

ABB LTD, FEBRUARY 28, 2019

ABB: shaping a leader focused in digital industries

Strategy update and implementation roadmap

Ulrich Spiesshofer, CEO and Timo Ihamuotila, 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

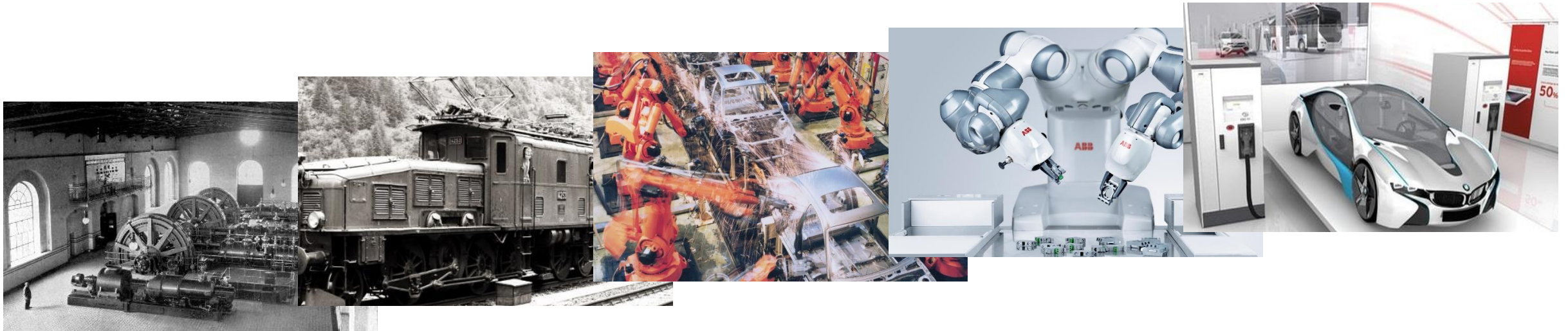
Time	Topic	Presenter
12:00 – 12:10	Our journey to date	CEO
12:10 – 12:25	Full year and Q4 2018 results	CFO
12:25 – 13:30	Shaping a leader focused in digital industries <ul style="list-style-type: none">– Focus on digital industries through divestment of Power Grids– Simplify our business model and structure– Shape four leading businesses	CEO
	Value creation in the new ABB CEO priorities 2019 Q&A	CFO CEO
13:45 – 17:00	Our four leading businesses	Business presidents
17:10 – 17:30	Summary and Q&A	



Our journey to date

Ulrich Spiesshofer, CEO

ABB: writing the future of industries in a changing world



2nd industrial revolution (19th century)

- + Electrification
- + Motion

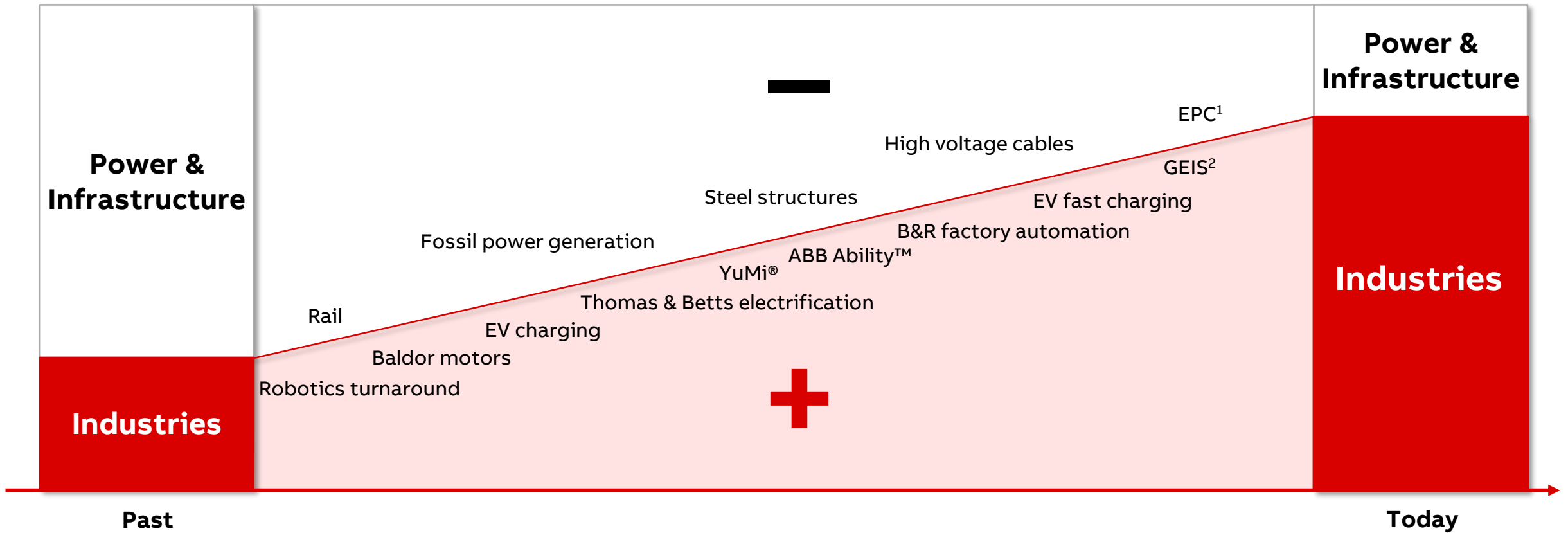
3rd industrial revolution (20th century)

- + Industrial automation
- + Robotics

4th industrial revolution (21st century)

- + Digitalization
- + ABB Ability™

Shaping pioneering technology leadership through active portfolio management



A portfolio of four market-leading divisions

Power Grids



Electrification Products



Industrial Automation



Robotics and Motion



Global
position
today

#1

#2

#2

#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

Proposed dividend per share of CHF 0.80 – 10th consecutive increase underlines confidence in future

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

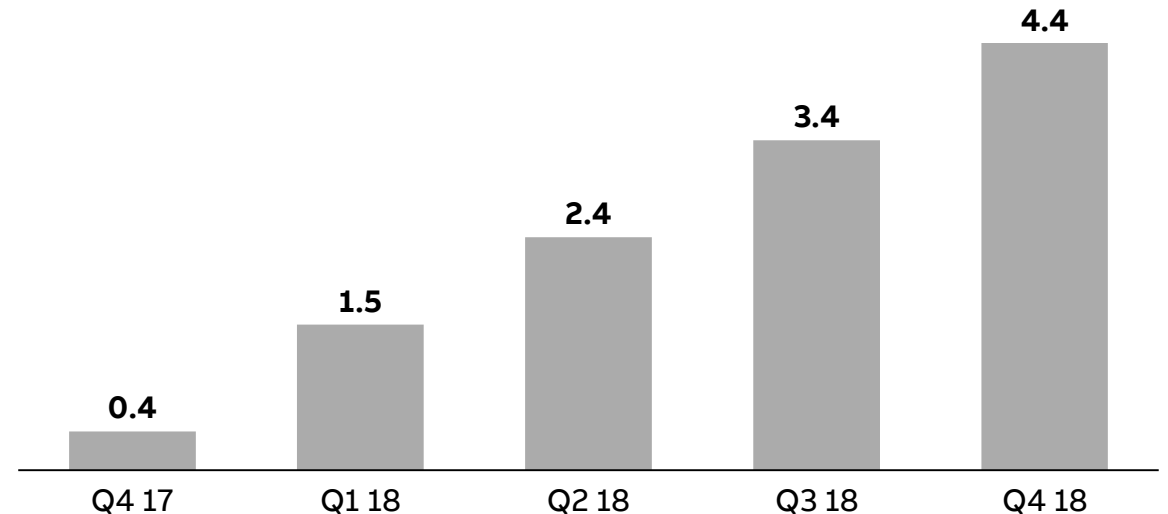
Major new product launches, e.g.
– Ability™ Ellipse Connected Asset Life Cycle Management
– Terra HP high power charger for electric vehicles
– ABB Ability™ Collaborative Operations
– Single-arm YuMi® Collaborative Robot
Increased R&D and digital spend, from 3.5%¹ to 4.4% of revenue

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 (%)



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

Full year and Q4 2018 results

Timo Ihamuotila, CFO

Results summary

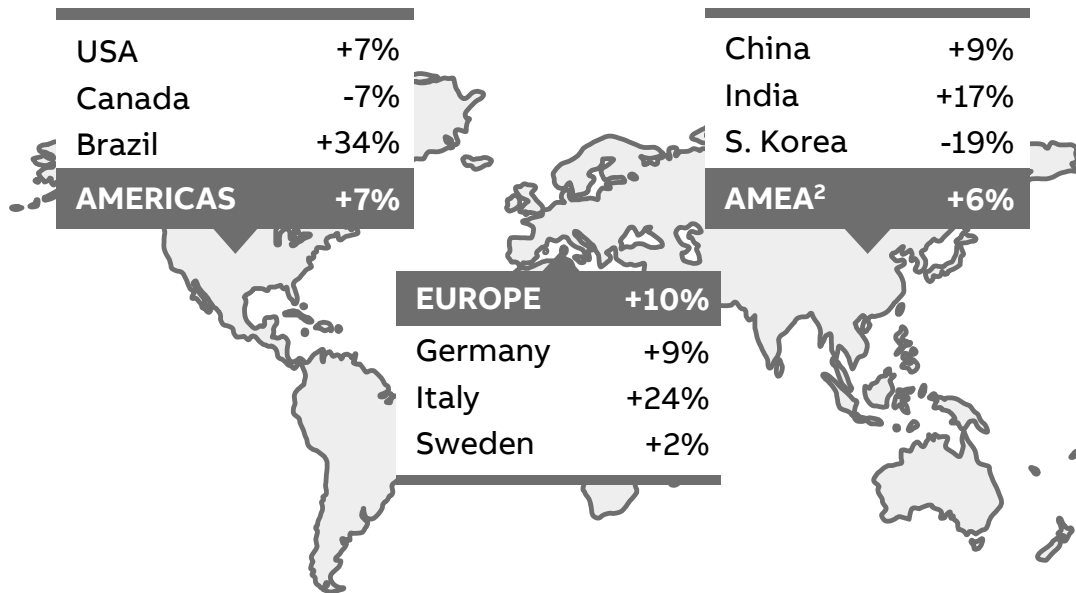
	Orders	Revenues	Operational EBITA margin	Operational EPS	Cash flow from operating activities
FY 2018	\$28.6 bn	\$27.7 bn	10.9%²	\$1.33	\$2,924 mn⁵
	+8%¹	+4%¹	-30 bps	+8%⁴	
Q4 2018	\$7.0 bn	\$7.4 bn	7.9%³		\$1,867 mn⁵
	+7%¹	+5%¹	-180 bps		

Full-year and Q4 2018 orders

Order growth in all regions

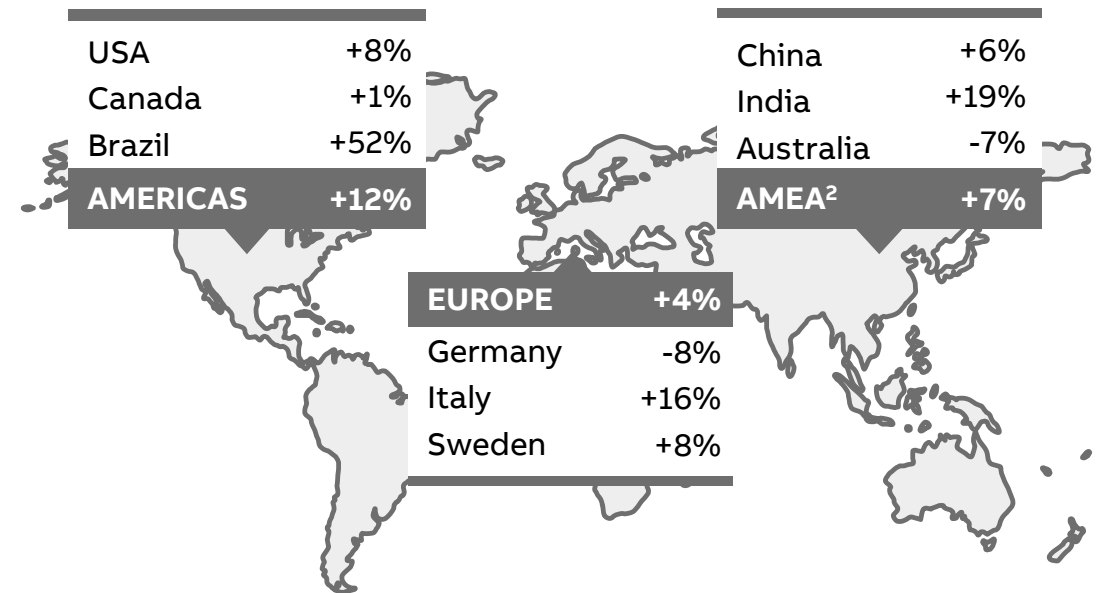
FY 2018 total orders +8% yoy¹

Growth by region and key country markets in \$ terms¹



Q4 2018 total orders +7% yoy¹

Growth by region and key country markets in \$ terms¹



Full-year 2018 divisional results

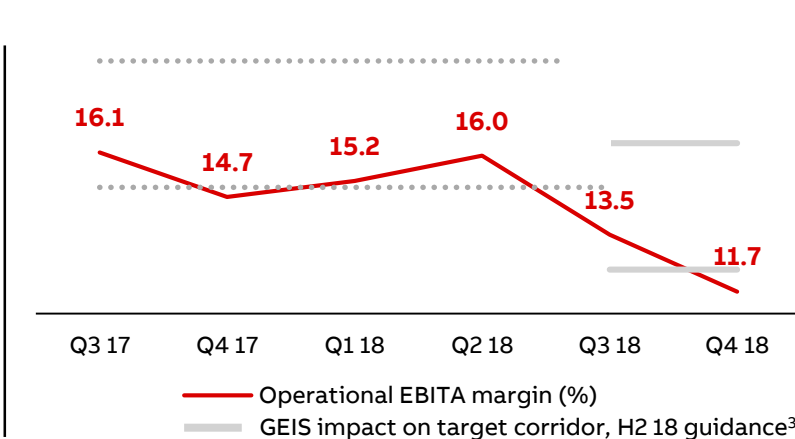
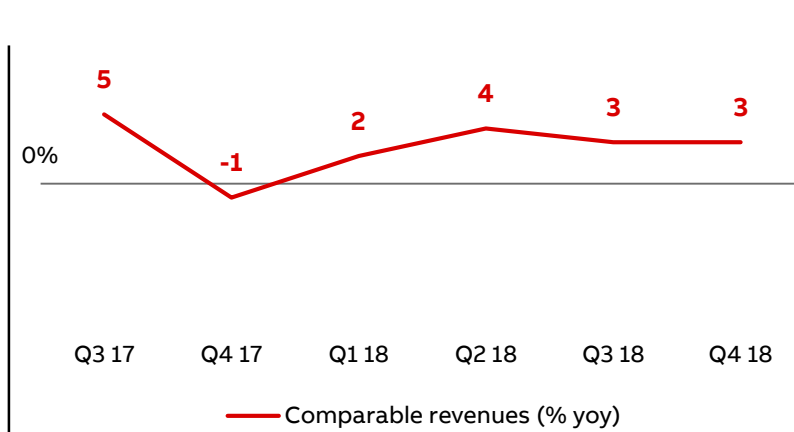
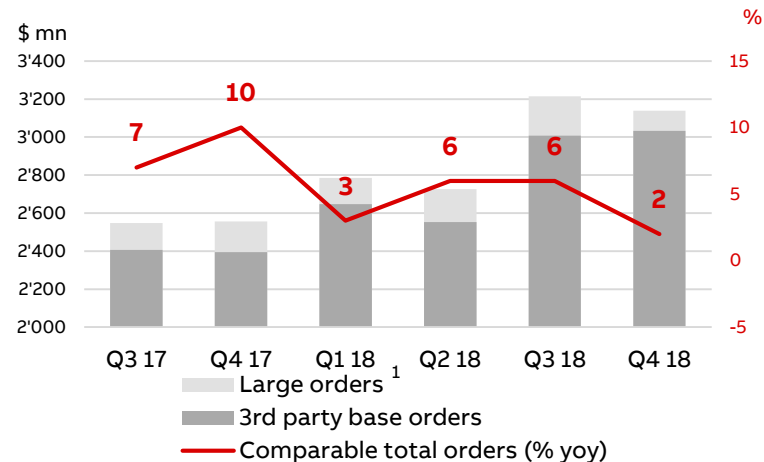
Orders and revenues up in all divisions

