ABB – a technology leader in electrification and automation
Our equity story
ABB Purpose

We enable a more sustainable and resource-efficient future with our technology leadership in electrification and automation.
ABB well positioned in a changing world

More electricity
Electricity demand growing >2x faster than other energy sources, resulting in ~50% higher average annual investment into distribution networks over next 10 years¹

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 +30% – points from ~20% today to ~50% in 2050¹

Shrinking labor force
Global number of working age people (25 to 64 years) per retiree (65 years or over) to fall by ~20% over next 10 years²

¹. IEA World Energy Outlook 2021, Announced Pledges Scenario
². United Nations World Population Prospects 2019

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

Our purpose
- 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

Our offering supports customers to
01. Market leader with world class technology
02. ABB Way – accountability, transparency and speed
03. Increasing growth rates
04. Improving performance
05. Rewarding shareholders
Market leader with world class technology

- Cutting edge technology
- Ability to scale
- Decades long domain expertise
Core competencies

01. Market leader with world class technology

- Cutting edge technology
- Ability to scale
- Decades long domain expertise

Our market leading position is based on core competencies which have created high barriers to entry.

Global No. 1-2 in Electrification & Automation
01. Market leader with world class technology

Deliver more value with less input through a sustainable use of resources by utilization of technology

Ability to scale

Decades long domain expertise

Remain relevant and trusted

Annual R&D investments of 4–5% of revenues

>$7 bn

- **Total R&D spend since 2016 excluding PG**
- **NeoGear™ LV switchgear**
  Safest switchgear ever made. 25% footprint reduction, dissipates 20% less heat, 30% operational cost reduction
- **EC Titanium integrated motor & drive package**
  World’s most energy efficient integrated motor & drive package
- **Terra 360**
  World’s fastest electric charger

**ACOPOS 6D magnetic levitation**
ACOPOS 6D drives flexible production by facilitating moving products with six degrees of freedom, offering up to four times the shuttle density of other systems on the market

**ABB Ability™ Genix**
Applies the combined power of industrial analytics and artificial intelligence of assets and plants – improving their safety, productivity and sustainability

**ACH580 ultra-low harmonics drives**
Ultra-low harmonic drives minimizing disturbances for the grid, optimizing energy efficiency and saving space in buildings

**Azipod® propulsion**
Azipod® units can rotate 360 degrees, increasing maneuverability and operating efficiency of vessels, while cutting fuel consumption by up to 20% compared to conventional shaft line systems
~7,000 employees in R&D of which about 60%³ are focused on digital technology

Digital offering with superior software as a key differentiator

Comprehensive, modular offering

Superior customer value

Traditional offering

Software-enabled products & systems

Software & digital services

~$500³ mn in orders and growing at a double-digit rate

¹ Management estimates.
Global reach through local presence allows us to quickly scale innovations. Well balanced across regions, with local production.

Market leadership resulting in strong economies of scale.

Global No. 1 or 2 positions

- Electrification
  - Global No. 2

- Motion
  - Global No. 1

- Process Automation
  - Global No. 2

- Robotics & Discrete Automation
  - Global No. 2

Global coverage

- Europe: 36%
- USA: 17%
- Rest of Americas: 17%
- China: 17%
- Rest of AMEA: 8%

Business in 100+ countries
Factory footprint in 65 countries
Service presence in 100+ countries
6,000+ channel partners globally
ABB is a technology pioneer with a history of more than 130 years. Decades-long presence in our end markets drive innovation in relevant areas. Large installed base.

Deep understanding of customer needs

Select highlights of our history of innovation

- The first electric standard-gauge locomotive in Europe was powered by two BBC motors, beginning a new era in railway electrification in 1899.
- ASEA launches the world’s first commercially available, all-electric, microprocessor-controlled industrial robot in 1974.
- ABB launches the world’s first fully integrated industrial automation system, 800xA in 2004.
- ABB Ability™ Smart Sensor converts traditional motors into smart, wirelessly connected devices for the first time in 2016.
- BBC develops the first gearless cement drive in the world, improving safety, reliability and efficiency in 1969.
- Azipod® is conceived, improving maneuverability and efficiency in vessels from cruisers to ferries and ice breakers in 1990.
- Introduction of YuMi®, the world’s first truly collaborative dual-arm robot in 2015.
- ABB launches Terra 360, the world’s fastest electric vehicle charger in 2021.

