ABB: shaping a leader focused in digital industries

Strategy update and implementation roadmap

Ulrich Spiesshofer, CEO and Timo Ihmuotila, CFO
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
# Agenda today

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<th>Time</th>
<th>Topic</th>
<th>Presenter</th>
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<td>12:00 – 12:10</td>
<td>Our journey to date</td>
<td>CEO</td>
</tr>
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<td>12:10 – 12:25</td>
<td>Full year and Q4 2018 results</td>
<td>CFO</td>
</tr>
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<td>12:25 – 13:30</td>
<td>Shaping a leader focused in digital industries</td>
<td>CEO</td>
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<tr>
<td></td>
<td>– Focus on digital industries through divestment of Power Grids</td>
<td>CEO</td>
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<td></td>
<td>– Simplify our business model and structure</td>
<td>CEO</td>
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<tr>
<td></td>
<td>– Shape four leading businesses</td>
<td>CFO</td>
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<td>Value creation in the new ABB</td>
<td>CFO</td>
</tr>
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<td></td>
<td>CEO priorities 2019</td>
<td>CEO</td>
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<tr>
<td></td>
<td>Q&amp;A</td>
<td></td>
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<td>13:45 – 17:00</td>
<td>Our four leading businesses</td>
<td>Business presidents</td>
</tr>
<tr>
<td>17:10 – 17:30</td>
<td>Summary and Q&amp;A</td>
<td></td>
</tr>
</tbody>
</table>
Our journey to date
Ulrich Spiesshofer, CEO
ABB: writing the future of industries in a changing world

2nd industrial revolution (19th century)
- Electrification
- Motion

3rd industrial revolution (20th century)
- Industrial automation
- Robotics

4th industrial revolution (21st century)
- Digitalization
- ABB Ability™
Shaping pioneering technology leadership through active portfolio management

<table>
<thead>
<tr>
<th>Past</th>
<th>Power &amp; Infrastructure</th>
<th>Industries</th>
</tr>
</thead>
<tbody>
<tr>
<td>Robotics turnaround</td>
<td>Steel structures</td>
<td>GEIS²</td>
</tr>
<tr>
<td>Rail</td>
<td>High voltage cables</td>
<td>EPC¹</td>
</tr>
<tr>
<td>EV charging</td>
<td>EV fast charging</td>
<td></td>
</tr>
<tr>
<td>Baldor motors</td>
<td>B&amp;R factory automation</td>
<td></td>
</tr>
<tr>
<td>Thomas &amp; Betts electrification</td>
<td>ABB Ability™</td>
<td></td>
</tr>
<tr>
<td>Fossil power generation</td>
<td>YuM®</td>
<td></td>
</tr>
</tbody>
</table>

1Engineering, Procurement and Construction
2GEIS: General Electric Industrial Solutions
A portfolio of four market-leading divisions

- Power Grids
- Electrification Products
- Industrial Automation
- Robotics and Motion

Global position today

*Power Grids: #1*
*Electrification Products: #2*
*Industrial Automation: #2*
*Robotics and Motion: #2 & #1*
2018 results¹: growth momentum built, transformation defined

**Profitable Growth**
- Orders +8%, revenues +4%, book to bill 1.03x
- Growth in all divisions and regions
- ABB Ability™ recognized as a globally leading offering for Industry 4.0
- Closed acquisition of GEIS, integration of GEIS and B&R well under way

**Relentless Execution**
- Group operational EBITA margin 10.9%, impacted by stranded costs, non-core charges, GEIS dilution
- Strong operating result in RM, steady in IA, EP impacted by GEIS
- PG transformation progressed, transaction announced
- Net working capital improved, cash generation solid²

**Business-led Collaboration**
- Customer satisfaction NPS³ of 57%, from 16% in 2010
- Global brands strengthened, first year of ABB Formula E

**Transformation**
- Shaping a leader focused in digital industries through three fundamental actions:
  1. Focus of portfolio on digital industries through divestment of Power Grids, crystallizing $11 bn in value for shareholders⁴
  2. Simplify business model and structure
  3. Shape four leading businesses

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¹On December 17, 2018, ABB announced an agreed sale of its Power Grids division. Consequently, the results of the Power Grids business are presented as discontinued operations. The company’s results for all periods have been adjusted accordingly. Net income, EPS and Cash flow from operating activities include results from continuing and discontinued operations; ²From continuing operations; ³Net Promoter Score

⁴Estimated net cash proceeds of $7.6-7.8 billion from 80.1% sale
During 2018, ABB’s growth gained momentum

**PIE growth approach is delivering**

**Penetration**
- Customer satisfaction score NPS of 57%, from 16% in 2010
- Growth momentum in all regions and businesses
- Deepening presence in key markets, e.g. China with state-of-the-art robotics factory

**Innovation**
- Major new product launches, e.g.
  - Ability™ Ellipse Connected Asset Life Cycle Management
  - Terra HP high power charger for electric vehicles
  - ABB Ability™ Collaborative Operations
  - Single-arm YuMi® Collaborative Robot
- Increased R&D and digital spend, from 3.5%¹ to 4.4% of revenue

**Expansion**
- GEIS acquisition expanding further in North America
- Add-on acquisitions in Robotics
- Continuous expansion of ABB Ability™ solutions portfolio

**Enhanced revenue growth momentum**

Rolling 12 months comparable revenue growth (%)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Q4 17</th>
<th>Q1 18</th>
<th>Q2 18</th>
<th>Q3 18</th>
<th>Q4 18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growth</td>
<td>0.4</td>
<td>1.5</td>
<td>2.4</td>
<td>3.4</td>
<td>4.4</td>
</tr>
</tbody>
</table>

¹In 2013

Note: growth momentum for ABB excluding Power Grids
Summary of 2018: ready for the new ABB

- Completed Next Level implementation
- Delivered top-line growth momentum
- Continued attention on operational performance
- Defined the new ABB: a leader focused in digital industries
- Crystallizing value from the transformation of Power Grids through divestment to Hitachi
- Clear implementation roadmap for 2019
## Results summary

<table>
<thead>
<tr>
<th></th>
<th>FY 2018</th>
<th>Q4 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Orders</td>
<td>$28.6 bn</td>
<td>$7.0 bn</td>
</tr>
<tr>
<td>+8%(^1)</td>
<td>+7%(^1)</td>
<td></td>
</tr>
<tr>
<td>Revenues</td>
<td>$27.7 bn</td>
<td>$7.4 bn</td>
</tr>
<tr>
<td>+4%(^1)</td>
<td>+5%(^1)</td>
<td></td>
</tr>
<tr>
<td>Operational EBITA margin</td>
<td>10.9%(^2)</td>
<td>7.9%(^3)</td>
</tr>
<tr>
<td>-30 bps</td>
<td>-180 bps</td>
<td></td>
</tr>
<tr>
<td>Operational EPS</td>
<td>$1.33</td>
<td>$1.33</td>
</tr>
<tr>
<td>Cash flow from operating activities</td>
<td>$2,924 mn(^5)</td>
<td>$1,867 mn(^5)</td>
</tr>
</tbody>
</table>

\(^1\)On a comparable basis, yoy; \(^2\)FY 2018 margin impacted by a combined 250 basis points due to stranded cost, legacy non-core business charges and GEIS dilution; \(^3\)Q4 18 margin impacted by a combined 400 basis points due to stranded cost, legacy non-core business charges and GEIS dilution; \(^4\)Operational EPS growth in constant currency terms (2014 foreign exchange rates), continuing and discontinued operations; \(^5\)Cash flow from operating activities, continuing and discontinued operations
Full-year and Q4 2018 orders
Order growth in all regions