\$ mn and change yoy, unless otherwise stated

	Electrification Products	Industrial Automation	Robotics and Motion
Orders	11,867	7,631	9,570
<i>Comparable</i>	+4%	+8%	+12%
Revenues	11,686	7,394	9,147
<i>Comparable</i>	+3%	+1%	+8%
Operational EBITA	1,626	1,019	1,447
	+8%	+7%	+15%
Operational EBITA margin	13.9%¹	13.8%	15.8%
	(110) bps	(10) bps	+80 bps

Q4 2018 Electrification Products

GEIS in line with expectations



Orders \$3,139 mn

Third-party base orders +3% yoy²

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

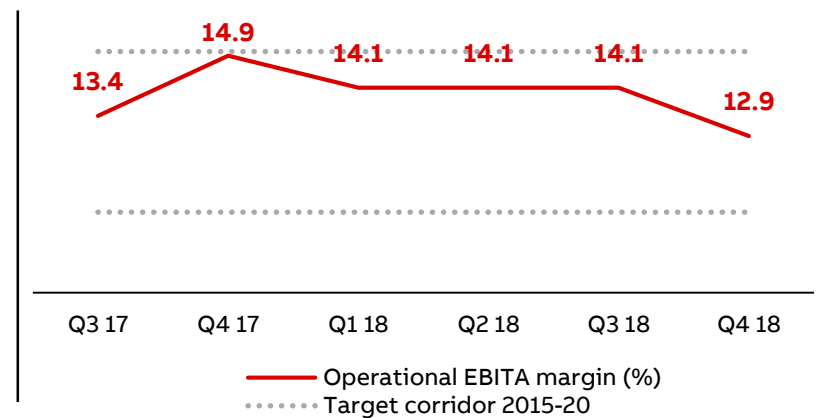
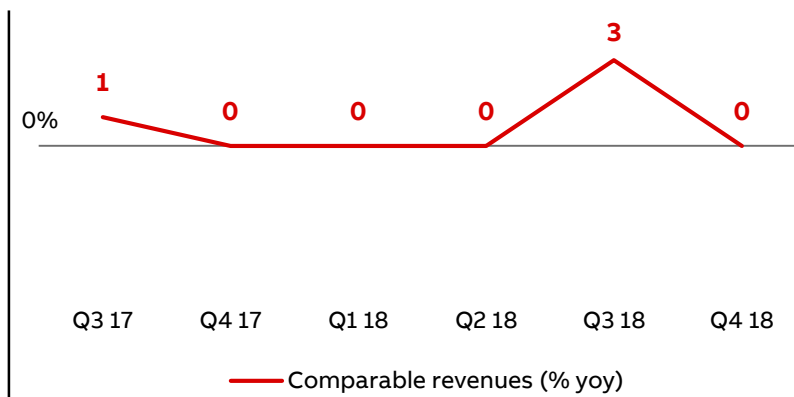
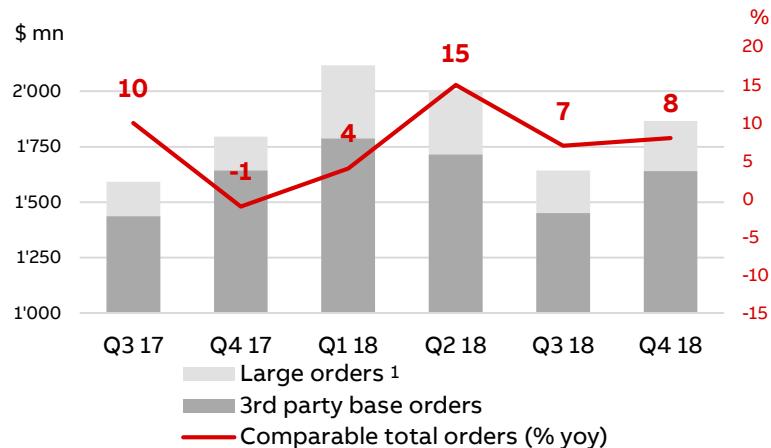
Margin yoy -300 bps

GEIS dilution -210 bps

Positive mix, cost savings and pricing actions offset by contractual charges (~90 bps)

Q4 2018 Industrial Automation

Good order growth



Orders \$1,866 mn

Third-party base orders +4% yoy²

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

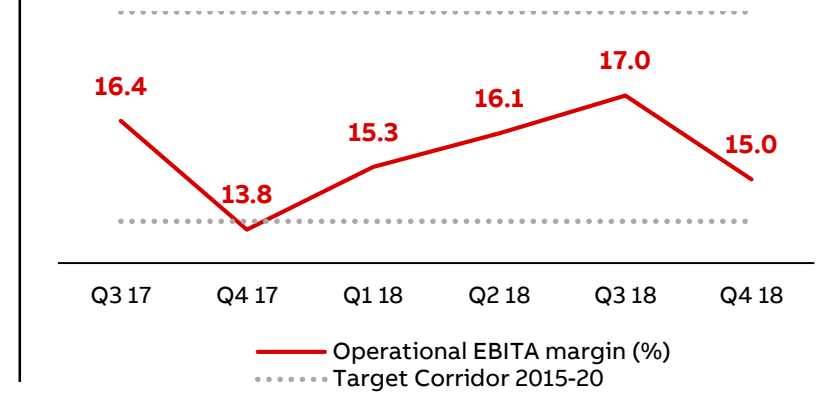
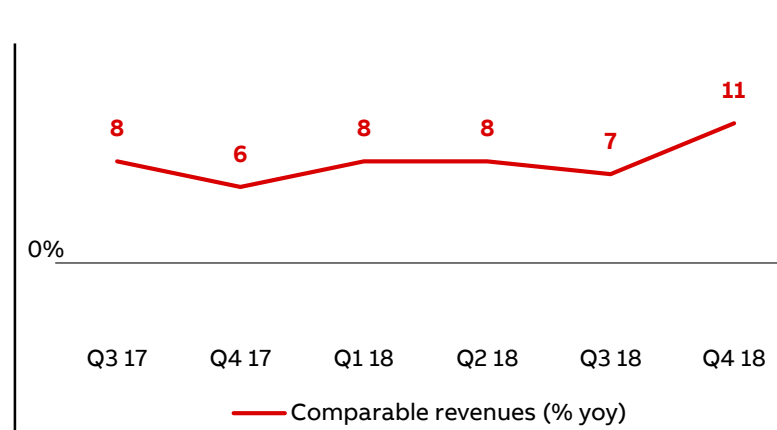
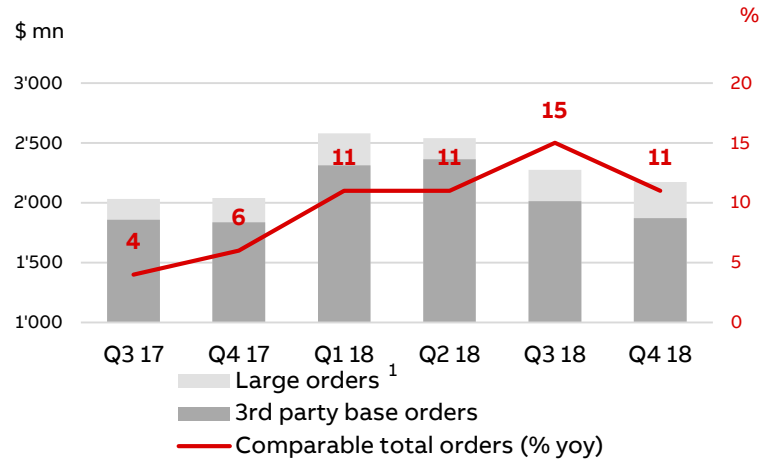
Margin yoy -200 bps

One-time customer payment default (~80 bps)

Tough comparable

Q4 2018 Robotics and Motion

Strong growth and execution



Orders \$2,175 mn

Third-party base orders +6% yoy²

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

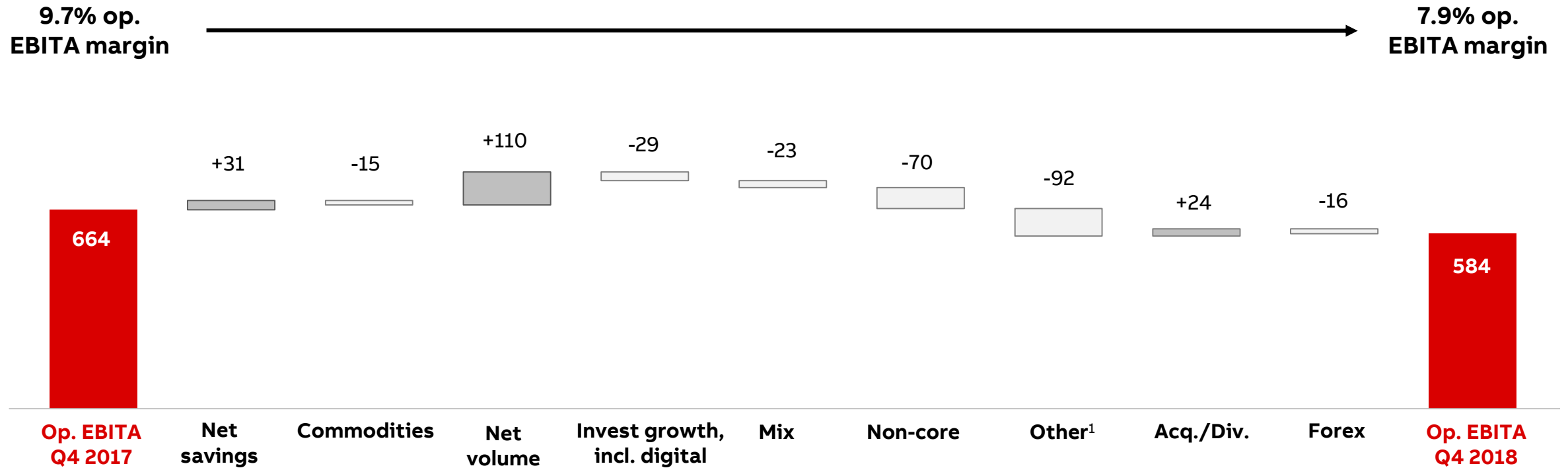
Positive volumes, continued cost management

Group operational EBITA impacts

	FY 2017	FY 2018	Q4 2017	Q4 2018
Operational EBITA margin	11.2%	10.9%	9.7%	7.9%
PG related stranded costs	-110 bps	-110 bps	-110 bps	-100 bps
Non-core charges	-70 bps	-100 bps	-200 bps	-260 bps
GEIS dilution	n.a.	-40 bps	n.a.	-40 bps
	-180 bps	-250 bps	-310 bps	-400 bps

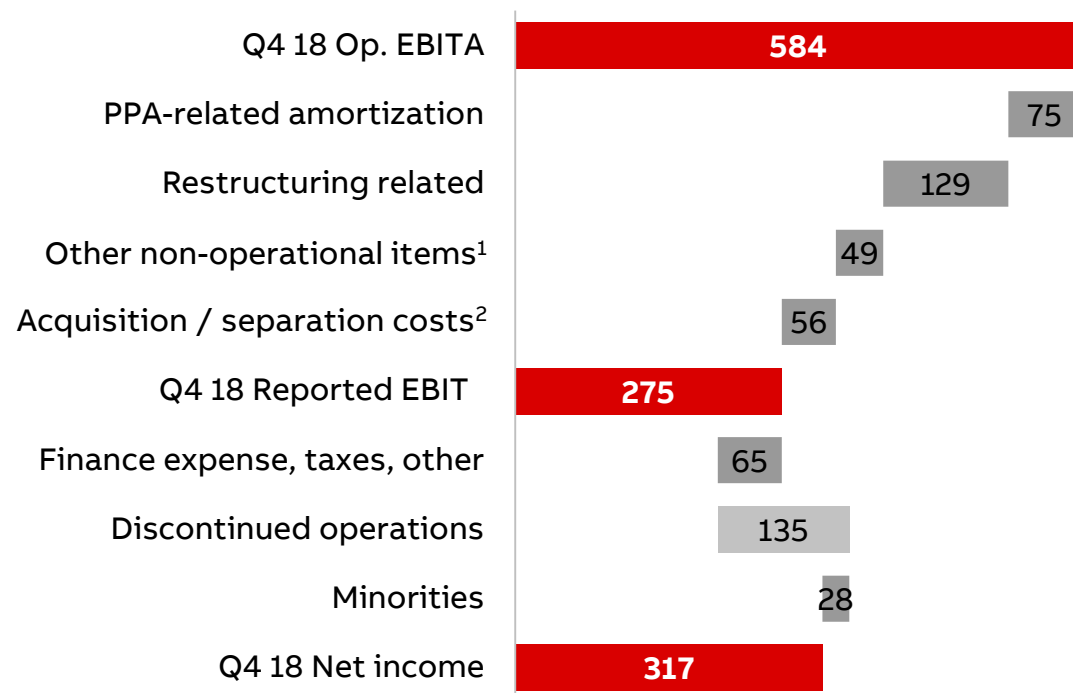
Q4 2018 operational EBITA

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



Q4 2018 net income drivers

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



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

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.

