

ZÜRICH, SWITZERLAND | FEBRUARY 1, 2024 | BJÖRN ROSENGREN, CEO; TIMO IHAMUOTILA, CFO

Q4 2023 results

Solid finish to a record year



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,” “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:

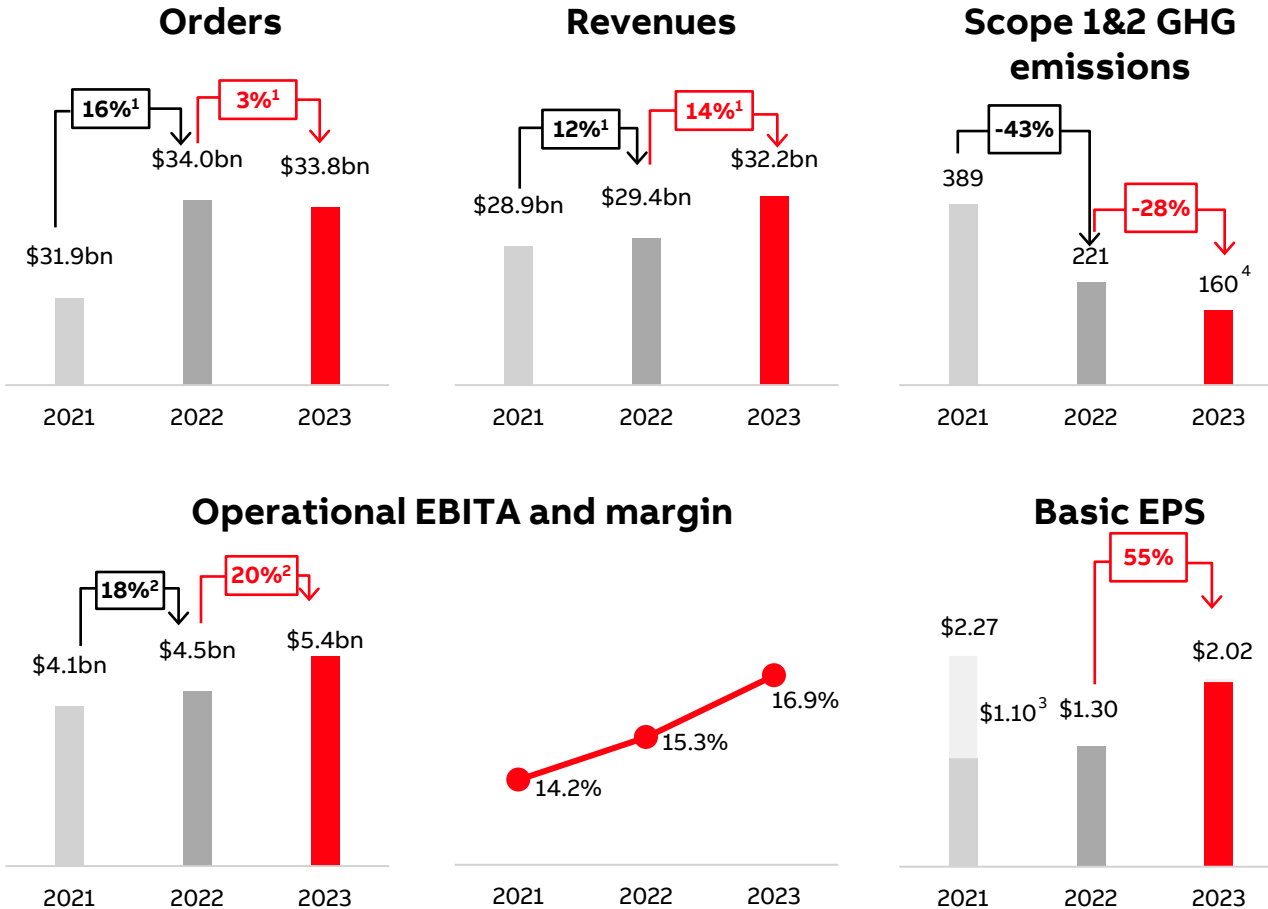
- business risks associated with the volatile global economic environment and political conditions
- costs associated with compliance activities
- market acceptance of new products and services
- changes in governmental regulations and currency exchange rates, and
- such other factors as may be discussed 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



Slide 3
 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

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

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%¹ 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



