

ABB LTD, FEBRUARY 28, 2019

Electrification

Writing the future of safe, smart, and sustainable electrification

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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

Electrification at a glance

Key figures

Global #2

#1 Medium voltage / #2 Low voltage
 #1 EV fast charging infrastructure
 #2 Installation products

\$160 bn
 2018 market size

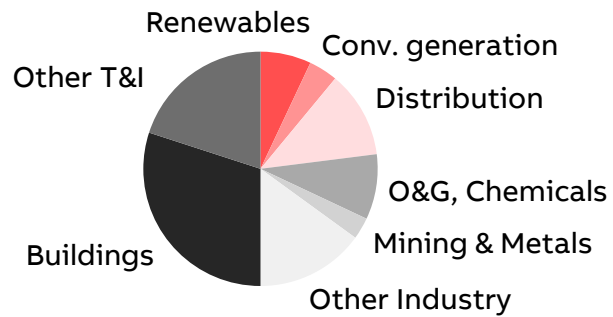
\$13.0 bn¹
 2018 revenues

12.8%¹
 2018 Op. EBITA

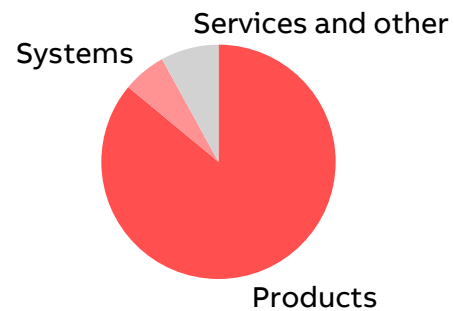
~55 k
 Employees worldwide

Business mix (by revenue)

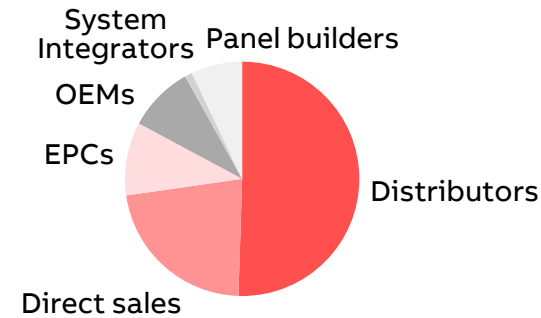
Customers



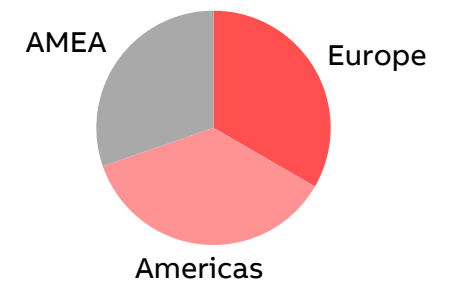
Offering



Channels



Geographies



Complete electrification offering from source to socket

Low and medium voltage electrical distribution



Building products and controls

Installation products

Solar inverters

Critical Power

EV charging infrastructure

1.7+ mn products shipped / day

>50% via distributors

2018 performance

Profitable Growth

\$13 bn revenues¹; 4% orders YoY growth²

\$1.7 bn EBITA¹; 12.8% Op. EBITA¹

Relentless Execution

GEIS deal completed: Q4 margin >5%³

Addressing a few underperforming product lines

Business-led Collaboration

Gaining market share in strategic end-user segments

Good momentum with distributors



¹Includes management estimate for 4 quarters of GEIS sales based on H2 2018

²On a comparable basis excluding impact of GEIS acquisition and divestment of the terminal blocks business

³GEIS Op. EBITA on a standalone basis excl. synergy and integration cost

General Electric Industrial Solutions integration update

Deal rationale

Market access

Portfolio substitution

Strategic supply partnership

Performance improvement

Status update

Cross-selling (\$50+ mn in H2 2018) e.g. in DC rail portfolio

Target >50% of the portfolio; first products in Q2 2019

ABB volume up >15% in 2018

Q4 2018 Op. EBITA >5%¹

Cost synergies targets on track (~\$120 mn Y3; ~\$200 mn Y5)

