Q4 2023 results
Solid finish to a record year
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,” “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 the “Supplemental Reconciliations and Definitions” section of the “Financial Information” booklet found under “Q4 2023” on our website at global.abb/group/en/investors/quarterly-results.
Robust market momentum and Strong execution

Orders

Revenues

Scope 1&2 GHG emissions

Operational EBITA and margin

Basic EPS

2023 highlights

Group portfolio fits the ABB purpose
- All divisional exits announced in 2020 completed
- Focus on growth with 7 acquisitions recently announced

Cemented performance culture as transparency and accountability further pushed down within divisions.

Achieving Strong financial performance
- Double-digit top-line growth as ABB is well-positioned to benefit from megatrends; with additional support from prior year backlog and strong market momentum; Book-to-bill 1.05x
- Record high profitability achieved; Operational EBITA margin of 16.9%
- Cash flow from operating activities robust +$3B versus prior year
- New All Time High ROCE
- Shareholders rewarded through continued buyback, proposed 2023 DPS of CHF 0.87

Setting new more ambitious financial and sustainability targets

1. YoY comparable. 2. YoY constant currency. 3. EPS impact of Mechanical Power Transmission related book gain. 4. Rolling twelve months CO₂ equivalent emissions from site, energy use, SF₆ and fleet, with one quarter delay
Q4 2023 highlights
Solid finish to a record year

1 OPERATIONAL PERFORMANCE

- Improved operational performance and very strong cash flow
  - Orders flat year-on-year
  - Revenue +6%² from last year’s high level
  - Strong Q4 Op. EBITA +16% year-on-year; Op. EBITA margin 16.3% +150 bps
  - Cash flow from operating activities +$1,897 mn, +$1,210 mn YoY; strong NWC management and operational result

2 DIVISION LED ACQUISITIONS

- Signed seven small division-led bolt-on acquisitions during the quarter including:
  - Robotics closed acquisition of Sevensense Robotics, Zurich based startup offering 3D visual SLAM AI-based localization and navigation technology
  - Motion closed acquisition of Spring Point Solutions, SaaS ERP software solution for motor service workshops
Demand resilient outside discrete automation and residential

Q4 2023 results

Notable orders developments (comparable % YoY, unless otherwise indicated)

Short-cycle
Mid-single digit order decline

Services
Orders +20%¹ and revenues +10%¹

Discrete
Weak across most customer segments and end markets; with Q4 marking the trough in absolute order levels

Process
Strong across the board; strength in oil & gas; refining, petrochemicals and the low carbon segments; stability in pulp & paper

Transport & infrastructure
Positive in marine & ports and renewables; residential buildings weak but stabilizing in Europe on weaker comps; commercial construction stable in the US and Europe, China weak

Order backlog grew +9%¹ to $21.6 bn

1. YoY comparable.

Orders +0%¹

Revenues +6%¹

Book-to-bill 0.93
## Growth in the Americas and AMEA, Europe stable outside RA

Q4 2023 regional, country orders

<table>
<thead>
<tr>
<th>Region</th>
<th>Growth Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>The Americas</strong></td>
<td>+3%</td>
</tr>
<tr>
<td><strong>USA</strong></td>
<td>+6%</td>
</tr>
<tr>
<td>Steep growth in PA due to larger order; Strong growth in MO; EL Stable; Steep decline RA</td>
<td></td>
</tr>
<tr>
<td><strong>Canada</strong></td>
<td>+19%</td>
</tr>
<tr>
<td><strong>Mexico</strong></td>
<td>-36%</td>
</tr>
<tr>
<td><strong>AMEA</strong></td>
<td>+2%</td>
</tr>
<tr>
<td><strong>China</strong></td>
<td>-7%</td>
</tr>
<tr>
<td>Strong growth in MO; decline in PA and EL; steep decline RA</td>
<td></td>
</tr>
<tr>
<td><strong>India</strong></td>
<td>+16%</td>
</tr>
<tr>
<td><strong>Saudi Arabia</strong></td>
<td>+171%</td>
</tr>
</tbody>
</table>

**Europe**

<table>
<thead>
<tr>
<th>Country</th>
<th>Growth Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Germany</strong></td>
<td>-17%</td>
</tr>
<tr>
<td>Growth in EL; strong decline MO and PA; steep decline in RA</td>
<td></td>
</tr>
<tr>
<td><strong>Italy</strong></td>
<td>+3%</td>
</tr>
<tr>
<td><strong>Norway</strong></td>
<td>+5%</td>
</tr>
</tbody>
</table>

All data presented on a YoY comparable basis; all growth comments refer to comparable growth trends. Performance highlighted for largest 3 countries in $ mn terms in each region.