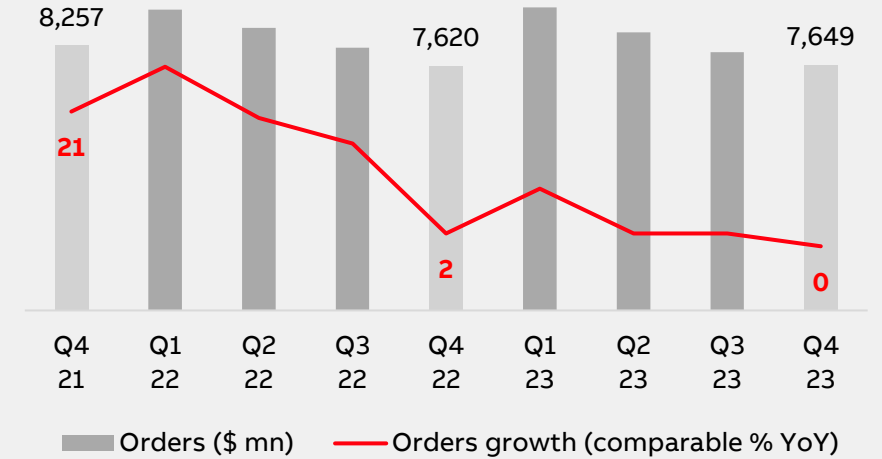
Transport & infrastructure

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

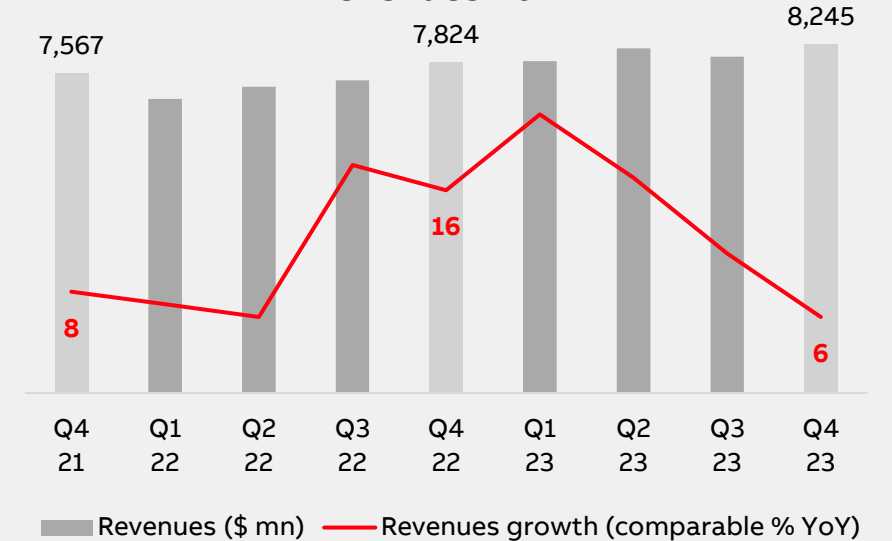


Order backlog grew +9%¹ to \$21.6 bn

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

The Americas **+3%**

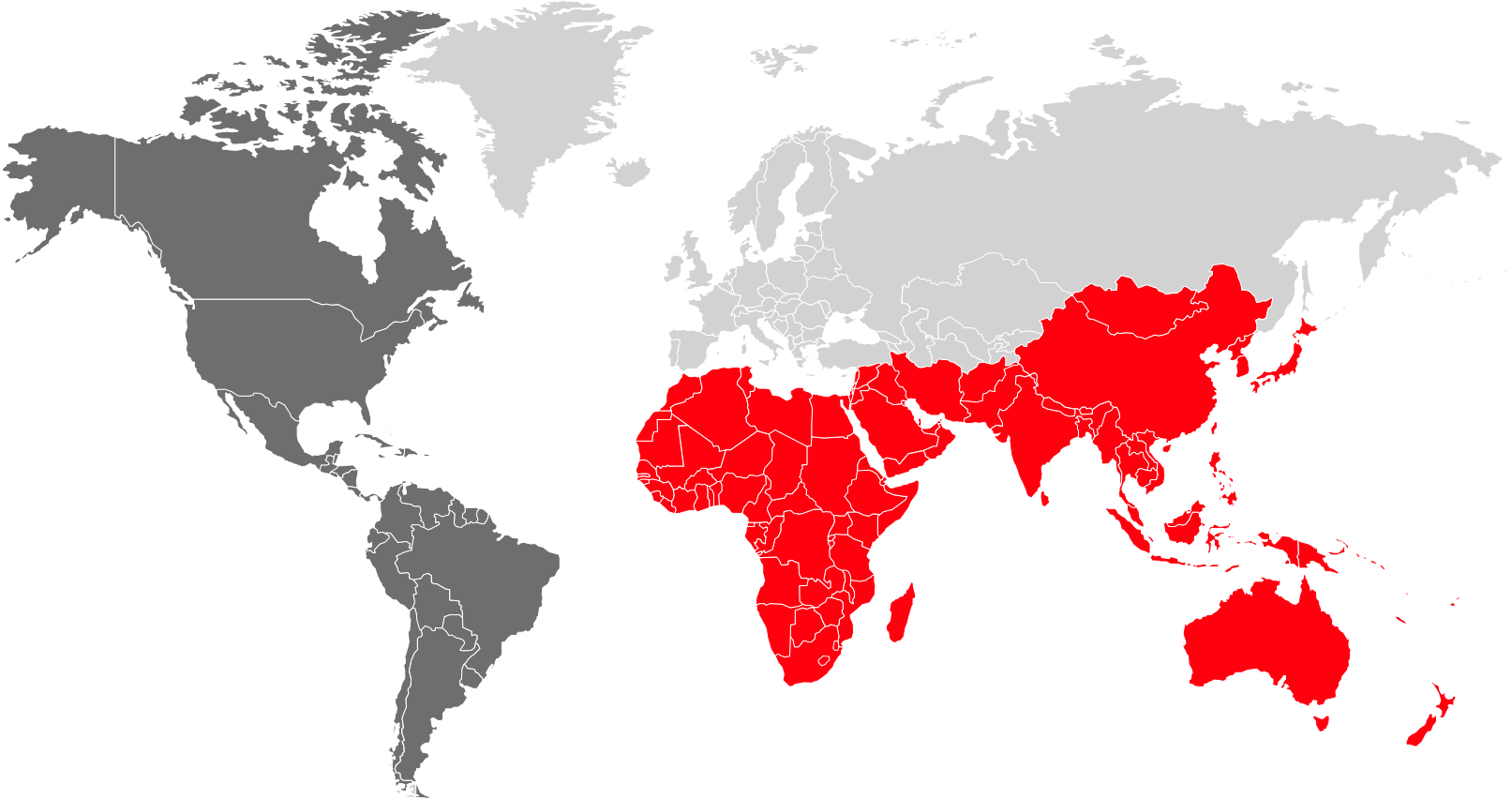
- USA**
Steep growth in PA due to larger order; Strong growth in MO; EL Stable; Steep decline RA **+6%**
- Canada** **+19%**
- Mexico** **-36%**

Europe **-5%**

- Germany**
Growth in EL; strong decline MO and PA; steep decline in RA **-17%**
- Italy** **+3%**