Electrification

Industrial Automation

Motion

Robotics & Discrete Automation

33% Asia, Middle East and Africa

31% Americas

36% Europe

\$29 bn revenues, **110,000** employees



Shaping the new ABB as a leader in digital industries

- 1** Focus on digital industries through divestment of Power Grids
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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 bn¹ 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

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

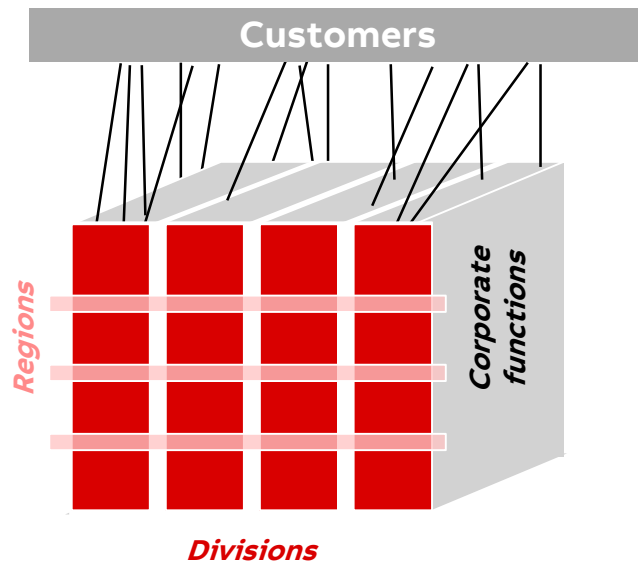
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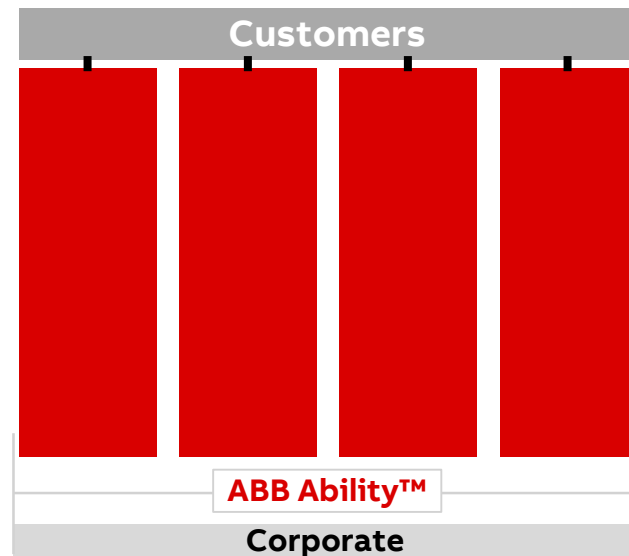
Creating value in the new ABB

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

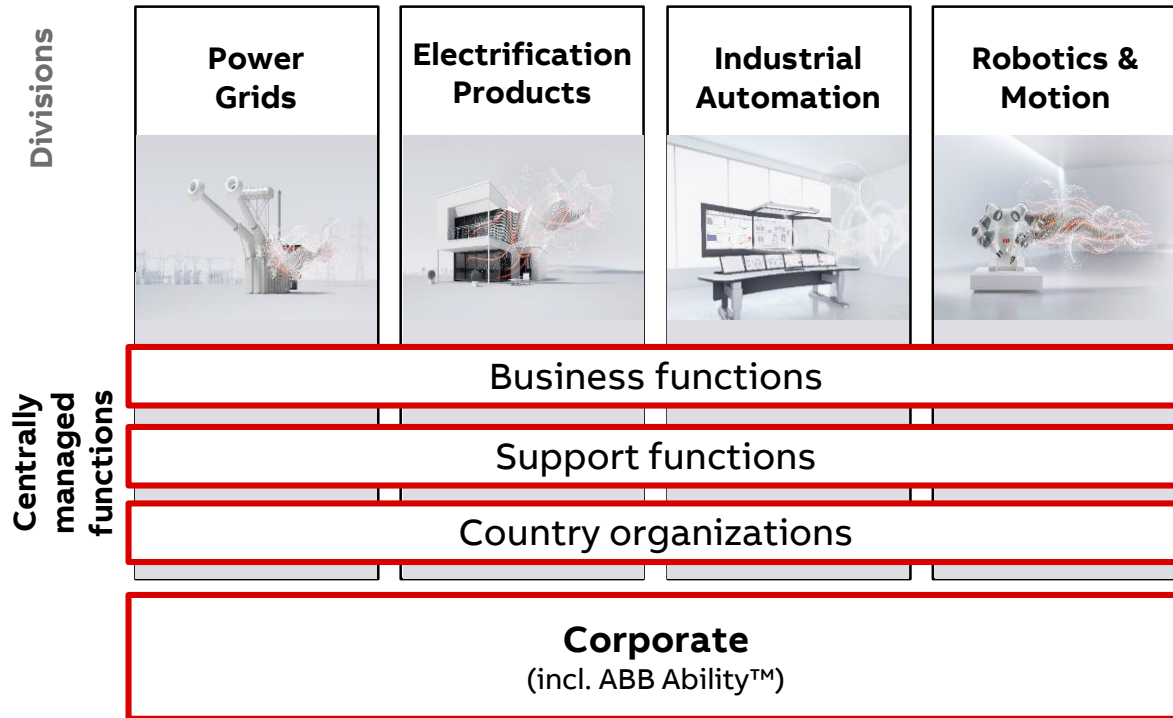
Lean corporate center, incl. common ABB Ability™ platform and core technologies

Country / regional structures to be discontinued after closing of PG transaction

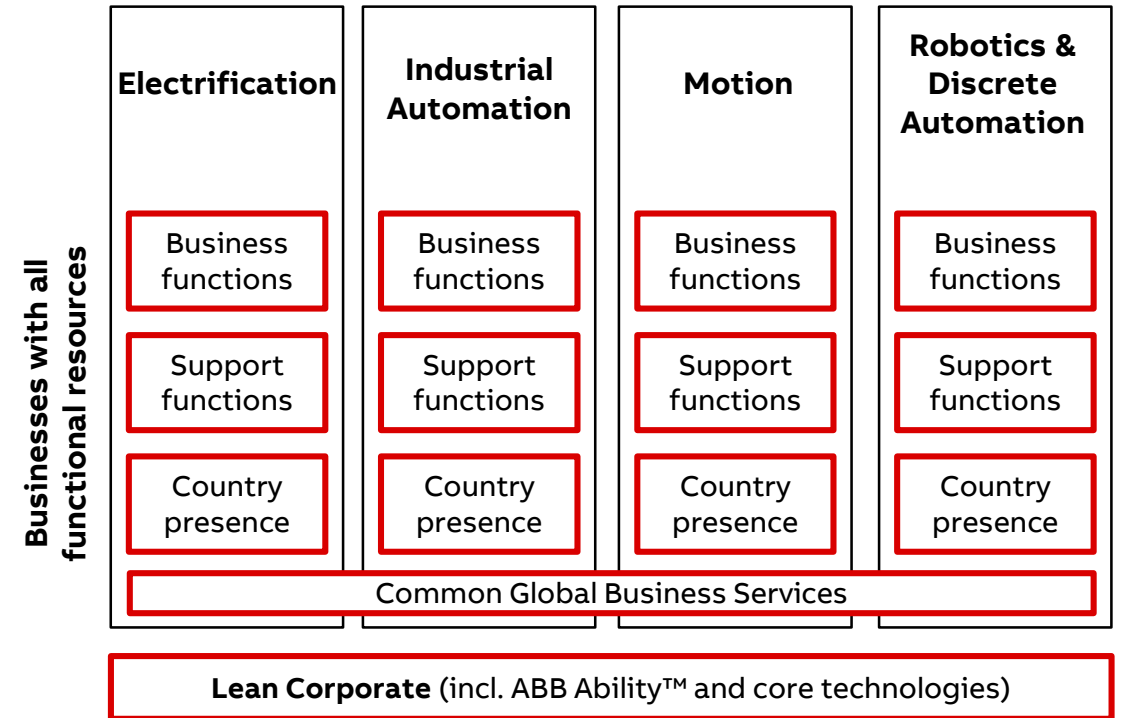
Customer focus, agility, ~\$500 million p.a. net savings medium-term

Full empowerment of businesses

From: ABB in 2018



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



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

2018	December	Transformation announced	✓
	January	ABB-OS™ and carve-out teams set up	✓
	February	Global Business Services board established	✓
2019	April	New businesses operational	
	July	Function transfer shaped	
	December	Stand-alone PG established	
2020	Mid-year	Transaction closed and joint venture operational Majority of stranded costs eliminated Country and regional structures discontinued	
2021		ABB-OS™ simplification reaches full run-rate	

Shaping the new ABB as a leader in digital industries

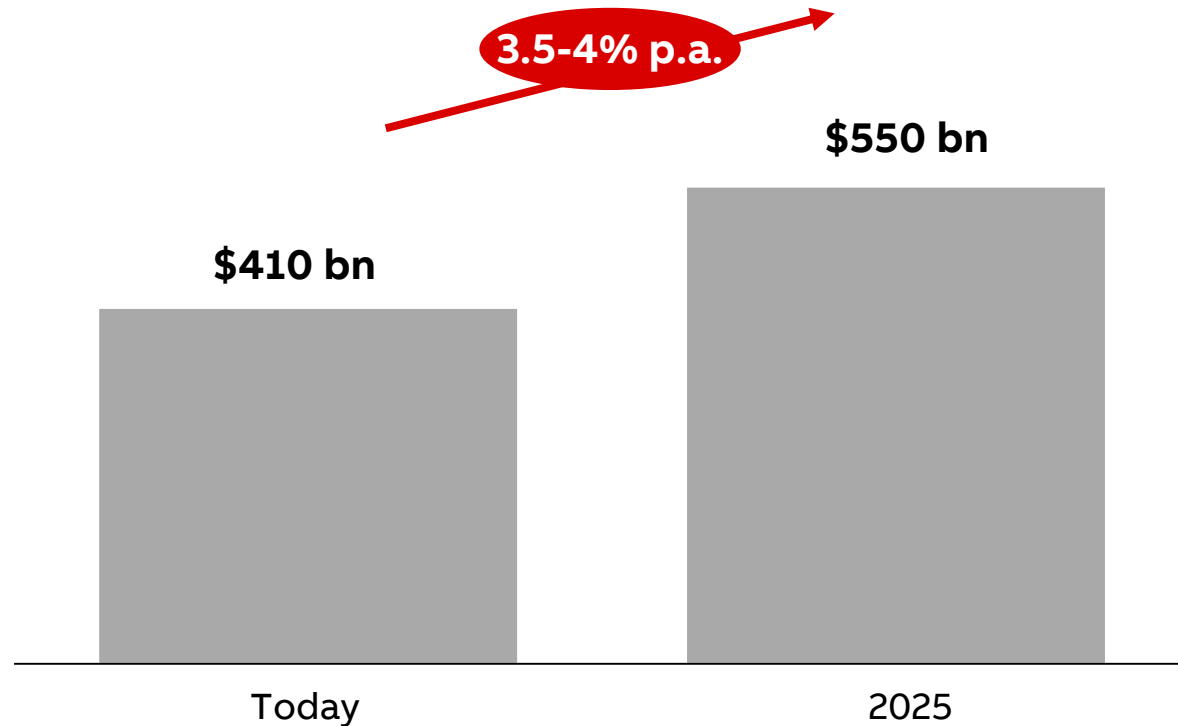
- 1 Focus on digital industries through divestment of Power Grids
- 2 Simplify our business model and structure
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Creating value in the new ABB

The new ABB: operating in attractive, growing markets

Large market...



...with several attractive dynamics

8%+	Software & digital solutions Electric mobility
5%+	Robotics / flexible manufacturing Data centers Machine and factory automation Renewables
4-5%	Food & beverage Commercial buildings
Up to 4%	Oil & gas Residential buildings Motion

The new ABB



Pioneering technology leader in digital industries

Influencing the future of how we...

...power



...produce



...work



...live

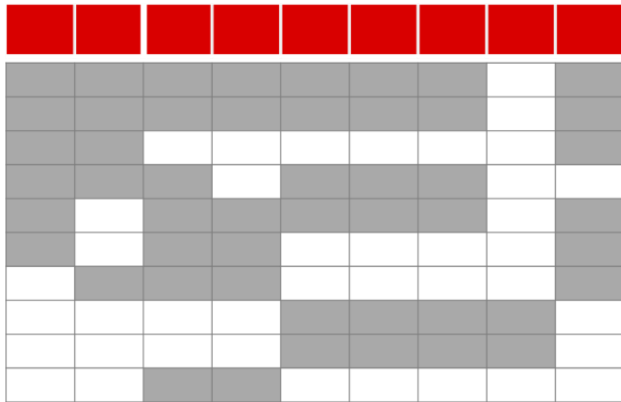


...move

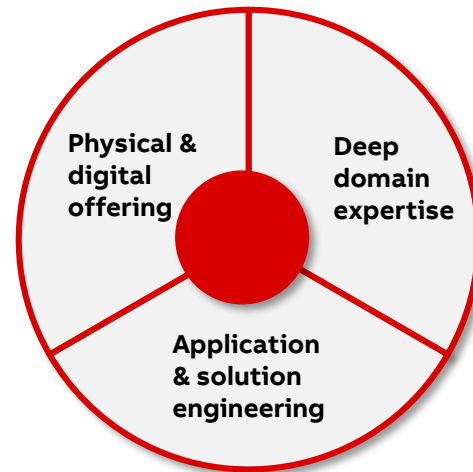


Three key pillars of our competitive differentiation

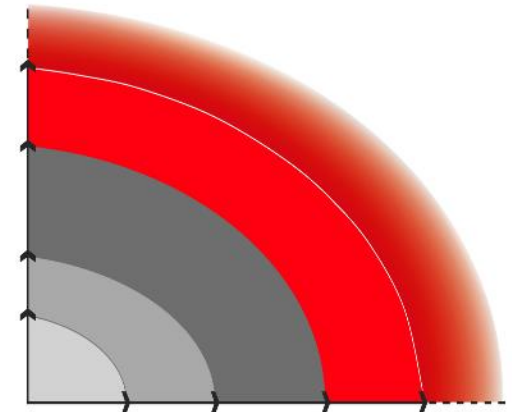
Unique and leading portfolio in digital industries