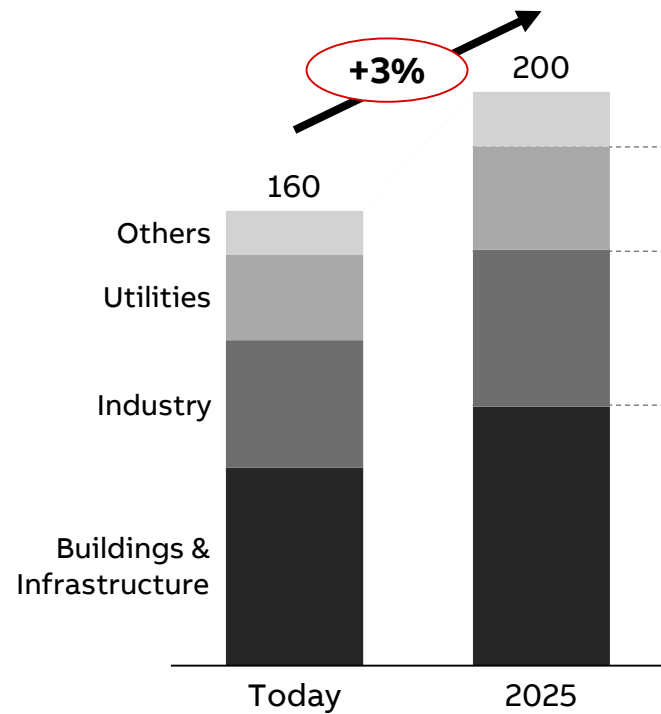
Product mgmt., R&D, S&M stabilized and aligned with Business lines



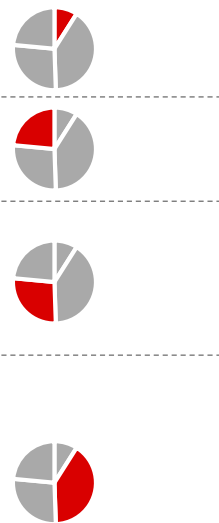
Working together to make GEIS better

Stable market with high growth segments

Global addressable market
in \$ bn



Business exposure
% of revenues



Market growth drivers

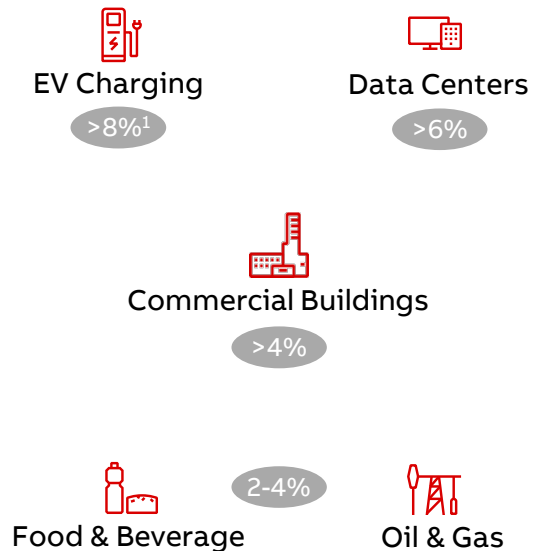
Electricity grows 2x faster than other energy sources

New sources of consumption

Rising importance of distributed generation

Expansion of e-commerce & digitalization

High-growth segments (examples)



What: value proposition for our customers

Writing the future of safe, smart, and sustainable electrification

Safe

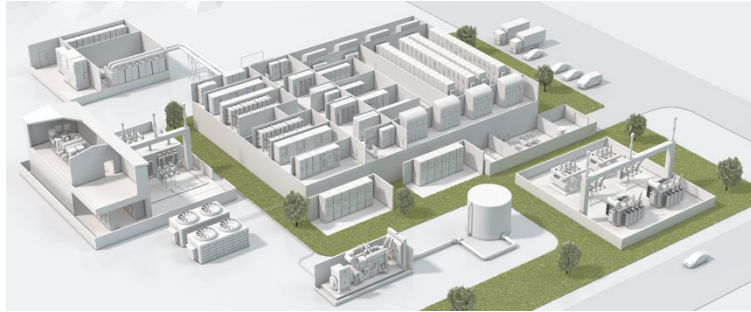


Safe and reliable power for an early life nutrition factory...