Innovations fit for a broad industrial sales exposure

- Renewables ~3%
- Conv. Generation ~6%
- Distribution ~6%
- O&G, Chemicals ~10%
- Mining & Metals ~9%
- Automotive ~5%
- Food & Beverages ~5%
- Other industry ~20%
- Buildings ~19%
- Other T&I ~6%

With a history of more than 130 years, ABB is a technology pioneer. Decades-long presence in our end markets drive innovation in relevant areas. Large installed base.

1. % of FY21 revenues, management estimates. T&I: Transport & Infrastructure.
ABB Way - accountability, transparency and speed

- Implementation of decentralized operating model
- Select common processes in ABB Way
- Improved performance management system
Decentralized operating model...

Before 2019

2019–2020

2020–

Operating decisions transferred closer to customers

Implementation of decentralized operating model
Select common processes in ABB Way
Improved performance management system

Accountability, transparency and speed

Transparency and accountability within all divisions
~20 divisions
4 business areas
ABB Corporate
...with ~20 divisions

- Electrification
  - Distribution Solutions
  - Smart Power
  - Smart Buildings
  - Installation Products
  - Power Conversion
  - E-mobility
  - Service

- Motion
  - Drive Products
  - System Drives
  - Service
  - Traction
  - IEC LV Motors
  - Large Motors & Generators
  - NEMA Motors

- Process Automation
  - Energy Industries
  - Process Industries
  - Marine & Ports
  - Measurement & Analytics
  - Accelleron (Turbocharging)

- Robotics & Discrete Automation
  - Robotics
  - Machine Automation
Each business should benefit from being part of the ABB Group. Business leaders are encouraged to cooperate and find synergies where it makes sense and implies a competitive advantage for them. Remuneration system supports cooperation.

The ABB Way – the “glue” that unites our Group

- Decentralized setup – full division accountability
- Performance management
- Portfolio management
- Code of conduct
- Internal control & compliance
- Risk management
- Regulations, processes and policies

Performance culture
Share best practices
Benchmarking through transparent performance reviews
Smart leaders cooperate

Implementation of decentralized operating model
Select common processes in ABB Way
Improved performance management system
02.

Accountability, transparency and speed

Implementation of decentralized operating model

Select common processes in ABB Way

Improved performance management system

Increased transparency
Scorecard system common for all divisions and business areas
Clarity on performance accountability

**Improved performance management system**

- Monthly standardized scorecard system
- Divisional strategic mandates
- Systematic review of business portfolio

Growth
Profitability
Stability

Strategic market attractiveness

Business performance
Increasing growth rates

Focused portfolio

New ways of working

Accelerating ESG drivers
Increasing revenue growth supported by three drivers

- **Focused portfolio**
- **New ways of working**
- **Accelerating ESG drivers**

Global No. 1–2 positions in sustainable growth segments; electrification and automation

Organic growth investments driven by divisional needs

Divisions accountable for growth – both organic and acquired

1. **Average reported 5Y\(^1\) revenue growth, constant currency**
   - **3.2%**
   - Raised revenue growth target; through economic cycle, constant currency

2. **Average reported 5Y\(^1\) revenue growth, comparable**
   - **1.8%**
   - Raised revenue growth target; through economic cycle, comparable

3. **4–7%**
   - Raised revenue growth target; through economic cycle, constant currency

**Increasing growth rates**

Increasing revenue growth supported by three drivers:

- **Focused portfolio**
- **New ways of working**
- **Accelerating ESG drivers**

Average reported 5Y\(^1\) revenue growth, constant currency:

- **3.2%**

Average reported 5Y\(^1\) revenue growth, comparable:

- **1.8%**

1. Average for 2017–2021
03. Increasing growth rates

Focus on sustainability and resource efficiency

- Electrification Global No. 2
- Process Automation Global No. 2
- Motion Global No. 1
- Robotics & Discrete Automation Global No. 2

- Increase labor productivity
- Increase energy efficiency
- Reduce carbon intensity
- Reduce waste and increase circularity
- Reduce downtime
- Increase safety and improve working environment
- Increase flexibility
- Reduce footprint
- Reduce downtime
- Increase safety and improve working environment

Improve input/output conversion and efficiency in production/operational processes
03. 
Increasing growth rates

Focused portfolio

New ways of working

Accelerating ESG drivers

Significant actions to align business portfolio to more attractive growth markets