- Norway** **+5%**

AMEA **+2%**

- China**
Strong growth in MO; decline in PA and EL; steep decline RA **-7%**
- India** **+16%**
- Saudi Arabia** **+171%**



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

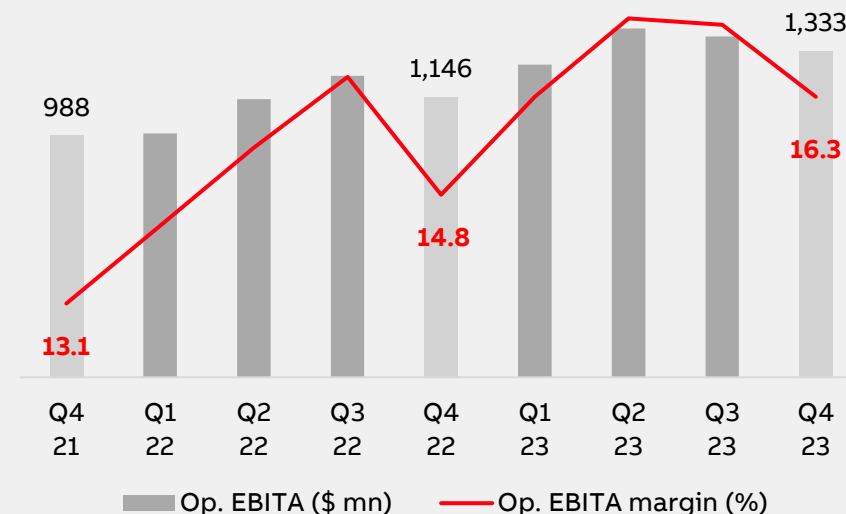
Basic EPS

\$0.50
-\$0.11 YoY

Cash flow from
operating activities

+\$1,897 mn
+\$1,210 mn YoY

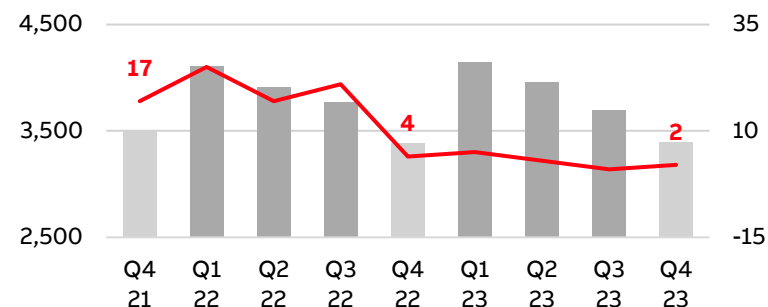
Operational EBITA +16%



Operational EBITA margin +150 bps

Strongest Q4 Operational EBITA margin in recent history

Q4 2023 Electrification



Orders (\$ mn) Orders growth (comparable % YoY)

