

MORTEN WIEROD, ABB CEO | October 17, 2024

New CEO's perspectives

Way forward

ABB Way operating model is here to stay – go deeper to achieve higher performance

Focus on profitable growth – build on exposure to strong electrification & automation trends + M&A part of culture

High performance, high integrity culture

Business is a **team** sport



Consistency in ways of working

- ABB Purpose
- Consistency in ABB Way operating model Accountability - Transparency - Speed
- High performance, high integrity
- Active portfolio management



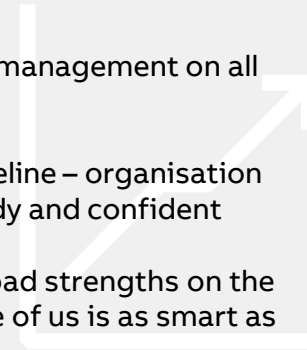
Morten to utilize deep ABB insight to challenge each business

- 25 years in the commercial frontlines of ABB
- Extensive insight into ABB
 - technologies
 - customers
 - “how-we-do-it”
- Use insights to challenge ways of working
- Smart leaders collaborate



to do even better

- Deeper implementation of ABB Way within divisions
- Customer centricity
- Confirmed ambition to increase R&D spend towards 4.5% - 5% of revenues
- Customer value through embedded software
- Use the ABB voice to drive the energy transition towards targets by influencing thought and legislative leaders
- Active portfolio management on all levels of ABB
- Realise M&A pipeline – organisation increasingly ready and confident
- Benefit from broad strengths on the ABB team – none of us is as smart as all of us



To make it happen...



Customer first

We earn customers' trust through technology and service
Start with "Why?"
Be proud, never arrogant



I give **accountability and trust** and expect **transparency and ownership** in return

High performance, high integrity



Winning mindset

Impatient with actions, more patient with results
We can always do better



Business is a team sport

Smart leaders collaborate
Use full know-how network in ABB



Straight talker

Keep it simple
Understand the "Why?"

Further fine-tuning of ABB Way even deeper embedded in divisions

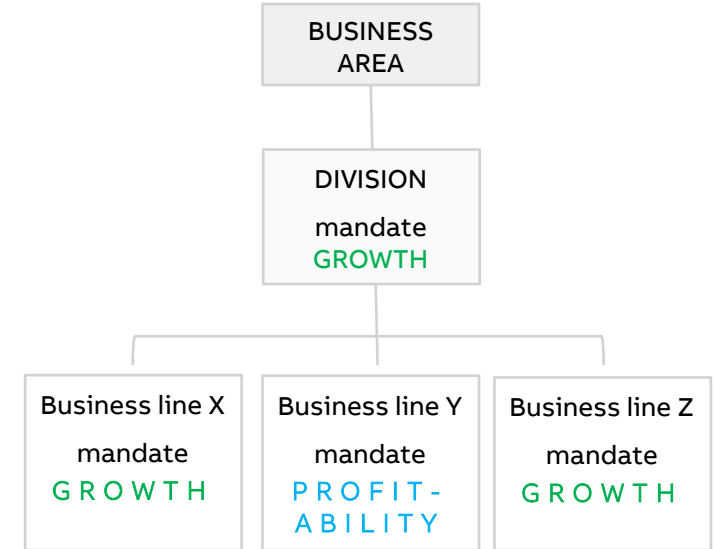
“I am convinced that several divisions can benefit further from the ABB Way operating model.
Go deeper to achieve higher.”

Use learnings from pushing ABB Way deep in Electrification divisions

Examples:

- From global common sales organization to divisional based. Now only shared set-up when makes sense from each business' perspective, e.g. Smart Power and Smart Buildings
- Transferred ~13,000 resources from business area level to divisions:
 - ✓ Sales force
 - ✓ Information Systems
 - ✓ R&D
 - ✓ Operational production planning & execution
- Full commitment to ABB Way by business leaders

- Granular performance accountability also by business lines within divisions for increased transparency and speed