Solution-oriented business model



Pioneering innovation leadership



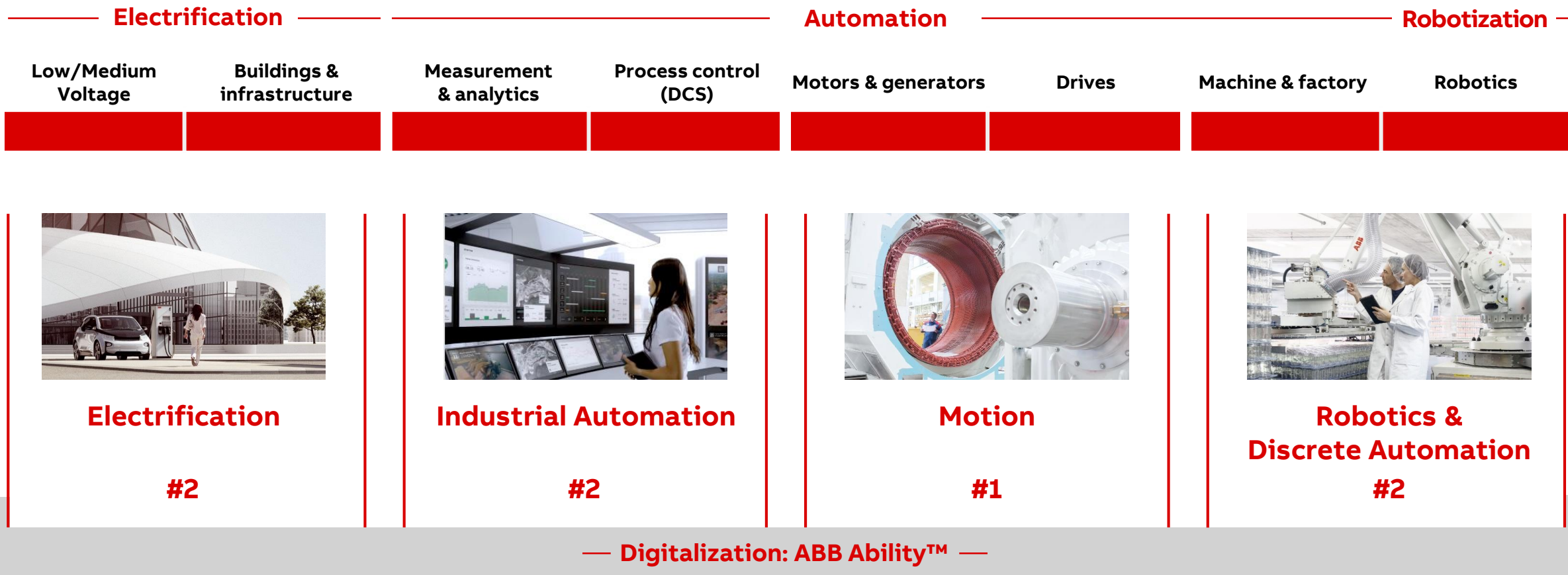


A unique, well positioned portfolio for customers in industry 4.0

	Electrification		Automation				Robotization	Digitalization	
	Low/Medium Voltage	Buildings & infrastructure	Measurement & analytics	Process control (DCS ¹)	Motors & generators	Drives	Machine & factory	Robotics	ABB Ability™
ABB									
Siemens									
Schneider Electric									
Legrand									
Eaton									
Rockwell Automation									
Emerson									
Honeywell									
Yaskawa									
Fanuc									
Yokogawa									



The new ABB operates through four focused, leading businesses





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



\$90 bn

3%

End customers
EPCs¹

\$6.5 bn

14%

Motion



\$80 bn

3%

End customers
OEMs²
Distributors

\$6.5 bn

16%

Robotics & Discrete Automation



\$80 bn

6%

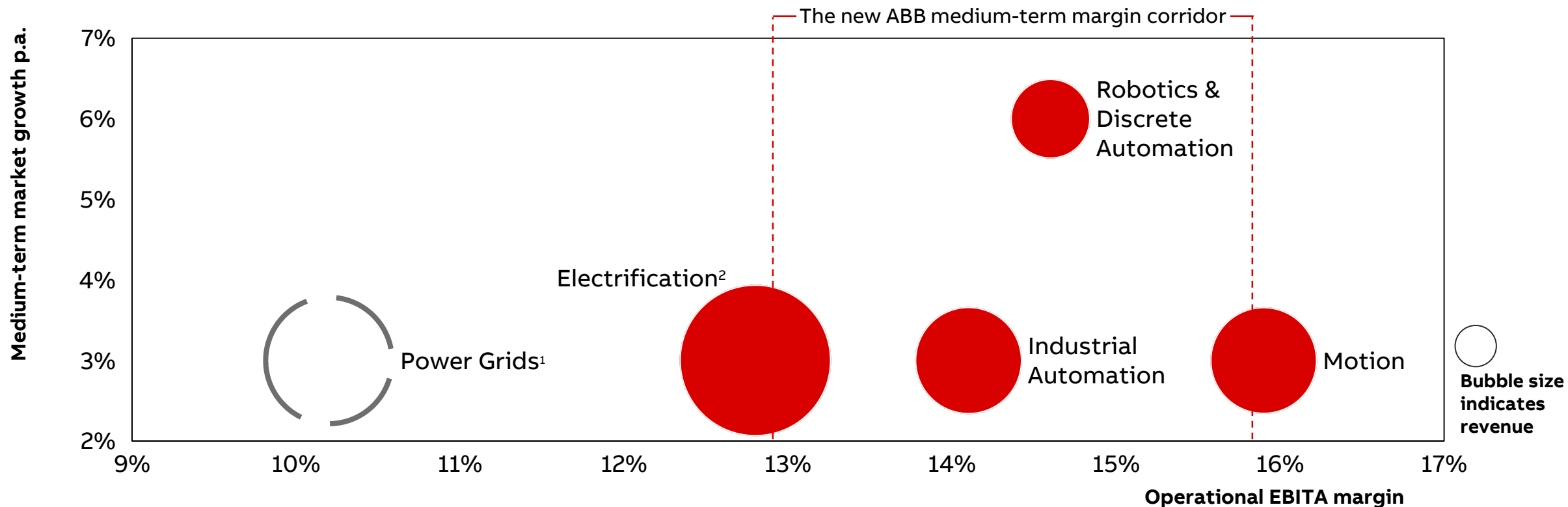
End customers
OEMs²
System integrators

\$3.6 bn

15%



The new ABB: focused portfolio, increased commercial attractiveness



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



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**

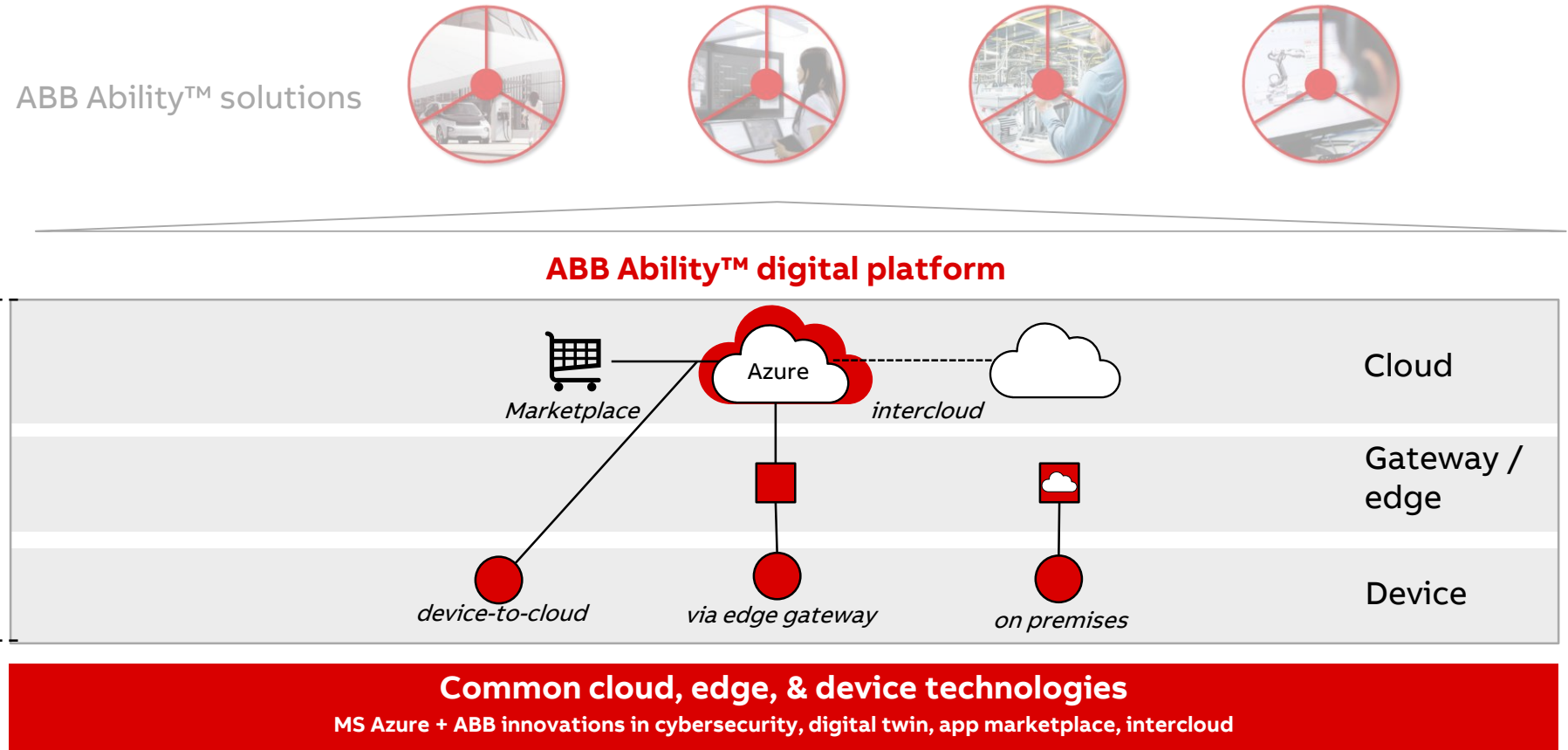


**ABB Ability™
Robotics & Discrete
Automation solutions**

ABB Ability™ digital platform



ABB Ability™ with unique common platform





Differentiation through ABB Ability™ digital solutions in the businesses

Electrification



Differentiation through ABB Ability™

Remote services for asset performance & energy efficiency
Software-configured hardware (via apps)

Examples

Electrical distr. control system
Asset health & condition monitoring
EV² charging digital services

Number of ABB Ability™ solutions¹

30

Industrial Automation



Software and SW-services
Remote services and optimization
Analytics and AI

800xA DCS
Collaborative operations
Cybersecurity services

120

Motion



Software-configured hardware (apps)
Plug & play connectivity
Performance optimization and predictive maintenance

Connected powertrain
Smart sensing
Remote condition monitoring

10

Robotics & Discrete Automation



SW-configured solutions (apps)
Simulation and digital twins
Remote optimization
Analytics & AI

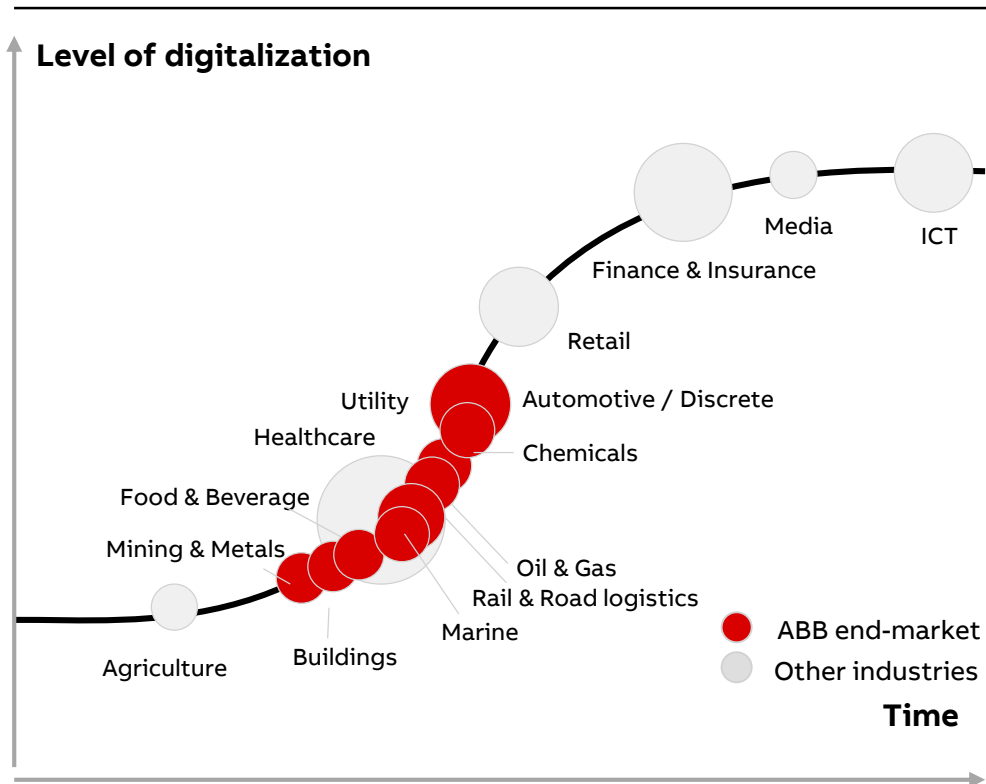
Connected Services
RobotStudio™
Mapps
Asset performance monitor