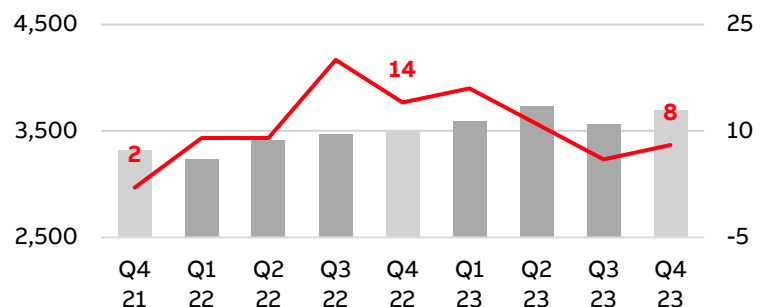
Orders \$3,395 mn

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)



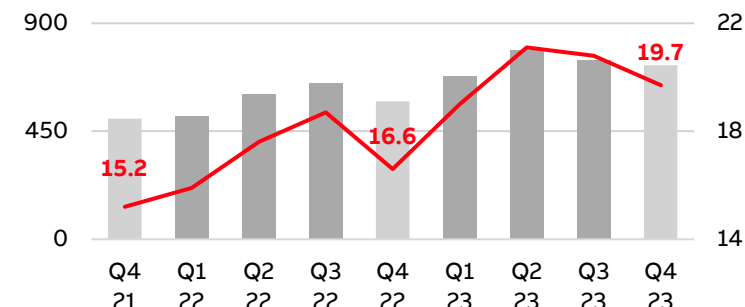
Revenues (\$ mn) Revenues growth (comparable % YoY)

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



Op. EBITA (\$ mn) Op. EBITA margin (%)

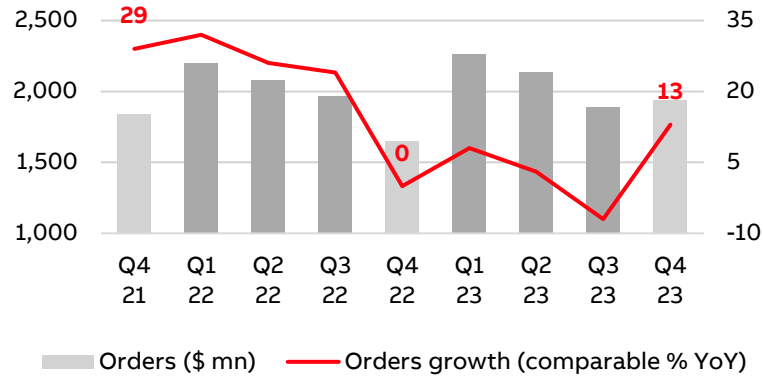
Operational EBITA \$725 mn, +26% YoY

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

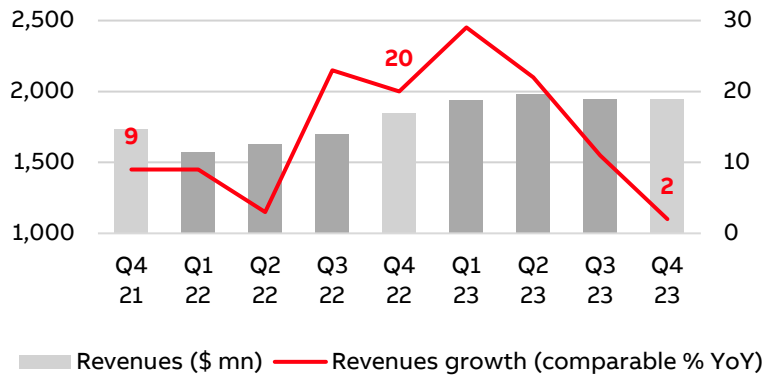


Orders \$1,937 mn

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)