ABB businesses aligned with our purpose of electrification and automation

Reduce exposure to project business

Improving quality of revenues

% share of Group revenues, management estimates

- Utilities
  - 2016: 32
  - 2021: 15
  - -17%

- Industry
  - 2016: 41
  - 2021: 49
  - +8%

- Transport & Infrastructure
  - 2016: 27
  - 2021: 36
  - +9%

- Other Industry
  - 2016: 4
  - 2021: 9
  - +9%

- Oil & Gas, Chemicals
  - 2016: 1
  - 2021: 2
  - +100%

~36%¹
Revenues generated through distributors in 2021, +13% points since 2016²

~50%¹
Short-cycle business³ in 2021, +20% points since 2016²

1. Management estimates. 2. Includes Power Grids which is now excluded from continuing operations. 3. Orders (excl. service) converting to revenues within three to six months.

Slide 19
Mandate and accountability for driving growth has been shifted from central corporate into the ~20 divisions - closer to the market and customers - to increase focus and accuracy in growth activities going forward.
Divisions accountable for acquisition strategy

<table>
<thead>
<tr>
<th>Product White Space</th>
<th>New Segments</th>
<th>Market Access</th>
<th>Economies Of Scale</th>
</tr>
</thead>
<tbody>
<tr>
<td>Filling a technology gap</td>
<td>Complement offering for high growth segments</td>
<td>New geographic market opportunities</td>
<td>Market consolidation</td>
</tr>
</tbody>
</table>

**Higher pace of acquisitions to an annual ≥5 small to mid-size bolt-ons**

M&A target pipeline in divisions, from earlier central corporate

All divisions acquire to fill gaps in technology, geography or high-growth segments but only divisions with growth mandate consolidate the market

**Increasing growth rates**

- Focused portfolio
- New ways of working
- Accelerating ESG drivers

**Development**

**Divisions account for acquisition strategy**

- **Develop target longlist**
  - Part of divisional management’s 2021 incentive plans

- **Prioritize shortlist and availability check**
  - Review on a continuous basis

- **Acquisition projects**
  - Clear acquisition criteria
  - Acquired growth is part of some divisional management’s 2022 incentive plans

Ambition is a run-rate of ≥5 small to mid-size bolt-ons per year
Well aligned to global megatrends

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ABB enables

ABB contributes

Improving performance

- Financial targets
- Increasing margin
- Rising ROCE
- Strong cash flow
- Strong balance sheet
- Sustainability targets and performance
Financial target framework

04.
Improving performance

Financial targets

- Increasing margin
- Rising ROCE
- Strong cash flow
- Strong balance sheet
- Sustainability targets and performance

4-7% Revenue growth
annual average through economic cycle
3-5% comparable, 1-2% inorganic

≥15% Operational EBITA margin
as from 2023

15-20% ROCE
steady improvement

~100% FCF conversion to net income
maintain solid track record

Basic EPS growth > revenue growth
effective tax rate ~25% as from 2023

1. Calculated to exclude FX impacts and transformational acquisition and divestments, includes bolt-on acquisitions and divestments within divisions
Strong progress towards 2023 ambition of ≥15% Op. EBITA margin
including announced exits of high margin divisions

Op. EBITA margin

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenues, $mn</th>
<th>Op. EBITA margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>25,196</td>
<td>11.2%</td>
</tr>
<tr>
<td>2018</td>
<td>27,662</td>
<td>10.9%</td>
</tr>
<tr>
<td>2019</td>
<td>27,978</td>
<td>11.1%</td>
</tr>
<tr>
<td>2020</td>
<td>26,134</td>
<td>11.1%</td>
</tr>
<tr>
<td>2021</td>
<td>28,945</td>
<td>14.2%</td>
</tr>
<tr>
<td>2023E</td>
<td></td>
<td>≥15%</td>
</tr>
</tbody>
</table>

Continuous improvements

- 5 out of 19 divisions with a strategic profitability mandate
- Improving mix as divisions with growth mandate drive profitable growth
- Productivity +3% p.a.¹
- Strategic pricing actions
- Further operational efficiencies incl. digitalization
- Footprint optimization
- Exit non-core

¹ Assuming no further significant revenue loss at the time of the respective year.
04. Improving performance

Financial targets
Increasing margin
Rising ROCE
Strong cash flow
Strong balance sheet
Sustainability targets and performance

2021 improvement driven by higher Operational EBITA and lower adjusted group effective tax rate

Strong recovery in Return on Capital employed towards the 15–20% target range

Return on Capital employed (ROCE)\(^1\)