**FY 2018 total orders +8% yoy**
Growth by region and key country markets in $ terms

<table>
<thead>
<tr>
<th>Region</th>
<th>Growth</th>
<th>Region</th>
<th>Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>USA</td>
<td>+7%</td>
<td>Canada</td>
<td>-7%</td>
</tr>
<tr>
<td>Brazil</td>
<td>+34%</td>
<td>S. Korea</td>
<td>-19%</td>
</tr>
<tr>
<td>AMERICAS</td>
<td>+7%</td>
<td>AMEA²</td>
<td>+6%</td>
</tr>
<tr>
<td>EUROPE</td>
<td>+10%</td>
<td>Germany</td>
<td>+9%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Italy</td>
<td>+24%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Sweden</td>
<td>+2%</td>
</tr>
</tbody>
</table>

**Q4 2018 total orders +7% yoy**
Growth by region and key country markets in $ terms

<table>
<thead>
<tr>
<th>Region</th>
<th>Growth</th>
<th>Region</th>
<th>Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>USA</td>
<td>+8%</td>
<td>Canada</td>
<td>+1%</td>
</tr>
<tr>
<td>Brazil</td>
<td>+52%</td>
<td>S. Korea</td>
<td>-19%</td>
</tr>
<tr>
<td>AMERICA²</td>
<td>+12%</td>
<td>AMEA²</td>
<td>+7%</td>
</tr>
<tr>
<td>EUROPE</td>
<td>+4%</td>
<td>Germany</td>
<td>-8%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Italy</td>
<td>+16%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Sweden</td>
<td>+8%</td>
</tr>
</tbody>
</table>

¹yoy comparable; ²AMEA: Asia, Middle East and Africa
# Full-year 2018 divisional results

Orders and revenues up in all divisions

<table>
<thead>
<tr>
<th>$ mn and change yoy, unless otherwise stated</th>
<th>Electrification Products</th>
<th>Industrial Automation</th>
<th>Robotics and Motion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Orders</td>
<td>11,867</td>
<td>7,631</td>
<td>9,570</td>
</tr>
<tr>
<td>Comparable</td>
<td>+4%</td>
<td>+8%</td>
<td>+12%</td>
</tr>
<tr>
<td>Revenues</td>
<td>11,686</td>
<td>7,394</td>
<td>9,147</td>
</tr>
<tr>
<td>Comparable</td>
<td>+3%</td>
<td>+1%</td>
<td>+8%</td>
</tr>
<tr>
<td>Operational EBITA</td>
<td>1,626</td>
<td>1,019</td>
<td>1,447</td>
</tr>
<tr>
<td></td>
<td>+8%</td>
<td>+7%</td>
<td>+15%</td>
</tr>
<tr>
<td>Operational EBITA margin</td>
<td>13.9%(^1)</td>
<td>13.8%</td>
<td>15.8%</td>
</tr>
<tr>
<td></td>
<td>(110) bps</td>
<td>(10) bps</td>
<td>+80 bps</td>
</tr>
</tbody>
</table>

\(^1\)Electrification Products operational EBITA margin includes GEIS contribution for the H2 period, which impacted the full-year divisional result by 140 basis points.
Q4 2018 Electrification Products
GEIS in line with expectations

Orders $3,139 mn
Third-party base orders +3% yoy\(^2\)
Strong growth in products, e.g. data centers, process industries; construction robust
Tough comparable

Revenues $3,320 mn
Order backlog end Q3 +8%, end Q4 +7% yoy

Operational EBITA $388 mn
Margin yoy -300 bps
GEIS dilution -210 bps
Positive mix, cost savings and pricing actions offset by contractual charges (~90 bps)

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\(^1\)Large orders includes large orders (defined as orders above $15 mn) and internal Group orders; \(^2\)On a comparable basis; \(^3\)Expected impact of GEIS integration in H2 2018 ~260 basis points dilutive on 15-19% target margin corridor range. Guidance issued at Q2 2018 results
Q4 2018 Industrial Automation

Good order growth

Orders $1,866 mn
Third-party base orders +4% yoy\(^2\)
Broad based growth: strength in pulp & paper, mining, marine; O&G robust
B&R good

Revenues $1,938 mn
Strong backlog execution
Order backlog end Q3 -2%, end Q4 +2% yoy

Operational EBITA $251 mn
Margin yoy -200 bps
One-time customer payment default (~80 bps)
Tough comparable

\(^1\)Large orders includes large orders (defined as orders above $15 mn) and internal Group orders; \(^2\)On a comparable basis
Q4 2018 Robotics and Motion

Strong growth and execution

Orders $2,175 mn
Third-party base orders +6% yoy\(^2\)
Large orders from automotive, rail
Continued demand in process industries

Revenues $2,341 mn
Good backlog execution, book-and-bill
Order backlog end Q3 +10%, end Q4 +10% yoy

Operational EBITA $349 mn
Margin yoy +120 bps
Positive volumes, continued cost management

\(^1\)Large orders includes large orders (defined as orders above $15 mn) and internal Group orders; \(^2\)On a comparable basis
## Group operational EBITA impacts

<table>
<thead>
<tr>
<th></th>
<th>FY 2017</th>
<th>FY 2018</th>
<th>Q4 2017</th>
<th>Q4 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operational EBITA margin</td>
<td>11.2%</td>
<td>10.9%</td>
<td>9.7%</td>
<td>7.9%</td>
</tr>
<tr>
<td>PG related stranded costs</td>
<td>-110 bps</td>
<td>-110 bps</td>
<td>-110 bps</td>
<td>-100 bps</td>
</tr>
<tr>
<td>Non-core charges</td>
<td>-70 bps</td>
<td>-100 bps</td>
<td>-200 bps</td>
<td>-260 bps</td>
</tr>
<tr>
<td>GEIS dilution</td>
<td>n.a.</td>
<td>-40 bps</td>
<td>n.a.</td>
<td>-40 bps</td>
</tr>
<tr>
<td></td>
<td>-180 bps</td>
<td>-250 bps</td>
<td>-310 bps</td>
<td>-400 bps</td>
</tr>
</tbody>
</table>
Q4 2018 operational EBITA

Operational EBITA bridge Q4 2017 to Q4 2018 ($ mn)

9.7% op. EBITA margin → 7.9% op. EBITA margin

<table>
<thead>
<tr>
<th>Component</th>
<th>Q4 2017</th>
<th>Q4 2018</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Op. EBITA</td>
<td>664</td>
<td>584</td>
<td>-80</td>
</tr>
<tr>
<td>Net savings</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commodities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net volume</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Invest growth, incl. digital</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mix</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-core</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other¹</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Acq./Div.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Forex</td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

¹Including impacts from contractual charges in EP division and one-time customer payment default in IA division
### Q4 2018 net income drivers

#### Operational EBITA to net income walk Q4 2018 ($ mn)

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount ($ mn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q4 18 Op. EBITA</td>
<td>584</td>
</tr>
<tr>
<td>PPA-related amortization</td>
<td></td>
</tr>
<tr>
<td>Restructuring related</td>
<td>75</td>
</tr>
<tr>
<td>Other non-operational items¹</td>
<td>49</td>
</tr>
<tr>
<td>Acquisition / separation costs²</td>
<td>56</td>
</tr>
<tr>
<td>Q4 18 Reported EBIT</td>
<td>275</td>
</tr>
<tr>
<td>Finance expense, taxes, other</td>
<td>65</td>
</tr>
<tr>
<td>Discontinued operations</td>
<td>135</td>
</tr>
<tr>
<td>Minorities</td>
<td>28</td>
</tr>
<tr>
<td><strong>Q4 18 Net income</strong></td>
<td><strong>317</strong></td>
</tr>
</tbody>
</table>

#### Key non-operating items

- **Restructuring** including ~$65 mn accelerated delivery of ABB-OS™ simplification plans
- **Power Grids related transaction and separation** costs ~$25 mn
- **Discontinued operations (Power Grids)**
- **Net income** ~$135 mn, reflects restructuring, ongoing Power Up program

¹Other non-operational items plus changes in obligations related to divested businesses, changes in pre-acquisition estimates, gains and losses from sale of businesses and foreign exchange/commodity timing differences; ²Acquisition / separation costs contains acquisition and acquisition related costs, integration costs and separation and transaction related costs
ABB: shaping a leader focused in digital industries

Ulrich Spiesshofer, CEO
Shaping the new ABB as a leader in digital industries

1. Focus on digital industries through divestment of Power Grids

2. Simplify our business model and structure

3. Shape four leading businesses

Creating value in the new ABB
The new ABB

Pioneering technology leader in digital industries

$410 bn market, growing at 3.5 – 4% p.a.