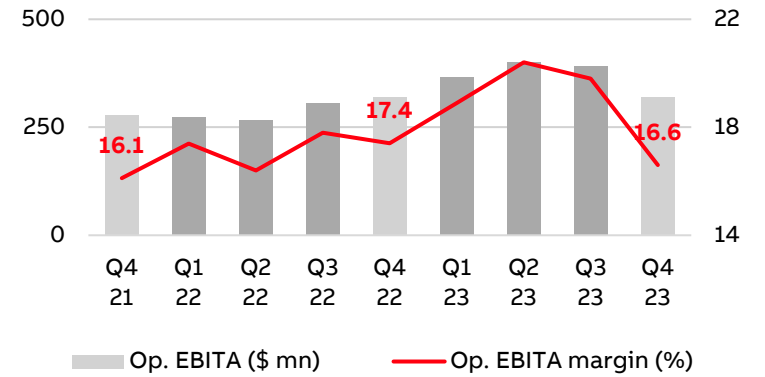
Revenues \$1,946 mn

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

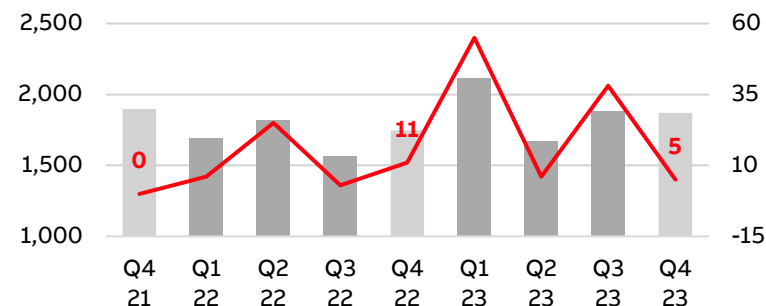
Margin -80 bps YoY

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 (\$ mn) Orders growth (comparable % YoY)

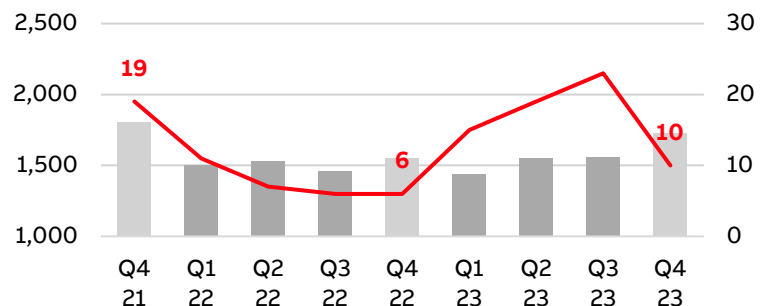
Orders \$1,870 mn

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)



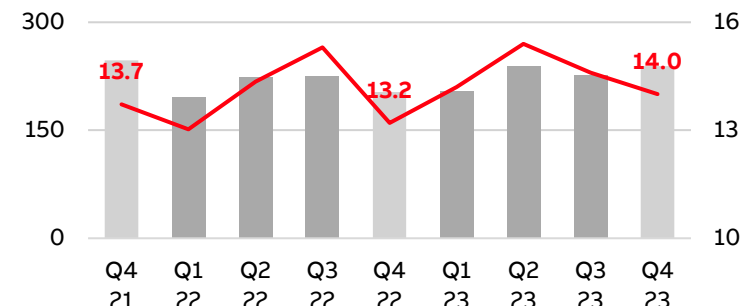
Revenues (\$ mn) Revenues growth (comparable % YoY)

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



Op. EBITA (\$ mn) Op. EBITA margin (%)

Operational EBITA \$239 mn, +18% YoY

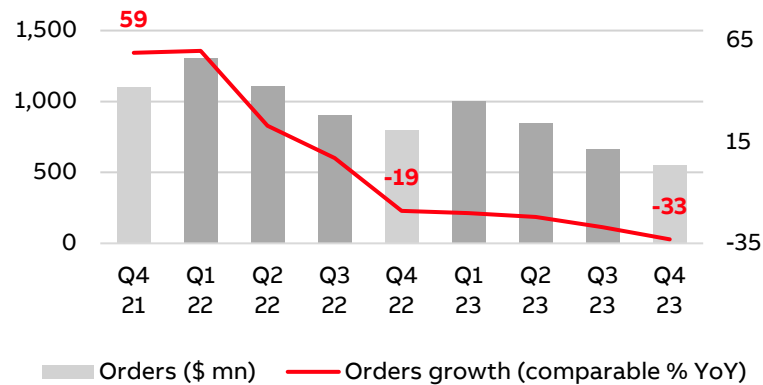
Margin +80 bps YoY

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



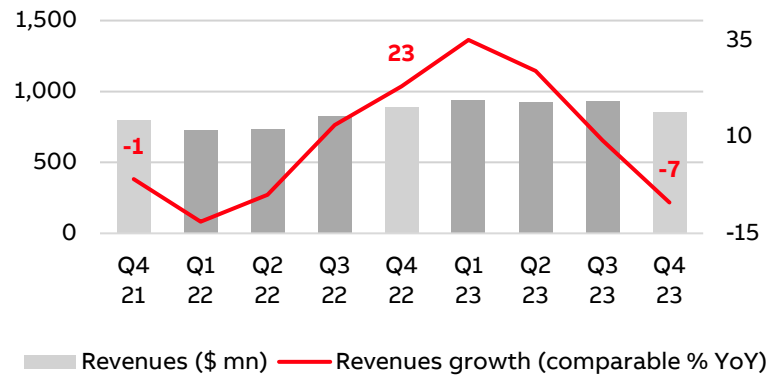
Orders \$550 mn

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)

