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BJÖRN ROSENGREN, ABB CEO

TIMO IHAMUOTILA, ABB CFO

Capital Markets Day 2023

Important notices

Today's presentations include 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,” “guidance”, “plans,” “outlook,” “on track,” “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 US Securities and Exchange Commission, including its Annual Reports on Form 20-F.

Although ABB Ltd believes that its expectations reflected in any such forward-looking statement are based upon reasonable assumptions, **it can give**

no assurance that those expectations will be achieved.

This presentation contains non-GAAP measures of performance. Definitions of these measures and reconciliations between these measures and their US GAAP counterparts can be found in on our website at global.abb/group/en/investors

Achieved strong performance improvements through transformation period

Setting new standards

01

Reshaped the group to fit the ABB purpose

02

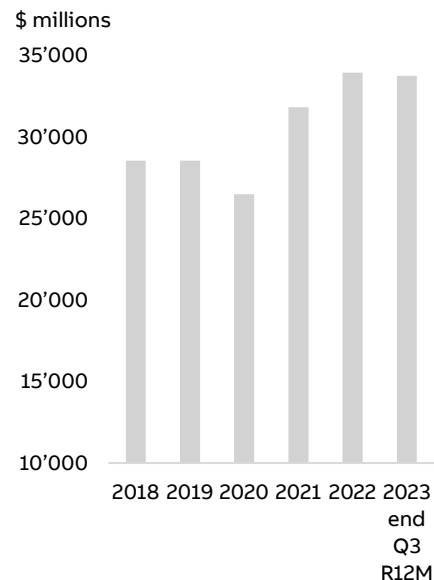
ABB Way operating model:

- Accountability, transparency and speed
- Stability and profitability before growth

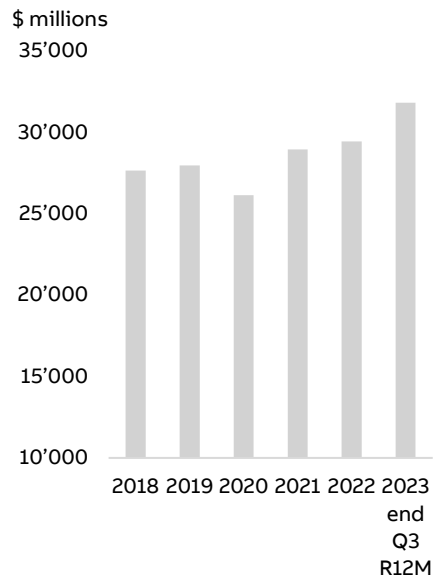
03

Improved financial and sustainability performances

Order intake

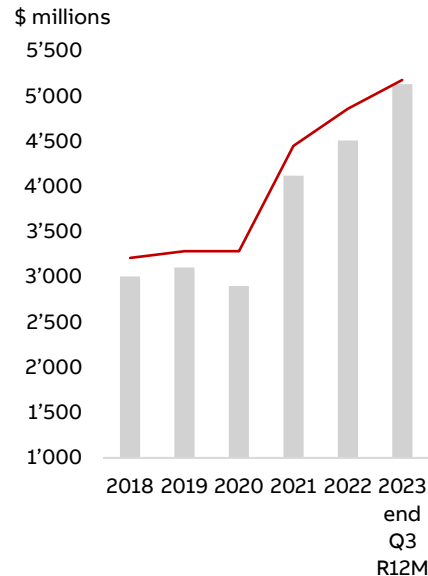


Revenues



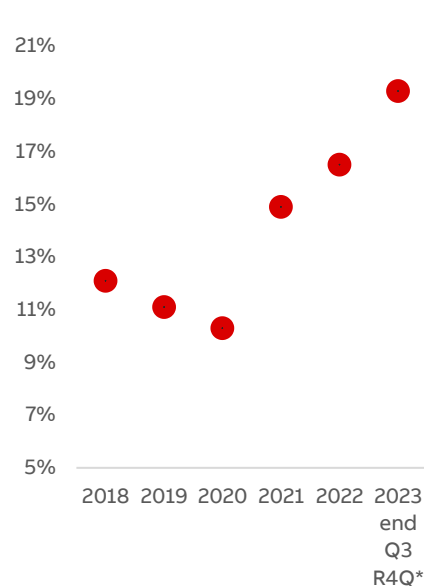
New ATH

Op. EBITA | Op. EBITA %



New ATH

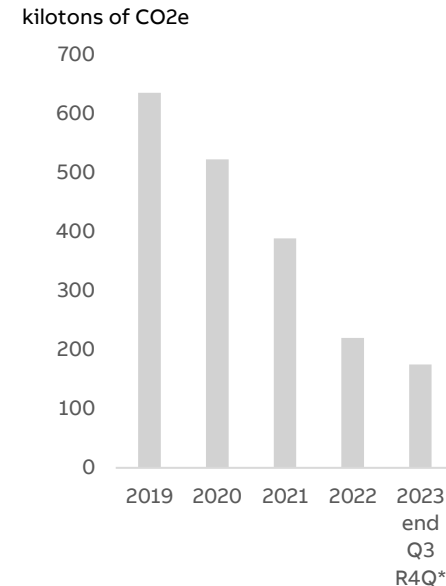
ROCE



New ATH

Scope 1 & 2 | GHG emissions

-72% vs 2019 baseline



* Non-GAAP measure not comparable, details in supplemental reconciliation

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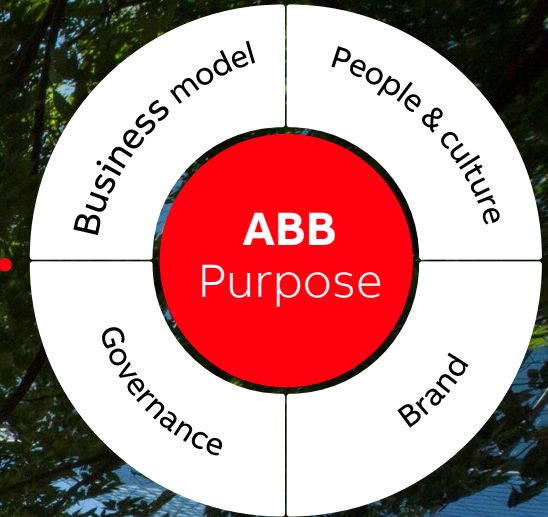
ABB

We have aligned the business portfolio to the ABB Purpose

We enable a more sustainable and resource-efficient future with our technology leadership in electrification and automation

Implemented the ABB Way operating model

- Operating decisions in the divisions, close to customers
Increased accountability, transparency and speed
- Performance culture
- Clarity on strategic mandate and target setting



Exited ~\$1.8bn of revenues in three high performing divisions

- Mechanical Power Transmission, MO divestment
- Turbocharging (Accelleron), PA spin-off
- Power Conversion, EL divestment

Going forward, continuous pruning within divisions

Strong improvement in Employee Engagement Survey

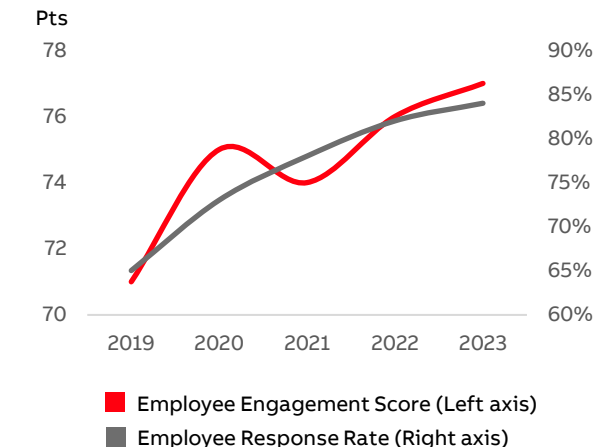
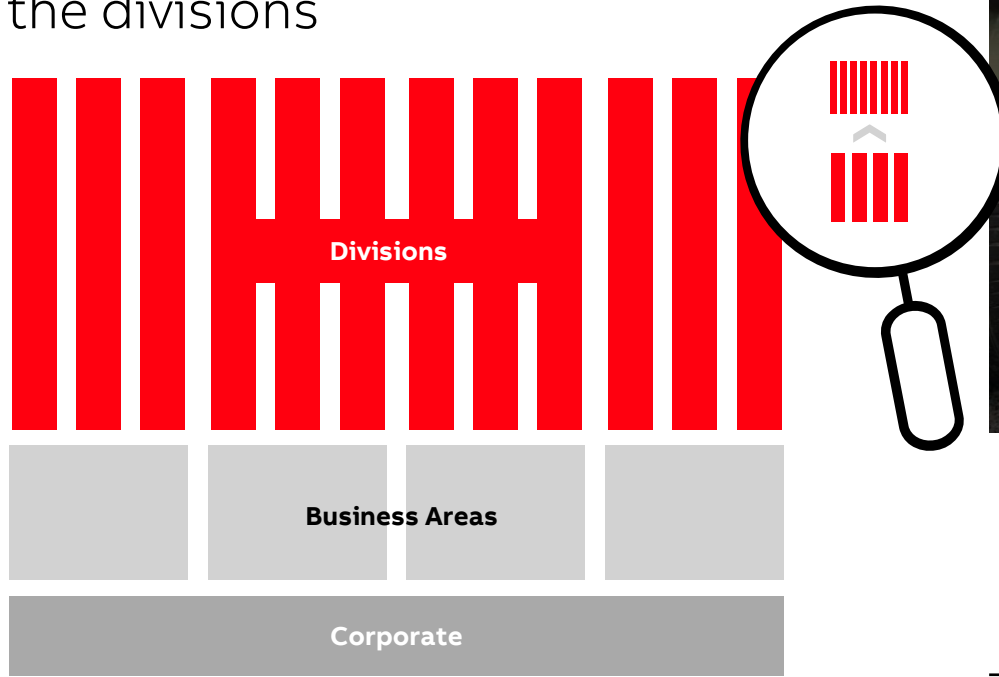


ABB Way operating model has been further cemented

Implemented additional actions to increase accountability, transparency and speed within the divisions



Electrification

Implemented regional commercial structures in Installation Products and Service divisions

Distribution Solutions reorganized operating model with business lines and sales

Reorganized low voltage switchgear business for improved market adaptation and enhanced accountability and transparency

Motion

Strategic review and execution in Large Motors and Generators to lift performance

Focus on product lines for growth, investment and performance.

Integrated two acquisitions in divisional op. structure

Process Automation

Measurement & Analytics completed profitability actions, with significant benefits now showing

Reorganized Energy Industries and Process Industries for enhanced accountability with more granular performance transparency

Robotics & Discrete Automation

Reorganized Business and Product Lines in the Robotics division to streamline go-to-market

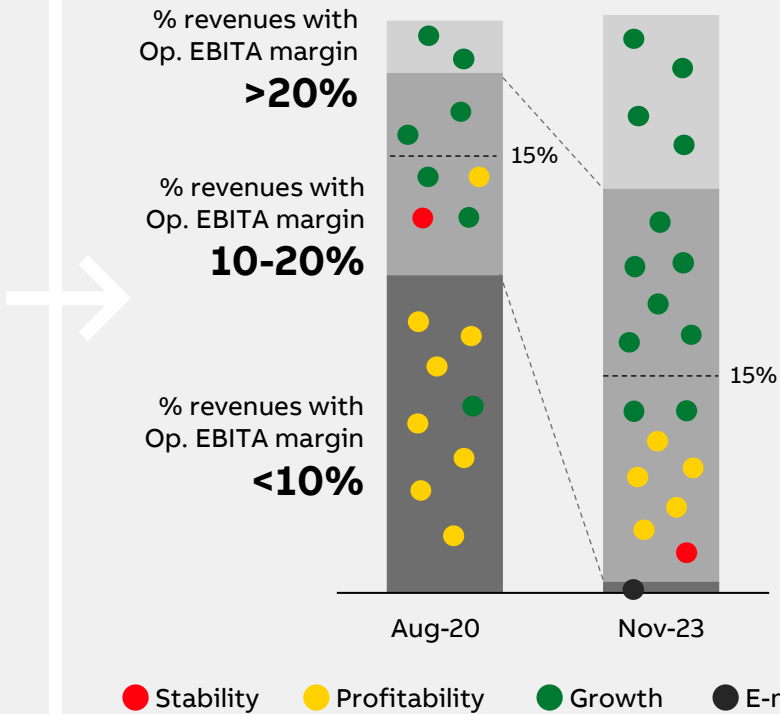
Transferred M&A resources to divisions

Further embedding sustainability through the formal establishment of BA/Corporate Sustainability Council

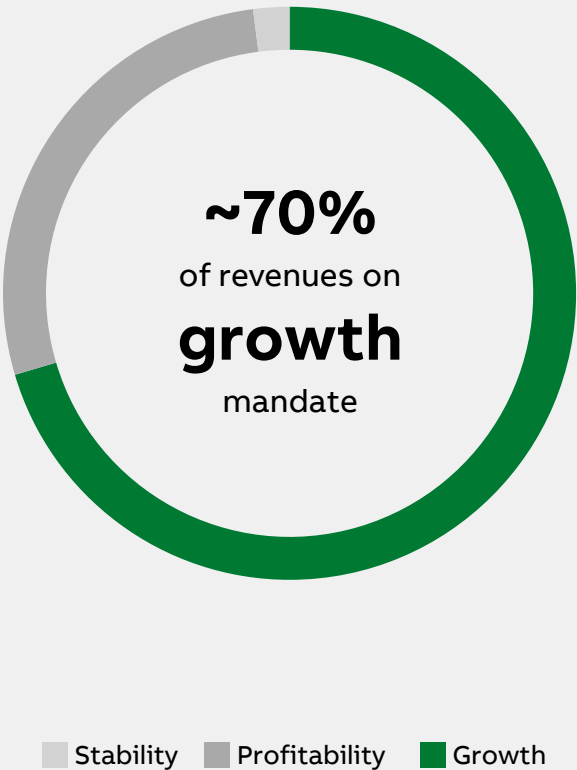
ABB Corporate

Improved profitability and transition towards growth

Transition through ABB Way operating model

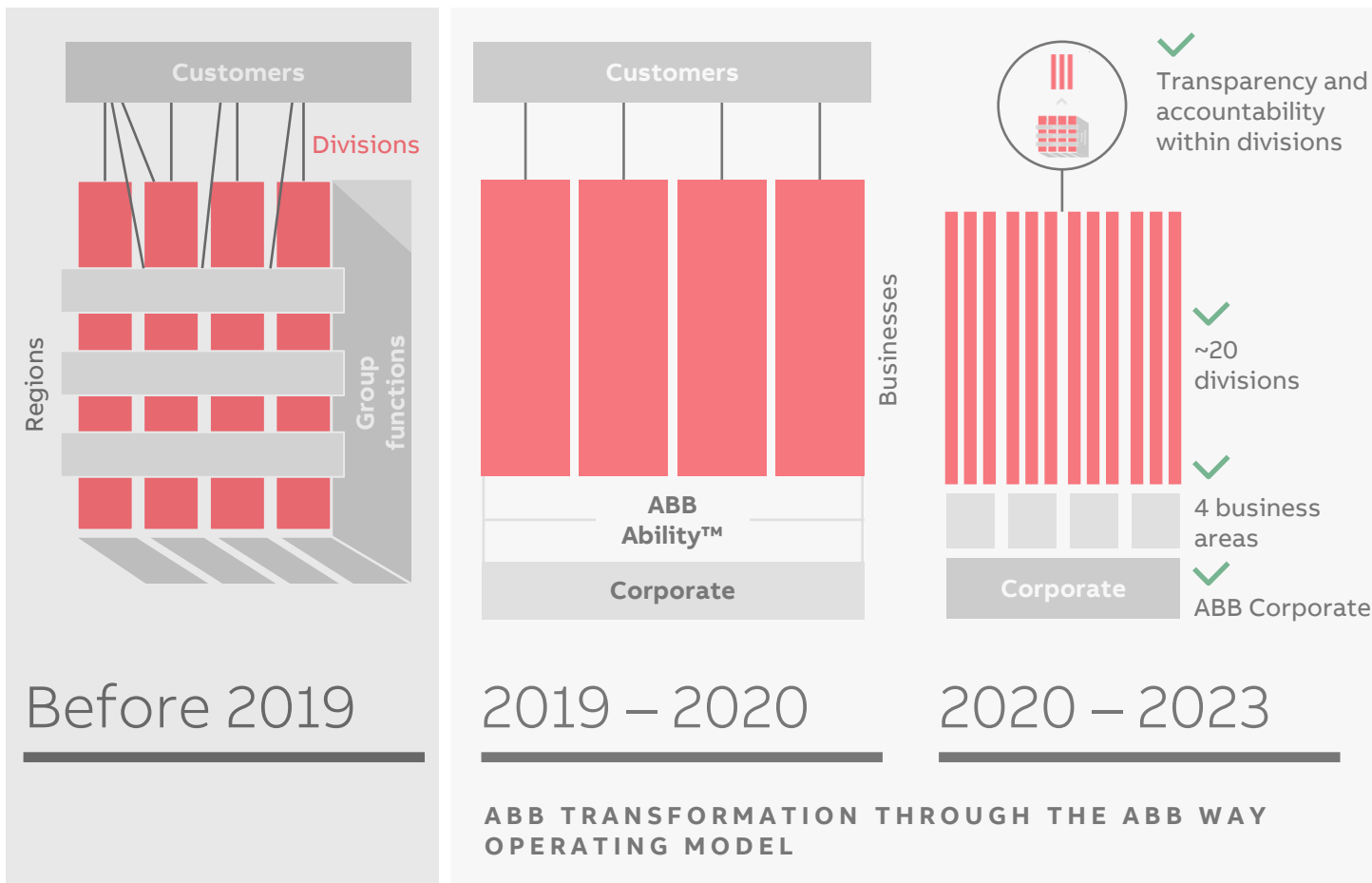


Placement of dots within the range is not indicative of relative margin variance.
Both columns exclude exited Turbocharging, Mechanical Power Transmission and Power Conversion divisions. Construct of divisions may have changed due to governance under the ABB Way operating model.