<table>
<thead>
<tr>
<th>Electrification</th>
<th>Industrial Automation</th>
<th>Motion</th>
<th>Robotics &amp; Discrete Automation</th>
</tr>
</thead>
<tbody>
<tr>
<td>33% Asia, Middle East and Africa</td>
<td>31% Americas</td>
<td></td>
<td>36% Europe</td>
</tr>
</tbody>
</table>

$29 bn revenues, 110,000 employees

Note: revenues include annualized contribution from GEIS based on H2 2018
Shaping the new ABB as a leader in digital industries

1. Focus on digital industries through divestment of Power Grids

2. Simplify our business model and structure

3. Shape four leading businesses

Creating value in the new ABB
ABB will focus in digital industries and divest Power Grids

Divesting Power Grids to Hitachi

The new ABB – focusing in digital industries

Electrification  Industrial Automation  Motion  Robotics & Discrete Automation
PG divestment unlocks $11 bn of value and is a catalyst for transforming ABB

Crystallizing the value created in Power Grids

- Attractive step at the right time, with the right partner
  - PG transformation milestones achieved through Power Up program
  - Building on our long term partnership with Hitachi and our complementary strengths
  - Attractive valuation at $11 bn EV, estimated $7.6 – 7.8 bn\(^1\) cash to be returned to shareholders from the 80.1% sale
  - Clear exit path, transaction certainty, mutual supply partnership

Closing expected by first half of 2020

Catalyst for the new ABB

- The new ABB focused in digital industries
  - Increased focus on industrial B2B customers

Simplified business model and structure

- PG divestment as a catalyst for business model reset

The new ABB: more growth, better margins, lower risk, less volatile

\(^1\)Intention to return 100% of estimated net cash proceeds of $7.6-7.8 bn. After estimated one-time transaction and separation related costs of $500-600 million and cash tax leakage of $800-900 million. Total enterprise value adjustments of ~$3.0 billion, including ~$2.7 billion of net leverage (intercompany loan net of cash transferred) and ~$0.3 billion after-tax unfunded pensions and other liabilities
Power Grids: clear roadmap, well under way and progressing to plan

**Power Grids separation**

**Transaction**
- Implement execution roadmap
- Finalize mutual supply partnership
- Manage regulatory process
- Transaction governance established

**Carve-out & JV creation**
- Project design complete and implementation under way
- Commenced legal and operational carve-out
- Countries and functions mobilized
- Blue print of stand-alone entity designed
- Agreed roadmap to closing

**Power Grids operations**

**Running the business**
- Maintain focus on our customers
- Minimize disruption from separation
- Continue Power Up transformation
- Further strengthen leadership position
Shaping the new ABB as a leader in digital industries

1. Focus on digital industries through divestment of Power Grids

2. Simplify our business model and structure

3. Shape four leading businesses

Creating value in the new ABB
Customer focus and agile decision-making through reset of our business model

Today: matrix

Future: ABB-OS™ with four entrepreneurial businesses

Businesses run the business

- Lean corporate center, incl. common ABB Ability™ platform and core technologies
- Country / regional structures to be discontinued after closing of PG transaction

Customer focus, agility, ~$500 million p.a. net savings medium-term
Full empowerment of businesses

From: ABB in 2018

- Power Grids
- Electrification Products
- Industrial Automation
- Robotics & Motion

Centrally managed functions

- Business functions
- Support functions
- Country organizations

Corporate (incl. ABB Ability™)

To: the new ABB with ABB-OS™, from April 1, 2019

- Electrification
  - Business functions
  - Support functions
  - Country presence
- Industrial Automation
  - Business functions
  - Support functions
  - Country presence
- Motion
  - Business functions
  - Support functions
  - Country presence
- Robotics & Discrete Automation
  - Business functions
  - Support functions
  - Country presence

Common Global Business Services

Lean Corporate (incl. ABB Ability™ and core technologies)
### The transformation to ABB-OS™ is well under way

#### Actions of business model reset

| Businesses | Establish full scope of business and support functions  
Streamline management structures and business model, e.g. significantly fewer P&Ls  
Strengthen team by transfer of experienced country management resources  
Take over responsibility for business-led collaboration on e.g. account management and Global Business Services |
| Business & support functions | Transfer >15,000 FTEs in centrally managed functions (R&D, Sales, QO, Finance, IS, HR, Legal) to businesses through pull-down approach, to lean corporate or into job pool |
| Country organizations | Manage discontinuation of country and regional structures towards closing of PG transaction |
| ABB Ability™ & core technologies | Strengthen common ABB Ability™ team and AI-focused R&D at group level |
| Corporate | Focus and streamline corporate and headquarter |

**Customer focus, agility, ~$500 million p.a. net savings medium-term**
# Clear transformation milestones towards ABB-OS™

## Key milestones

<table>
<thead>
<tr>
<th>Year</th>
<th>Month</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>December</td>
<td>Transformation announced</td>
</tr>
<tr>
<td></td>
<td>January</td>
<td>ABB-OS™ and carve-out teams set up</td>
</tr>
<tr>
<td></td>
<td>February</td>
<td>Global Business Services board established</td>
</tr>
<tr>
<td>2019</td>
<td>April</td>
<td>New businesses operational</td>
</tr>
<tr>
<td></td>
<td>July</td>
<td>Function transfer shaped</td>
</tr>
<tr>
<td></td>
<td>December</td>
<td>Stand-alone PG established</td>
</tr>
<tr>
<td>2020</td>
<td>Mid-year</td>
<td>Transaction closed and joint venture operational</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Majority of stranded costs eliminated</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Country and regional structures discontinued</td>
</tr>
<tr>
<td>2021</td>
<td></td>
<td>ABB-OS™ simplification reaches full run-rate</td>
</tr>
</tbody>
</table>
Shaping the new ABB as a leader in digital industries

1. Focus on digital industries through divestment of Power Grids

2. Simplify our business model and structure

3. Shape four leading businesses

Creating value in the new ABB
The new ABB: operating in attractive, growing markets

### Large market...

<table>
<thead>
<tr>
<th>Today</th>
<th>2025</th>
</tr>
</thead>
<tbody>
<tr>
<td>$410 \text{ bn}$</td>
<td>$550 \text{ bn}$</td>
</tr>
</tbody>
</table>

- 3.5-4% p.a.

### …with several attractive dynamics

<table>
<thead>
<tr>
<th>Growth Rate</th>
<th>Market Category</th>
</tr>
</thead>
<tbody>
<tr>
<td>8%+</td>
<td>Software &amp; digital solutions</td>
</tr>
<tr>
<td></td>
<td>Electric mobility</td>
</tr>
<tr>
<td>5%+</td>
<td>Robotics / flexible manufacturing</td>
</tr>
<tr>
<td></td>
<td>Data centers</td>
</tr>
<tr>
<td></td>
<td>Machine and factory automation</td>
</tr>
<tr>
<td></td>
<td>Renewables</td>
</tr>
<tr>
<td>4-5%</td>
<td>Food &amp; beverage</td>
</tr>
<tr>
<td></td>
<td>Commercial buildings</td>
</tr>
<tr>
<td>Up to 4%</td>
<td>Oil &amp; gas</td>
</tr>
<tr>
<td></td>
<td>Residential buildings</td>
</tr>
<tr>
<td></td>
<td>Motion</td>
</tr>
</tbody>
</table>
The new ABB

Pioneering technology leader in digital industries

Influencing the future of how we...