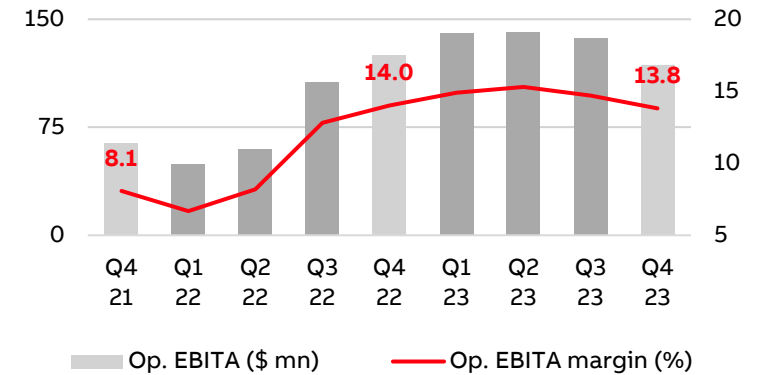


Revenues \$852 mn

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

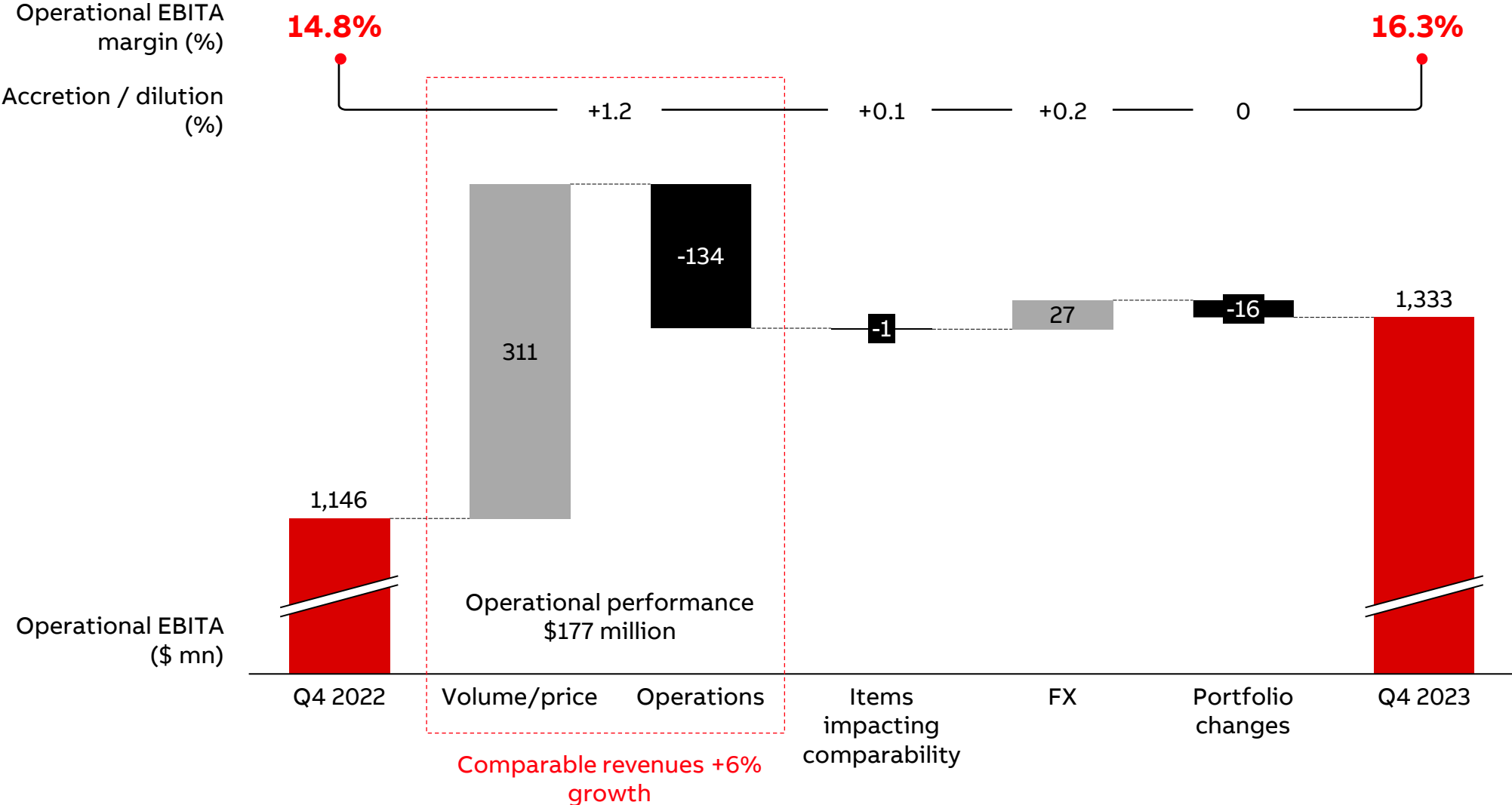


Operational EBITA \$118 mn, -6% YoY

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



Cash generation analysis

Q4 2023 cash flow drivers

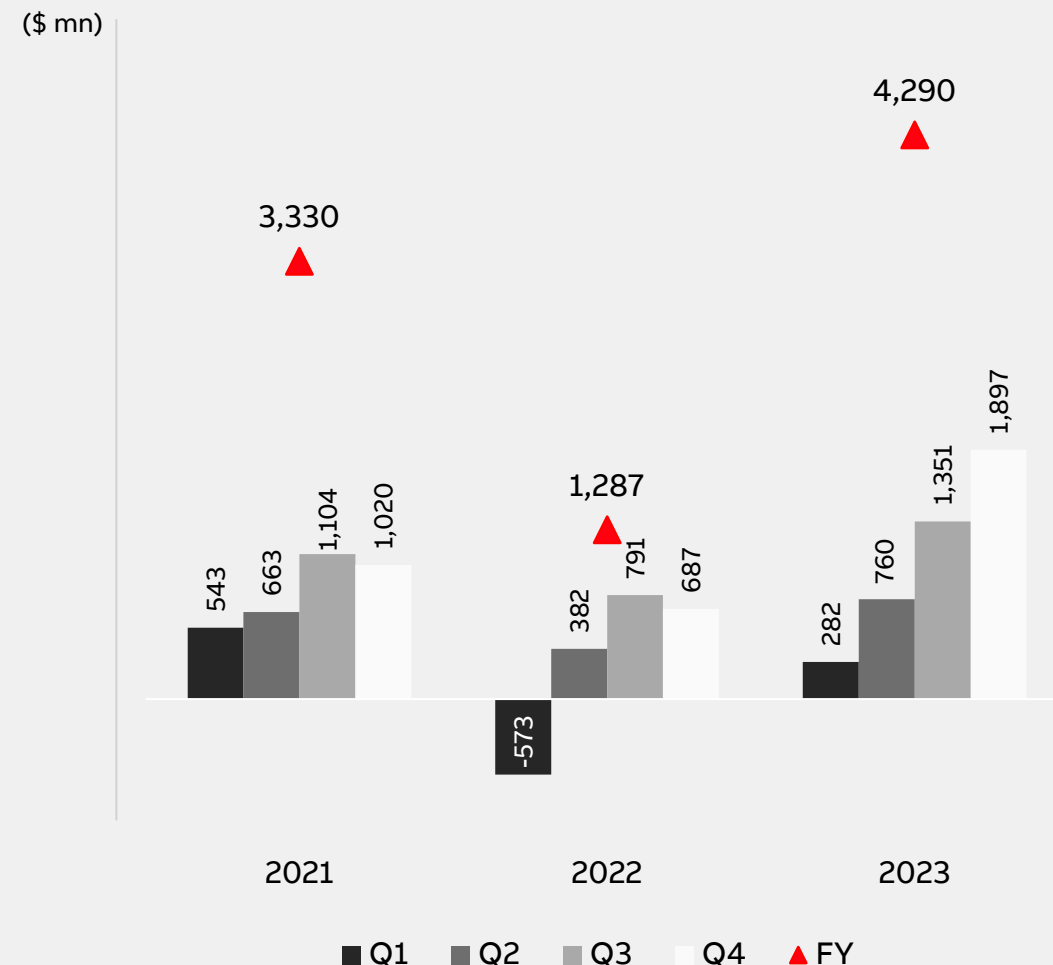
Cash flow from operating activities

(+\$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

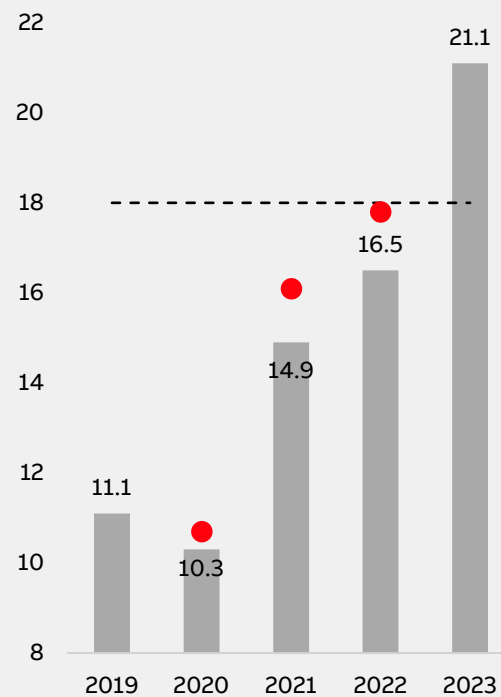