increasing **uptime** to **99%** and reducing production losses while saving \$3 mn

<1 year payback

Smart



Smart installation of digital switchgear for a data center...

up to **30%** less space and **90%** less wiring leads up to **20%** faster installation

Sustainable

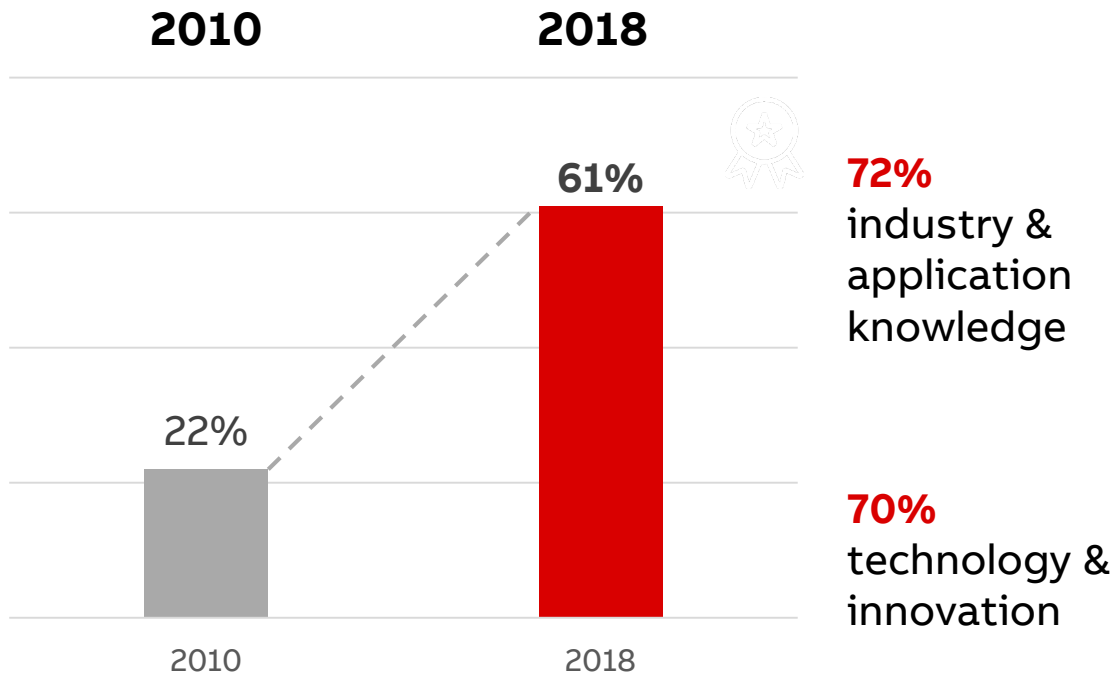


Market leader in fast charging:
200 km in 8 mins...

more sustainable cities with eco-efficient public transport: e-buses charging infrastructure

How: differentiating through people and products

Net Promoter Score¹ feedback



Cutting edge innovation of today...