Value creation from an already high level

Continuous portfolio reviews and strategic mandates



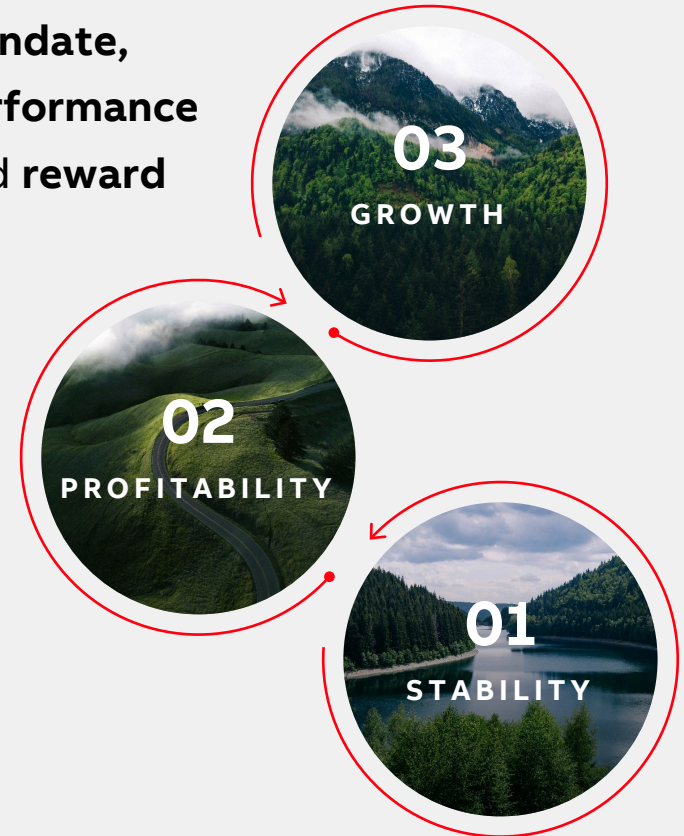
Models applied on multiple operational levels