Coming out of transformation phase

The best is yet to come



Consistency in operating model



Accelerating growth



Continuous improvements

2024 –

We have cemented the ABB way in the organisation. We see our leaders acting with higher accountability and speed in decision making.



Bjorn Rosengren
CEO

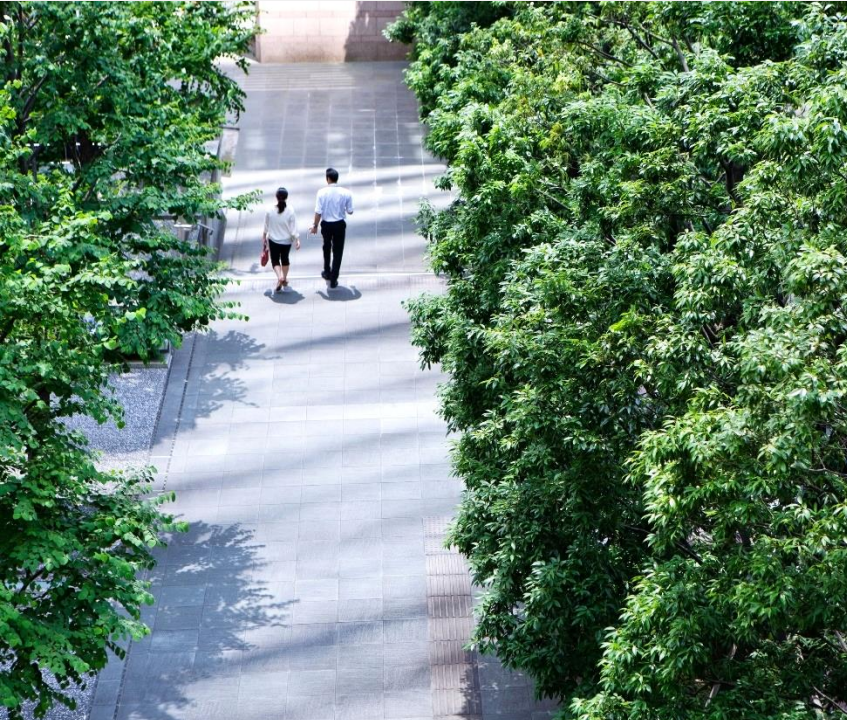
Consistency in operating model

ABB Way

Staying true to the ABB way gives stability in ways of working to the entire organisation. It will support profitability as we further drive quality of revenues.



Timo Ihamuotila
CFO



The Board of Directors is fully behind maintaining consistency in the ABB Way operating model. It drives strong shareholder value creation.



Peter Voser
CHAIRMAN OF BOARD



Accelerating growth

Both internal and external drivers

03

Accelerating sustainability drivers for electrification and automation

EXTERNAL

• For electrification and automation

- The world going electric – Energy security – Energy efficiency – Automation
- Global carbon reduction targets
- Regulations – reporting standards
- Impact on corporates operational performance due to rising cost of carbon
- Customer, employee and shareholder focus

02

New ways of working with divisions accountable for growth with decision-making closer to the market

INTERNAL

• Divisions accountable for growth with decision-making closer to the market

- ABB Way operating model – transferred operating decisions to divisions. Accountable for both organic and inorganic growth
- Clarity and consistency on strategic mandate in businesses
 - Clear target setting and accountability

01

Reshaped portfolio around the ABB purpose of increased sustainability and resource efficiency through electrification and automation

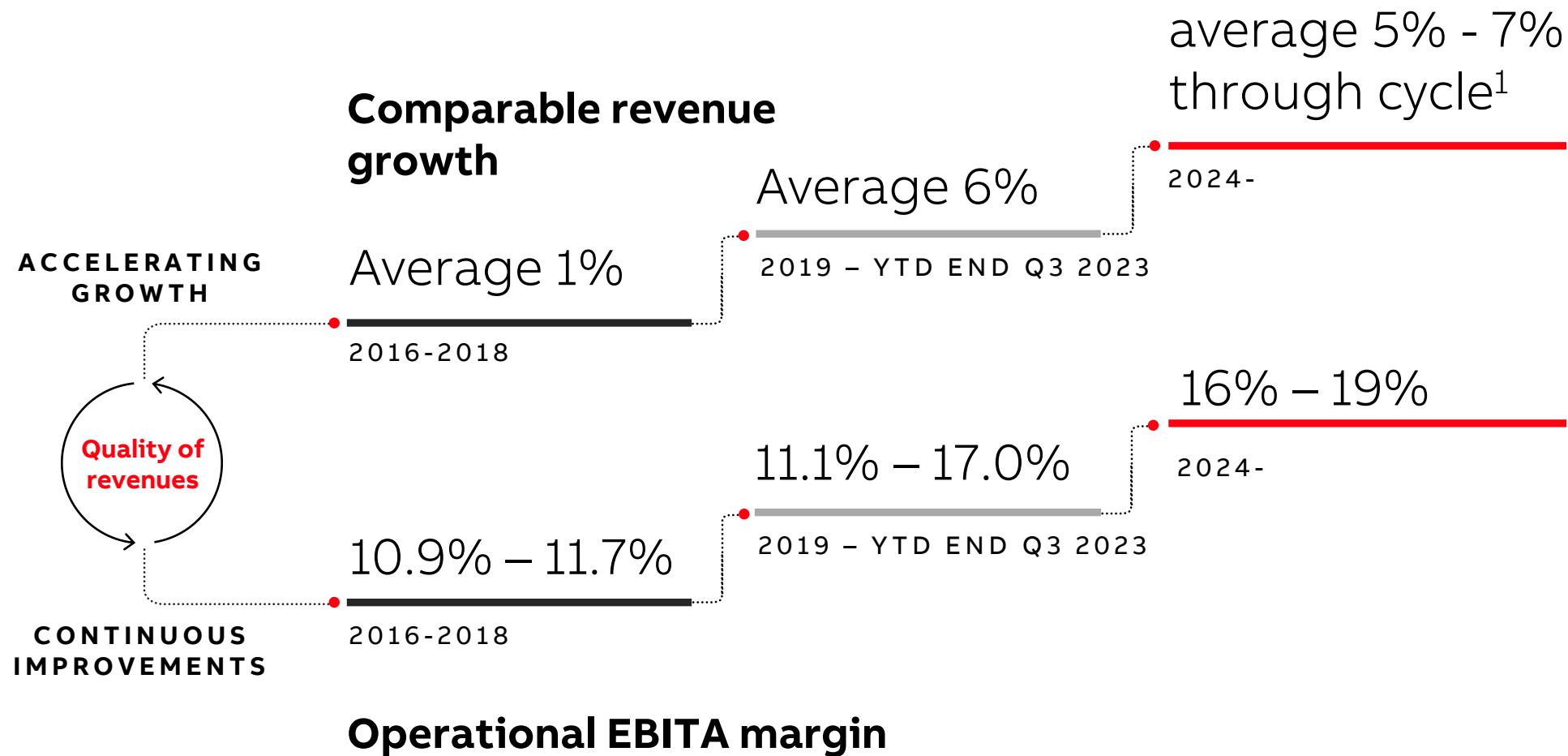
INTERNAL

• Around sustainability and resource efficiency through electrification and automation

- Exit of EPC business – reduced exposure to utilities
- Short-cycle business now ~50% of revenues, vs ~30% in 2016*, with ~20% service business on top
- ~36% of revenues generated through distributors vs ~23% in 2016*
- Continuous business portfolio assessment

* 2016 inclusive of PG not in discontinued operations, details in supplemental reconciliation

Increasing ambitions and continuous improvements for growth and margin



setting
new
standards

As reported, i.e., business portfolio is not comparable over the historical periods

1. Excluding FX impacts, acquisitions and divestments

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Corporates navigating challenges and opportunities from global tension such as...

Strained value chain

including for...



commodities



freight



components



people

Energy crisis &
energy independence

Geo-political uncertainties

De-globalization &
near-shoring

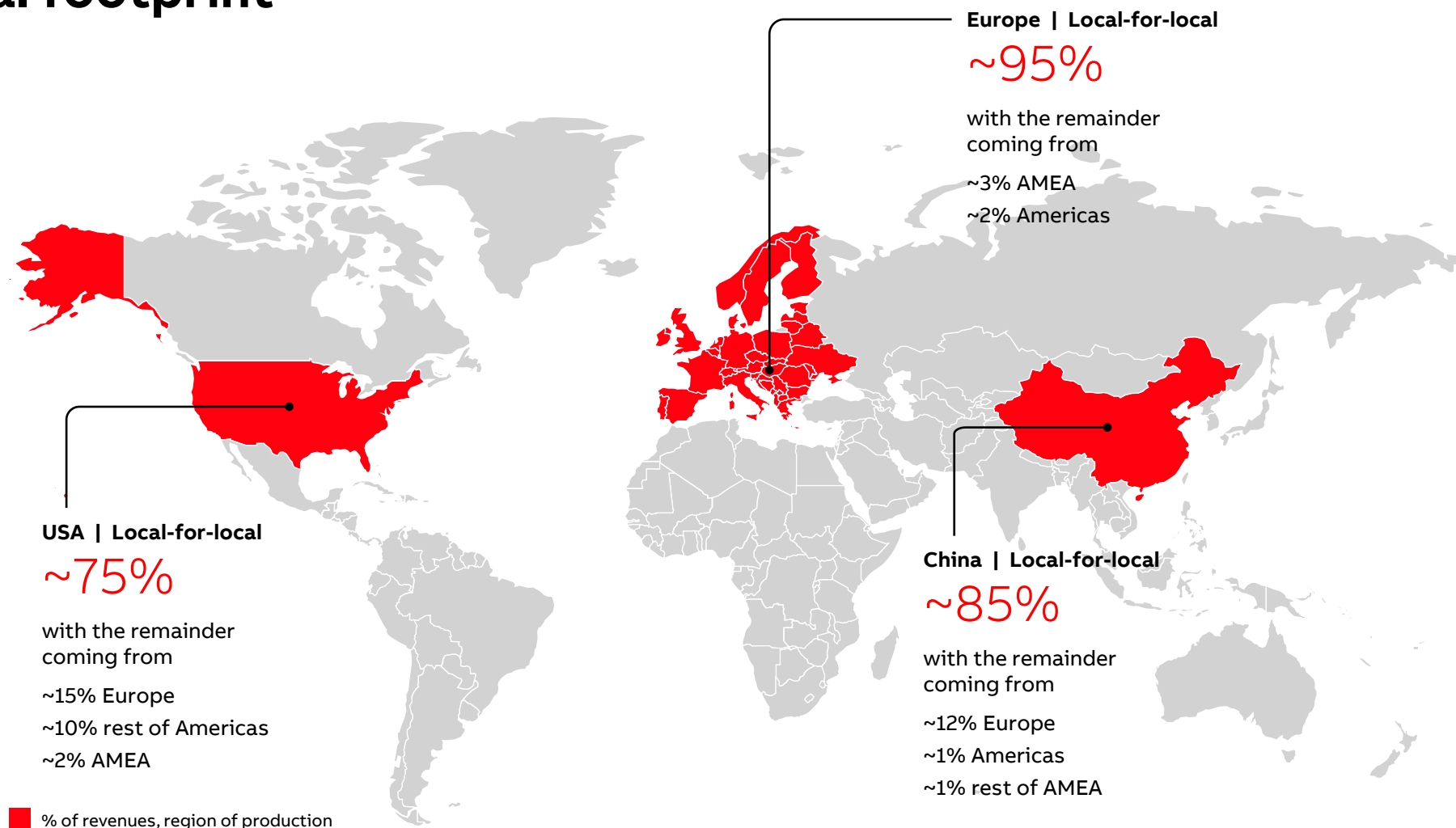
Changes in fiscal policies

Operational performance supported by strong local-for-local footprint

Close to customers –

ABB has a long tradition of local-for-local manufacturing

Europe, USA and China represent ~75% of Group revenues



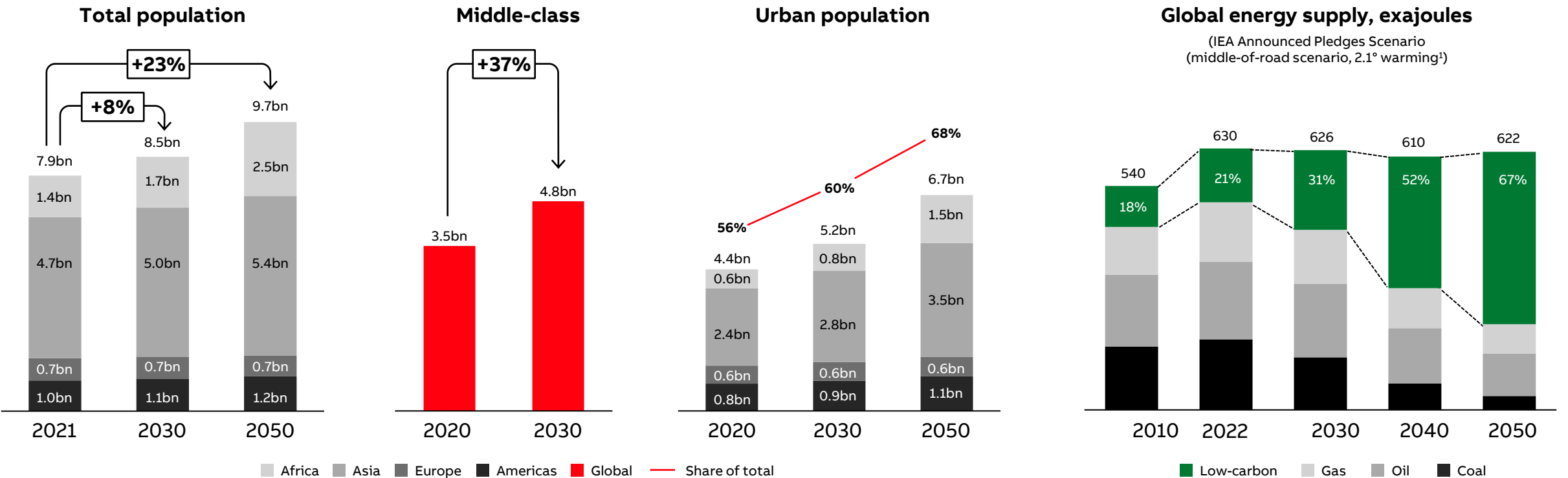
Note: Management estimates and % based on revenues 3rd party 2022. Excludes non-core, Turbocharging and Power Conversion. Total may not add to 100% due to roundings.