- ✓ -30% operating costs
- ✓ 25% less space
- ✓ Cloud connected

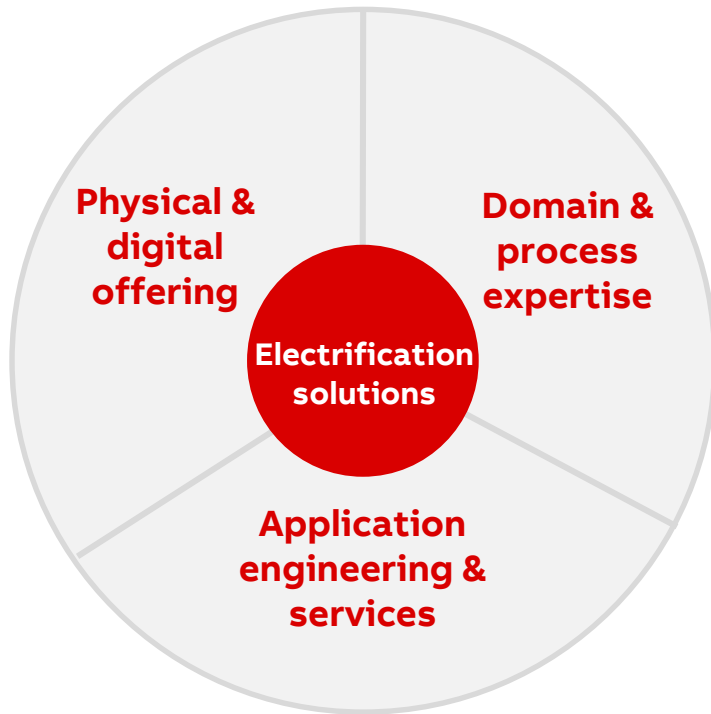
...and tomorrow



- ✓ 22% smaller footprint
- ✓ 40% less energy loss
- ✓ 80% fewer parts

How: differentiating through solutions business model

Modular, scalable, pre-configured solutions



Application examples

<5% of market



Mid-size data center

MV and LV distribution and secure power for reliability and efficiency

>2MW

10-15% of market



DC fast charging

Fleet, storage and charging infrastructure cloud connected for optimized load management

1-2MW

>80-90% of market



Hotel with 300 rooms

Lighting and temperature controls and smart emergency lighting for comfort and safety