Business Areas

Divisions

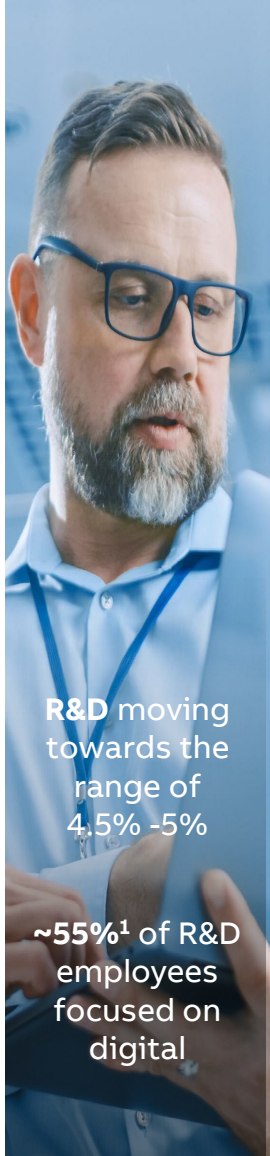
Business lines

Even clearer links between **strategic mandate, performance and reward**



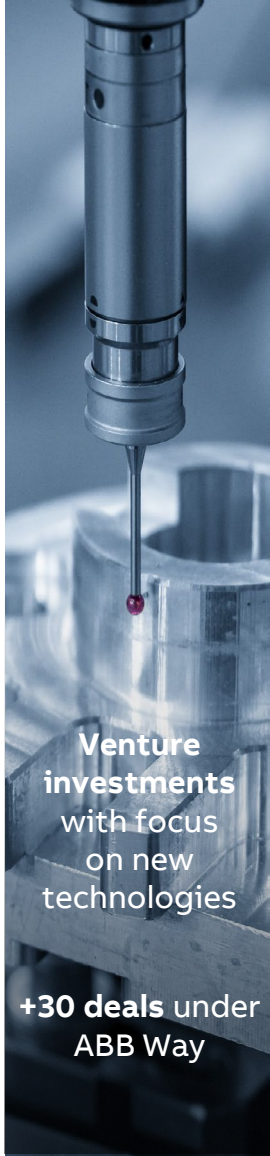


Investing in patents & trademarks to extend and protect our core technologies



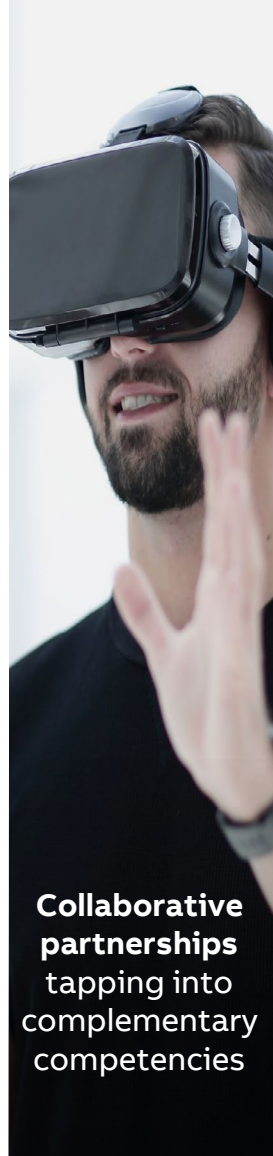
R&D moving towards the range of 4.5% -5%

~55%¹ of R&D employees focused on digital



Venture investments with focus on new technologies

+30 deals under ABB Way



Collaborative partnerships tapping into complementary competencies

Well invested

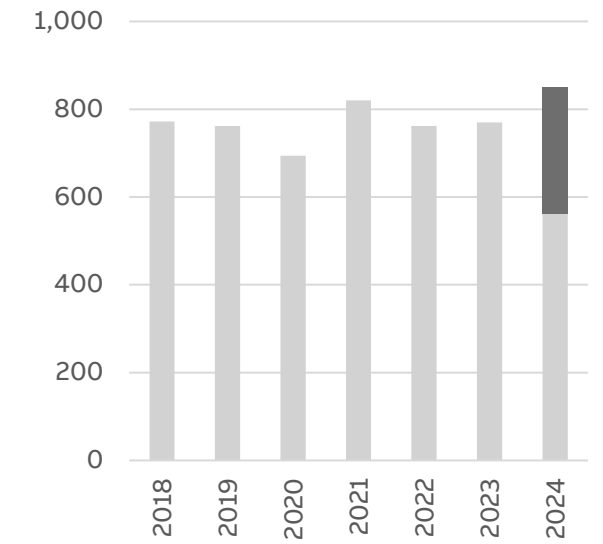
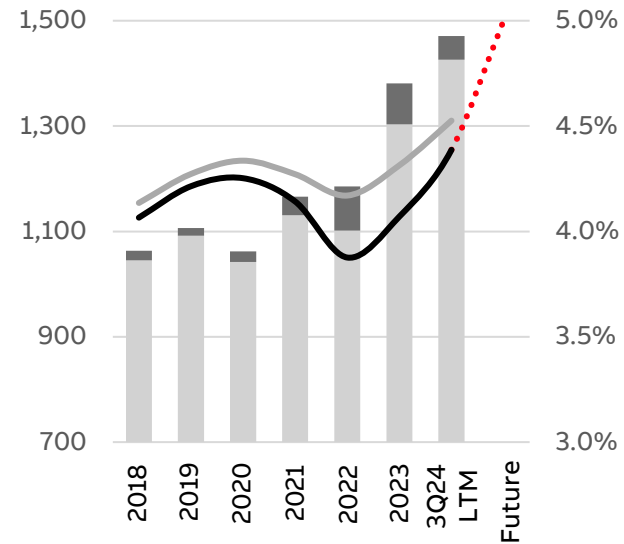
Remain relevant to customers through division-lead R&D and CAPEX

R&D and related spend

- Increase the digital content to support gross margin and industry leadership in technology
- R&D spend moving towards 4.5% - 5% of revenues

CAPEX

- Benefit from local-for-local setup, but investing to increase self-sufficiency in the US
- Well invested to meet strong medium voltage demand
- Step up in annual CAPEX to ~850mn for 2024 and remaining broadly stable near-term