20



ABB Ability™ with proven track record of creating customer value

ABB's markets on digital S-curve



Driving customer digitalization with ABB Ability™

ABB Ability™ customer success examples



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





ABB Ability™ drives accelerated profitable growth

Accelerate growth through ABB Ability™

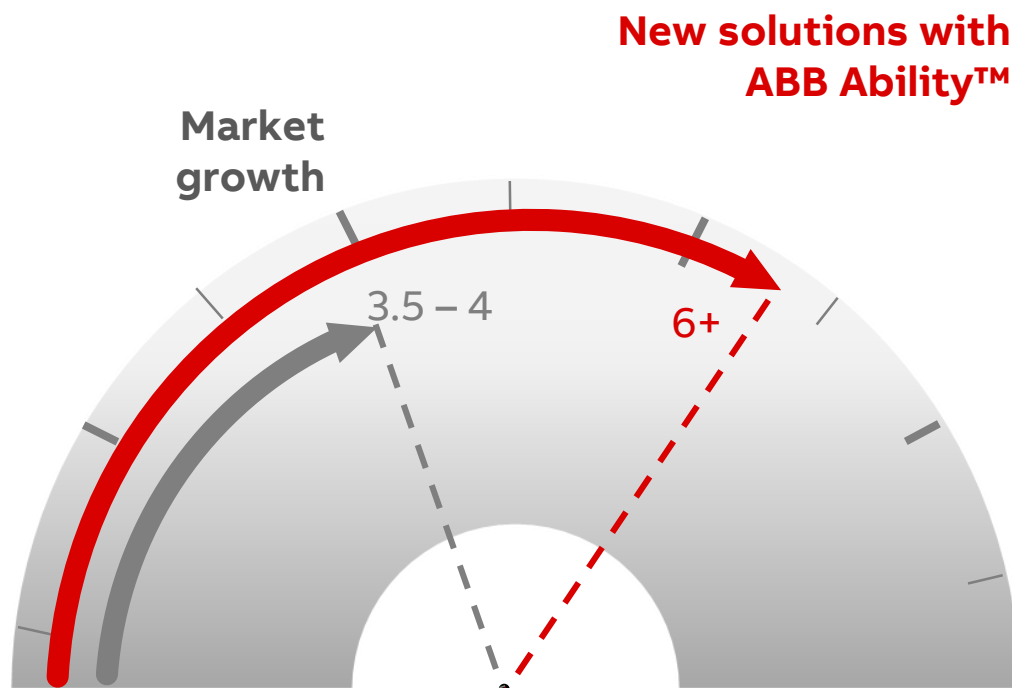


ABB Ability™ commercial impact and sales momentum

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



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



3DEXPERIENCE

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

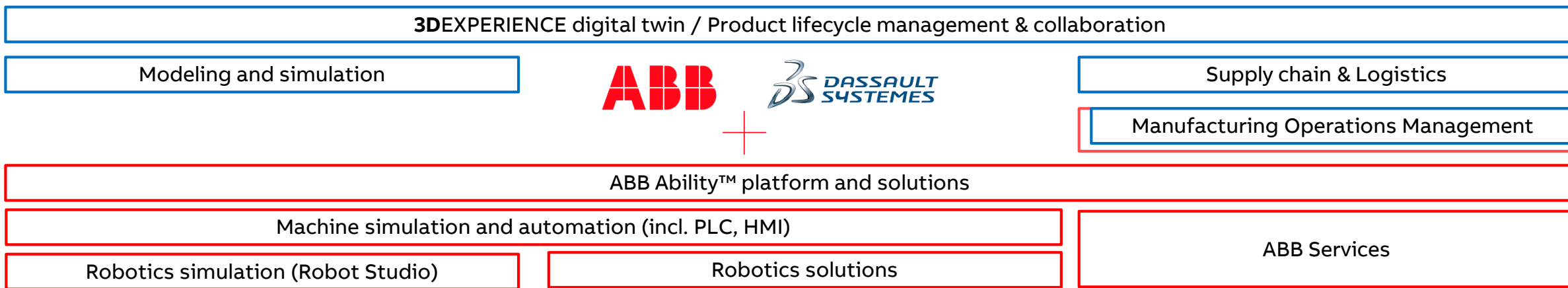
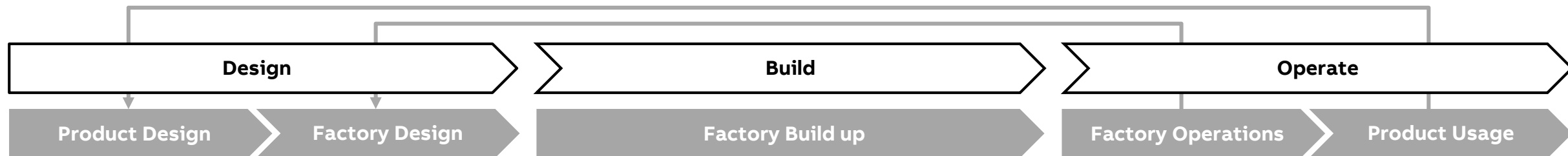
Smart factories and robotics

Smart buildings

Process industries



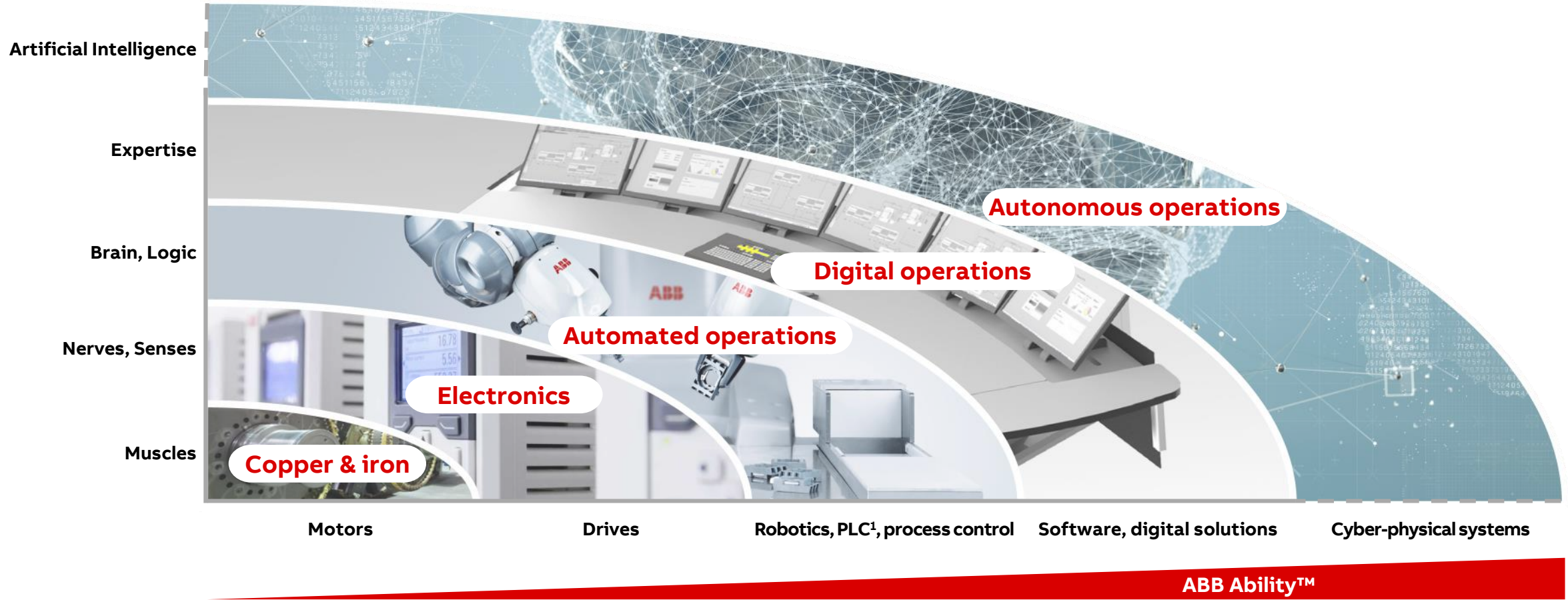
Partnership enabling end-to-end solutions along customer life-cycle




Collaborating from Design through Build and Operate to maximize customer value



Long-term committed to driving pioneering innovation



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 bn¹ from Power Grids staged divestment returned to shareholders

Rising, sustaining dividend policy maintained post close

A new financial target framework for the Group and our businesses

Medium-term

Comparable revenue growth p.a. ¹	Operational EBITA margin ²	ROCE % ³	FCF conversion to net income	Basic EPS growth
3 – 6%	13 – 16 %	15 – 20%	~100%	> revenue growth

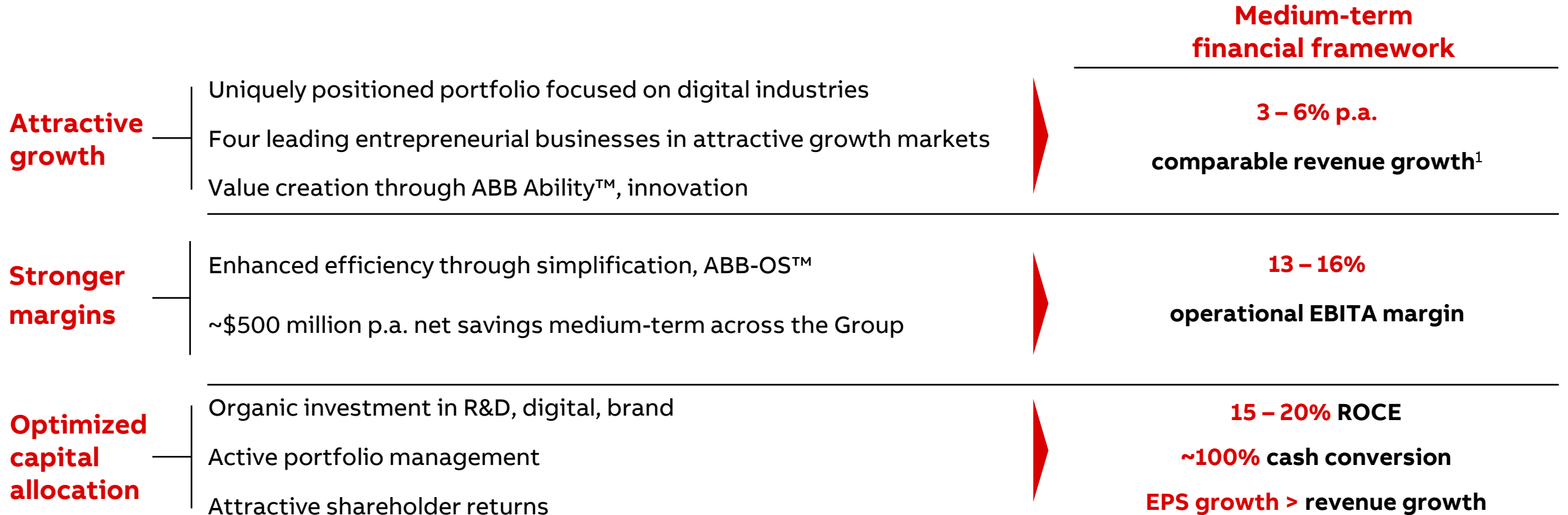
Business Op. EBITA margin²

Electrification	Industrial Automation	Motion	Robotics & Discrete Automation
15 – 19%	12 – 16%	14 – 18%	13 – 17%

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

The new ABB investment proposition

Pioneering technology leader in digital industries

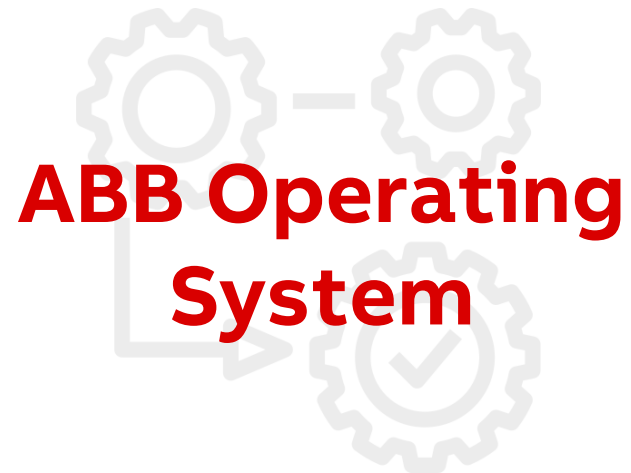


Value creation in the new ABB

Timo Ihamuotila, CFO

Driving value creation

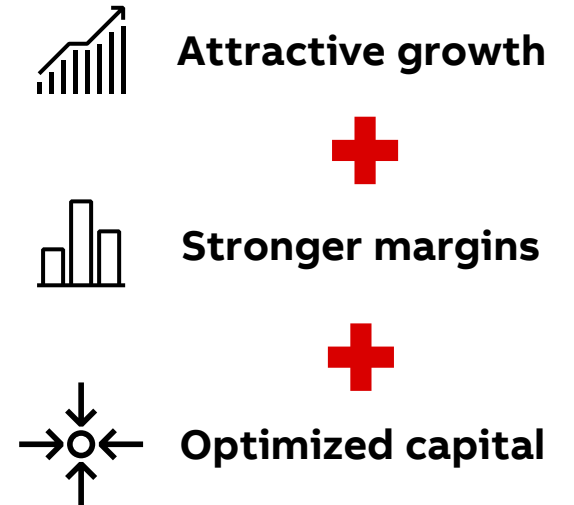
A “common” framework...



...clear management processes...

- How we drive growth
- How we execute
- How we manage our portfolio
- How we allocate capital

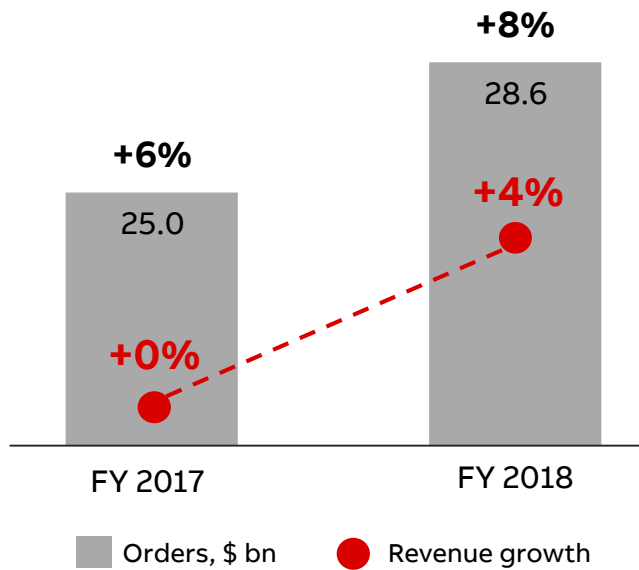
...leading to a balanced approach



Attractive shareholder returns













How ABB will drive growth

Orders and revenues development¹



1.03x book-to-bill ratio in FY 2018

Targeted combination of growth levers

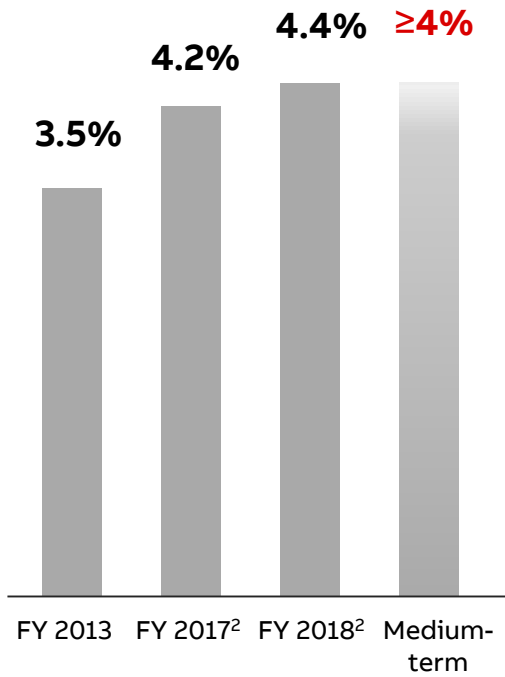
Organic growth	Penetration, Innovation, Expansion actions, services growth, ABB Ability™				
Active portfolio management					
Strategic alliances, partnerships					
ABB Technology Ventures, collaborations					