...power

...produce

...work

...live

...move
Three key pillars of our competitive differentiation

Unique and leading portfolio in digital industries

Solution-oriented business model

Pioneering innovation leadership
A unique, well positioned portfolio for customers in industry 4.0

<table>
<thead>
<tr>
<th>Electrification</th>
<th>Automation</th>
<th>Robotization</th>
<th>Digitalization</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low/Medium Voltage</td>
<td>Process control (DCS)¹</td>
<td>Motors &amp; generators</td>
<td>ABB Ability™</td>
</tr>
<tr>
<td>Buildings &amp; infrastructure</td>
<td>Measurement &amp; analytics</td>
<td>Drives</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Machine &amp; factory</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Robotics</td>
<td></td>
</tr>
<tr>
<td>Siemens</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Schneider Electric</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Legrand</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Eaton</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rockwell Automation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Emerson</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Honeywell</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yaskawa</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fanuc</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yokogawa</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

¹Distributed Control System
The new ABB operates through four focused, leading businesses

- **Electrification**
  - Low/Medium Voltage
  - Buildings & infrastructure

- **Automation**
  - Measurement & analytics
  - Process control (DCS)
  - Motors & generators
  - Drives
  - Machine & factory
  - Robotics

- **Robotization**
  - Digitalization: ABB Ability™

- **Industrial Automation**
  - #2

- **Motion**
  - #1

- **Robotics & Discrete Automation**
  - #2

---

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Clear customer focus and attractive market dynamics in all businesses

**Electrification**
- Market size: $160 bn
- Medium-term market growth p.a.: 3%
- Typical customers:
  - Distributors
  - Panel-builders
  - EPCs¹
- 2018 revenues: $13.0 bn³
- 2018 op. EBITA %: 13%³

**Industrial Automation**
- Market size: $90 bn
- Medium-term market growth p.a.: 3%
- Typical customers:
  - End customers
  - EPCs¹
- 2018 revenues: $6.5 bn
- 2018 op. EBITA %: 14%

**Motion**
- Market size: $80 bn
- Medium-term market growth p.a.: 3%
- Typical customers:
  - End customers
  - OEMs²
- 2018 revenues: $6.5 bn
- 2018 op. EBITA %: 16%

**Robotics & Discrete Automation**
- Market size: $80 bn
- Medium-term market growth p.a.: 6%
- Typical customers:
  - End customers
  - OEMs²
- 2018 revenues: $3.6 bn
- 2018 op. EBITA %: 15%

¹Engineering, Procurement and Construction; ²Original Equipment Manufacturer; ³Electrification result adjusted to include GEIS on an annualized basis, based on H2 2018 contribution
The new ABB: focused portfolio, increased commercial attractiveness

The new ABB medium-term margin corridor

Operational EBITA margin

The new ABB: more growth, better margins, lower risk, less volatile

1Operational EBITA margin of Power Grids division over last 8 quarters, Q4 2016 to Q3 2018 inclusive, revenue contribution for past 12 month to end Q3 2018; 2Electrification result adjusted to include GEIS on an annualized basis, based on H2 2018 contribution; Note: bubble size reflects FY18 revenues, unless otherwise stated
The new ABB: leading in digital industries with ABB Ability™

Customer value

- ABB Ability™ Electrification solutions
- ABB Ability™ Industrial Automation solutions
- ABB Ability™ Motion solutions
- ABB Ability™ Robotics & Discrete Automation solutions

ABB Ability™ digital platform
ABB Ability™ with unique common platform

ABB Ability™ digital platform

Common cloud, edge, & device technologies
MS Azure + ABB innovations in cybersecurity, digital twin, app marketplace, intercloud
Differentiation through ABB Ability™ digital solutions in the businesses

**Electrification**
- Remote services for asset performance & energy efficiency
- Software-configured hardware (via apps)
- Electrical distr. control system
- Asset health & condition monitoring
- EV² charging digital services

**Industrial Automation**
- Software and SW-services
- Remote services and optimization
- Analytics and AI
- 800xA DCS
- Collaborative operations
- Cybersecurity services

**Motion**
- Software-configured hardware (apps)
- Plug & play connectivity
- Performance optimization and predictive maintenance
- Connected powertrain
- Smart sensing
- Remote condition monitoring

**Robotics & Discrete Automation**
- SW-configured solutions (apps)
- Simulation and digital twins
- Remote optimization
- Analytics & AI
- Connected Services
- RobotStudio™
- Mapps
- Asset performance monitor

**Number of ABB Ability™ solutions**
- Electrification: 30
- Industrial Automation: 120
- Motion: 10
- Robotics & Discrete Automation: 20

---

1 Commercially available
2 Electric Vehicle

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ABB Ability™ with proven track record of creating customer value

ABB’s markets on digital S-curve

Level of digitalization

Time

Offshore upstream, North Sea
ABB Ability™ integrated automation, ABB Ability™ Collaborative Operations
>99% uptime, best-in-class

Automotive supply, Germany
ABB Ability™ Connected Services
Up to 25% fewer incidents and 60% faster recovery

Pump manufacturer, Switzerland
ABB Ability™ remote condition monitoring
 Enables predictive maintenance services

Hospital, China
ABB Ability™ Electrical Distribution Control System
30% lower operations costs, 7% lower energy consumption

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ABB Ability™ drives accelerated profitable growth

Accelerate growth through ABB Ability™

ABB Ability™ commercial impact and sales momentum

180 ABB Ability™ solutions in the new ABB

~45% of the new ABB orders from digitally-enabled offering¹

Digital and ABB Ability™ solution sales pipeline²

- Since April 2018: double the customer contacts
- Since October 2018: >20% increase in ABB Ability™ order pipeline

¹Includes ABB Ability™ solutions, software and related services, digitally enabled products; ²Systematically tracked with SFDC since 2018
ABB and Dassault Systèmes enter global software partnership for digital industries

Pioneering technology leader in digital industries

Global leader in digital experience platform for business and industrial innovation

Benefits from our unique combination

Value proposition
End-to-end open digital solutions

Supports customers’ operations through plan / design, build and operate phases

Accelerated shift from mass production to mass customization

Focus segments
Smart factories and robotics
Smart buildings
Process industries
Partnership enabling end-to-end solutions along customer life-cycle

3DEXPERIENCE digital twin / Product lifecycle management & collaboration

Modeling and simulation

ABB Ability™ platform and solutions

Robotics simulation (Robot Studio)

Robotics solutions

Supply chain & Logistics

Manufacturing Operations Management

ABB Services

Collaborating from Design through Build and Operate to maximize customer value
Long-term committed to driving pioneering innovation

- Autonomous operations
- Digital operations
- Automated operations
- Electronics
- Copper & iron

Artificial Intelligence
Expertise
Brain, Logic
Nerves, Senses
Muscles

Motors  Drive  Robotics, PLC, process control  Software, digital solutions  Cyber-physical systems
Shaping the new ABB as a leader in digital industries

1. Focus on digital industries through divestment of Power Grids

2. Simplify our business model and structure

3. Shape four leading businesses

Creating value in the new ABB
Creating value in the new ABB

**High quality of the new ABB businesses**

- **Growth**: strong secular drivers in faster growing market segments, expanding our leadership positions
- **Innovation**: ABB Ability™ solutions for enhanced customer value
- **Stability**: less large order volatility
- **Recurring revenue**: digital solutions, software and services, leveraging our large installed base

**Compelling shareholder value creation from Power Grids transaction**

- $11 bn value crystallized through Power Grids transaction
- 100% of estimated net cash proceeds of $7.6 – 7.8 bn\(^1\) from Power Grids staged divestment returned to shareholders
- Rising, sustaining dividend policy maintained post close