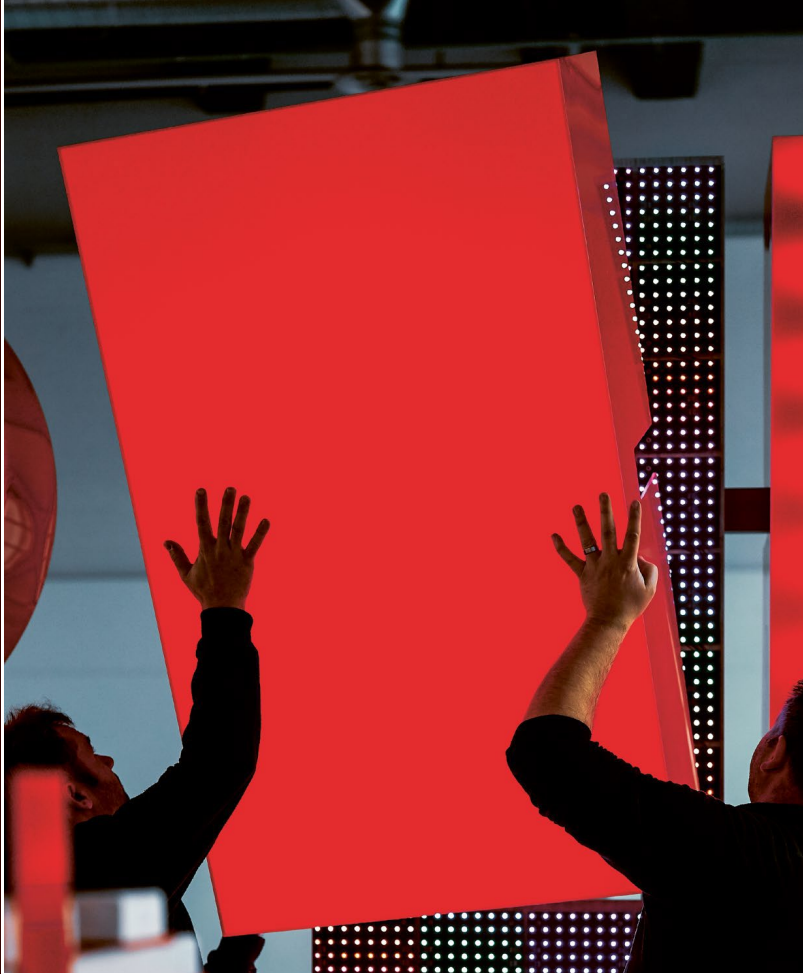
- R&D & Ventures investments as % of Revenues
- R&D investments as % of Rev
- Non-order related R&D mn \$²
- Venture investments mn\$

- CAPEX, mn\$ YTD
- 2024 YTD + CAPEX guidance

← **customers' preferred problem solver** →

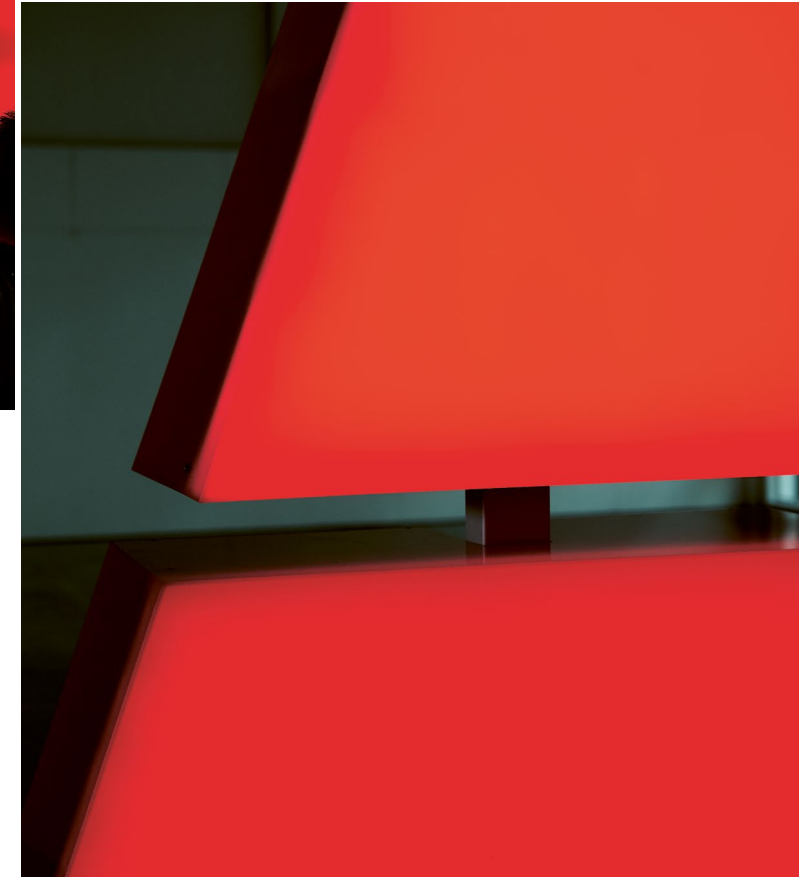
1. Management estimates
2. Non-order related R&D excluding completed divisional exits