Examples

Enabled through disciplined organic growth investment

R&D and digital investment¹

% of revenues and \$ mn



Ongoing excellence and leadership

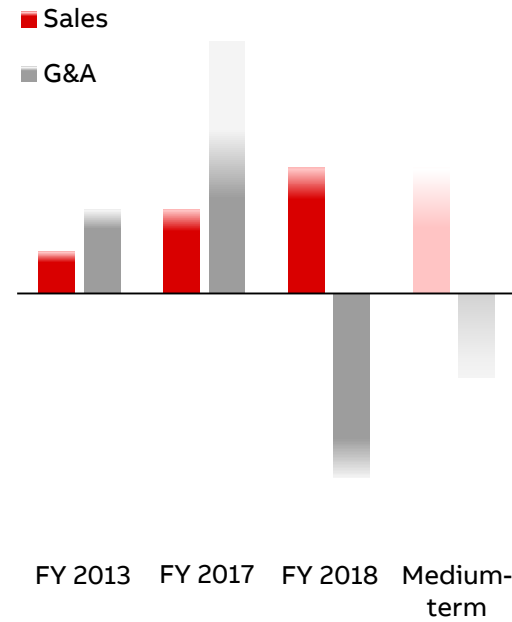
Continuous, disciplined R&D

ABB Ability™

Collaboration with >100 universities

Sales investment

Sales versus G&A investments, % yoy comparable



Ongoing investment in sales capability and salesforce.com

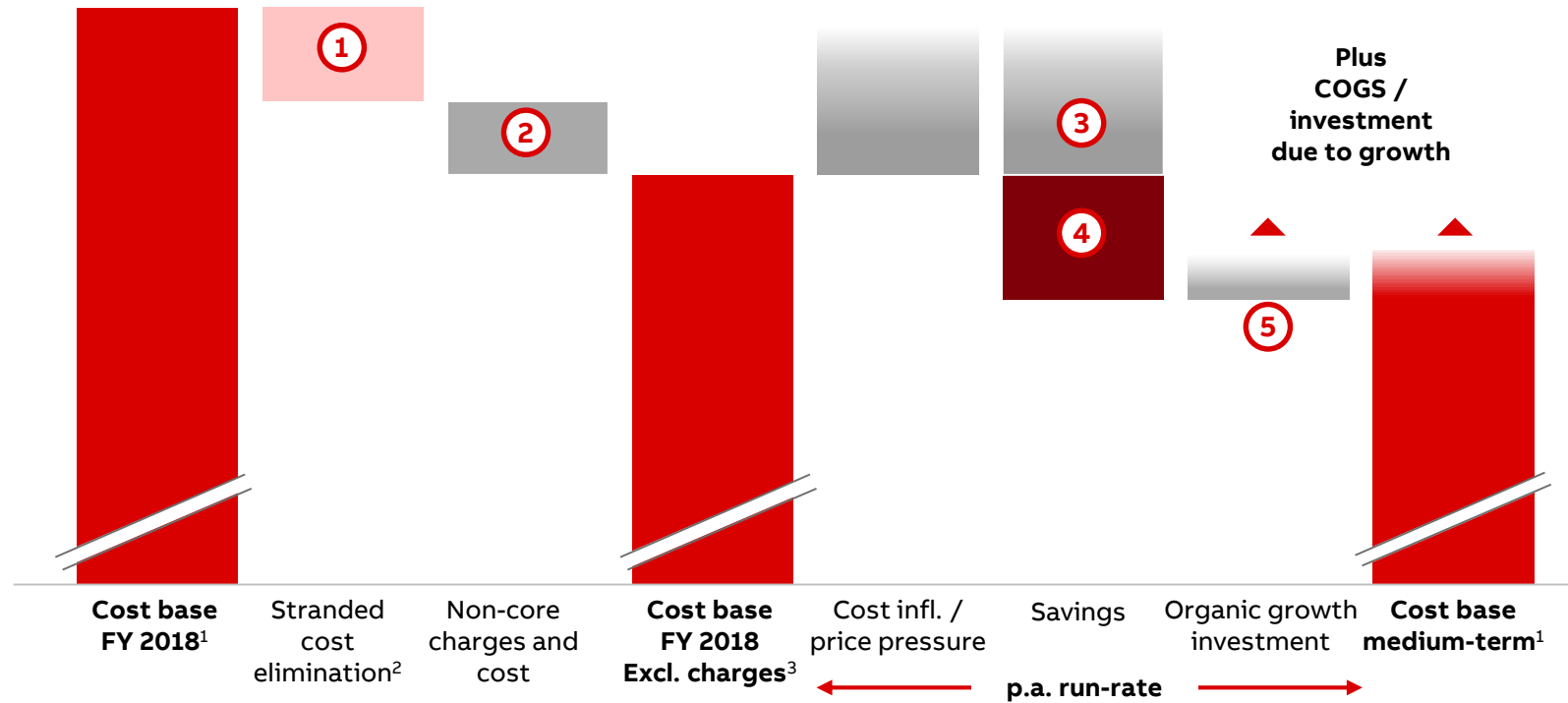
High growth focus areas

Salesforce.com led pipeline

Cross-selling development

Sustainable cost reduction

ABB Group cost base, illustrative (\$ mn)



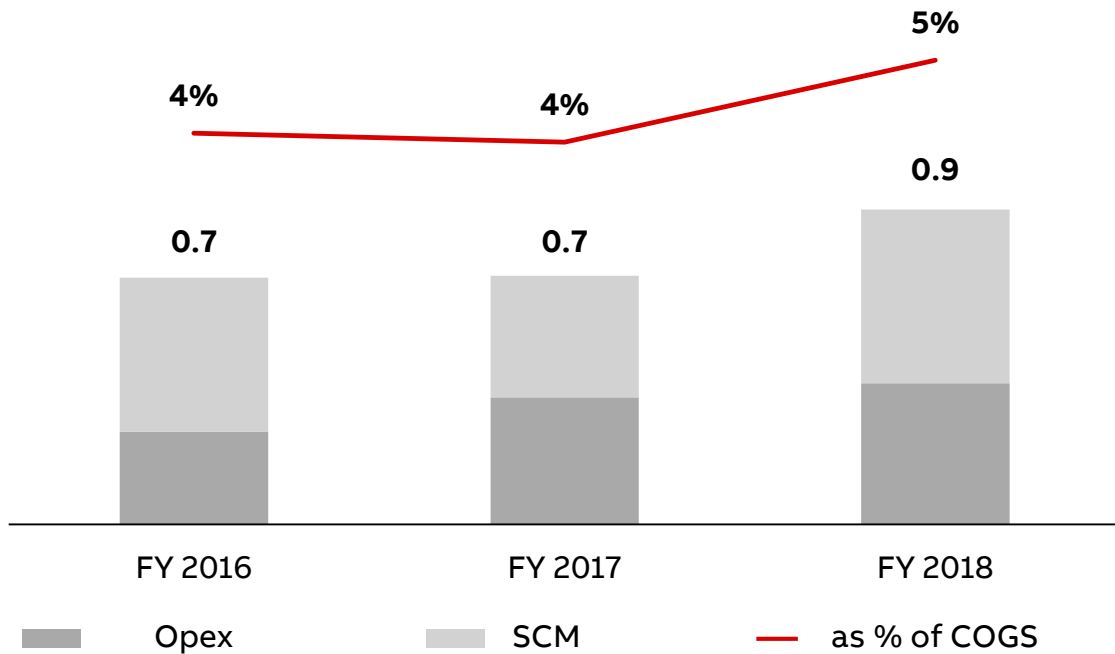
Clear road map

- ① Vast majority of stranded costs eliminated by deal close
- ② Accelerated exit from non-core business
- ③ Continuous Opex and SCM⁴ savings
- ④ ABB-OS™ simplification: ~\$500 mn p.a. net savings medium-term
- ⑤ Disciplined organic growth investment

Managing gross margin and cost of sales

Continuous Opex and supply chain savings

Opex and supply chain management savings (gross), \$ bn and as % of COGS¹



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

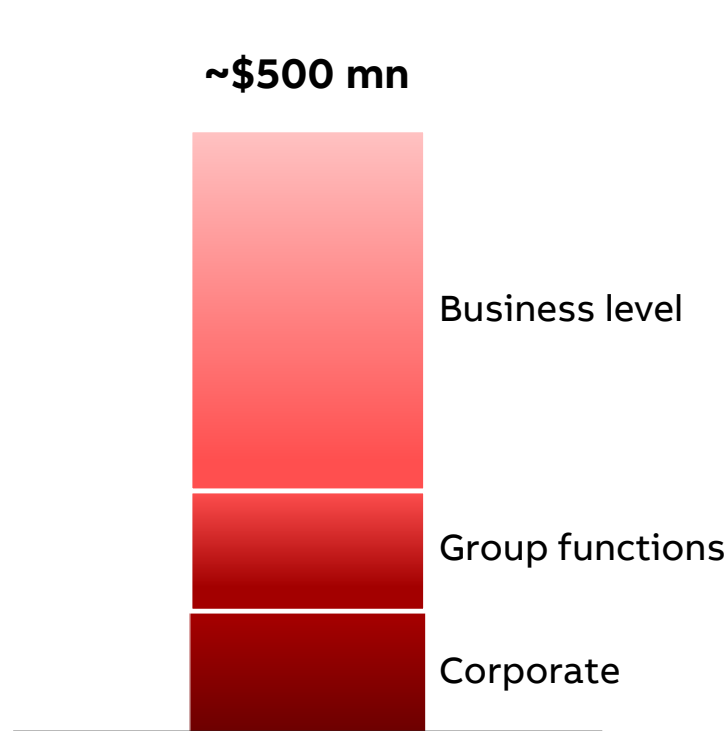
Ongoing savings equivalent to 3 – 5% of COGS p.a.

ABB-OS™ simplification: ~\$500 mn net savings

Clear actions to deliver cost reductions

Medium-term net savings

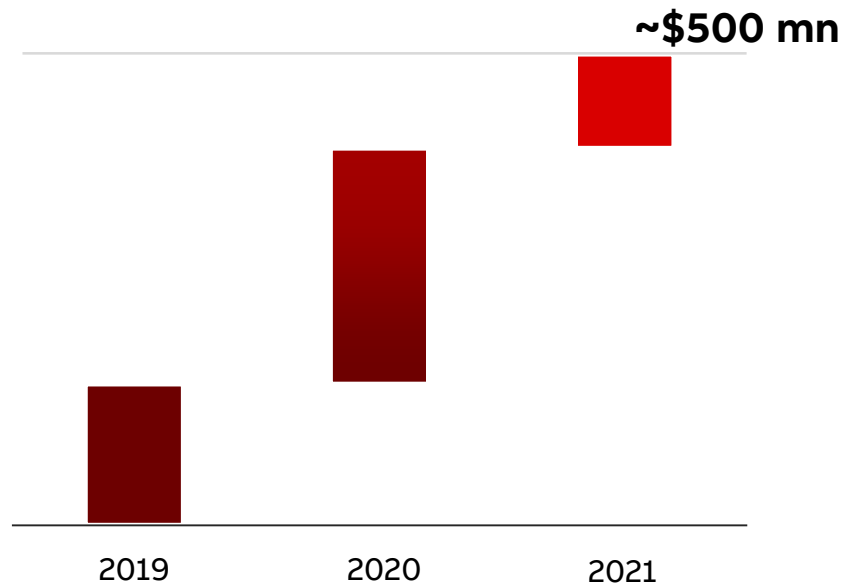
Simplification levers and financial impacts



Business level ~\$300 mn	Reduced P&L and management layers Simplified internal trade Global footprint optimization
Group functions & Corporate ~\$200 mn	Elimination of matrix: – Group functions and country structure rationalized through “pull-down” by businesses Optimization of R&D, IS, real estate and GBS Leaner, right-sized corporate
Non-operational impact ~\$500 mn	~\$350 mn restructuring charges ~\$150 mn implementation costs

ABB-OS™ simplification timeline

Road map



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

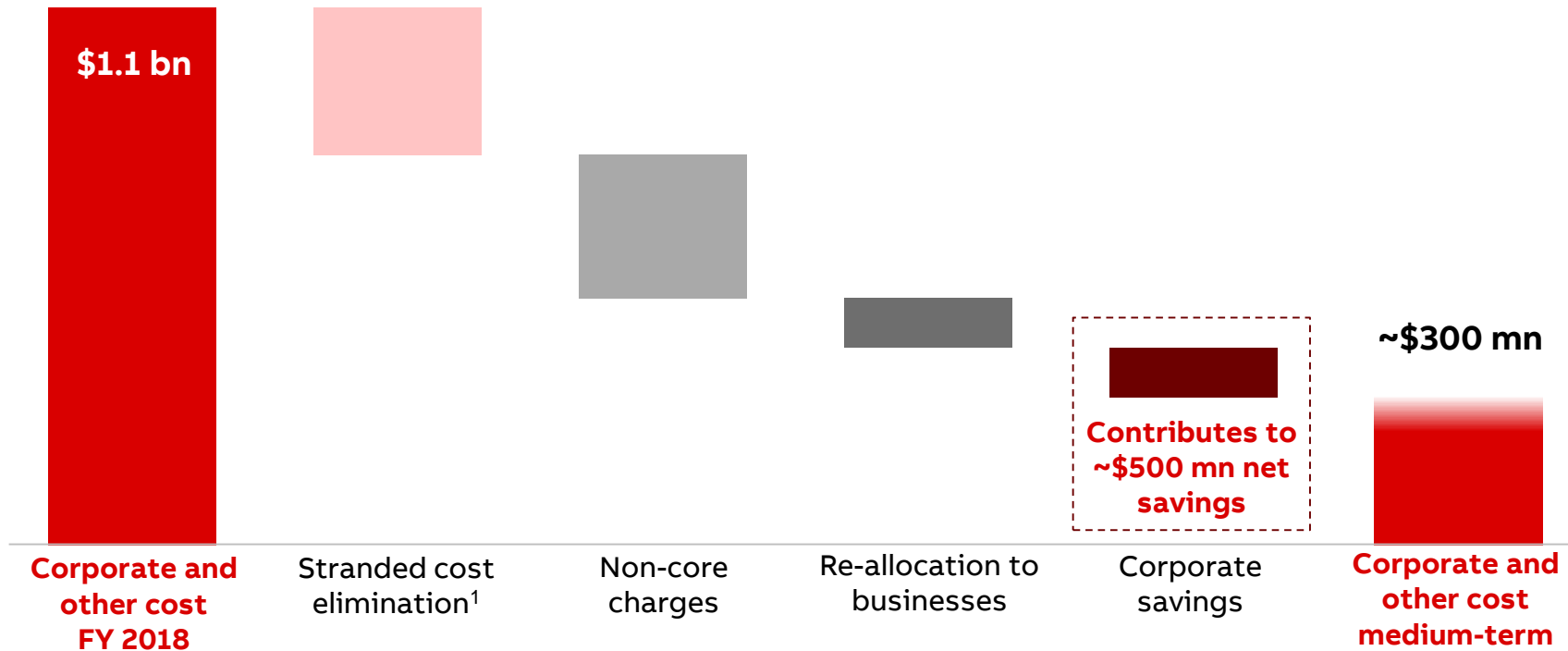
Complete integration of countries into businesses