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Well positioned in a changing world

Growing population with rising expectations of higher standard of living...

...while the global agenda targets carbon footprint reduction

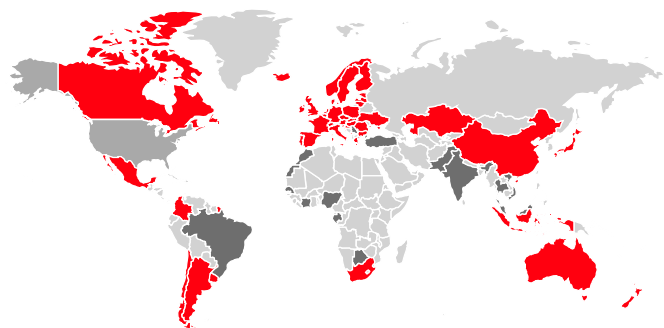


1. By 2100, 50% confidence interval Source: UN, Brookings; IEA World Energy Outlook, 2023, Announced Pledges Scenario
ABB Capital Markets Day 2023

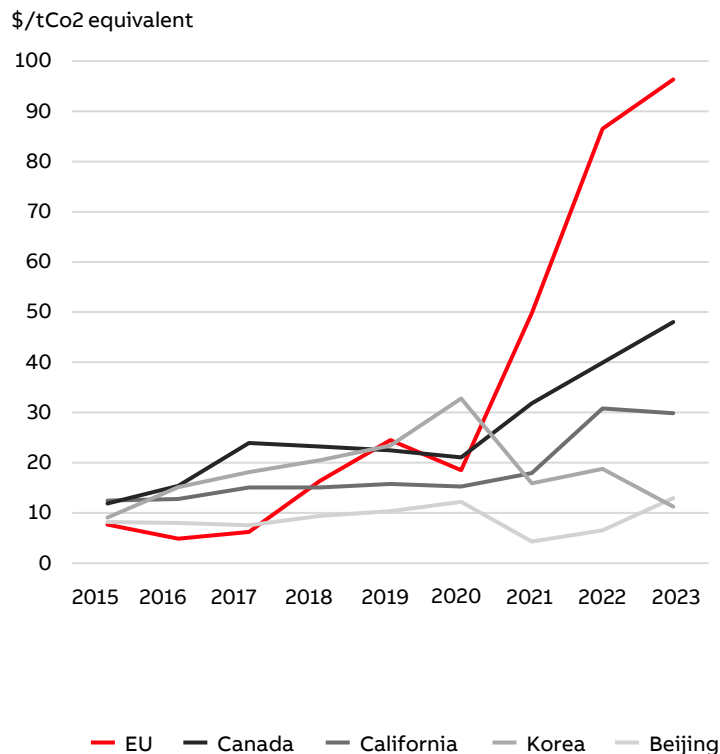
Rising cost of carbon

puts spotlight on low carbon solutions

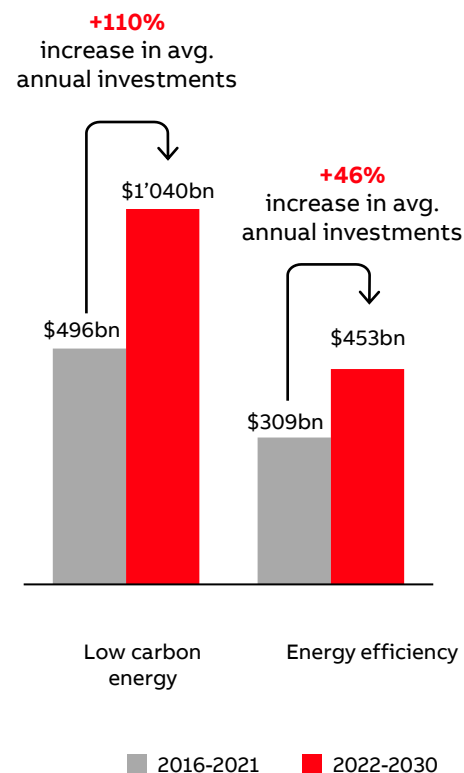
Carbon pricing is spreading globally and already covering several large economies



Rising cost of carbon



Strong growth in annual investments in low carbon energy supply and energy efficiency



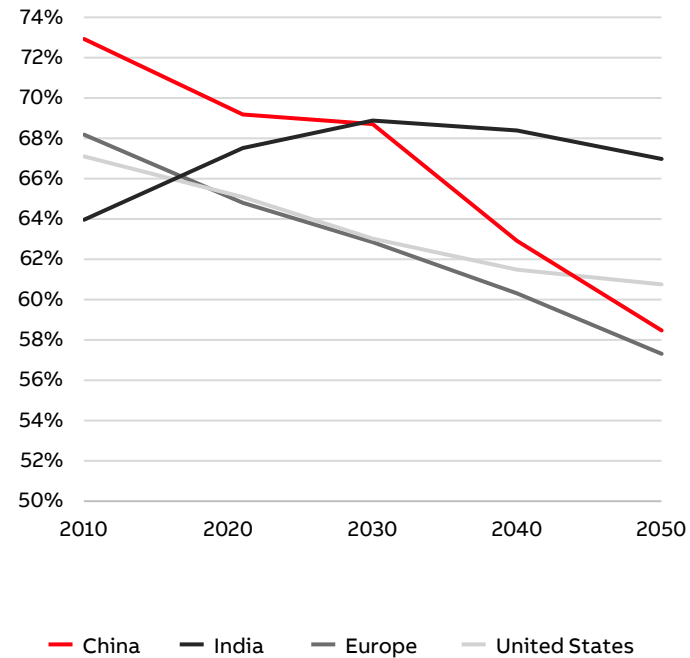
Source: Bloomberg New Energy Finance: IEA World Energy Outlook, 2023, Announced Pledges Scenario

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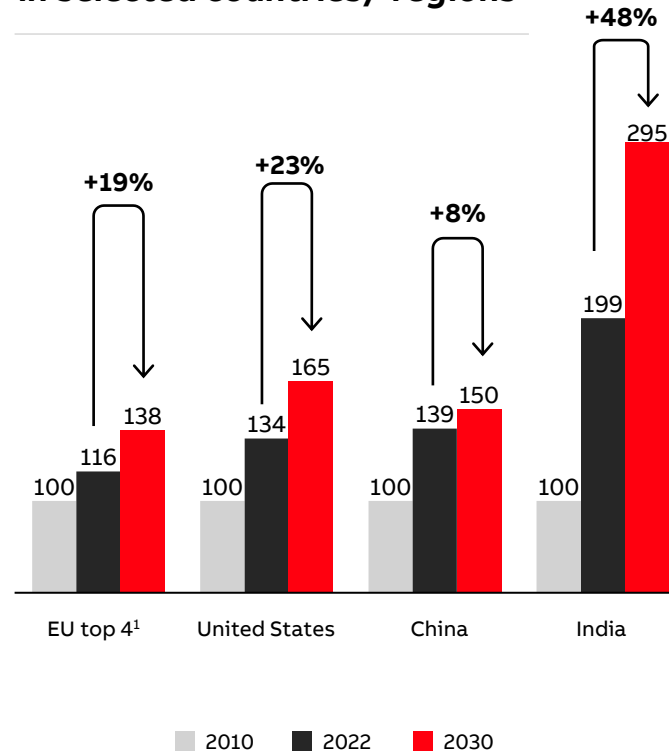
Automation needed to remain able and efficient

Labor force is shrinking and increasingly expensive

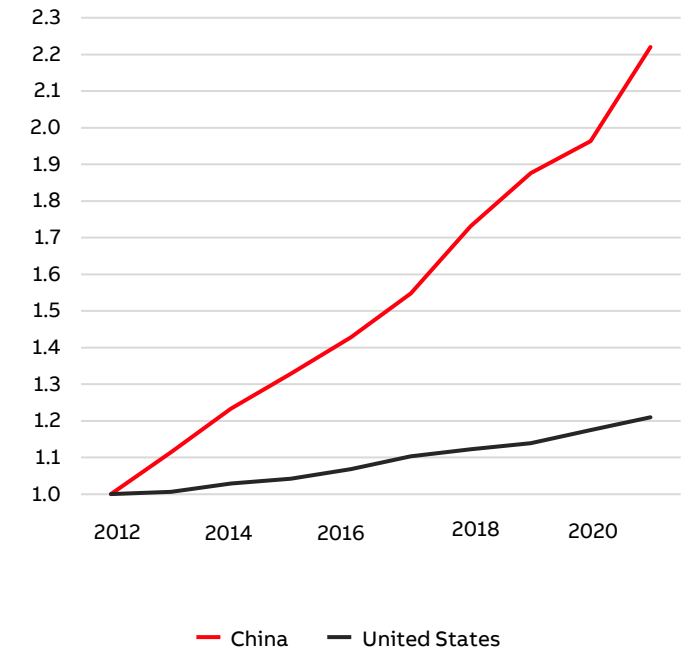
Share of working age population (15-64) in selected countries/ regions



Unit labor cost index (LCU, 2010 = 100) in selected countries/ regions



Cost of manufacturing labor (2012-2021, indexed to 2012)



Future proof

ABB purpose and customer offering aligned with secular trends

More electricity

Electricity demand growing **>10x** faster than other energy sources in 2022-2030, resulting in **~50%** higher average annual investment into electricity networks in 2023 – 2030 (vs 2016 – 2022)¹

Higher energy-efficiency

~45% of the world's electricity is converted into motion by electric motors yet only **~23%** of the world's electric motors are optimized through the control of drives

New energy sources

Share of low-carbon sources in global energy mix to increase **+50%** – points from ~20% today to ~70% in 2050¹

Shrinking labor force

Global number of working age people (15 to 64 years) per retiree (65 years or over) to fall by **~20%** over next 10 years²

1. IEA World Energy Outlook 2023, Announced Pledges Scenario

2. United Nations World Population Prospects 2022

ABB

Our purpose

→ We enable a more sustainable and resource-efficient future with our technology leadership in electrification and automation

Our offering supports customers to:

← Reduce waste and increase circularity

← Reduce carbon intensity

← Increase labor productivity

← Increase energy efficiency

← Increase flexibility

← Reduce footprint

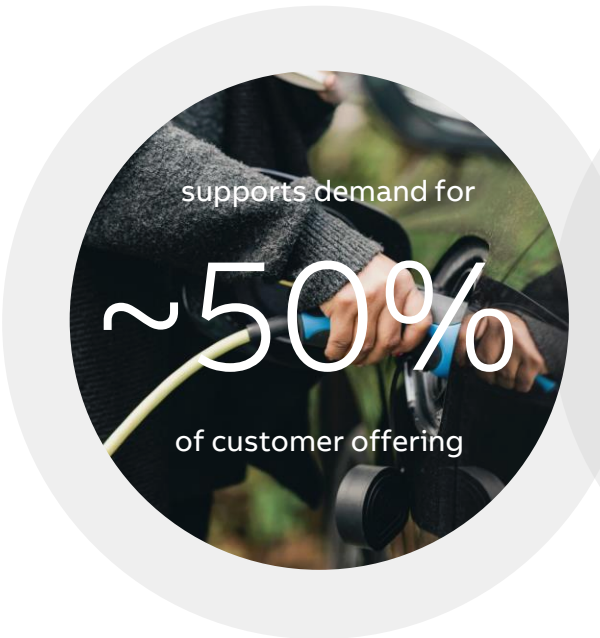
← Reduce downtime

← Increase safety and improve working environment

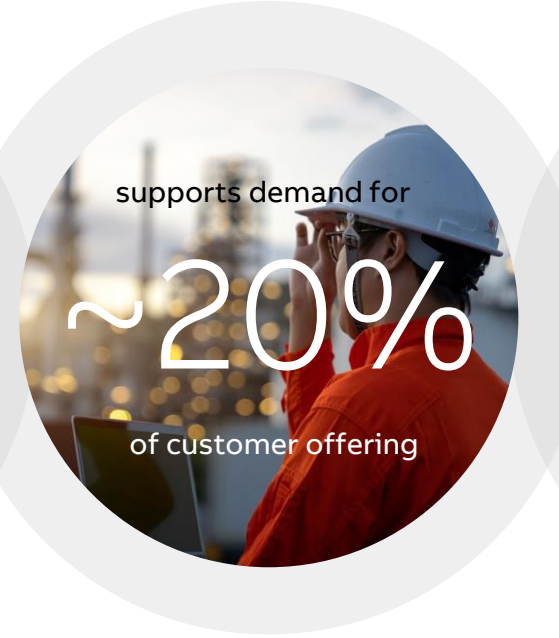
Secular trends support growth

Businesses exposed to several secular trends

Electrification - the world going electric



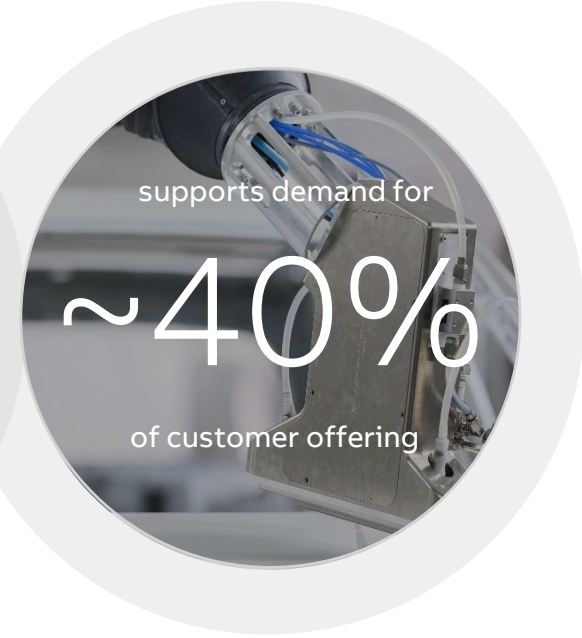
Energy security



Emission reduction, energy efficiency



Automation



Visual for
relative BA
exposure

EL +++ PA ++ MO + RA +

EL ++ PA ++ MO +

MO +++ PA ++ EL ++

RA +++ PA +++ MO + EL +

% is management estimate
+++ is >60% of rev, ++ is 25% - 60% of rev, + is 1% - 25% of rev

Structural support for our market leading offering in medium voltage



Structural support to demand

Energy security – Energy transition – Low carbon – Data processing power



Improved profitability

Recent successful profitability actions, so less of an adverse mix impact from medium voltage business

YTD 2023 Op. EBITA margin of ~15%

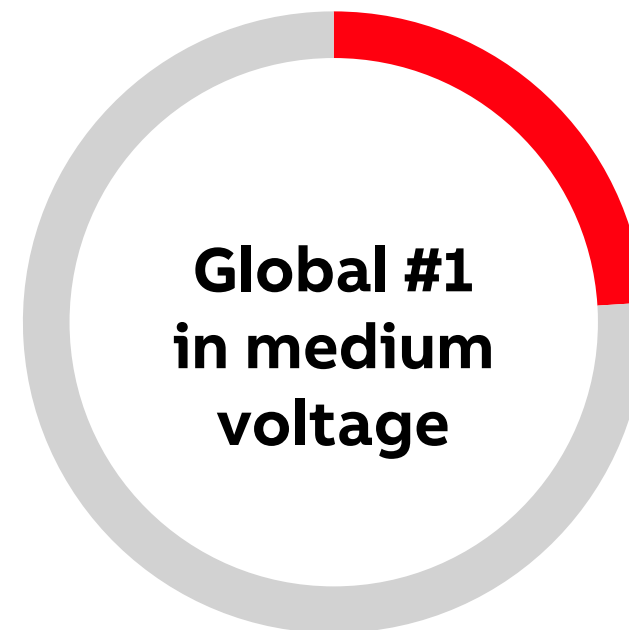


Key exposures in:

Electrification: Distribution Solutions | Installation Products | Service

Process Automation: Energy Industries | Process Industries | Marine & Ports

Motion: Large Motors & Gen. | System Drives | Service



■ Medium voltage is ~25% of ABB total revenues

Medium voltage demand drivers

energy security – energy transition

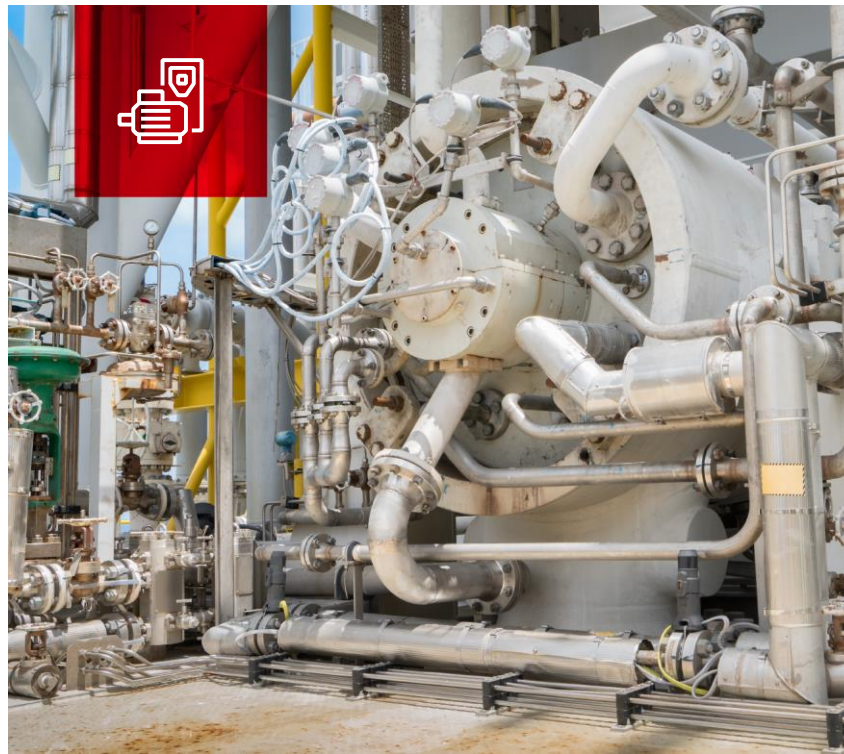
45,000 miles of US electrical cabling is expected to be put underground by 2040 in order to secure power supply.

Drives demand for ABB Electrification underground switchgear + electrical accessories.



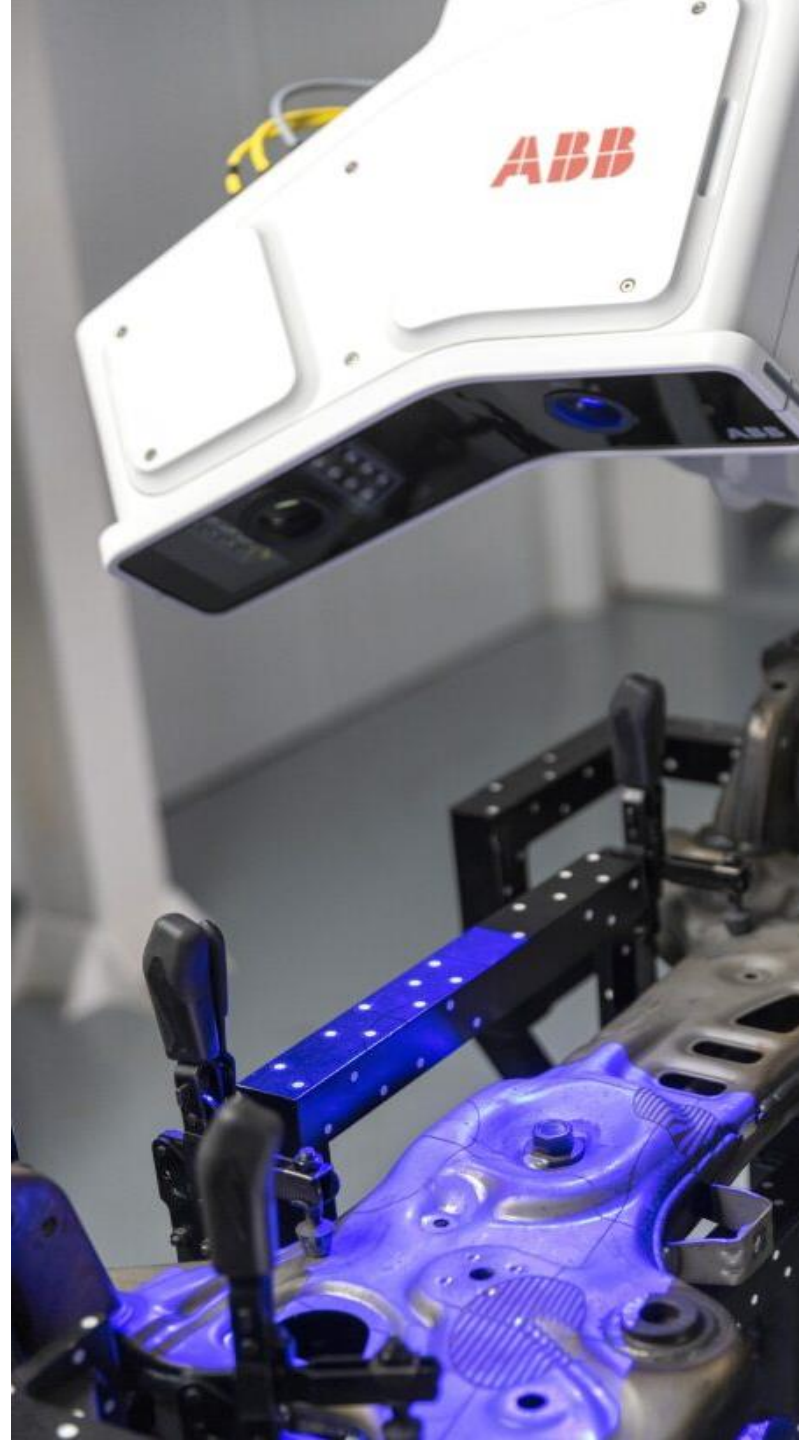
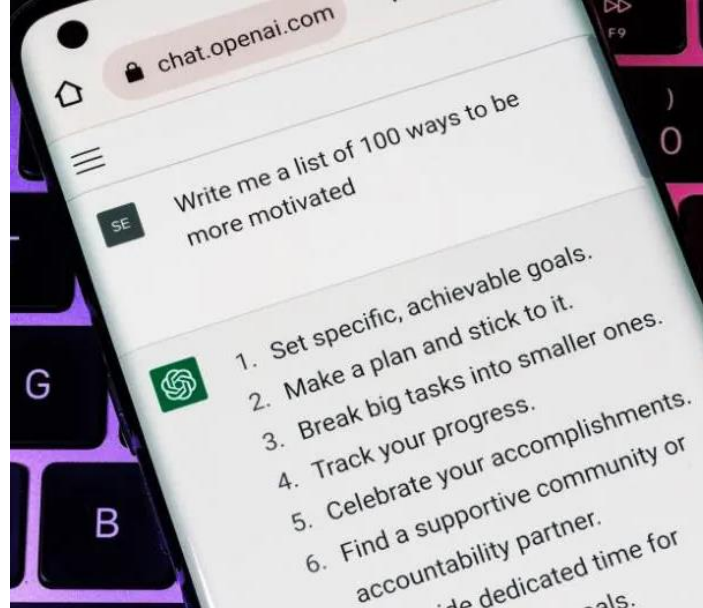
Electric drivetrains instead of gas and steam turbines in process industries.

Drives demand for ABB Motion high-power motors and drives.



LNG projects in US and multiple other locations. Drives demand for ABB Process Automation electrification, control and power management systems.