**The ABB brand
hosts a strong
industrial
customer value
proposition**



Unleash business
potential from
further raising ABB
brand familiarity

Clearer and more
focused industrial
brand positioning –
not higher spend



Future proof

ABB purpose and customer offering aligned with secular trends

More electricity

Electricity demand growing **~9x** faster than total energy demand in 2023-2030, resulting in **~70%** higher average annual investment into electricity networks in 2024 – 2030 (vs 2016 – 2023)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 **~24%** in 2023 – 2035²

1. IEA World Energy Outlook 2024, Announced Pledges Scenario
2. United Nations World Population Prospects 2024

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

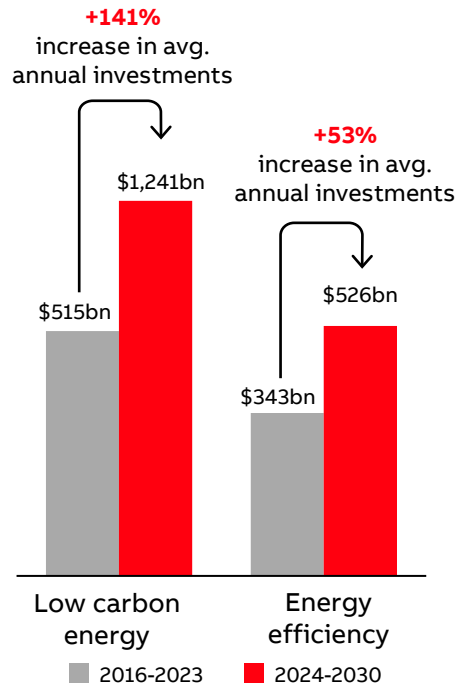
Increase safety and improve working environment