---

\(^1\)Intention to return 100% of estimated net cash proceeds of $7.6-7.8 bn. After estimated one-time transaction and separation related costs of $500-600 million and cash tax leakage of $800-900 million. Total enterprise value adjustments of ~$3.0 billion, including ~$2.7 billion of net leverage (intercompany loan net of cash transferred) and ~$0.3 billion after-tax unfunded pensions and other liabilities
A new financial target framework for the Group and our businesses

Medium-term

<table>
<thead>
<tr>
<th>Objective</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Comparable revenue growth p.a.(^1)</td>
<td>3 – 6%</td>
</tr>
<tr>
<td>Operational EBITA margin(^2)</td>
<td>13 – 16 %</td>
</tr>
<tr>
<td>ROCE %(^3)</td>
<td>15 – 20%</td>
</tr>
<tr>
<td>FCF conversion to net income</td>
<td>~100%</td>
</tr>
<tr>
<td>Basic EPS growth</td>
<td>&gt; revenue growth</td>
</tr>
</tbody>
</table>

Business Op. EBITA margin\(^2\)

<table>
<thead>
<tr>
<th>Industry</th>
<th>Growth Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electrification</td>
<td>15 – 19%</td>
</tr>
<tr>
<td>Industrial Automation</td>
<td>12 – 16%</td>
</tr>
<tr>
<td>Motion</td>
<td>14 – 18%</td>
</tr>
<tr>
<td>Robotics &amp; Discrete Automation</td>
<td>13 – 17%</td>
</tr>
</tbody>
</table>

Target to manage ABB long-term with an efficient balance sheet to retain “single A” credit rating

\(^1\)Based on current economic outlook; \(^2\)Target is on a full-year basis; \(^3\)Calculated using post-tax operational EBITA / average capital employed
The new ABB investment proposition

Pioneering technology leader in digital industries

**Attractive growth**
- Uniquely positioned portfolio focused on digital industries
- Four leading entrepreneurial businesses in attractive growth markets
- Value creation through ABB Ability™, innovation

**Stronger margins**
- Enhanced efficiency through simplification, ABB-OS™
- ~$500 million p.a. net savings medium-term across the Group

**Optimized capital allocation**
- Organic investment in R&D, digital, brand
- Active portfolio management
- Attractive shareholder returns

**Medium-term financial framework**
- 3 – 6% p.a. comparable revenue growth
- 13 – 16% operational EBITA margin
- 15 – 20% ROCE
- ~100% cash conversion
- EPS growth > revenue growth

---

1Based on current economic outlook
Value creation in the new ABB
Timo Ihamuotila, CFO
Driving value creation

A “common” framework...

...clear management processes...

...leading to a balanced approach

ABB Operating System

How we drive growth

How we execute

How we manage our portfolio

How we allocate capital

Attractive growth

Stronger margins

Optimized capital

Attractive shareholder returns
How ABB will drive growth

Orders and revenues development

<table>
<thead>
<tr>
<th>FY 2017</th>
<th>FY 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Orders, $ bn</td>
<td>25.0</td>
</tr>
<tr>
<td>Revenue growth</td>
<td>+6%</td>
</tr>
</tbody>
</table>

Targeted combination of growth levers

- **Organic growth**: Penetration, Innovation, Expansion actions, services growth, ABB Ability™
- **Active portfolio management**: Hitachi
- **Strategic alliances, partnerships**: Dassault Systèmes, Hewlett Packard Enterprise, Microsoft, Arm, Azure
- **ABB Technology Ventures, collaborations**: Northvolt, Grabit, Vicarious, CMR, Beijing Xiamen
Enabled through disciplined organic growth investment

R&D and digital investment\(^1\)

<table>
<thead>
<tr>
<th>Year</th>
<th>% of revenues</th>
<th>$ mn</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2013</td>
<td>3.5%</td>
<td></td>
</tr>
<tr>
<td>FY 2017(^2)</td>
<td>4.2%</td>
<td></td>
</tr>
<tr>
<td>FY 2018(^2)</td>
<td>4.4%</td>
<td></td>
</tr>
<tr>
<td>Medium-term</td>
<td>≥4%</td>
<td></td>
</tr>
</tbody>
</table>

Ongoing excellence and leadership

- Continuous, disciplined R&D
- ABB Ability™
- Collaboration with >100 universities

Sales investment

Ongoing investment in sales capability and salesforce.com

High growth focus areas

- Salesforce.com led pipeline
- Cross-selling development

Sales versus G&A investments, % yoy comparable

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales</th>
<th>G&amp;A</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2013</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY 2017</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY 2018</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Medium-term</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

\(^1\)Non-order related R&D expenses plus digital investments including ABB Ability™; \(^2\)For the new ABB (excluding Power Grids)
Sustainable cost reduction

ABB Group cost base, illustrative ($ mn)

1. Cost base FY 2018
2. Stranded cost elimination
3. Cost base FY 2018 Excl. charges
4. Cost infl. / price pressure
5. Savings
6. Organic growth investment
7. Cost base medium-term

Clear road map

1. Vast majority of stranded costs eliminated by deal close
2. Accelerated exit from non-core business
3. Continuous Opex and SCM savings
4. ABB-OS™ simplification: ~$500 mn p.a. net savings medium-term
5. Disciplined organic growth investment

1. Total cost of sales plus SG&A plus non-order related R&D expenses; 2. Stranded and other carve-out related costs incurred due to agreed sale of Power Grids; 3. Cost base excluding stranded costs and non-core charges and costs; 4. Supply Chain Management
Managing gross margin and cost of sales

**Continuous Opex and supply chain savings**

Opex and supply chain management savings (gross), $ bn and as % of COGS

- **FY 2016**: 0.7
- **FY 2017**: 0.7
- **FY 2018**: 0.9

**Key levers**

- Business led pricing strategies
- Raw material and component cost management
- Driving performance and productivity through Lean Six Sigma
  - Reduction in lead-time to customers
  - Improvement in Quality
  - Supply chain efficiencies

**Ongoing savings equivalent to 3 – 5% of COGS p.a.**

---

1 The new ABB (excluding Power Grids)
**ABB-OS™ simplification: ~$500 mn net savings**
Clear actions to deliver cost reductions

### Medium-term net savings

<table>
<thead>
<tr>
<th>Level</th>
<th>Savings (mn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business level</td>
<td>~$300</td>
</tr>
<tr>
<td>Group functions &amp; Corporate</td>
<td>~$200</td>
</tr>
<tr>
<td>Corporate</td>
<td>~$500</td>
</tr>
</tbody>
</table>

### Simplification levers and financial impacts

<table>
<thead>
<tr>
<th>Level</th>
<th>Financial Impacts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business level</td>
<td>Reduced P&amp;L and management layers, Simplified internal trade</td>
</tr>
<tr>
<td></td>
<td>Global footprint optimization</td>
</tr>
<tr>
<td>Group functions &amp; Corporate</td>
<td>Elimination of matrix:</td>
</tr>
<tr>
<td></td>
<td>- Group functions and country structure rationalized through “pull-down” by businesses</td>
</tr>
<tr>
<td></td>
<td>Optimization of R&amp;D, IS, real estate and GBS</td>
</tr>
<tr>
<td></td>
<td>Leaner, right-sized corporate</td>
</tr>
<tr>
<td>Corporate</td>
<td>~$350 mn restructuring charges, ~$150 mn implementation costs</td>
</tr>
</tbody>
</table>

---

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IS = Information systems; GBS = Global Business Services
**ABB-OS™ simplification timeline**