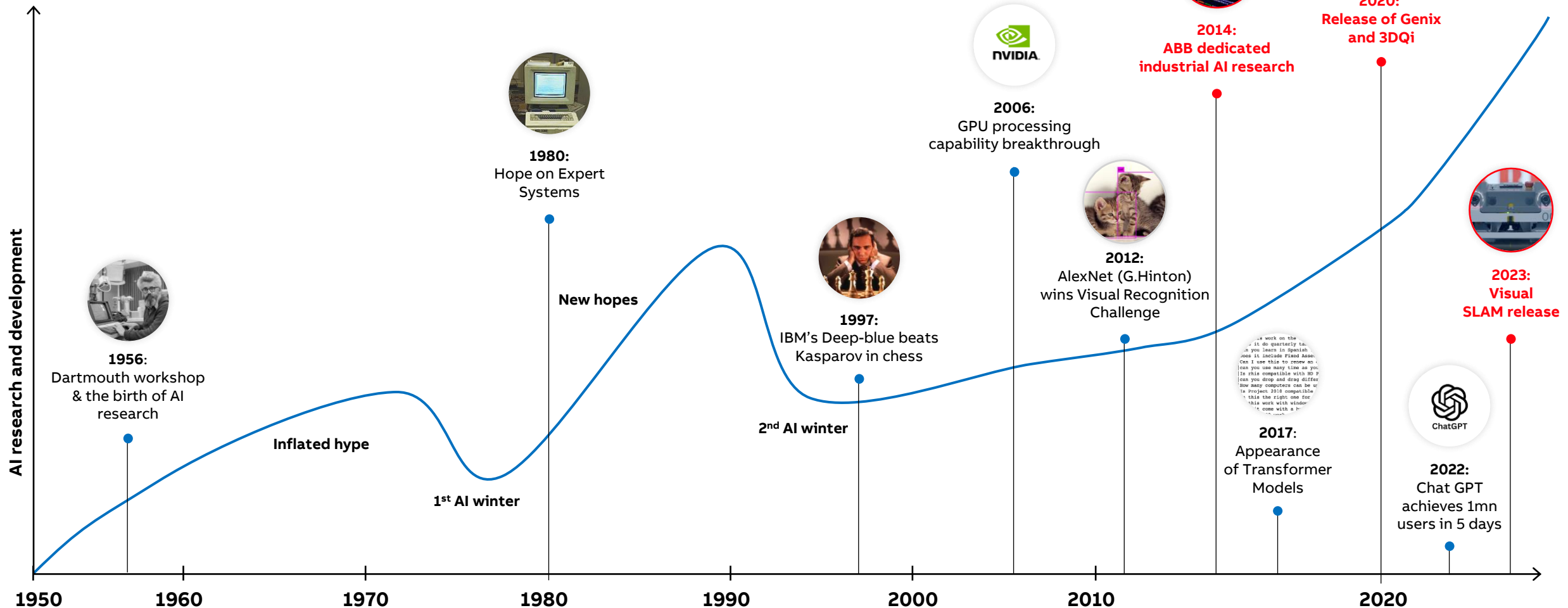
SAMI ATIYA, PRESIDENT, ROBOTICS & DISCRETE AUTOMATION

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AI@ABB

AI development in waves

Timeline of AI development



How we structure the world of AI

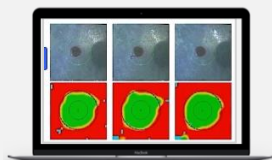
AI technology



Analytical AI

Anomaly detection

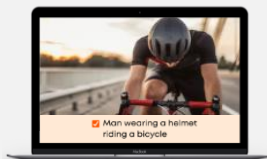
Process analytics



Generative AI

Text-to-video

Image-to-text



AI usage

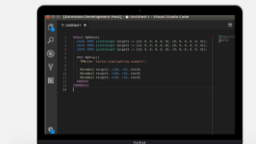


Internal

Efficiency improvements

AI assistant

Code generation



External

Product innovation

3D VSLAM

Energy forecasting



AI status



Implemented

Already in internal use or sold to customers



Under development

Concrete development projects or pilots

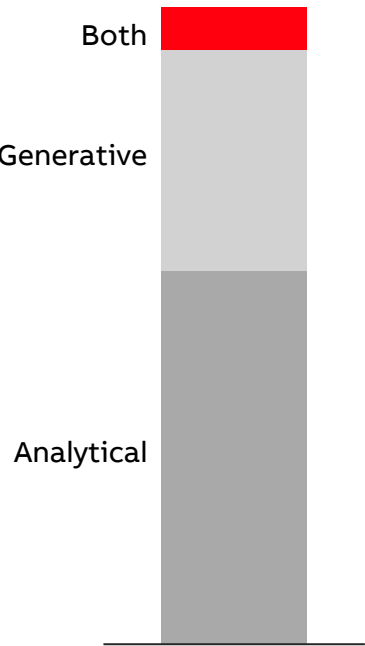


Planned and ideas

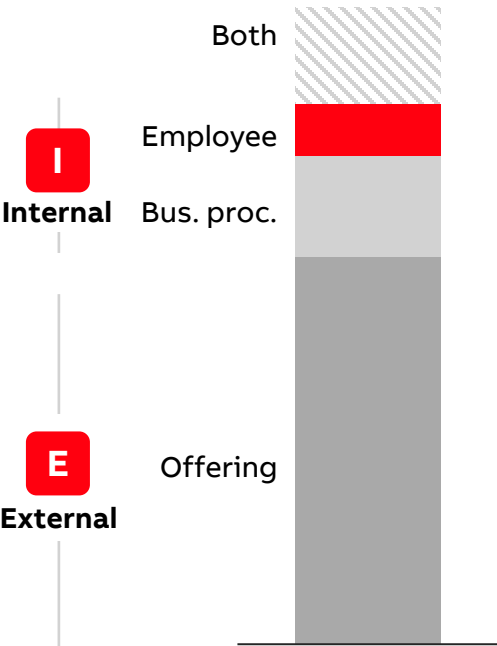
Plans and ideas for future projects

More than 100 AI projects across ABB

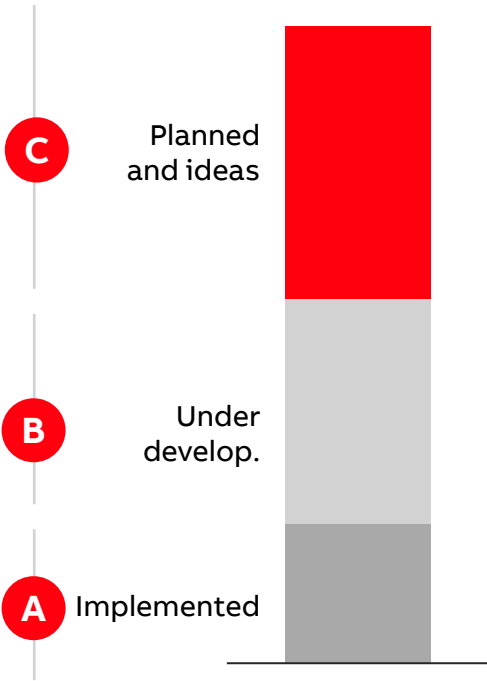
By technology type



By usage



By status



By ABB area

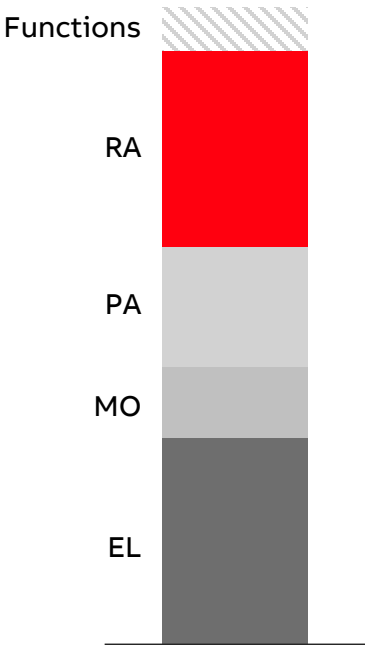
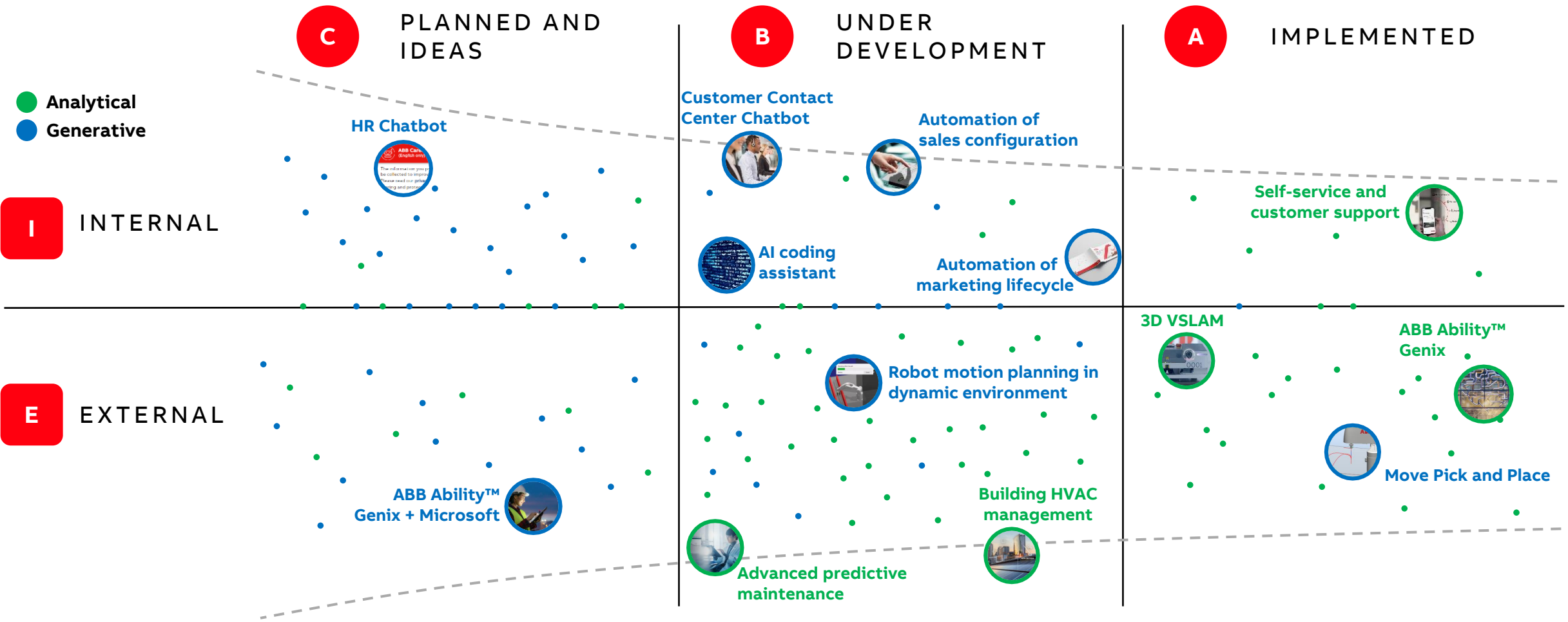


ABB AI project pipeline



Note: each point represents a concrete application; random position within each field

Areas of industrial AI applications

HUMAN-MACHINE INTERACTION



Learning from observation

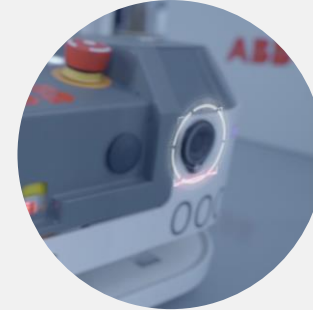


Natural language instruction

NEW SKILLS



Item picking



AMRs

Predictive maintenance



Customer chatbot



Genix



Energy management



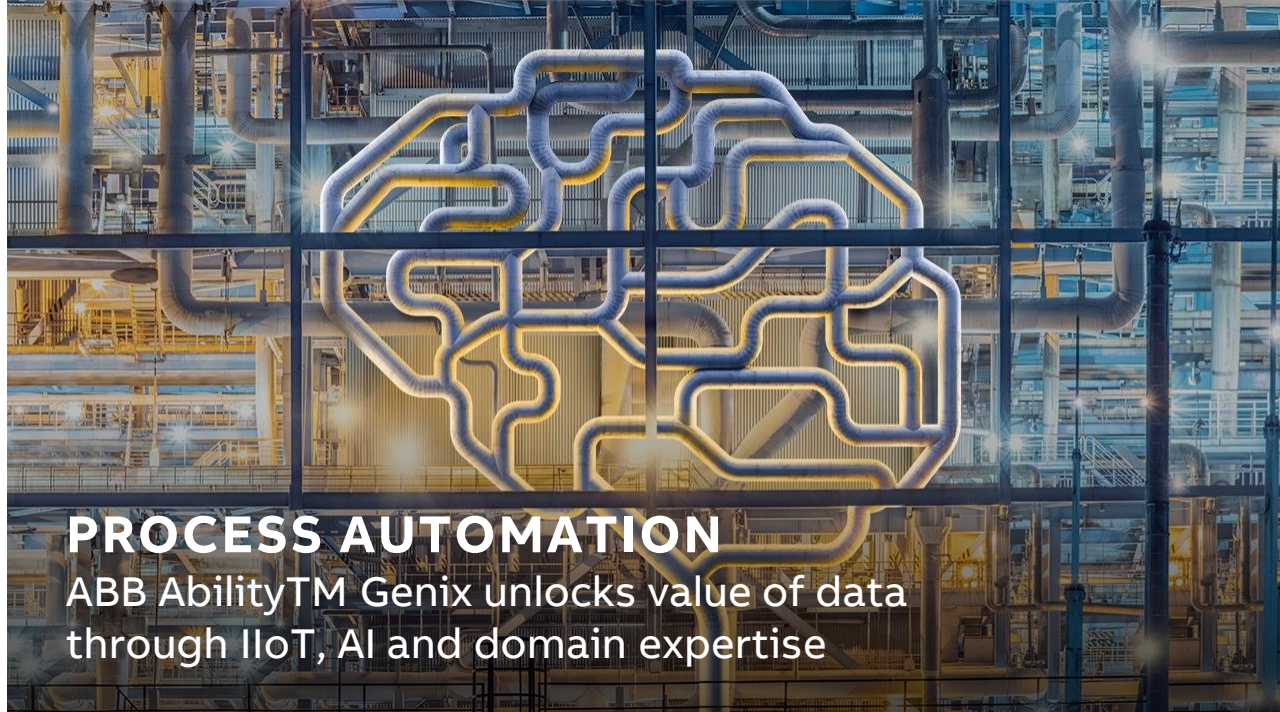
INSIGHT GENERATION

OPTIMIZATION



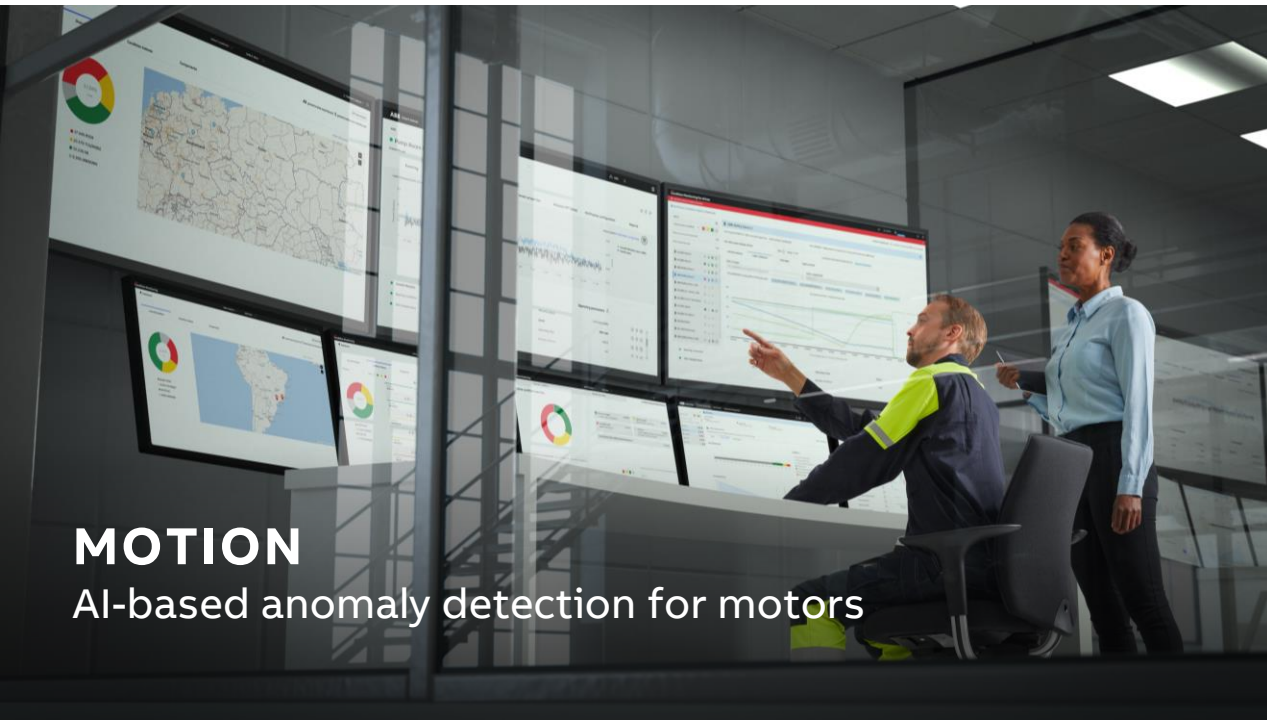
ELECTRIFICATION

AI-enhanced energy management for buildings



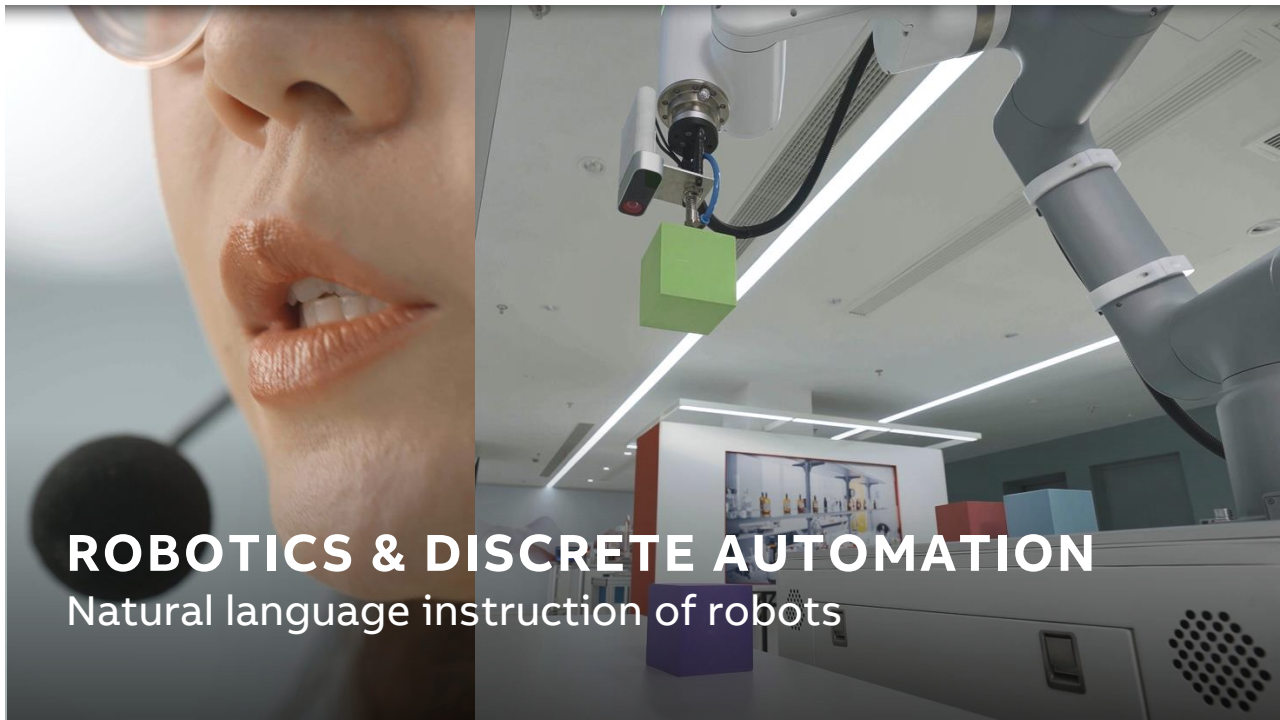
PROCESS AUTOMATION

ABB Ability™ Genix unlocks value of data through IIoT, AI and domain expertise



MOTION

AI-based anomaly detection for motors



ROBOTICS & DISCRETE AUTOMATION

Natural language instruction of robots

Human-robot interaction

AI enables robots to learn human skills



Realizing AI applications

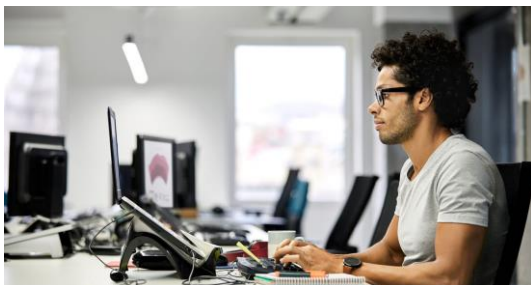
Developing solutions in an ecosystem

Make
Partner
Buy

I Internal efficiency

E External innovation

Employees



Functions



Offering



Application examples

E-mail processing, meeting scheduling, augmented search

Code generation, HR processes, marketing material generation

Autonomous navigation, quality inspection, predictive mainten.

