Motion
Writing the future of smart motion
Morten Wierod, President Motion
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", "on track", "2019 framework" 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.

Some of the planned changes might be subject to any relevant I&C processes with the Employee Council Europe and / or local employee representatives / employees.

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
Key figures

Global #1
#1 in motors
#1 in drives

$80 bn
2018 market size

$6.5 bn
2018 revenues

15.9%
2018 Op. EBITA

~20 k
Employees worldwide

Business mix (by revenue)

Customers
- Other T&I Rail
- Renewables
- Conv. Generation
- Buildings
- Other Industry
- F&B, Pharma

Offering
- Services
- Products

Channels
- System Integrators
- Panel Builder
- OEMs
- EPC
- Distributor
- Direct Sales

Geographies
- Europe
- Americas
- AMEA

Note: numbers are recalculated / management estimate for the new ABB structure
Motion offering

- Variable speed drives
- Smart sensing
- Electrical motors
- Mechanical power transmission
- Full life cycle services
- ABB Ability™

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A product offering to meet customer needs

Unique scaling from smallest to highest power

Differentiated by application specific software

Perfect match of motors and drives

<1 kW

10,000’s of kW
2018 results

Profitable Growth

- 12% order and 10% rev. growth\(^1\)
- Solid double digit service growth

Relentless Execution

- Attractive op. EBITA margin of 15.9%
- Operational excellence systematically improved via L6S\(^2\)

Business-led Collaboration

- Opened 6 Digital Centers to support our customers and partners on their digital journey
- Expanded optimized motor and drive platforms

\(^1\)On comparable base  
\(^2\)Lean Six Sigma

Note: all 2018 results numbers are based on management estimation
The world is going electric

The world is changing fast

Population ↑
Urbanization ↑
Digitalization ↑

Electric motion plays a significant role

1/3 of the worlds electricity is converted by to motion

The world goes electric and digital

Energy efficiency
Automation of industrial processes
Electric mobility

Demand for electric motion will double

2x more motors will add 1x the consumption¹ of...

¹Additional electricity consumption by electric motors till 2040
Source: WEO IEA 2018, “Future is electric”, including industrial applications, room cooling and electric cars, IEA China electricity consumption 2016
Well positioned in attractive markets

Global addressable market in $bn

<table>
<thead>
<tr>
<th>Segment</th>
<th>Today</th>
<th>2025</th>
<th>Business exposure % of revenues</th>
<th>Market growth drivers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discrete industries</td>
<td>80</td>
<td>100</td>
<td>+3%</td>
<td>Increasing demand for convenience</td>
</tr>
<tr>
<td>Transport</td>
<td></td>
<td></td>
<td></td>
<td>Tightening regulatory requirements</td>
</tr>
<tr>
<td>Infrastructure &amp; utilities</td>
<td></td>
<td></td>
<td></td>
<td>More travels and commutes than ever</td>
</tr>
<tr>
<td>Process industries</td>
<td></td>
<td></td>
<td></td>
<td>Demand for emission free transportation</td>
</tr>
<tr>
<td>Datacenter ventilation</td>
<td></td>
<td></td>
<td></td>
<td>Higher comfort of living</td>
</tr>
<tr>
<td>Water desalination</td>
<td>~5%</td>
<td></td>
<td></td>
<td>( \text{CO}_2 \text{ and energy efficiency regulations} )</td>
</tr>
<tr>
<td>F&amp;B cooling &amp; refrigeration</td>
<td>~4%</td>
<td></td>
<td></td>
<td>Higher productivity and capacity expansion</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Remote operations, higher safety standard and reliability</td>
</tr>
</tbody>
</table>

High-growth segments (examples)

- Datacenter ventilation: >10%
- Water desalination: ~5%
- F&B cooling & refrigeration: ~4%
Global #1 in motion industries – leading from a strong foundation

Our key differentiators

1. Pioneering technology leader
2. Domain expertise
3. Global scale and coverage
Pioneering Technology Leader driving innovation in motion industries

Staying ahead by pushing the boundaries today and for tomorrow

Industry leading investment in R&D

Be connected, learn faster

**ABB Ability™ Digital Powertrain**
- ABB Ability™ remote condition monitoring
- Smart analytics and AI

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Domain expertise and most comprehensive offering

Focus on industrial motion

Deep domain expertise:
– 3,500+ ABB Motion solution experts helping customers every day
– Application expert communities with our channel partners

The right offering for our customers

Our offering:
– Is industry and application specific
– Provides the right performance

Connected to our installed base

We are a partner for life:
– 45 million drives and motors in the field
– 6 ABB Ability™ Motion centers
– High service attachment rate
Global coverage, always close to our customers and partners

Balanced demand
- AMEA
- Americas
- Europe
- Business in 100+ countries

Balanced supply
- AMEA
- Americas
- Europe
- 39 factories
- Factories in 10 countries

Customer coverage everywhere
- 300+ authorized value providers
- 6,000+ channel partners
Driving above-market growth going forward

Medium-term revenue development

<table>
<thead>
<tr>
<th>FY 2018¹</th>
<th>Market growth</th>
<th>Above-market growth</th>
<th>Medium term</th>
</tr>
</thead>
<tbody>
<tr>
<td>$6.5 bn</td>
<td>$6.5 bn</td>
<td>3% p.a.</td>
<td>$6.5 bn</td>
</tr>
</tbody>
</table>

Drivers for above market revenue growth

**Penetration**
- Build on local leading positions of motors or drives
- Focused initiatives in all local markets

**Innovation**
- Bring pioneering technologies to customers
- Modular platforms for fast customization
- ABB Ability™ Digital Powertrain

**Expansion**
- Expansion of segment specific portfolio
- Strengthen and enlarge partner network
- Motion as a service

¹ Numbers are recalculated / management estimate for the new ABB structure
Driving operating EBITA margin

Operating EBITA margin

Details on key drivers

1. Scale / operational efficiency
   - Industry leading volume
   - Unmatched scale in R&D, G&A and our service network

2. Portfolio / mix
   - ABB Ability™ and innovation
   - Connected drives and motors
   - Efficiency and uptime services

3. ABB-OS™
   - Simplified organization and business model
   - More focus and speed in decision making

FY 2018¹

15.9%  Cost infl. / price pressure
18%  Scale / Cont. improvement
14%  Portfolio
18%  ABB-OS™
18%  Medium term

¹Numbers are recalculated / management estimate for the new ABB structure
Creating value for customers and ABB
Writing the future of smart motion

**Attractive growth**
- The world goes electric – attractive growth pockets across industries
- High demand for energy efficiency solutions
- ABB Ability™ services will deliver the future of smart motion

**Stronger margins**
- Invest in our leading portfolio, passionate people and partners
- Unmatched scale in volume, R&D, G&A and service network
- ABB-OS™: focus and simplification

**Optimizing capital**
- Software differentiated products and increasing service share
- Modularization across motor and drive product ranges

Medium-term operational EBITA margin
14 – 18%
Writing the future of smart motion.