### Road map

- **2021**: ~$500 mn

### Implementation phases and impacts

**2019**
- $150 – 200 mn run-rate savings
- Establish new Corporate structure
- Elimination of matrix:
  - Rationalized group functions move to businesses
  - Commence streamlining of countries into businesses
- Business level scoping of programs, quick wins
- ~$400 mn non-operating restructuring and implementation costs

**2020 – 2021**
- $500 mn run-rate savings
- Execution of business level programs
- Complete integration of countries into businesses
- ~$50 mn non-operating restructuring and implementation costs

---

**Full run-rate benefit expected during 2021**
ABB-OS™ simplification: leaner corporate

Corporate and other operational EBITA bridge, FY 2018 to medium-term

- $1.1 bn
- Stranded cost elimination
- Non-core charges
- Re-allocation to businesses
- Corporate savings

Role of new corporate

- Group strategy
- Portfolio and performance management
- Capital allocation
- Core technologies (AI)
- ABB Ability™ platform

1Stranded and other carve-out related costs incurred due to agreed sale of Power Grids, including Power Grids' fair share of corporate costs
The new ABB operational EBITA margin, medium-term

<table>
<thead>
<tr>
<th>Business operational EBITA margin corridors</th>
<th>Corporate and other cost</th>
<th>ABB Group target corridor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electrification</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Industrial Automation</td>
<td>12–16%</td>
<td></td>
</tr>
<tr>
<td>Motion</td>
<td>14–18%</td>
<td></td>
</tr>
<tr>
<td>Robotics &amp; Discrete Automation</td>
<td>13–17%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Leaner corporate ~$300 mn</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>13–16%</td>
</tr>
</tbody>
</table>
The new ABB operational EBITA bridge

Operational EBITA bridge FY 2018 to medium-term

10.9% op. EBITA margin

$3.0 bn

Stranded cost elimination

Non-core exit

Acq./Div.

Group functions & Corporate savings

Business savings

Operating performance

Op. EBITA FY 2018 Excl. charges

Op. EBITA FY18

ABB-OS™ simplification

~$500 mn net savings

13.0 – 16.0% op. EBITA margin

Op. EBITA Medium-term

1Operational EBITA FY2018 excluding stranded costs and non-core charges and costs; 2Stranded and other carve-out related costs incurred due to agreed sale of Power Grids
How ABB manages its portfolio
Continuing systematic portfolio management
Value-adding acquisitions and divestments

**Principles for acquisitions**

- Strategic fit
- Cultural alignment
- Defined decision framework
- Integration capacity and rigorous follow through

**Clear financial criteria**

- Return > WACC after year 3
- EPS accretive after year 1
- Safeguard long-term credit rating

**Milestones and learnings from previous transactions**

- Power Grids (D): right time, right partner
- GEIS (A): expanded access to North America, performance improvement on track
- B&R (A): strong portfolio fit and cultural alignment
- HV Cables (D): well-timed pruning
- Thomas & Betts (A): slow progress of integration
- Ventyx (A): failed “no touch” integration
Rigorous cash and capital efficiency

Disciplined capital expenditure

Capital expenditure, $ mn

<table>
<thead>
<tr>
<th>Year</th>
<th>Old ABB FY 2013</th>
<th>Old ABB FY 2017</th>
<th>Old ABB FY 2018</th>
<th>The new ABB FY 2018</th>
<th>PG impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2013</td>
<td>1106</td>
<td>949</td>
<td>752</td>
<td>772</td>
<td></td>
</tr>
<tr>
<td>FY 2017</td>
<td>752</td>
<td>772</td>
<td>9.8</td>
<td>11.3</td>
<td>PG impact</td>
</tr>
<tr>
<td>FY 2018</td>
<td>9.8</td>
<td>11.3</td>
<td>9.0</td>
<td>14.9</td>
<td>PG impact</td>
</tr>
</tbody>
</table>

Investment in
- Robotics factory, China
- R&D campus, Austria
- Information systems

Reduced net working capital

NWC as % of revenues

<table>
<thead>
<tr>
<th>Year</th>
<th>Old ABB FY 2013</th>
<th>Old ABB FY 2017</th>
<th>Old ABB FY 2018</th>
<th>The new ABB FY 2018</th>
<th>PG impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2013</td>
<td>14.9</td>
<td>9.8</td>
<td>9.0</td>
<td>9.8</td>
<td>PG impact</td>
</tr>
<tr>
<td>FY 2017</td>
<td>11.3</td>
<td>9.0</td>
<td>9.0</td>
<td>9.0</td>
<td>PG impact</td>
</tr>
<tr>
<td>FY 2018</td>
<td>9.0</td>
<td>9.0</td>
<td>9.0</td>
<td>9.0</td>
<td>PG impact</td>
</tr>
</tbody>
</table>

Continued focus on
- Asset light business models
- Reduced inventory turns
- Receivable rotation days
Cash returns and capital allocation

**Strong returns to shareholders**

- ~$23.5 bn
- Capex
- Acquisitions
- Dividends
- Share buyback
- 2014-18

**Sustained capital allocation priorities**

- ~40% invest in business
- ~60% return to shareholders

- Fund organic growth, R&D, capex at attractive returns
- Rising sustainable dividend
- Value-creating acquisitions
- Returning additional cash to shareholders

Target to manage ABB long-term with an efficient balance sheet to retain “single A” credit rating

---

February 28, 2019

1 Includes dividends distributed within year plus proposed 2018 DPS; 2 As defined in 2014
CEO priorities 2019
Ulrich Spiesshofer, CEO
CEO priorities for 2019

Running the company

**PIE to drive profitable growth**
- Launch innovations to market, boosted by ABB Ability™ and AI
- Continue expansion into high growth segments, such as E-mobility, data centers, F&B

**Deliver value from investments: R&D, sales, acquisitions**

**Relentless execution**
- Electrification – integrating GEIS
- Power Grids – continue Power Up program
- Ongoing cost reductions

**Business-led collaboration**
- Cross-business account management, joint shared services

Managing the transformation

**Separate Power Grids**

**Implement the new ABB**
- Launch entrepreneurial businesses, new business set-up to go live on April 1
- Implement ABB-OST™: lean corporate and business model
- Zero-distance to customers, agile decision making

**Drive ABB-OST™ savings and address stranded costs**
The new ABB investment proposition
Pioneering technology leader in digital industries

**Attractive growth**
- Uniquely positioned portfolio focused on digital industries
- Four leading entrepreneurial businesses in attractive growth markets
- Value creation through ABB Ability™, innovation

**Stronger margins**
- Enhanced efficiency through simplification, ABB-OS™
- ~$500 million p.a. net savings medium-term across the Group

**Optimized capital allocation**
- Organic investment in R&D, digital, brand
- Active portfolio management
- Attractive shareholder returns

**Medium-term financial framework**
- 3 – 6% p.a. comparable revenue growth
- 13 – 16% operational EBITA margin
- 15 – 20% ROCE
- ~100% cash conversion
- EPS growth > revenue growth