Hybrid

Mainly buy

Mainly make

Technology examples

Copilots
Cloud platforms

ERP, HR systems
Customer Relationship Management

Foundation and specific models
Hosted on cloud, edge, device
APIs, events, streaming

Driving AI@ABB today

OFFERING DEVELOPMENT

Divisions



INTERNAL DEVELOPMENT

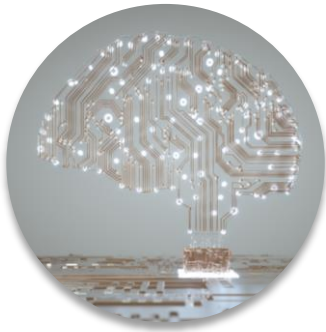
Functions



Develop employee use-cases, best practices and guidelines

RESEARCH AND EXPERIMENTATION

Research Centers



Experiment AI use-cases
Hackathons

KNOWLEDGE SHARING



ABB communities



AI education

AI Council
Coordinating

AI embedded in ABB's business

Driving internal efficiencies



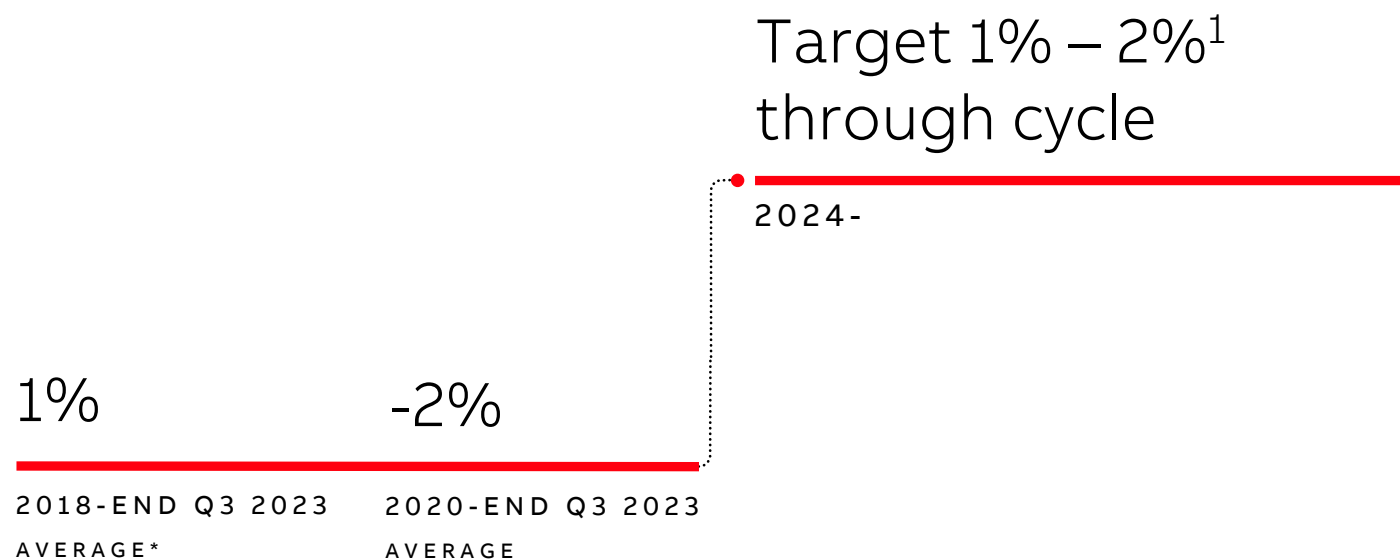
Innovating for our customers



Over 100 projects

Higher ambitions for inorganic growth as coming out of transformation period

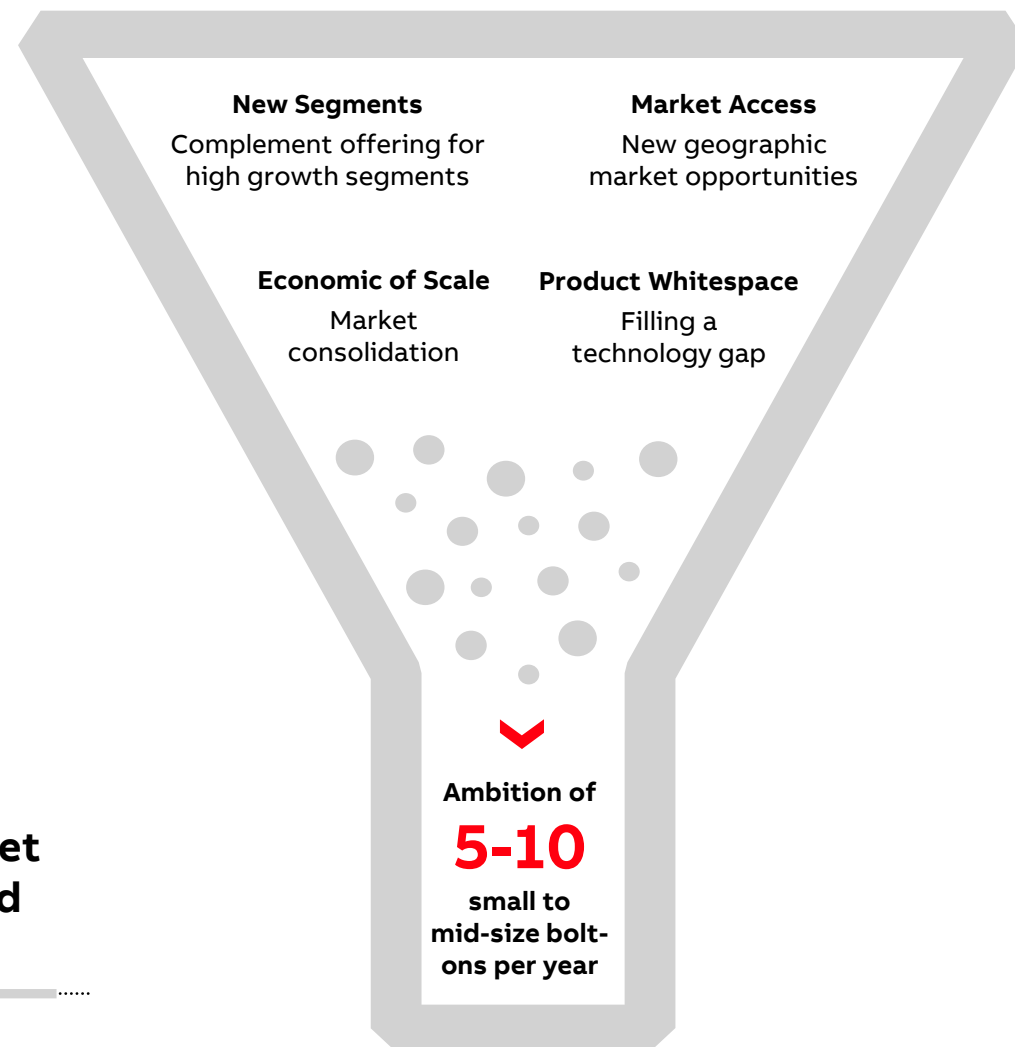
Pace and size driven by divisions



Target is net of acquisitions and divestments

M&A resources now fully transferred to divisions

Solid balance sheet supports acquired growth



*2018 – 2023 excl. discontinued operations.

1. Excl. transformational divestments of full Division or larger than 3% of Group revenues

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Targeting 5-10 acquisitions per year

Small to mid-size bolt-ons

Pace of deals to pick up; so far small in size

Scope for exits should shrink beyond 2024

High activity in venture capital investments; extension of R&D

- Majority ownership
- Minority investment
- Majority ownership, to be completed

ACQUISITIONS

EXITS

- 5 Venture capital investments
- Intrion, RA
- Rotech, RA
- GEIS, EL

~2,680 mn¹

2018

- 4 Venture capital investments

~28 mn¹

2019

- 3 Venture capital investments
- Codian, RA
- ChargeDot, E-mobility
- Cylon, EL

~47 mn¹

2020

- 4 Venture capital investments
- Enervalis, EL
- ASTI, RA

~37 mn¹

2021

- 13 Venture capital investments
- PowerTech Converter, MO
- InCharge Energy, E-mob
- Numocity, E-mob
- ASKI Energy, EL

~76 mn¹

2022

- 6 Venture capital investments
- SpringPoint, MO
- Vourity, E-mob
- Siemens low V. motors, MO
- EVE Systems, EL

~60 mn¹

2023

2024

~120 mn¹

- L'Ébénoid, EL
- PG Connector, EL

- MBS, EL

~9,537 mn¹

- Power Grids (80% exit), ABB
- Solar Inverter, EL

~645 mn¹

- MPT (Dodge), EL

~750 mn¹

- Hitachi Energy JV, ABB
- Turbocharging, PA

~475 mn¹

- Power Conversion, EL
- UK technical engineering consultancy business, PA
- Industrial plugs & sockets, EL

- Emergency Lighting, EL

1. Revenues of deals with majority ownership, USD million, estimated revenues for the last fiscal year prior to the announcement of the respective acquisition/divestment

Setting new standards

Upgraded financial targets

UPGRADE

Growth through
economic cycle

Comparable

5%-7% average

Excluding FX impacts, acquisitions and divestments

Acquired

1%-2% average¹

Target is the net of
acquisitions and divestments

1. Excl. transformational divestments of
full Division or larger than 3% of
Group revenues

UPGRADE

Op. EBITA %
annual

16%-19%

UPGRADE

ROCE
annual

>18%

Excl. transformational acquisitions of
full Division or deals larger than 3% of
Group revenues

UPGRADE

EPS growth through
economic cycle

**At least
high single-digit
%**

Basic EPS

UNCHANGED

**FCF conversion
to net income**
annual

~100%

Dividend policy
unchanged at rising
sustainable dividend
per share over time

We've reinforced and accelerated our sustainability agenda

Aligned with recognized international frameworks

Upgraded



Net-Zero targets

- Scopes 1, 2 & 3
- 2030 & 2050



600Mt avoided CO₂e emissions ambition

- Aligned with WBCSD 2023 guidance
- By 2030

We enable a **low-carbon society**

- Reduce emissions in own operations by 80% and achieve carbon neutrality (with offsets)
- Support our customers in reducing annual CO₂ emissions by >100 Mt¹
- 50% reduction in emissions of tier-one suppliers (70% of procurement spending)

We preserve **resources**

- 80% of ABB products & solutions covered by circularity approach
- Zero waste to landfill from own operations wherever possible

We promote **social progress**

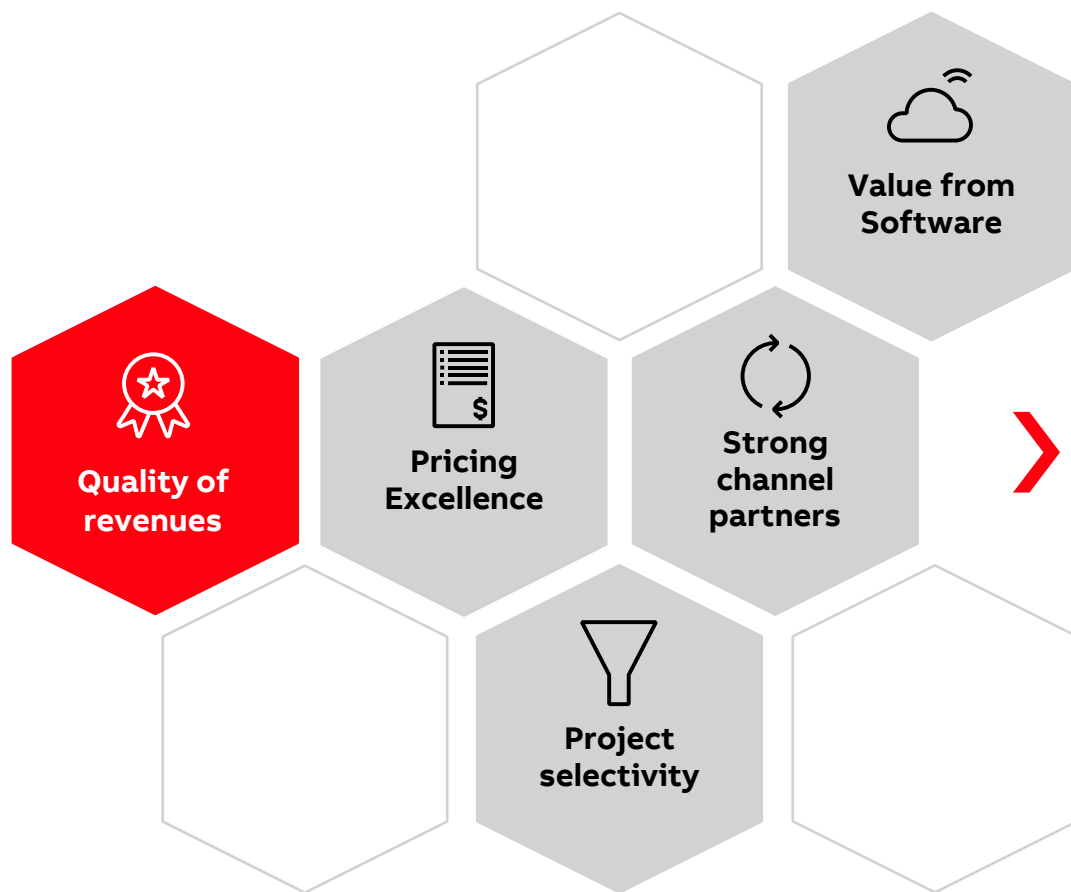
- Zero harm to our people and contractors
- 25% women in senior management roles
- Top-tier employee engagement score in our industry
- Impactful support for community-building initiatives

ABB Way

Sustainability embedded throughout the business

Board of Directors | Executive Committee | Sustainability Council | Division-level implementation

Next step on the journey of quality of revenues



Focus on **quality of revenues** is part of our new ways of working

Op. EBITA %
annual

16%-19%

ROCE
annual

>18%

Excluding transformational deals¹

FCF conversion to net income
annual

~100%

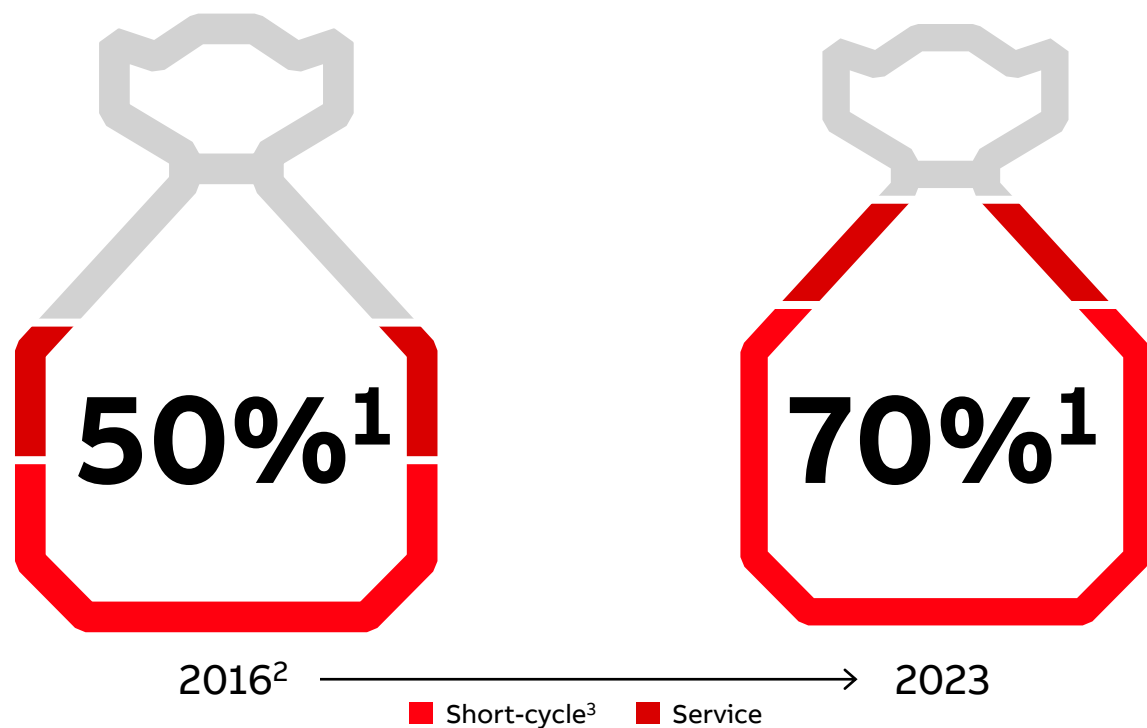
EPS growth
Basic, through economic cycle

At least high single-digit

1. Excl. transformational acquisitions of full Division or larger than 3% of Group revenues

Strong channel partners

Increased share of short-cycle business



1. Management estimates
2. Non-GAAP measure. Shows as Power Grids in continuing operations – See supplemental reconciliations
4. average quarterly difference from 2019 to end of Q3 2023
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Higher profitability and lower earnings risk

Better operating margin

- Short-cycle Op. EBITA ~130⁴ bps higher than ABB group on average
- Higher degree of standardization
- Less tail risks

Reshaped portfolio

- No more EPC projects
- Exit of automotive system business
- Increasing share of sales through distributor

Further solidifying strong channel partners

- 1 Digital tools for right product selection, ordering, installation and service
- 2 Inventory management and on time delivery
- 3 Continuous feedback loop
- 4 EcoSolutions labelling for sustainability transparency