Operational EBITA improvement driven by Electrification and Process Automation

Profitability drivers

**Gross Profit**
+6%¹
Gross profit as a % of revenues increased from 34.0% to 34.5%; expansion in all business areas driven by pricing and higher volumes improving cost absorption

**SG&A expenses**
+13%¹
SG&A expense as a % of revenues increased from 16.6% to 18.0%; driven primarily by higher G&A costs in corporate and other, and higher sales expense across business areas supporting revenue growth

**Corporate and Other Operational EBITA**
-$67 mn, +$8 mn YoY
of which Corporate costs and Other -$34 mn and E-mobility -$33 mn

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<table>
<thead>
<tr>
<th>Basic EPS</th>
<th>Cash flow from operating activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0.50</td>
<td>+$1,897 mn</td>
</tr>
<tr>
<td>-$0.11 YoY</td>
<td>+$1,210 mn YoY</td>
</tr>
</tbody>
</table>

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1. Constant currency.
Strongest Q4 Operational EBITA margin in recent history
Q4 2023 Electrification

Orders $3,395 mn
Short-cycle stabilized; Project- and systems-related offering remained robust
Market solid year-on-year outside weakness in residential construction in US & China, Europe stabilizing at a low level; China weak in several segments
Sequentially market trends remained stable
Backlog $6.8 bn (prior Q-end $7.0 bn)

Revenues $3,698 mn
Growth driven by both volume and price led by Distribution Solutions and Smart Power divisions both up double-digit
Strong growth in the Americas, while both Europe and AMEA were flat year-on-year
Book-to-bill 0.92x QTD/ 1.04x YTD

Operational EBITA $725 mn, +26% YoY
Margin +310 bps YoY
Margin improvement driven by strong pricing and higher volumes improving cost absorption; more than offset slightly higher spend on labor, R&D and Selling, General & Administration
Continued strength in long-cycle
Q4 2023 Motion

Orders $1,937 mn
Continued strength in long-cycle demand supported by large orders primarily in Traction
Strong momentum in oil & gas, food & beverage, chemicals, mining and rail; weakness in HVAC, and slowdown in pulp & paper
Backlog $5.3 bn (prior Q-end $5.1 bn)

Revenues $1,946 mn
Revenue growth driven by the drive divisions as well as service
Higher pricing overall and strong volumes in the drives divisions offset weaker volumes in the motor divisions
Strong growth in the Americas and AMEA including China; decline in Europe
Book-to-bill 1.00x QTD/ 1.05x YTD

Operational EBITA $318 mn, flat YoY
Margin -80 bps YoY
Higher gross margin driven mainly by price was offset by one-time product quality costs with impact of ~60 bps
Strong margin improvement in the Large Motors & Generators division more than offset by under absorption in the low voltage motors and higher labor costs
Strong execution leads to solid finish of the year
Q4 2023 Process Automation

Orders $1,870 mn
Market demand robust with some slowing momentum in the product business
Strength in marine & ports as well as energy related segments
Orders supported by a large order of ~$150 mn with long delivery schedule
Backlog $7.5 bn (prior Q-end $7.1 bn)

Revenues $1,727 mn
Strong growth driven by execution of the record level order backlog
Revenue growth across all divisions and all regions
Book-to-bill 1.08x QTD/ 1.20x YTD

Operational EBITA $239 mn, +18% YoY
Margin +80 bps YoY
Underlying profitability improvement driven by volume and positive mix; continued gross profit improvement
Structural improvements in Measurement & Analytics resulting in both higher price and volumes contributing strongly to the year-on-year increase
Orders under pressure; Revenue impacted, earnings holding
Q4 2023 Robotics & Discrete Automation