~\$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



Role of new corporate

Group strategy

Portfolio and performance management

Capital allocation

Core technologies (AI)

ABB Ability™ platform

The new ABB operational EBITA margin, medium-term

Business operational EBITA margin corridors

Electrification	15 – 19 %
Industrial Automation	12 – 16 %
Motion	14 – 18 %
Robotics & Discrete Automation	13 – 17 %

Corporate and other cost



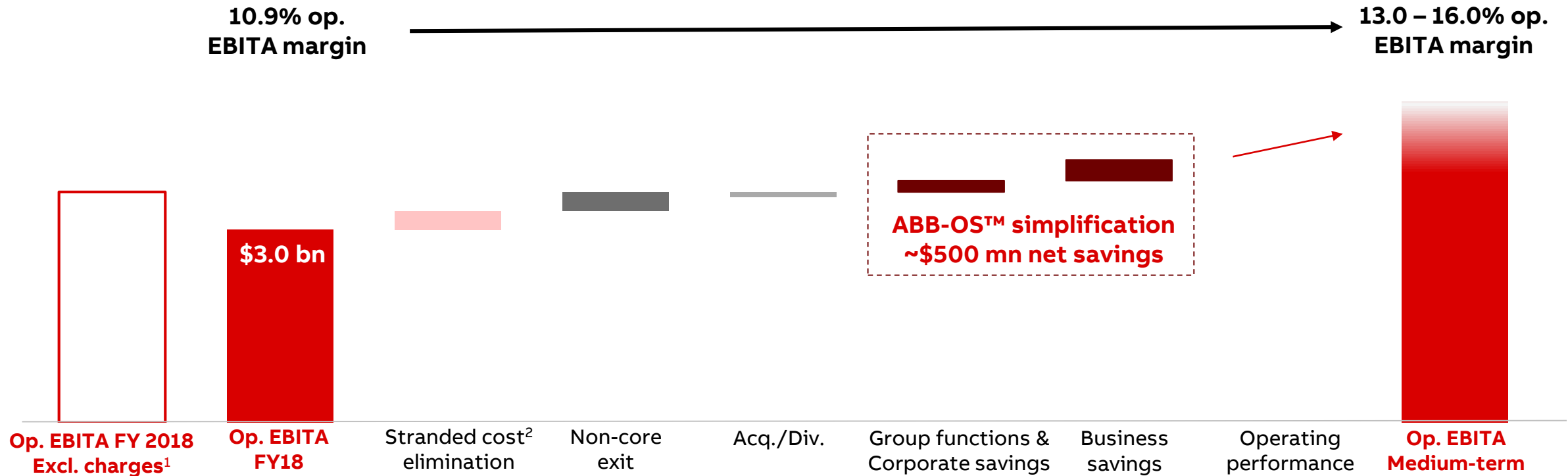
Leaner corporate
~\$300 mn

ABB Group target corridor

Operational EBITA margin
13 – 16 %

The new ABB operational EBITA bridge

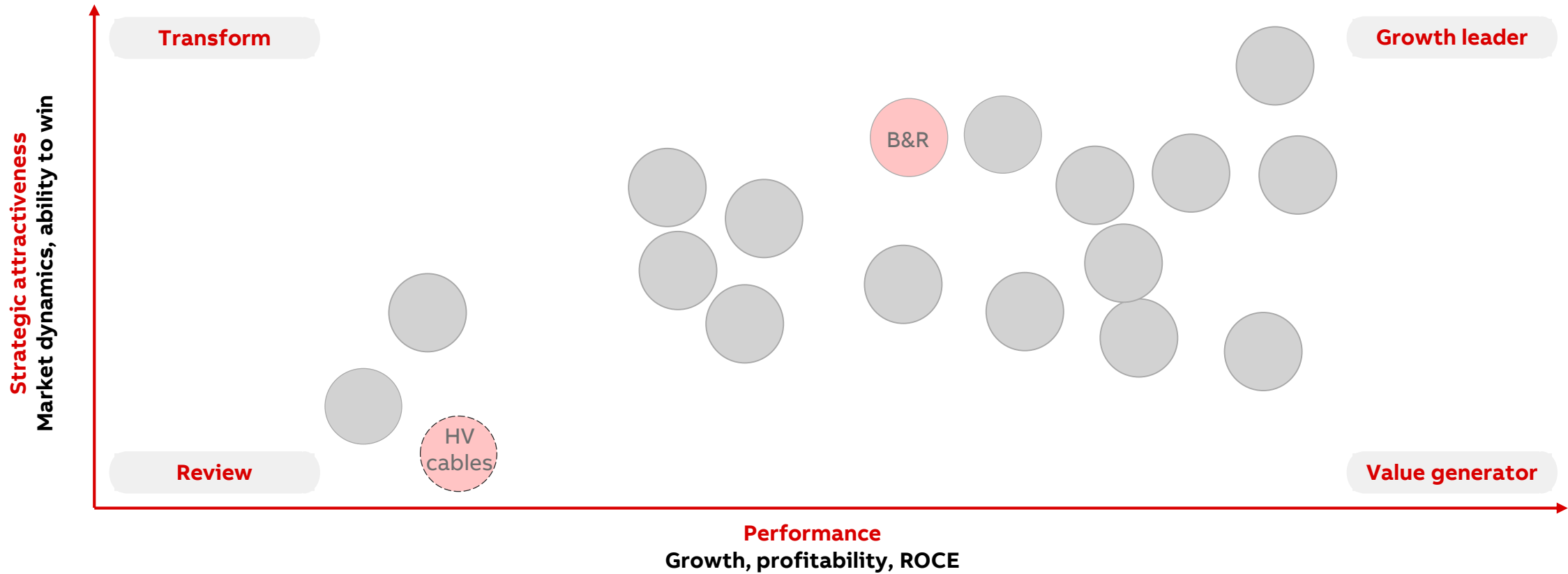
Operational EBITA bridge FY 2018 to medium-term



How ABB manages its portfolio

Continuing systematic portfolio management

Illustrative



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

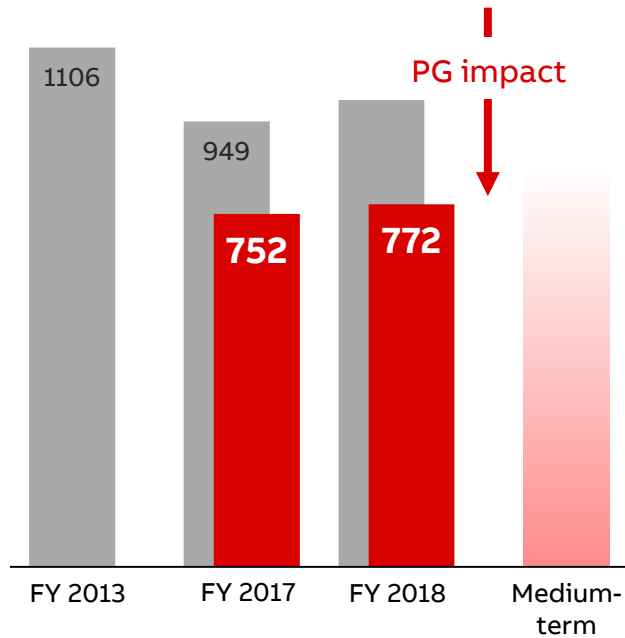


Ventyx (A): failed “no touch” integration

Rigorous cash and capital efficiency

Disciplined capital expenditure

Capital expenditure, \$ mn

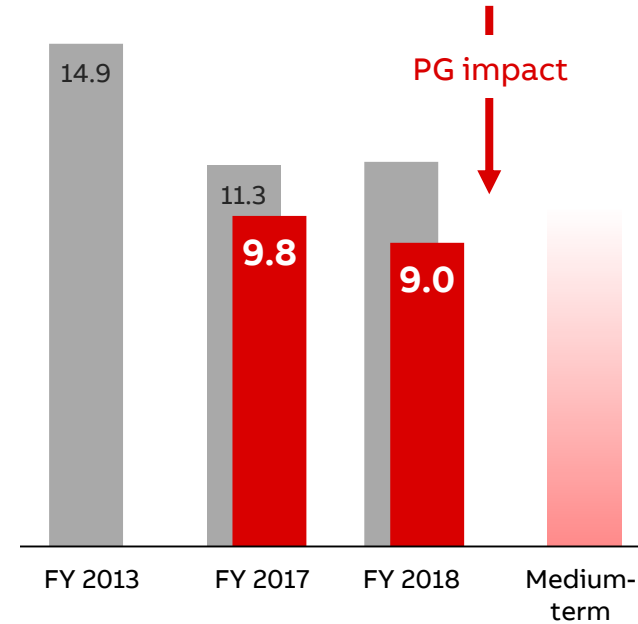


Investment in

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

Reduced net working capital

NWC as % of revenues



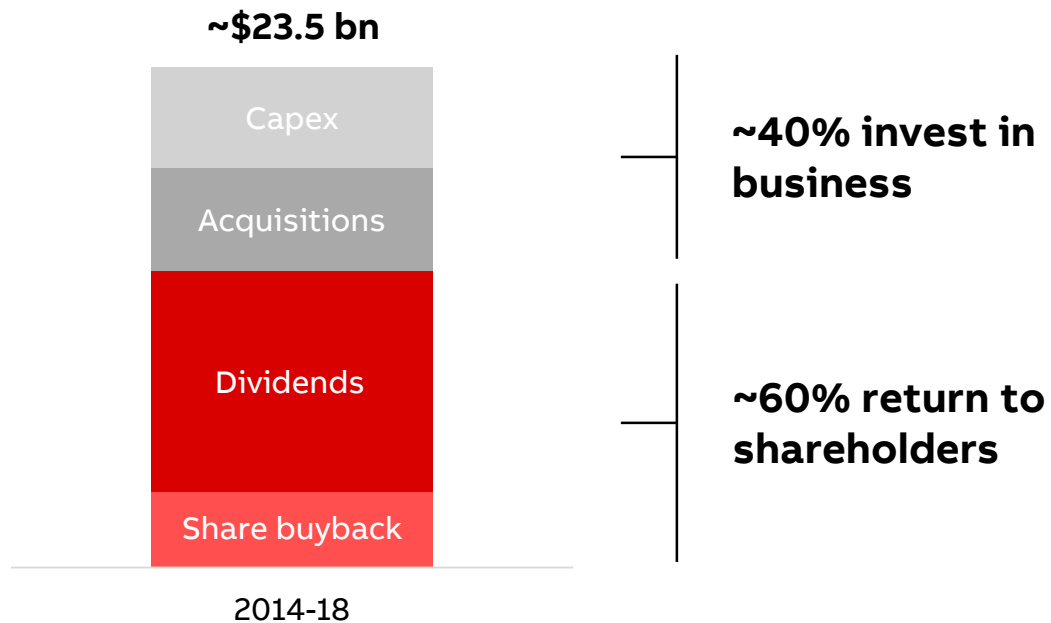
Continued focus on

- Asset light business models
- Reduced inventory turns
- Receivable rotation days

■ old ABB ■ The new ABB

Cash returns and capital allocation

Strong returns to shareholders¹



Sustained capital allocation priorities²

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

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

Separate Power Grids

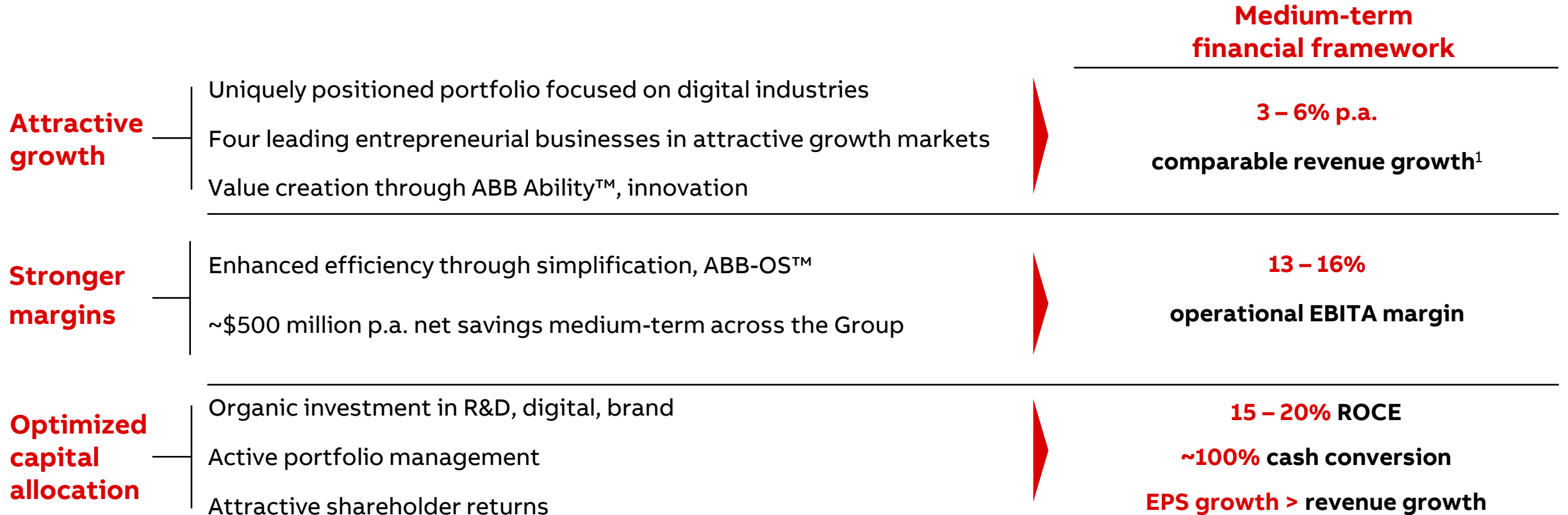
Implement the new ABB

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

Drive ABB-OS™ savings and address stranded costs

The new ABB investment proposition

Pioneering technology leader in digital industries



ABB



Appendix

2019 framework

\$ mn unless otherwise stated

	FY 2018 recast	FY 2019 framework	Q1 2019 framework
Corporate & other operational EBITA	(1,087)	~(800)	~(200)
Of which, stranded costs (gross)	(297)	~(300)	~(75)
Stranded cost elimination	0	~60	~10
Non-operating items			
Normal restructuring	(107)	~(100)	~(25)
Simplification program ¹	(65)	~(400)	~(60)
PG transaction and separation related costs	(32)	~(350)	~(90)
GEIS acquisition related expenses and integration costs	(162)	~(120)	~(30)
PPA-related amortization	(273)	~(275)	~(70)