<table>
<thead>
<tr>
<th>Year</th>
<th>ROCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>12.2</td>
</tr>
<tr>
<td>2018</td>
<td>12.1</td>
</tr>
<tr>
<td>2019</td>
<td>11.1</td>
</tr>
<tr>
<td>2020</td>
<td>10.3</td>
</tr>
<tr>
<td>2021</td>
<td>14.9</td>
</tr>
</tbody>
</table>

Target range 15–20%
Impact of PG JV ownership interest
Approximately 120 bps negative impact of 19.9% ownership interest in Hitachi Energy which will reverse after a sale of this investment

Impact of PG JV ownership interest

Improved cash generation

- Strong cash flow driven by improved operational performance

- Financial targets: Increasing margin
- Rising ROCE
- Strong cash flow

Cash flow from operating activities in continuing operations ($ bn)

Free cash flow conversion to net income

2017: Strong cash generation of $3.3 bn, representing an annual improvement of +$1.5 bn

Target ~100%

1. Amount represents total for both continuing and discontinued operations.
04.
Improving performance

Strong balance sheet

Financial targets
 Increasing margin
 Rising ROCE
 Strong cash flow

Net debt ($ bn)

<table>
<thead>
<tr>
<th>Year</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt</td>
<td>-1</td>
<td>3</td>
<td>5</td>
</tr>
</tbody>
</table>

Net debt/EBITDA ratio

<table>
<thead>
<tr>
<th>Year</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ratio</td>
<td>2.0</td>
<td>1.6</td>
<td>1.2</td>
<td>0.8</td>
<td>0.0</td>
</tr>
</tbody>
</table>

Capital allocation priorities:

01. Fund organic growth, R&D, capex at attractive returns
02. Rising sustainable dividend per share over time
03. Value-creating acquisitions
04. Returning additional cash to shareholders

Strengthened balance sheet on the back of improved performance and active portfolio management, including the divestment of Power Grids and Dodge creates headroom for increasing pace of acquisitions.

Sustainability targets and performance

Long-term target credit rating of at least strong investment grade
Current rating of A-/A3
04. Improving performance

Ambitious 2030 sustainability targets

- **We enable a low-carbon society**
  - Carbon neutrality in own operations
  - Support our customers in reducing annual CO₂ emissions by >100 Mt¹
  - Supply chain emission reduction

- **We preserve resources**
  - 80% of ABB products & solutions covered by circularity approach
  - Zero waste to landfill²
  - Supplier Sustainability Framework

- **We promote social progress**
  - Zero harm to our people and contractors
  - Comprehensive D&I framework³; 25% women among ABB leaders
  - Top-tier employee engagement score in our industry
  - Impactful support for community-building initiatives

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1. Savings in the year 2030 from solutions provided to customers 2021-30. 2. Wherever local conditions allow. 3. Diversity & Inclusion framework.
04. Improving performance

2021 sustainability outcome: selected highlights

Enabling a low-carbon society
- Estimated reduction of customer emissions in 2022: 11.5 MEGATONS OF CO$_2$e

Preserving resources
- Zero waste to landfill: 40% of our sites send zero waste to landfill

Promoting social progress
- Women in senior management positions: 16.3% in 2021

Integrity & transparency
- ESG in 2022 EC compensation: 2+ ESG KPIs in the personal component

Financial targets
- Rising ROCE
- Strong cash flow
- Strong balance sheet

Sustainability targets and performance

International initiatives and pledges supported to acknowledge our commitment with external stakeholders

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1. Savings in the year 2030 from solutions provided to customers 2021-30.
Rewarding shareholders
05.

Rewarding shareholders

Strong balance sheet allows for solid cash distribution as well as organic and acquired growth.

Significant part of Executive Committee remuneration linked to long-term results with measures aligned with shareholders, including relative total shareholder return and wealth at risk/share ownership requirements.

Dividends and share buybacks

Committed to a rising sustainable dividend per share over time.

Excess cash returned to shareholders through share buybacks.

Ongoing buyback program of up to $3 billion, including having returned the remaining $1.2 billion of cash proceeds from the Power Grids divestment.

1. Calculated based on the share price at December 31.
|   |  
|---|---|---|
| 01. | Market leader with world class technology |
| 02. | ABB Way – accountability, transparency and speed |
| 03. | Increasing growth rates |
| 04. | Improving performance |
| 05. | Rewarding shareholders |

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

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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 on our website at global.abb/group/en/investors.