<1MW

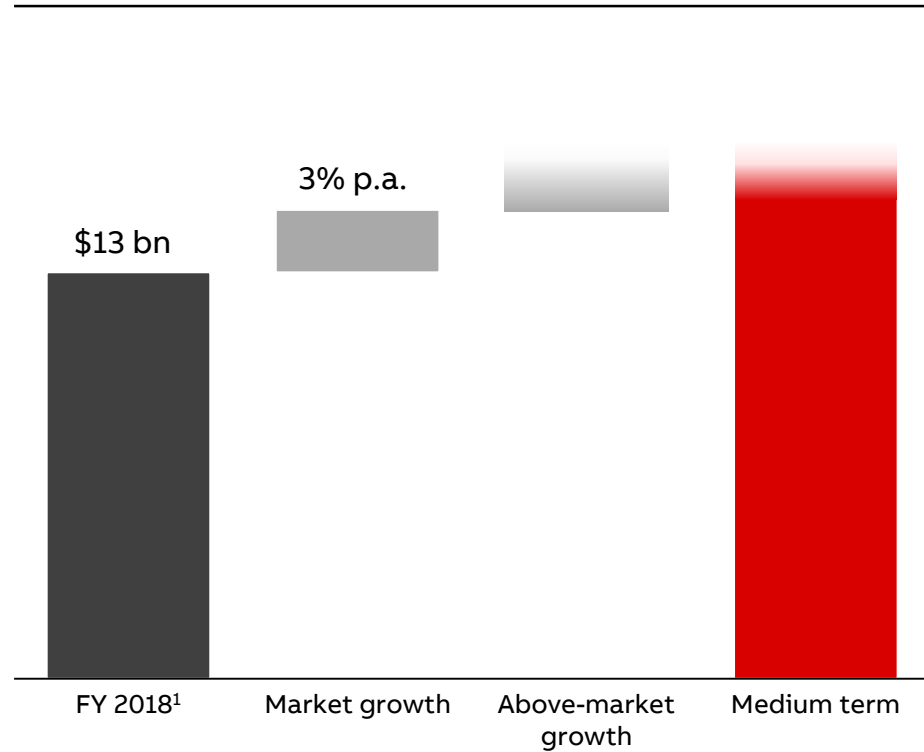


Brewery filtration line

Power quality, reliability and energy efficiency

Driving above-market growth

Medium term revenue development

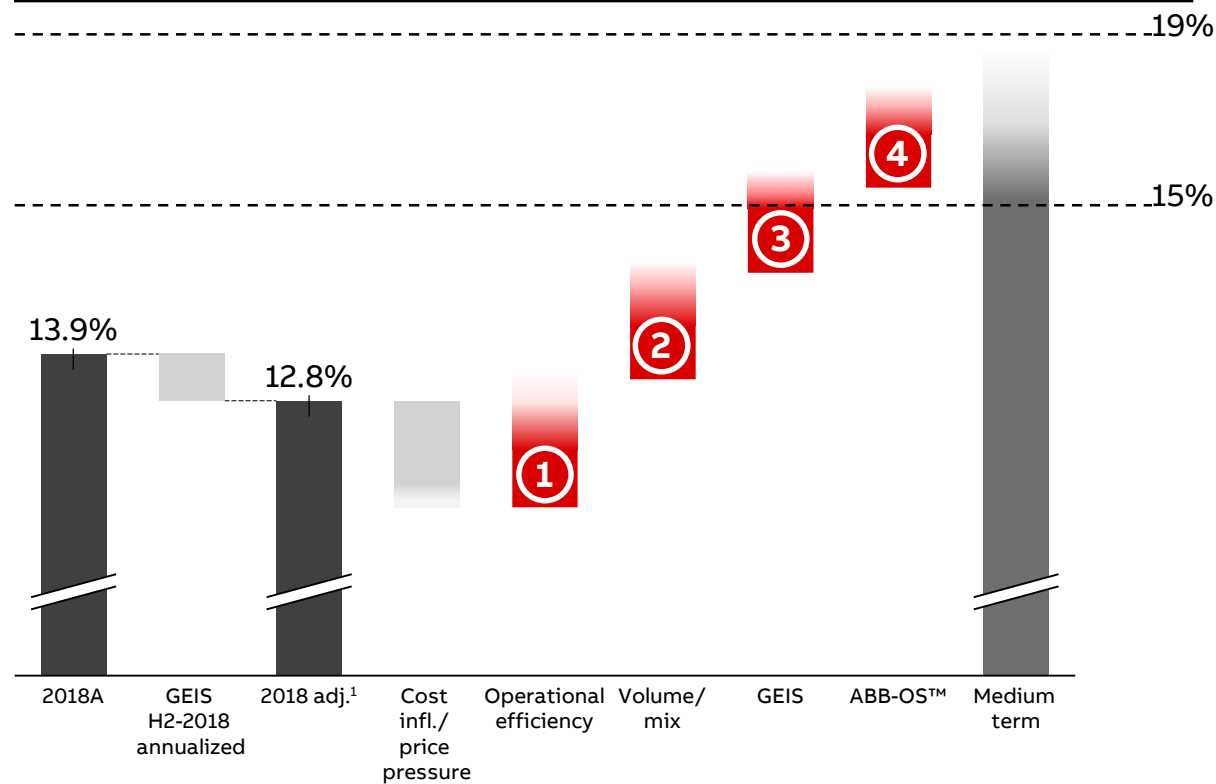


Growth drivers

- Penetration**
 - Key large markets (e.g. United States, China)
 - Data Centers, F&B, and O&G
 - e-Mobility infrastructure
- Innovation**
 - Modular, scalable, pre-configured solutions
 - ABB Ability™ digital services
 - Core technology
- Expansion**
 - Strategic markets in the new economies
 - Automation and controls for Commercial Buildings

Driving Operating EBITA margin

Operating EBITA margin



Details on key drivers

1 Operational efficiency

Continuous improvement = cost out
Turnaround underperforming product lines

2 Volume / mix

Strategic countries in new & mature markets
Data Centers, F&B, O&G, e-Mobility, Buildings
ABB Ability™ digital services and solutions

3 GEIS integration

GEIS performance as per identified synergies
Leveraging market access in North America
Capitalizing on global installed base

4 ABB-OS™

Footprint & organization simplification

Creating value for customers and ABB

Writing the future of safe, smart, and sustainable electrification

Attractive growth

- Segment focus in key markets
- ABB Ability™ digital services and solutions
- Innovation in core technology

Stronger margins

- GEIS integration
- Operational performance
- Volume leverage

Optimizing capital

- Active portfolio management
- Future asset-light portfolio
- Increasing share of digital offerings in our portfolio

**Medium-term
operational EBITA margin**

15 – 19%

**Let's write the future of safe, smart,
and sustainable electrification.**

ABB