Cash flow from operating activities +\$1,210 mn



Return on Capital employed reaching best in class level

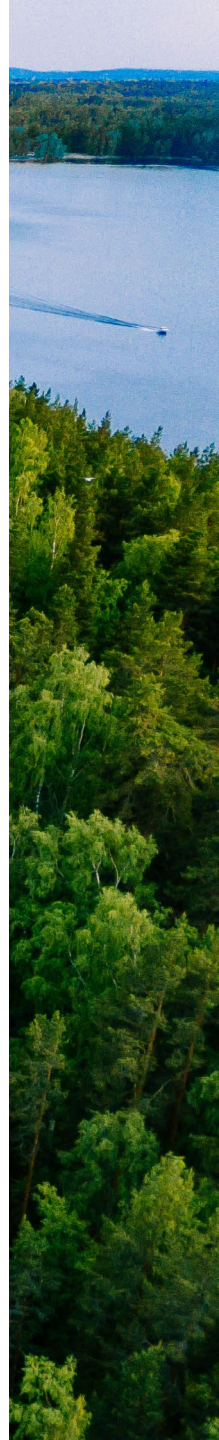
Return on Capital employed (ROCE)
(21.1%, +460 bps YoY)

- 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



■ ROCE
● Impact of PG JV ownership interest
- - - Target range >18%





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

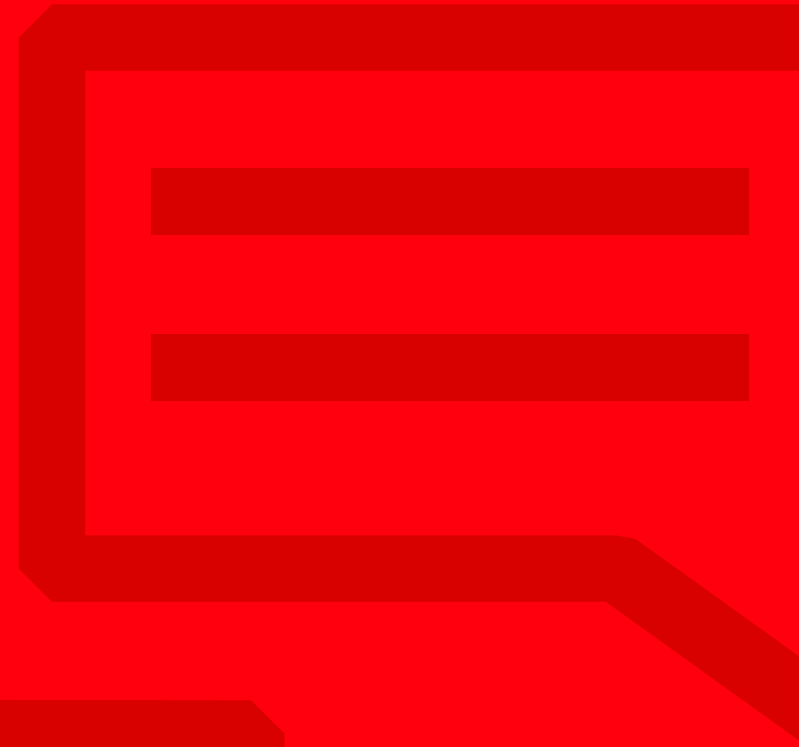
Revenues

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





Appendix



2024 framework

\$ mn unless otherwise stated	Q4 23	Q1 24 framework	2024 ¹ framework
Corporate and Other Operational EBITA²	(34)	~(75)	~(300)
Non-operating items:			
PPA-related amortization	(56)	~(55)	~(210)
Restructuring and related ³	(145)	~(50)	~(200)
ABB Way transformation	(66)	~(55)	~(180)

	2023	2024 framework
Net finance expenses	(110)	(120)
Effective tax rate	19.5% ⁴	~25% ⁵
Capital expenditure	(770)	~(900)

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.

ABB