Well positioned in a changing world

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

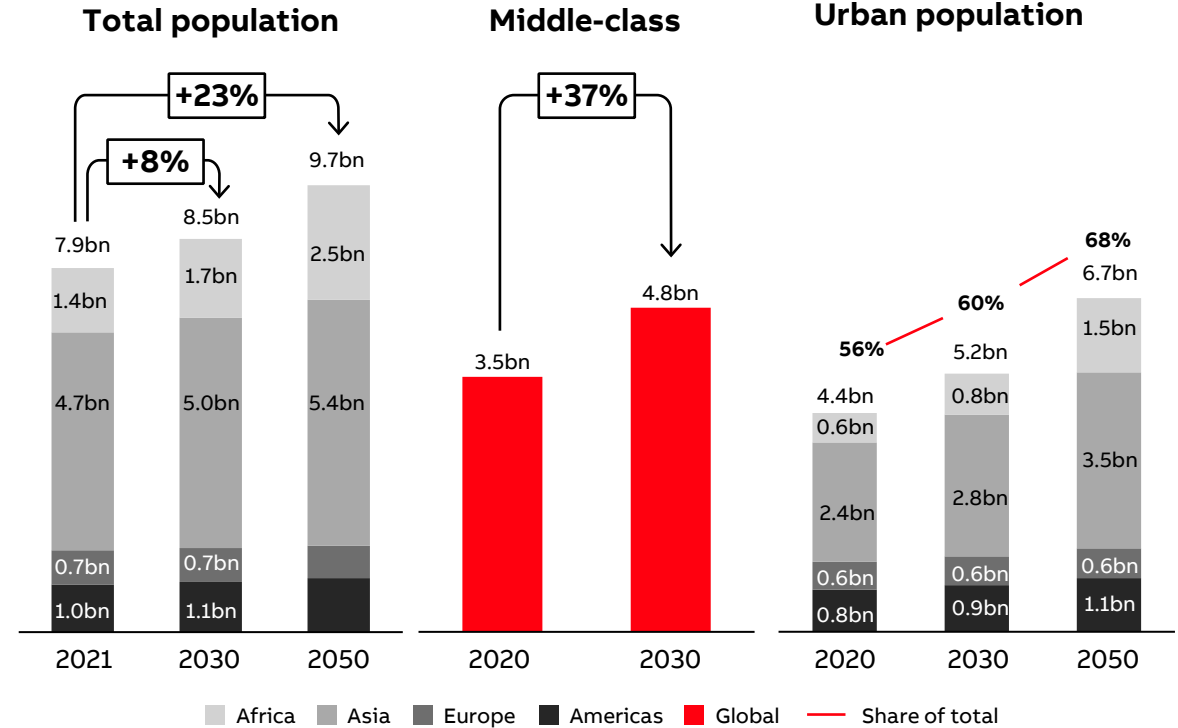
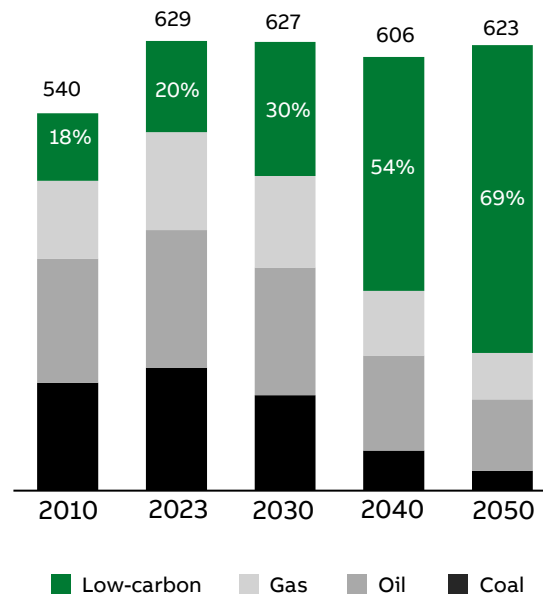
...as the global agenda targets carbon footprint reduction

...while a growing population has rising expectations of higher standard of living



Global energy supply, exajoules

(IEA Announced Pledges Scenario (middle-of-road scenario, 1.7° warming¹))



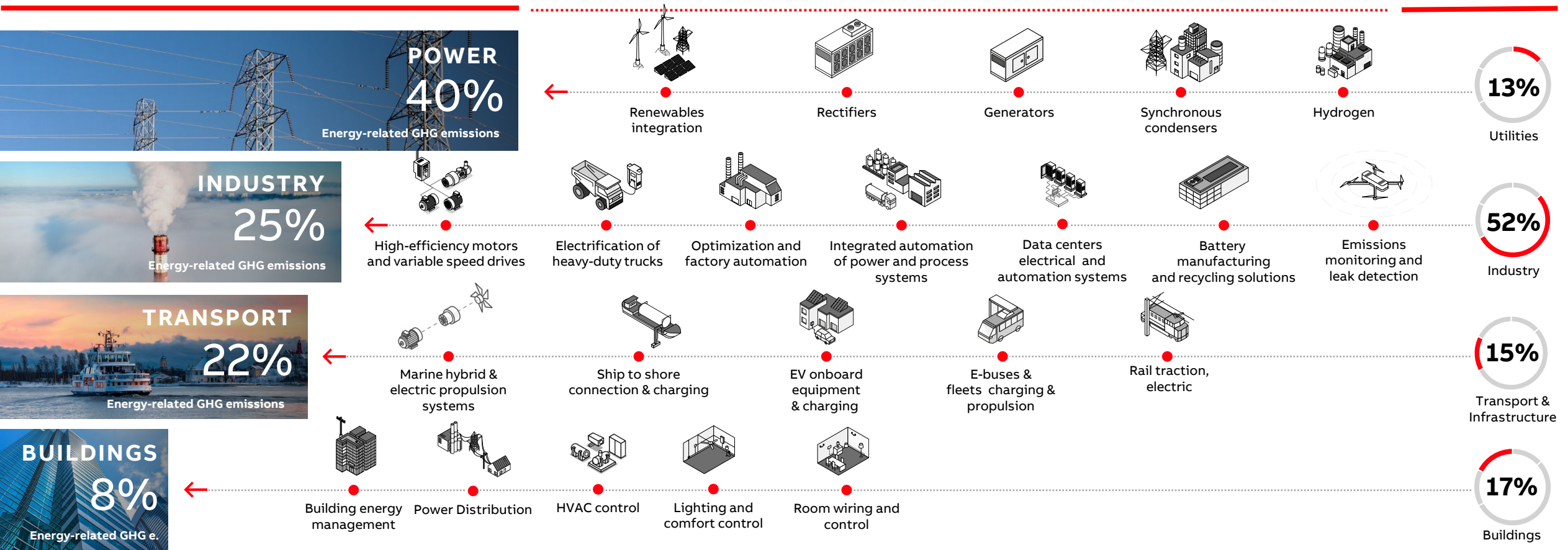
Note 1. By 2100, median estimate in Announced Pledges Scenario
Source: UN, Brookings; IEA World Energy Outlook, 2024, Announced Pledges Scenario

