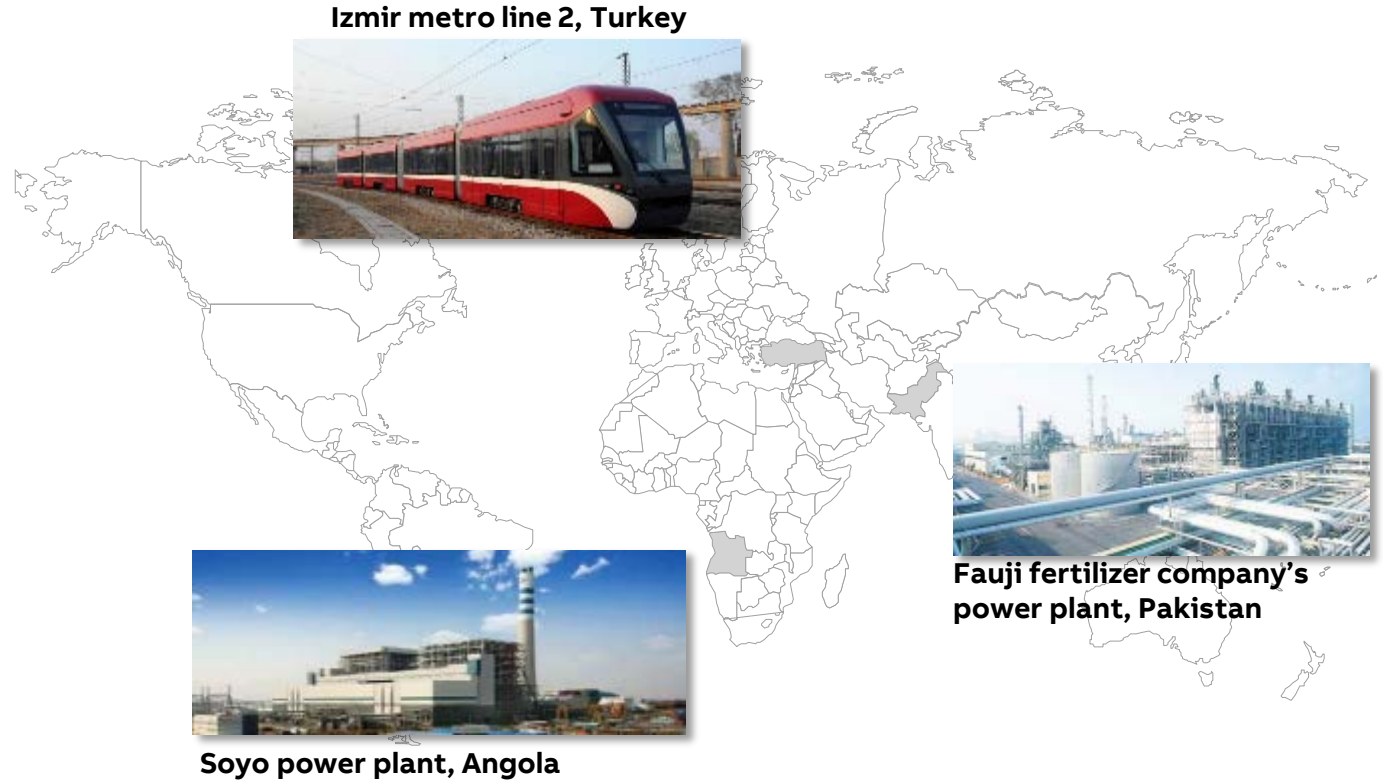
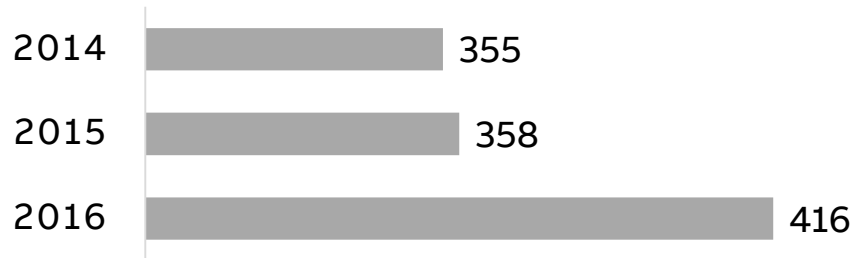
The belt and road initiative boosts China's EPC business

Export order through EPC up **29%** in 2016

Business across **70+** countries

Partner with top 400 among 4,000+ EPC in China

of EPC ABB served in past three years



Achievements in local innovation and business development

Highlights since 2016 up to today



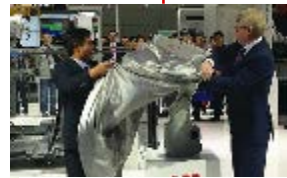
Developed traction motors tailor-made for China rails



Launched locally developed drive ACS 860



Launched HB Series Door Entry System



Delivered 50,000th locally produced robot

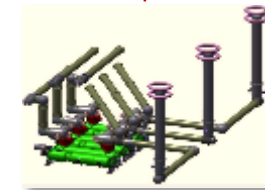


Built new servo motor production line in Shanghai

Applied 1100 kV UHVDC technology in China



Launched New Terra 53Z DC fast charger for electric vehicles



Provided 800kV GIS for China market for the first time



Listed among Top 10 Competitive Foreign Enterprises in China



Set up Robotics Application Center in Chongqing



Held national roadshows to present OGC solutions

Engagement with stakeholder groups for main topics and developments

Major events 2016

Highlights

Government advisory meetings

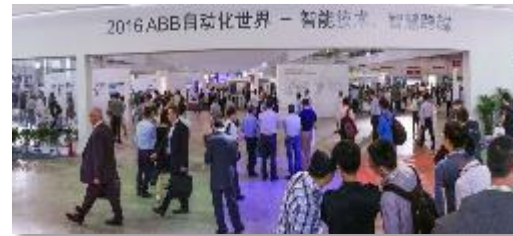
- China Development Forum (Mar 19 - 21)
- Swiss President Johann Schneider-Amman visited ABB during state visit to China (April 7)
- Annual meeting of the International Business Leaders Advisory Council for the Mayor of Beijing (May 26 - 27)
- Annual meeting Chongqing Mayor's International Economic Advisory Council (Sep 24 - 25)
- Annual meeting of the International Business Leaders Advisory Council for the Mayor of Shanghai (Nov 5 - 7)

Customer events

- OGC roadshow (Mar 22 – Apr 12)
- Automation World China (Wuhan, May 17 - 19)
- ABB 125th Anniversary Gala & Power World China (Nov 1 - 3)

Industry fairs

- Global Energy Interconnection Forum (Mar 30 - 31)
- China International Industry Fair (Nov 1 - 5)
- World Intelligent Manufacturing Summit (Dec 6 -8)



2017 priorities and initiatives

ABB China priorities for 2017

Profitable growth

Drive organic growth momentum through penetration, innovation and expansion (PIE)
Win business with new customers and new market segments; seize opportunities under the “New Normal”
Strengthen investments in R&D for new products and applications for the Chinese market
Drive ABB Ability™ momentum through customer base and within every business unit

Relentless execution

Continue delivering sustainable cost reductions and increase productivity
Continue focusing on cash and net working capital programs
Drive quality in products, systems and projects

Business-led collaboration

Further penetrate strategic accounts and service
Enhance ABB brand by investment in marketing events and university collaborations



ABB