Lead to better quality short cycle business

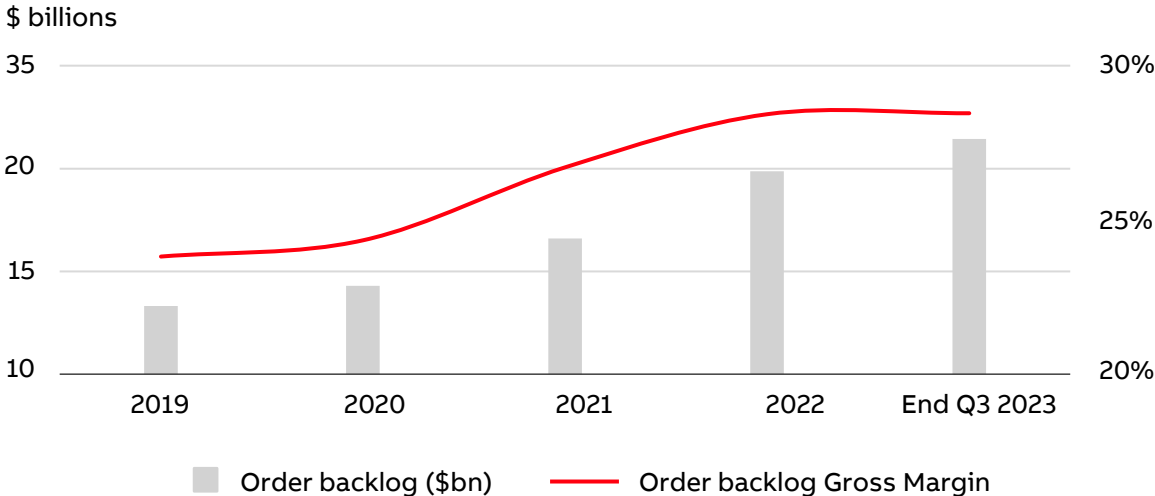
3. Orders (excl. service) converting to revenues within three to six months

Project selectivity

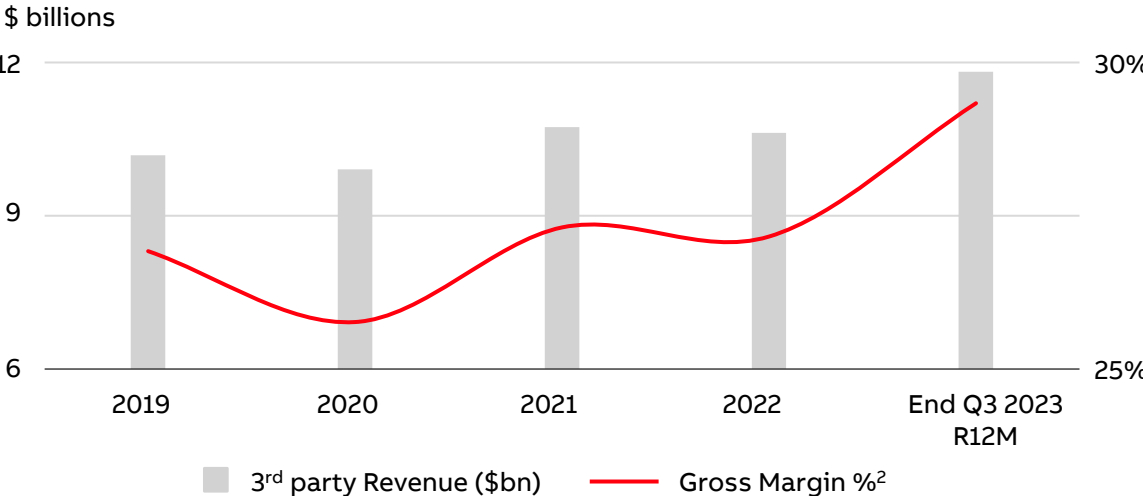
De-risking order backlog & improving profitability



Order backlog



Project and Systems-related businesses¹



1. Project and System related businesses defined as sum of the Distribution Solutions, Service Electrification, System Drives, Service Motion, Large Motors & Generators, Energy Industries, Process Industries, and Marine and Ports divisions
2. Management estimate



Pricing excellence

01

Empowering the divisions

Pricing officer in each division implementing clear price strategy

2020-2023

02

Continuous monitoring

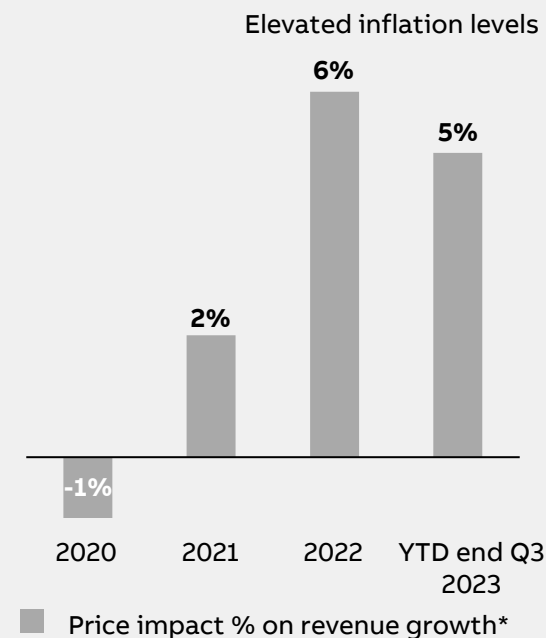
Ensure pricing actions have desired outcome; e.g., price more than offset inflation in 2022 and YTD end Q3 2023

03

Improved data analysis and transparency through ABB Way Finance Transformation

Investing to align systems and tools to the ABB Way operating model

2024-



Price discussions with customers returning to be based on value creation; normalizing after period of high inflation and tight supply chain



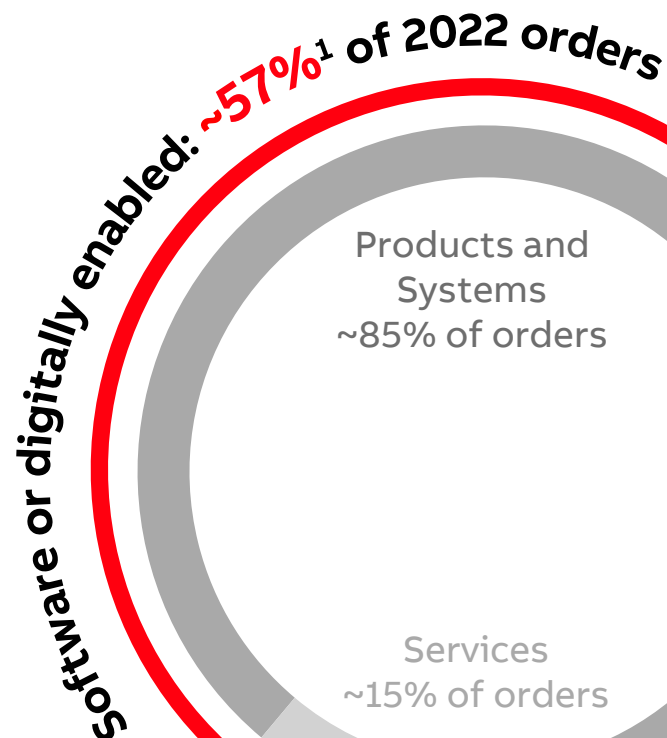
Improving tools for further improved price management

Value from software

Embedded in products to create customer value

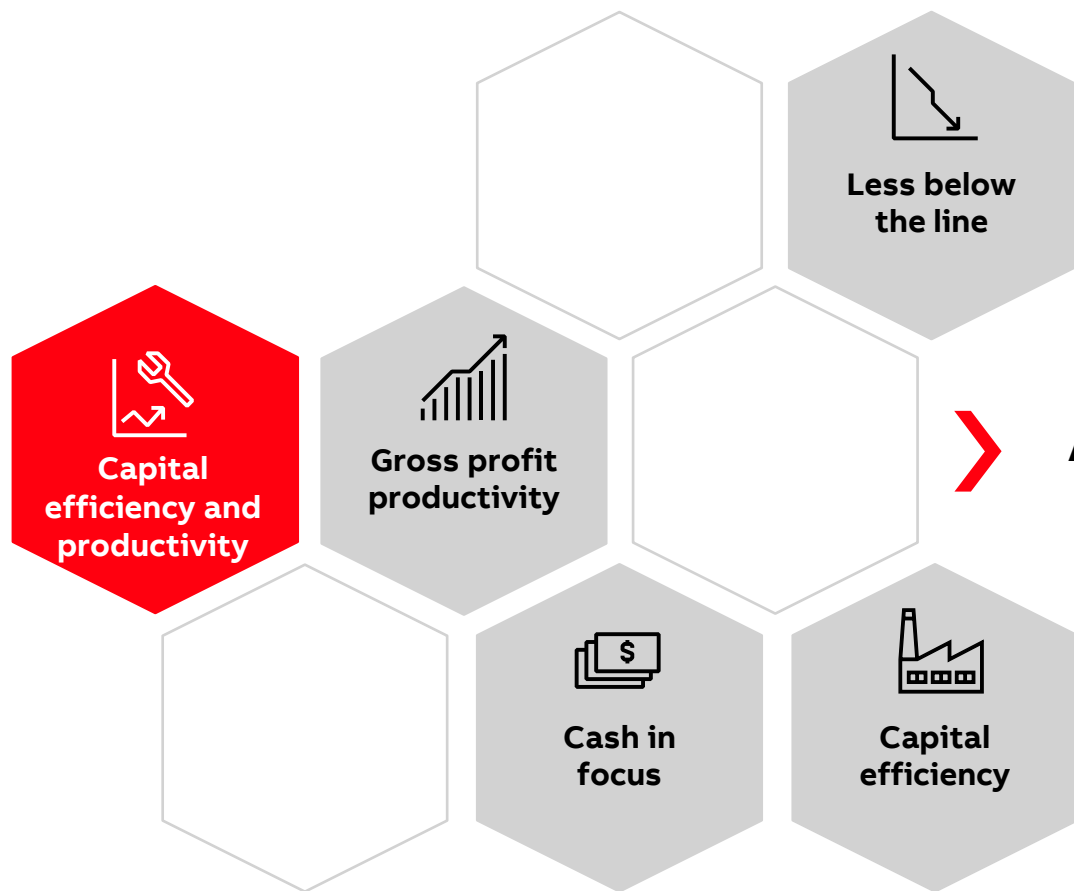
Strategic priorities

1. **Increase the digital content** in our products to support gross margin and industry leadership in technology
2. **Embedded software** enables differentiation
3. **Continue to develop** Industrial Software and Digital services organically and make bolt-on acquisitions:
 - Invest to create synergies with our offering
 - Return on investment
 - Growth



~60%¹ of R&D employees focused on digital

Capital efficiency and productivity



New ways of working under ABB Way driving **accountability, transparency and speed**

Op. EBITA %
annual

16%-19%

ROCE
annual

>18%

Excluding transformational deals¹

FCF conversion to net income
annual

~100%

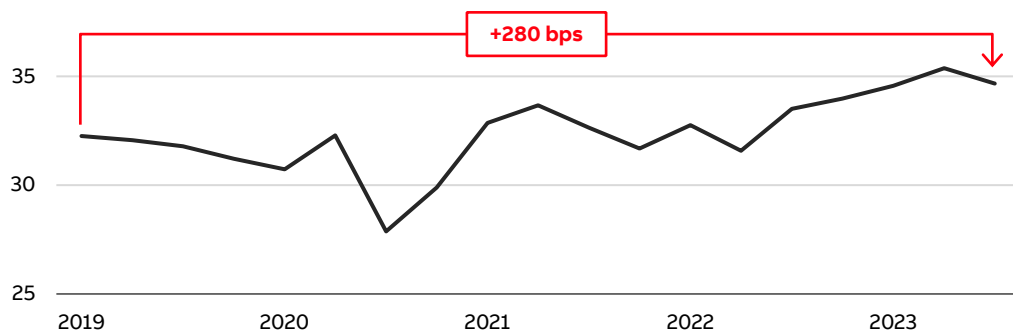
EPS growth
Basic, through economic cycle

At least high single-digit

1. Excl. transformational acquisitions of full Division or deal larger than 3% of Group revenues

Gross profit productivity

Revenues, gross margin



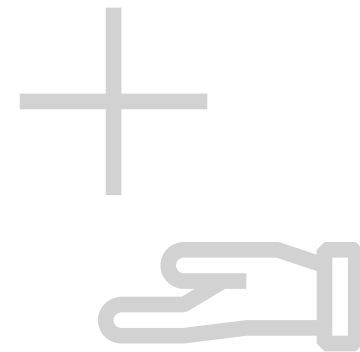
Revenue
productivity
2020 - 2022



Gross profit
productivity
2023 -

01

Full **accountability** of the P&L at the division level facilitates higher **speed** in decision making including for further manufacturing excellence



02

Investing in systems and tools for **further transparency and analysis of** variable cost items



03

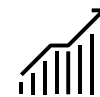
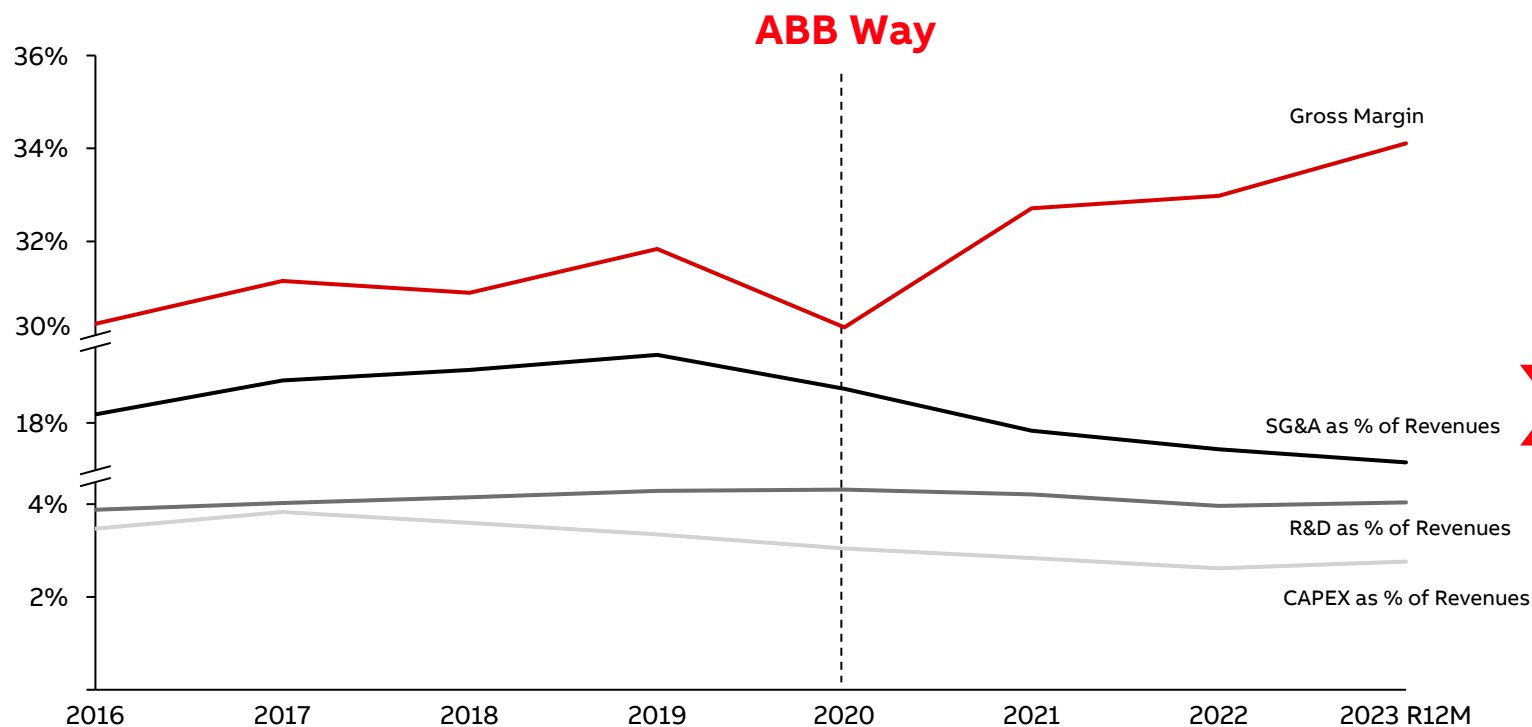
Changed construct of productivity KPI to gross profit/FTE (from revenues)

Target: 3-5% p.a.