Orders $550 mn
Robotics demand weak across all regions with additional pressure from destocking in China; further impacted by timing of automotive orders
Machine builders react to shorter lead times by normalizing order patterns
Q4 order level expected to have troughed in absolute terms; normalization during H1 2024
Backlog $2.1 bn (prior Q-end $2.4 bn)

Revenues $852 mn
Revenue growth in the Machine Automation division offset by missing book-and-bill revenue in the Robotics division
Growth in Europe driven by Machine Automation while both the Americas and AMEA declined
Book-to-bill 0.65x QTD/0.84x YTD

Operational EBITA $118 mn, -6% YoY
Margin -20 bps YoY
Strong contribution from earlier implemented price actions and positive divisional mix supported margins despite the lower volumes in Robotics and adverse impacts from inflation mainly related to labor
Operational EBITA bridge

Operational EBITA ($ mn)  
- Q4 2022: 1,146  
- Volume/price: 311  
- Operations: -134  
- Comparable revenues +6% growth

Operational EBITA margin (%)  
- 14.8%  
- Accretion / dilution (%): +1.2  
- FX: +0.1  
- Portfolio changes: -0.2  
- Q4 2023: 1,333

Items impacting comparability: Non-core business. Portfolio changes: Acquisition of Powertech Converter and Siemens NEMA motor, Divestment of Power Conversion businesses.
Cash generation analysis
Q4 2023 cash flow drivers

Cash flow from operating activities
(+$1,897 mn, +$1,210 mn YoY)

• Positive cash flow in all business areas
• Better operational performance
• Release of net working capital driven by a reduction in inventory, strong collection of receivables as well as higher customer advances collected
• NWC as a % of revenues decreased 260 bps sequentially to 10.2% from 12.8%
• Last year hampered by $315 mn outflow for settlement of legacy Kusile project

Free cash flow for full year $3.7 bn
Return on Capital employed reaching best in class level

Return on Capital employed (ROCE) (21.1%, +460 bps YoY)

- Strong ROCE improvement in 2023 well above the target range
- Improvement driven by higher Operational EBITA compared to last year while the average capital employed decreased slightly year-on-year

Slide 14
Outlook

Q1 2024

Revenues
Low to mid single-digit comparable revenue growth

Operational EBITA %
Operational EBITA margin to remain stable or slightly improve year-on-year

FY 2024

Revenues
Comparable revenue growth to be about 5 percent; Book-to-bill above 1

Operational EBITA %
Operational EBITA margin to slightly improve from 16.9%
Q&A
## 2024 framework

<table>
<thead>
<tr>
<th>$ mn unless otherwise stated</th>
<th>Q4 23</th>
<th>Q1 24 framework</th>
<th>2024(^1) framework</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Corporate and Other Operational EBITA(^2)</strong></td>
<td>(34)</td>
<td>~(75)</td>
<td>~(300)</td>
</tr>
<tr>
<td><strong>Non-operating items:</strong></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>PPA-related amortization</td>
<td>(56)</td>
<td>~(55)</td>
<td>~(210)</td>
</tr>
<tr>
<td>Restructuring and related(^3)</td>
<td>(145)</td>
<td>~(50)</td>
<td>~(200)</td>
</tr>
<tr>
<td>ABB Way transformation</td>
<td>(66)</td>
<td>~(55)</td>
<td>~(180)</td>
</tr>
<tr>
<td><strong>Net finance expenses</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(110)</td>
<td>(120)</td>
<td></td>
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<tr>
<td><strong>Effective tax rate</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>19.5(^{\text{4}})</td>
<td>~25(^{\text{5}})</td>
<td></td>
</tr>
<tr>
<td><strong>Capital expenditure</strong></td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>(770)</td>
<td>~(900)</td>
<td></td>
</tr>
</tbody>
</table>

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1. Excludes one project estimated to a total of ~$100 million, that is ongoing in the non-core business. Exact exit timing is difficult to assess due to legal proceedings etc.
2. Excludes Operational EBITA from E-mobility business.
3. Includes restructuring and restructuring-related as well as separation and integration costs.
4. Includes net positive tax impact of $206 million linked to a favorable resolution of certain prior year tax matters in Q1 2023 but excludes the impact of acquisitions or divestments or any significant non-operational items.
5. Excludes the impact of acquisitions or divestments or any significant non-operational items.