---

¹Based on current economic outlook
Appendix
## 2019 framework

<table>
<thead>
<tr>
<th>$ mn unless otherwise stated</th>
<th>FY 2018 recast</th>
<th>FY 2019 framework</th>
<th>Q1 2019 framework</th>
<th>FY 2018 recast</th>
<th>FY 2019 framework</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Corporate &amp; other operational EBITA</strong></td>
<td>(1,087)</td>
<td>~(800)</td>
<td>~(200)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Of which, stranded costs (gross)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stranded cost elimination</td>
<td>(297)</td>
<td>~(300)</td>
<td>~(75)</td>
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<td></td>
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<tr>
<td>Stranded cost elimination</td>
<td>0</td>
<td>~60</td>
<td>~10</td>
<td></td>
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</tr>
<tr>
<td><strong>Non-operating items</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Normal restructuring</td>
<td>(107)</td>
<td>~(100)</td>
<td>~(25)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Simplification program(^1)</td>
<td>(65)</td>
<td>~(400)</td>
<td>~(60)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PG transaction and separation related costs</td>
<td>(32)</td>
<td>~(350)</td>
<td>~(90)</td>
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<tr>
<td>GEIS acquisition related expenses and integration costs</td>
<td>(162)</td>
<td>~(120)</td>
<td>~(30)</td>
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<td></td>
</tr>
<tr>
<td>PPA-related amortization</td>
<td>(273)</td>
<td>~(275)</td>
<td>~(70)</td>
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<td></td>
</tr>
<tr>
<td><strong>Net finance expenses</strong></td>
<td></td>
<td></td>
<td></td>
<td>(190)</td>
<td>~(230)</td>
</tr>
<tr>
<td><strong>Effective tax rate</strong></td>
<td></td>
<td></td>
<td></td>
<td>25.7%</td>
<td>~27%</td>
</tr>
<tr>
<td>PG tax impact</td>
<td></td>
<td></td>
<td></td>
<td>~(200) in H2</td>
<td></td>
</tr>
<tr>
<td><strong>Capital expenditure</strong></td>
<td></td>
<td></td>
<td></td>
<td>(772)</td>
<td>~(850)</td>
</tr>
<tr>
<td><strong>Cash flow from operating activities (continuing + discontinued)</strong></td>
<td></td>
<td></td>
<td></td>
<td>2,924</td>
<td>Solid</td>
</tr>
</tbody>
</table>

\(^1\) ABB-OS™ simplification program expected to incur ~$350 million restructuring and ~$150 million related implementation costs
Results appendix
## Key figures Q4 2018

<table>
<thead>
<tr>
<th>In $ mn unless stated otherwise</th>
<th>Q4 2018</th>
<th>Q4 2017</th>
<th>Change yoy</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Local currency</td>
<td>Comparable</td>
</tr>
<tr>
<td>Orders</td>
<td>6,985</td>
<td>6,328</td>
<td>+10%</td>
</tr>
<tr>
<td>Order backlog (end December)</td>
<td>13,084</td>
<td>12,491</td>
<td>+5%</td>
</tr>
<tr>
<td>Revenues</td>
<td>7,395</td>
<td>6,804</td>
<td>+9%</td>
</tr>
<tr>
<td>Income from operations</td>
<td>275</td>
<td>324</td>
<td>-15%</td>
</tr>
<tr>
<td>as % of revenues</td>
<td>3.7%</td>
<td>4.8%</td>
<td>-1.1 pts</td>
</tr>
<tr>
<td>Operational EBITA</td>
<td>584</td>
<td>664</td>
<td>-12%</td>
</tr>
<tr>
<td>as % of operational revenues</td>
<td>7.9%</td>
<td>9.7%</td>
<td>-1.8 pts</td>
</tr>
<tr>
<td>Net income attributable to ABB</td>
<td>317</td>
<td>393</td>
<td>-19%</td>
</tr>
<tr>
<td>Basic earnings per share ($)</td>
<td>0.10</td>
<td>0.10</td>
<td>0%¹</td>
</tr>
<tr>
<td>Basic earning per share ($)</td>
<td>0.15</td>
<td>0.18</td>
<td>-19%¹</td>
</tr>
<tr>
<td>Operational earnings per share ($)</td>
<td>0.30</td>
<td>0.33</td>
<td>-9%¹</td>
</tr>
<tr>
<td>Cash flow from operating activities</td>
<td>1,867</td>
<td>1,869</td>
<td>+0%</td>
</tr>
</tbody>
</table>

1 Calculated on earnings per share before rounding
2 Operational EPS growth rate is in constant currency (2014 foreign exchange rates)
### Key figures FY 2018

<table>
<thead>
<tr>
<th></th>
<th>FY 2018</th>
<th>FY 2017</th>
<th>Change yoy</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>In $ mn unless stated otherwise</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Orders</td>
<td>28,590</td>
<td>25,034</td>
<td>+14%</td>
</tr>
<tr>
<td>Order backlog (end December)</td>
<td>13,084</td>
<td>12,491</td>
<td>+5%</td>
</tr>
<tr>
<td>Revenues</td>
<td>27,662</td>
<td>25,196</td>
<td>+10%</td>
</tr>
<tr>
<td>Income from operations</td>
<td>2,226</td>
<td>2,230</td>
<td>-0%</td>
</tr>
<tr>
<td>as % of revenues</td>
<td>8.0%</td>
<td>8.9%</td>
<td>-0.9 pts</td>
</tr>
<tr>
<td>Operational EBITA</td>
<td>3,005</td>
<td>2,817</td>
<td>+7%</td>
</tr>
<tr>
<td>as % of operational revenues</td>
<td>10.9%</td>
<td>11.2%</td>
<td>-0.3 pts</td>
</tr>
<tr>
<td>Net income attributable to ABB</td>
<td>2,173</td>
<td>2,213</td>
<td>-2%</td>
</tr>
<tr>
<td>Basic earnings per share from continuing operations ($)</td>
<td>0.71</td>
<td>0.67</td>
<td>+5%&lt;sup&gt;1&lt;/sup&gt;</td>
</tr>
<tr>
<td>Basic earning per share ($)</td>
<td>1.02</td>
<td>1.04</td>
<td>-2%&lt;sup&gt;1&lt;/sup&gt;</td>
</tr>
<tr>
<td>Operational earnings per share ($)</td>
<td>1.33</td>
<td>1.25</td>
<td>+7%&lt;sup&gt;1&lt;/sup&gt;</td>
</tr>
<tr>
<td>Cash flow from operating activities</td>
<td>2,924</td>
<td>3,799</td>
<td>-23%</td>
</tr>
</tbody>
</table>

<sup>1</sup>Calculated on earnings per share before rounding
<sup>2</sup>Operational EPS growth rate is in constant currency (2014 foreign exchange rates)
## Total and base orders

By division

<table>
<thead>
<tr>
<th>Division</th>
<th>Q4 2018</th>
<th>Q4 2017</th>
<th>Change yoy</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Electrification Products</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total orders</td>
<td>3,139</td>
<td>2,556</td>
<td>+2%</td>
</tr>
<tr>
<td>3rd party base orders</td>
<td>3,032</td>
<td>2,394</td>
<td>+3%</td>
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<tr>
<td><strong>Industrial Automation</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total orders</td>
<td>1,866</td>
<td>1,795</td>
<td>+8%</td>
</tr>
<tr>
<td>3rd party base orders</td>
<td>1,639</td>
<td>1,642</td>
<td>+4%</td>
</tr>
<tr>
<td><strong>Robotics and Motion</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total orders</td>
<td>2,175</td>
<td>2,039</td>
<td>+11%</td>
</tr>
<tr>
<td>3rd party base orders</td>
<td>1,872</td>
<td>1,837</td>
<td>+6%</td>
</tr>
<tr>
<td><strong>Corporate and Other</strong></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Total orders</td>
<td>(195)</td>
<td>(62)</td>
<td>n.a.</td>
</tr>
<tr>
<td>3rd party base orders</td>
<td>11</td>
<td>31</td>
<td>n.a.</td>
</tr>
<tr>
<td><strong>ABB Group</strong></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Total orders</td>
<td>6,985</td>
<td>6,328</td>
<td>+7%</td>
</tr>
<tr>
<td>3rd party base orders</td>
<td>6,554</td>
<td>5,904</td>
<td>+5%</td>
</tr>
</tbody>
</table>
## Q4 2018 total and base orders

**By region and country**

<table>
<thead>
<tr>
<th>Region</th>
<th>Total Orders Growth</th>
<th>Base Orders Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe</td>
<td>+4%</td>
<td>+2%</td>
</tr>
<tr>
<td>Germany</td>
<td>-8%</td>
<td>-8%</td>
</tr>
<tr>
<td>Italy</td>
<td>+16%</td>
<td>+1%</td>
</tr>
<tr>
<td>Sweden</td>
<td>+8%</td>
<td>+9%</td>
</tr>
</tbody>
</table>