ABB's technologies are at the core of accelerating the energy transition

Supporting all relevant sectors to optimize, electrify and decarbonize

Global GHG Emissions by segment¹

ABB Orders % by segment

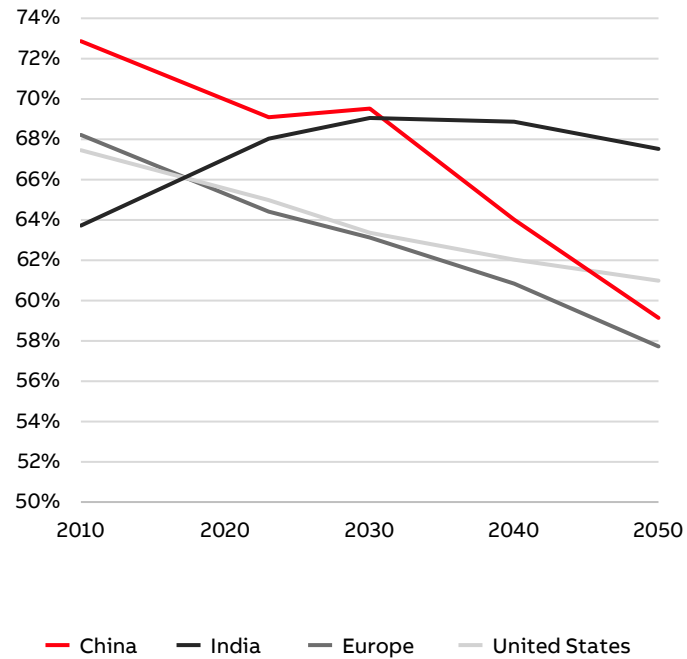


1. Source: International Energy Agency

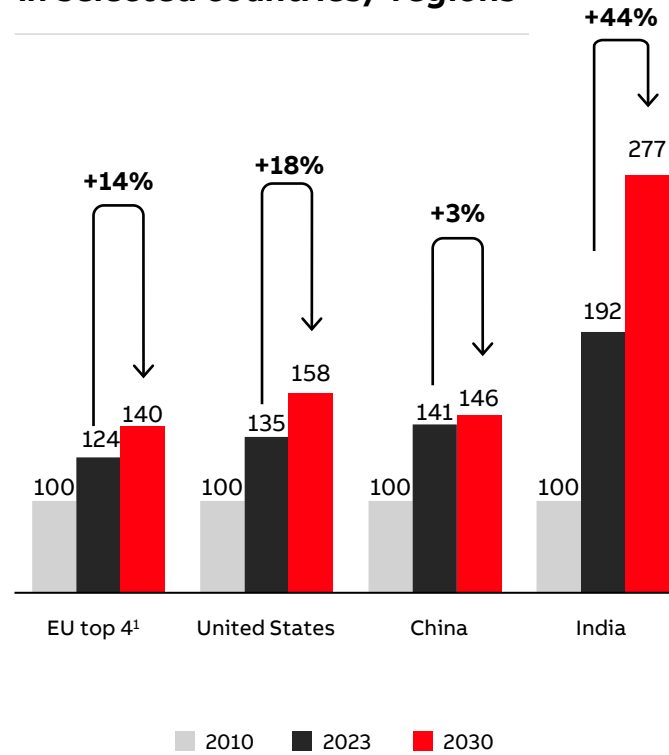
Automation needed to remain able and efficient