	FY 2018 recast	FY 2019 framework
Net finance expenses	(190)	~(230)
Effective tax rate	25.7%	~27%
PG tax impact		~(200) in H2
Capital expenditure	(772)	~(850)
Cash flow from operating activities (continuing + discontinued)	2,924	Solid



Results appendix

Key figures Q4 2018

<i>In \$ mn unless stated otherwise</i>	Q4 2018	Q4 2017	Change yoy		
			\$	Local currency	Comparable
Orders	6,985	6,328	+10%	+15%	+7%
Order backlog (end December)	13,084	12,491	+5%	+10%	+6%
Revenues	7,395	6,804	+9%	+13%	+5%
Income from operations	275	324	-15%		
as % of revenues	3.7%	4.8%	-1.1 pts		
Operational EBITA	584	664	-12%	-10%	
as % of operational revenues	7.9%	9.7%	-1.8 pts		
Net income attributable to ABB	317	393	-19%		
Basic earnings per share from continuing operations (\$)	0.10	0.10	0% ¹		
Basic earning per share (\$)	0.15	0.18	-19% ¹		
Operational earnings per share (\$)	0.30	0.33	-9% ¹		-6% ²
Cash flow from operating activities	1,867	1,869	+0%		

Key figures FY 2018

<i>In \$ mn unless stated otherwise</i>	FY 2018	FY 2017	Change yoy		
			\$	Local currency	Comparable
Orders	28,590	25,034	+14%	+14%	+8%
Order backlog (end December)	13,084	12,491	+5%	+10%	+6%
Revenues	27,662	25,196	+10%	+9%	+4%
Income from operations	2,226	2,230	-0%		
as % of revenues	8.0%	8.9%	-0.9 pts		
Operational EBITA	3,005	2,817	+7%	+5%	
as % of operational revenues	10.9%	11.2%	-0.3 pts		
Net income attributable to ABB	2,173	2,213	-2%		
Basic earnings per share from continuing operations (\$)	0.71	0.67	+5% ¹		
Basic earning per share (\$)	1.02	1.04	-2% ¹		
Operational earnings per share (\$)	1.33	1.25	+7% ¹		+8% ²
Cash flow from operating activities	2,924	3,799	-23%		

Total and base orders

By division

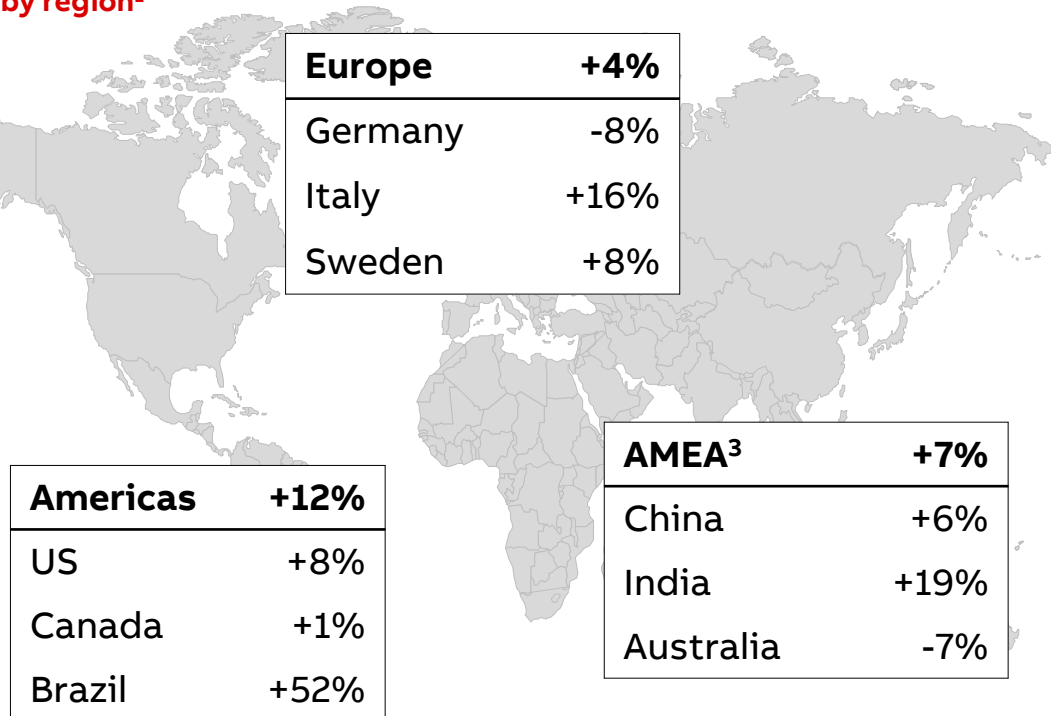
		Q4 2018	Q4 2017	Change yoy
<i>In \$ mn unless stated otherwise</i>				Comparable
Electrification Products	Total orders	3,139	2,556	+2%
	3 rd party base orders	3,032	2,394	+3%
Industrial Automation	Total orders	1,866	1,795	+8%
	3 rd party base orders	1,639	1,642	+4%
Robotics and Motion	Total orders	2,175	2,039	+11%
	3 rd party base orders	1,872	1,837	+6%
Corporate and Other	Total orders	(195)	(62)	n.a.
	3 rd party base orders	11	31	n.a.
ABB Group	Total orders	6,985	6,328	+7%
	3rd party base orders	6,554	5,904	+5%

Q4 2018 total and base orders

By region and country

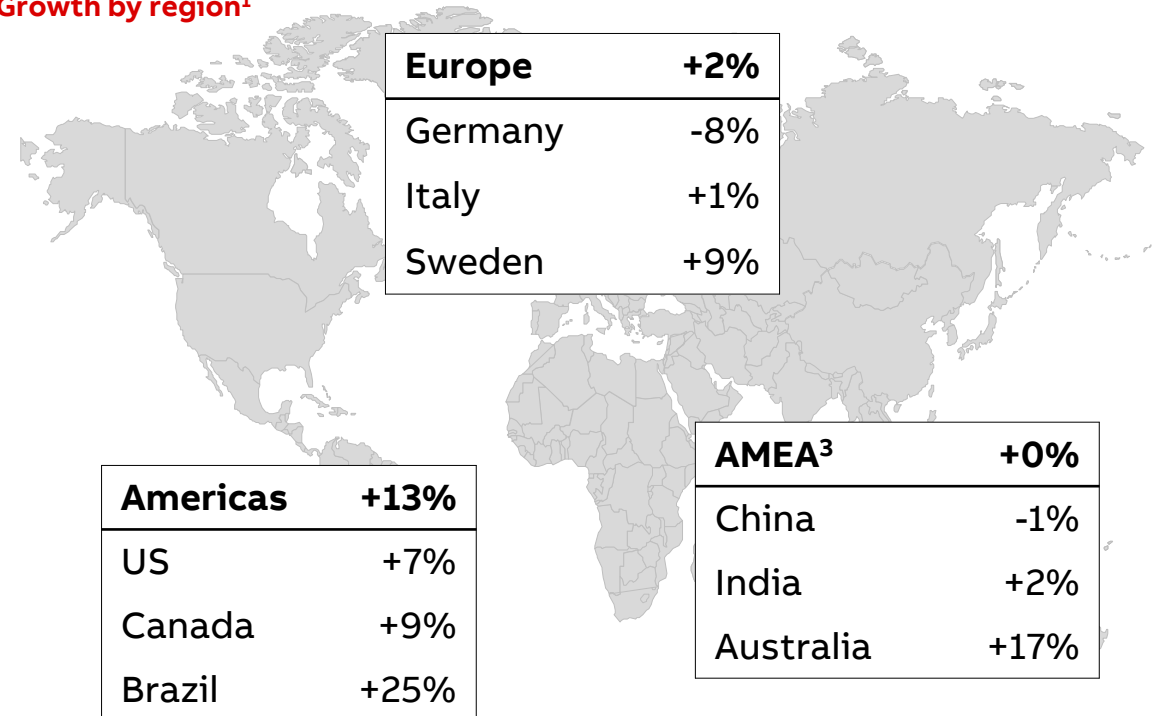
Total orders +7% yoy¹

Growth by region¹



Base orders² +5% yoy¹

Growth by region¹

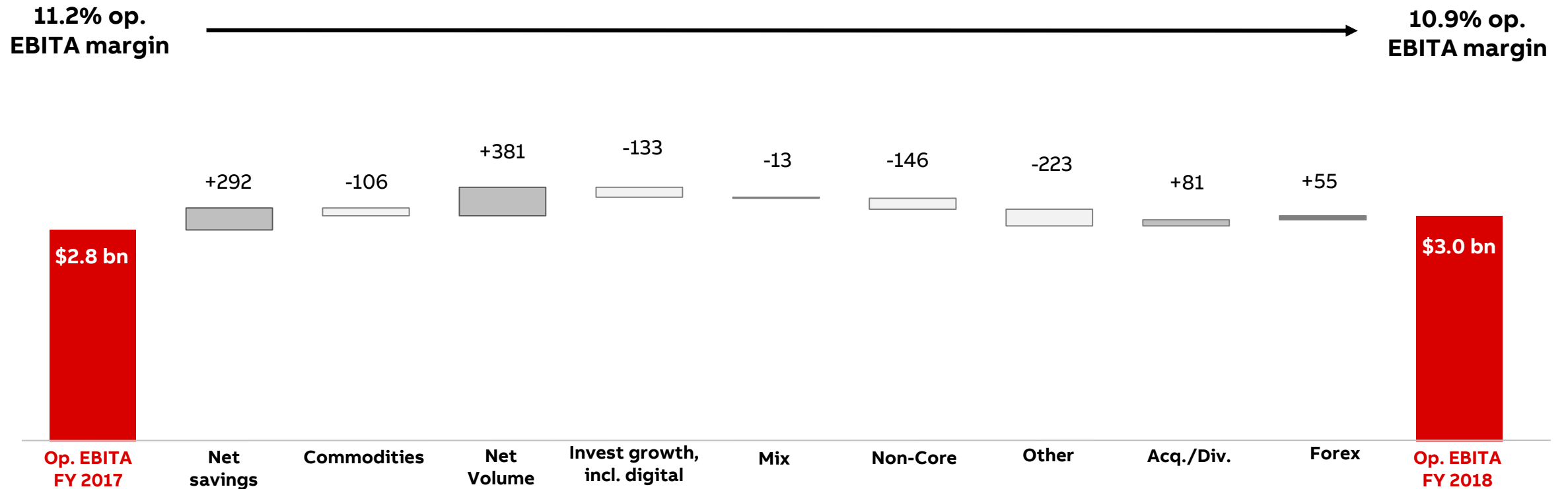


Order backlog by division

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

Full year 2018 operational EBITA

Operational EBITA bridge FY 2017 to FY 2018, \$ mn



Cash flow from operating activities by division

	Q4 2018	Q4 2017	Change yoy
<i>In \$ mn unless stated otherwise</i>			
Electrification Products	636	590	+8%
Industrial Automation	372	356	+4%
Robotics and Motion	476	388	+23%
Corporate and Other	(78)	(9)	n.a
Discontinued operations	461	544	-15%
ABB Group	1,867	1,869	0%

Operational EPS analysis

	Q4 2018	EPS	Q4 2017	EPS	Change yoy ¹
<i>\$ mn, except per share date in \$</i>					
Net income (attributable to ABB)	317	0.15	393	0.18	-19%
Operational adjustments:					
Acquisition-related amortization	75		65		
Restructuring and restructuring-related expenses ²	129		108		
Non-operational pension cost (credit)	-6		-4		
Changes in obligations related to divested businesses	14		0		
Changes in pre-acquisition estimates	6		8		
Gains and losses on sale of businesses	4		78		
Acquisition- and divestment-related expenses and integration costs	56		41		
Certain other non-operational items	25		28		
FX / commodity timing differences in income from operations	0		12		
Operational adjustments in discontinued operations	108		74		
Tax on operational adjustments ³	-96		-105		
Operational net income / Operational EPS	632	0.30	698	0.33	-6%⁴

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

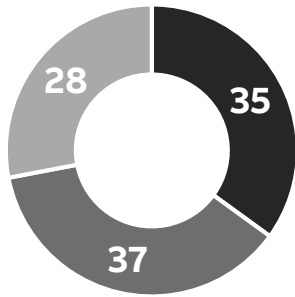
⁴Operational EPS growth rate is in constant currency (2014 foreign exchange rates)

Regional share of total orders and revenues by division

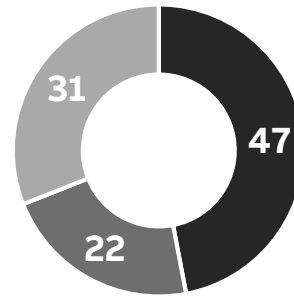
Q4 2018, in % terms

Orders

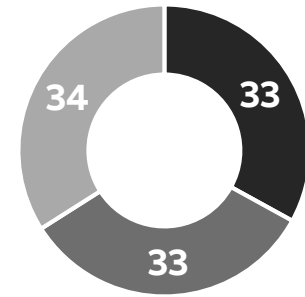
Electrification Products



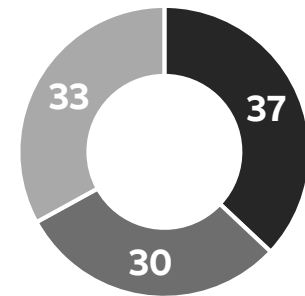
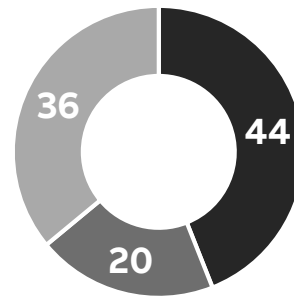
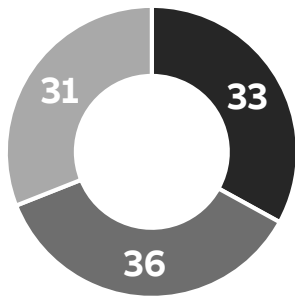
Industrial Automation



Robotics and Motion



Revenues



End-customer and product type revenues by division

Q4 2018, in % terms