**Growth by region**

<table>
<thead>
<tr>
<th>Region</th>
<th>Total Orders Growth</th>
<th>Base Orders Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Americas</td>
<td>+12%</td>
<td>+13%</td>
</tr>
<tr>
<td>US</td>
<td>+8%</td>
<td>+7%</td>
</tr>
<tr>
<td>Canada</td>
<td>+1%</td>
<td>+9%</td>
</tr>
<tr>
<td>Brazil</td>
<td>+52%</td>
<td>+25%</td>
</tr>
<tr>
<td>AMEA</td>
<td>+7%</td>
<td>+0%</td>
</tr>
<tr>
<td>China</td>
<td>+6%</td>
<td>-1%</td>
</tr>
<tr>
<td>India</td>
<td>+19%</td>
<td>+2%</td>
</tr>
<tr>
<td>Australia</td>
<td>-7%</td>
<td>+17%</td>
</tr>
</tbody>
</table>

1. Change on a comparable basis
2. Defined as orders below $15 mn
3. AMEA: Asia, Middle East and Africa
## Order backlog by division

<table>
<thead>
<tr>
<th></th>
<th>End December 2018</th>
<th>End December 2017</th>
<th>Change yoy</th>
</tr>
</thead>
<tbody>
<tr>
<td>In $ mn unless stated otherwise</td>
<td>$</td>
<td>$</td>
<td>Comparable</td>
</tr>
<tr>
<td>Electrification Products</td>
<td>4,113</td>
<td>3,098</td>
<td>+33%</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>+7%</td>
</tr>
<tr>
<td>Industrial Automation</td>
<td>5,148</td>
<td>5,301</td>
<td>-3%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>+2%</td>
</tr>
<tr>
<td>Robotics and Motion</td>
<td>4,016</td>
<td>3,823</td>
<td>+5%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>+10%</td>
</tr>
<tr>
<td>Corporate and Other</td>
<td>(193)</td>
<td>269</td>
<td>n.a</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>n.a</td>
</tr>
<tr>
<td><strong>ABB Group</strong></td>
<td><strong>13,084</strong></td>
<td><strong>12,491</strong></td>
<td>+5%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>+6%</td>
</tr>
<tr>
<td>Year of recognition</td>
<td><strong>2019</strong></td>
<td><strong>2020</strong></td>
<td><strong>Thereafter</strong></td>
</tr>
<tr>
<td>Backlog conversion estimate</td>
<td>76%</td>
<td>14%</td>
<td>10%</td>
</tr>
</tbody>
</table>
Full year 2018 operational EBITA

Operational EBITA bridge FY 2017 to FY 2018, $ mn

11.2% op. EBITA margin → 10.9% op. EBITA margin

<table>
<thead>
<tr>
<th>Component</th>
<th>FY 2017</th>
<th>FY 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net savings</td>
<td>+292</td>
<td></td>
</tr>
<tr>
<td>Commodities</td>
<td>-106</td>
<td></td>
</tr>
<tr>
<td>Net Volume</td>
<td>+381</td>
<td></td>
</tr>
<tr>
<td>Invest growth, incl. digital</td>
<td>-133</td>
<td></td>
</tr>
<tr>
<td>Mix</td>
<td>-13</td>
<td></td>
</tr>
<tr>
<td>Non-Core</td>
<td>-146</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>-223</td>
<td></td>
</tr>
<tr>
<td>Acq./Div.</td>
<td>+81</td>
<td></td>
</tr>
<tr>
<td>Forex</td>
<td>+55</td>
<td></td>
</tr>
</tbody>
</table>

Op. EBITA FY 2017: $2.8 bn
Op. EBITA FY 2018: $3.0 bn
## Cash flow from operating activities by division

<table>
<thead>
<tr>
<th>Division</th>
<th>Q4 2018</th>
<th>Q4 2017</th>
<th>Change yoy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electrification Products</td>
<td>636</td>
<td>590</td>
<td>+8%</td>
</tr>
<tr>
<td>Industrial Automation</td>
<td>372</td>
<td>356</td>
<td>+4%</td>
</tr>
<tr>
<td>Robotics and Motion</td>
<td>476</td>
<td>388</td>
<td>+23%</td>
</tr>
<tr>
<td>Corporate and Other</td>
<td>(78)</td>
<td>(9)</td>
<td>n.a</td>
</tr>
<tr>
<td>Discontinued operations</td>
<td>461</td>
<td>544</td>
<td>-15%</td>
</tr>
<tr>
<td><strong>ABB Group</strong></td>
<td>1,867</td>
<td>1,869</td>
<td>0%</td>
</tr>
</tbody>
</table>

*In $ mn unless stated otherwise*
# Operational EPS analysis

<table>
<thead>
<tr>
<th>$ mn, except per share data in $</th>
<th>Q4 2018</th>
<th>Q4 2017</th>
<th>Change yoy¹</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net income (attributable to ABB)</strong></td>
<td>317</td>
<td>393</td>
<td><strong>-19%</strong></td>
</tr>
<tr>
<td><strong>Operational adjustments:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Acquisition-related amortization</td>
<td>75</td>
<td>65</td>
<td></td>
</tr>
<tr>
<td>Restructuring and restructuring-related expenses²</td>
<td>129</td>
<td>108</td>
<td></td>
</tr>
<tr>
<td>Non-operational pension cost (credit)</td>
<td>-6</td>
<td>-4</td>
<td></td>
</tr>
<tr>
<td>Changes in obligations related to divested businesses</td>
<td>14</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Changes in pre-acquisition estimates</td>
<td>6</td>
<td>8</td>
<td></td>
</tr>
<tr>
<td>Gains and losses on sale of businesses</td>
<td>4</td>
<td>78</td>
<td></td>
</tr>
<tr>
<td>Acquisition- and divestment-related expenses and integration costs</td>
<td>56</td>
<td>41</td>
<td></td>
</tr>
<tr>
<td>Certain other non-operational items</td>
<td>25</td>
<td>28</td>
<td></td>
</tr>
<tr>
<td>FX / commodity timing differences in income from operations</td>
<td>0</td>
<td>12</td>
<td></td>
</tr>
<tr>
<td>Operational adjustments in discontinues operations</td>
<td>108</td>
<td>74</td>
<td></td>
</tr>
<tr>
<td>Tax on operational adjustments³</td>
<td>-96</td>
<td>-105</td>
<td></td>
</tr>
<tr>
<td><strong>Operational net income / Operational EPS</strong></td>
<td><strong>632</strong></td>
<td><strong>698</strong></td>
<td><strong>-6%⁴</strong></td>
</tr>
</tbody>
</table>

¹Calculated on earnings per share before rounding
²2017 includes White Collar Productivity implementation costs
³Tax amount is computed by applying the Adjusted Group effective tax rate to the operational adjustments, except for gains and losses from sale of businesses for which the actual provision for taxes resulting from the gain or loss has been computed
⁴Operational EPS growth rate is in constant currency (2014 foreign exchange rates)
Regional share of total orders and revenues by division
Q4 2018, in % terms

Electrification Products
Orders 35
Revenues 33

Industrial Automation
Orders 47
Revenues 44

Robotics and Motion
Orders 33
Revenues 37
End-customer and product type revenues by division

Q4 2018, in % terms

### Orders

**End-customer market**

- **Electrification Products**
  - Orders: 8%
  - End-customer market: 57%

- **Industrial Automation**
  - Orders: 17%
  - End-customer market: 62%

- **Robotics and Motion**
  - Orders: 10%
  - End-customer market: 75%

### Orders

**Product type**

- **Electrification Products**
  - Orders: 84%

- **Industrial Automation**
  - Orders: 32%

- **Robotics and Motion**
  - Orders: 71%