Capital efficiency

make ABB better than before



Rising gross margin



Stringent G&A control



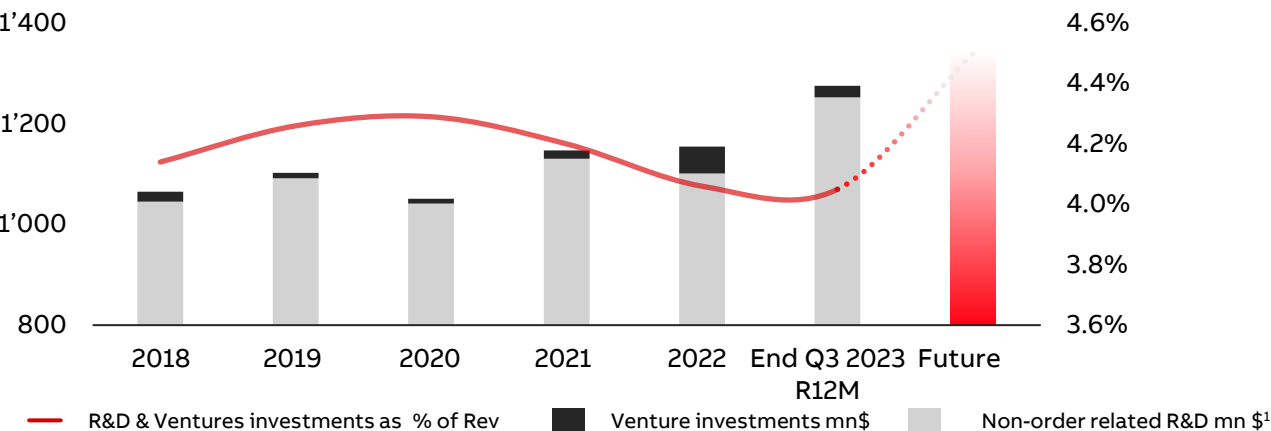
Prioritize division led R&D investments and capex



Optimizing production capacity and footprint

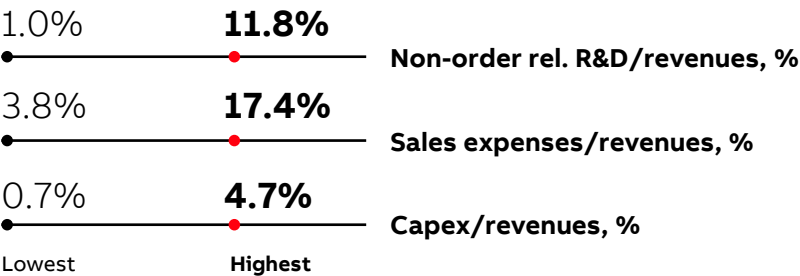
Continued focus on Research & Development

Moving towards 5%

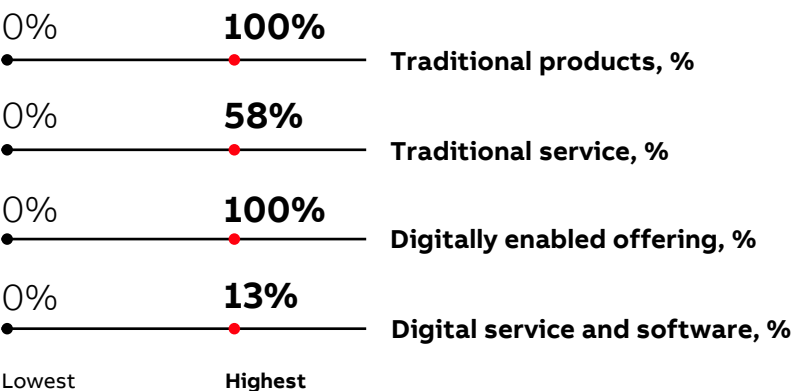


1. Non-order related R&D excluding completed divisional exits 2. End Q3 2023 R12M 3. Management estimates for 2022 orders
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Different investment needs across divisions²...



...as the offerings are different³



Improving performance

Operational EBITA margin

10.9% – 11.7%

2016-2018

11.1% – 17.0%

2019 – YTD END Q3 2023

16% – 19%

2024 -

EPS growth
At least high
single digit
growth
through
cycle

**Below 100bps
variance between
Op. EBITA and
EBITA margin
as from 2025**

Variance between Op. EBITA and EBITA

2018-2022

• **470bps** Avg.

2023 -2024

• **~130bps**

Onwards

• **<100bps**

01

BELOW THE LINE

ABB Way transformation, ~145 mn in 2024, and ~70 mn in 2025

Normal run-rate of restructurings

02

MID-TERM

Remaining project exposures, unchanged at maximum 100 mn

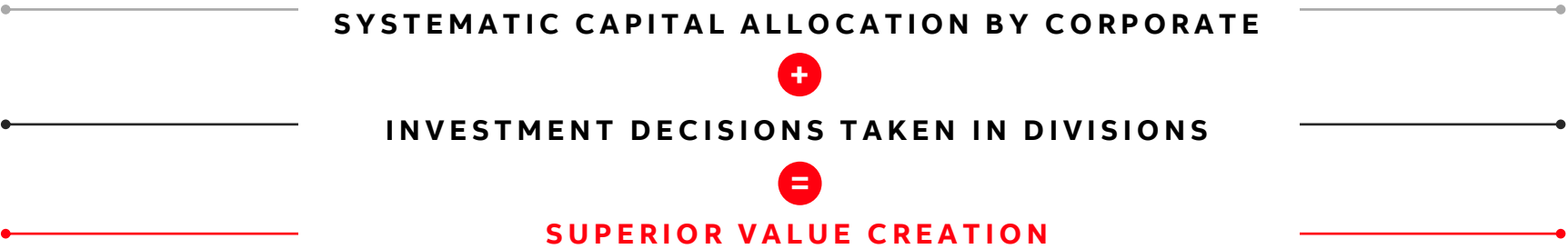
Review policy of what goes below Op. EBITA to potentially further shrink gap between Op. EBITA and EBITA

03

ADDITIONAL CHANGES

Sustainability reporting transferred to finance team to align focus and ways of working

Superior capital returns

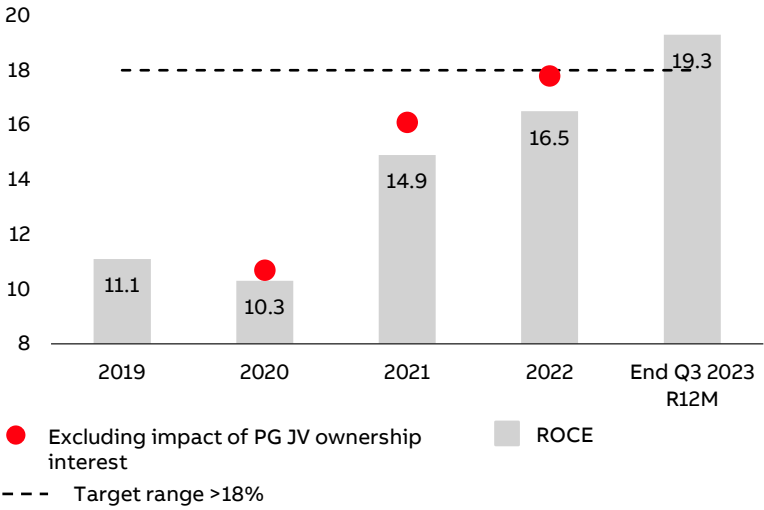


ROCE, annual

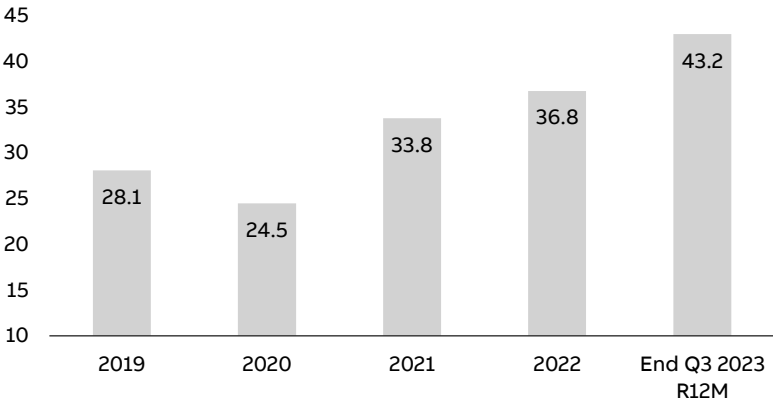
>18%

Excl. transformational acquisitions of full Business Area or Division or larger than 3% of Group revenues

ROCE



ROCE on operating assets



So far, ROCE increase driven by margin improvement...

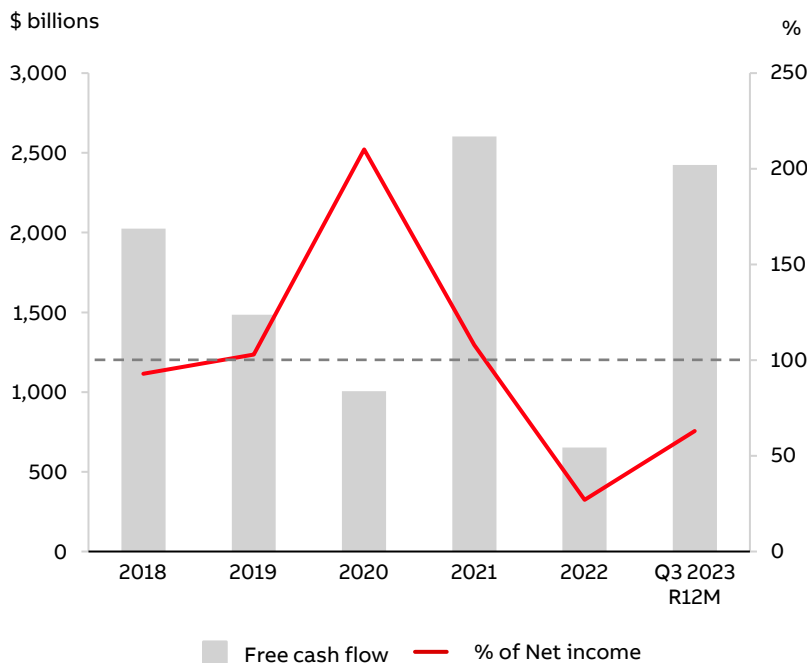
...going forward, increased focus on return on capital, incl. in incentives



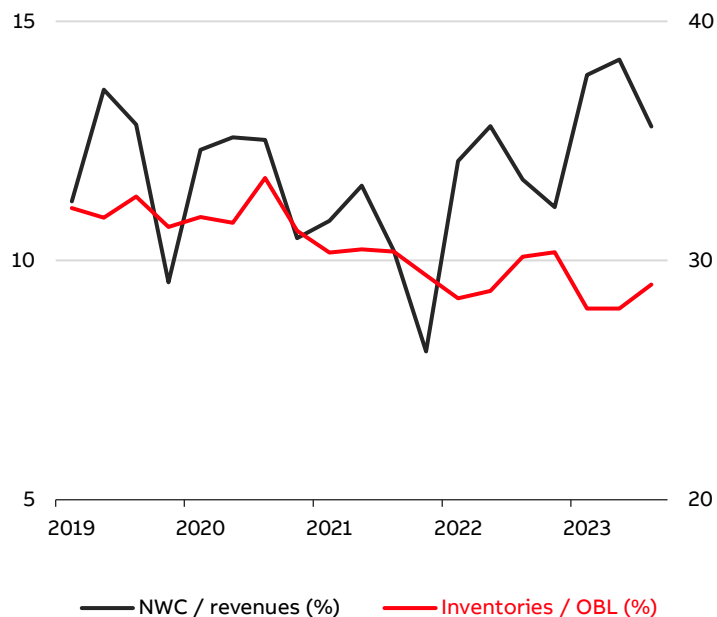
Goodwill now carried by the acquiring division

Cash in focus

Improving FCF track record



Deploying NWC for revenue growth



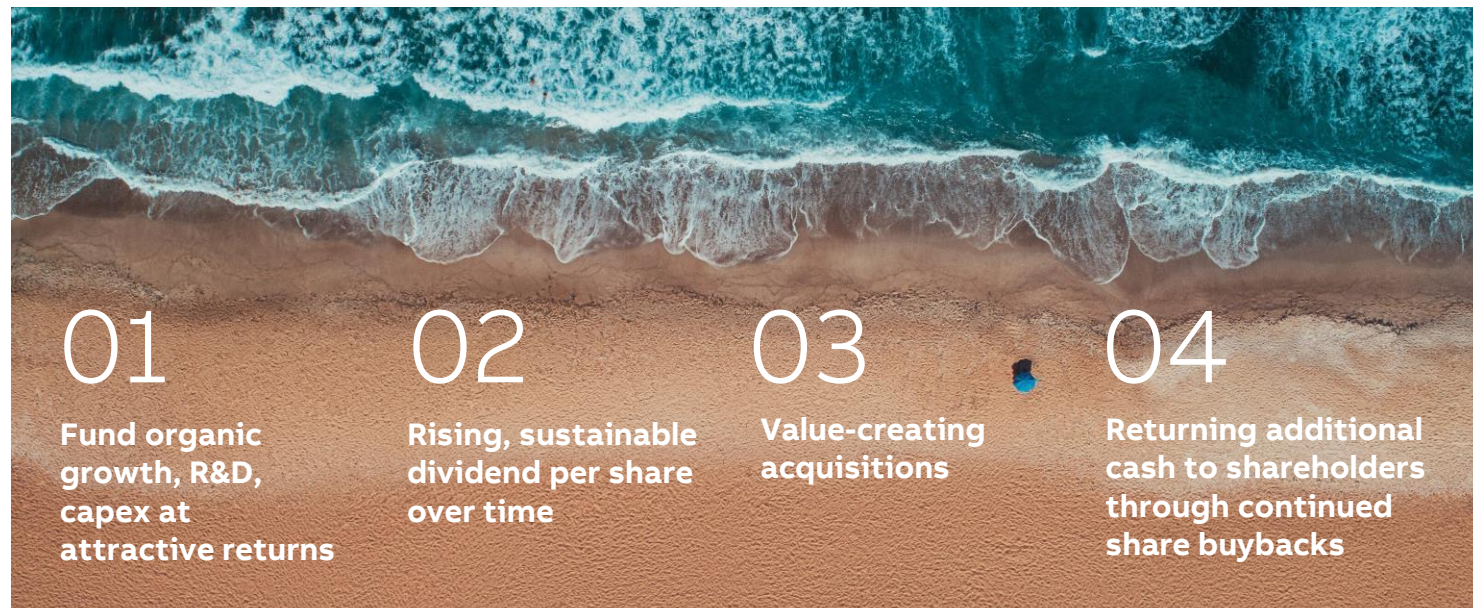
Cash drivers

- **Improved profitability** from businesses with profitability mandate
- **Profitable growth** from businesses with growth mandate
- **Strong focus on cash conversion** and net working capital
- **Fewer non-recurring items**
- **Steady capex profile**

~100% FCF conversion
to net income

Capital allocation principles remain unchanged

Maintain strong investment grade



Historical capital allocation, 2018-2022



32% Organic investments¹



29% Dividends



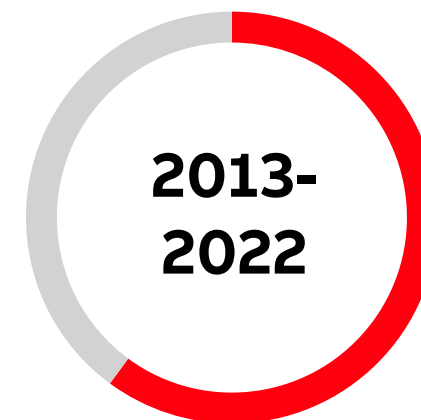
11% Acquisitions



28% Share buybacks



>\$28 bn cash returned to shareholders over last 10 years



■ Dividends
\$17 bn

■ Buybacks
\$11 bn

1. Includes capital expenditures and Non-order related research & development

ABB