Labor force is shrinking and increasingly expensive

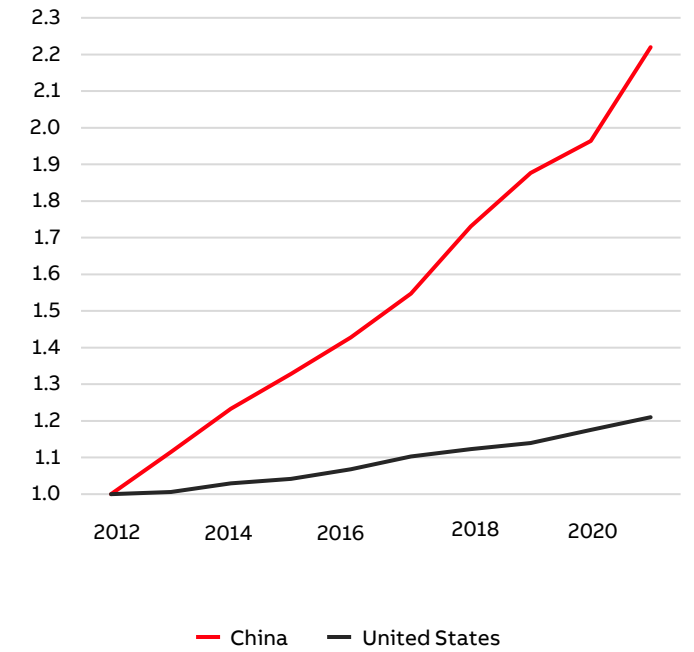
Share of working age population (15-64) in selected countries/ regions



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



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



Note: 1. EU to 4 = Germany, France, Italy, Spain
Source: UN Population Prospects 2024, S&P Global

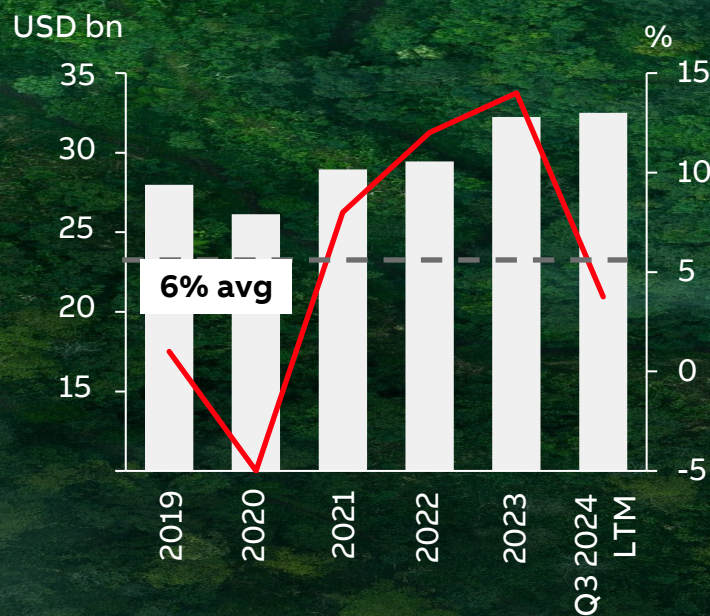
Deliver on increased growth targets

through-cycle target, upgraded in November 2023

Comparable growth

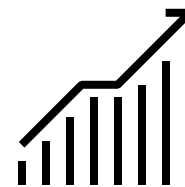
through economic cycle

5-7% average



— Comparable revenue growth

■ Revenues



Acquired growth

through economic cycle

1-2% average

Net of acquisitions and divestments

Deliver on margin target, upgraded in November 2023



ABB Group

Op. EBITA margin

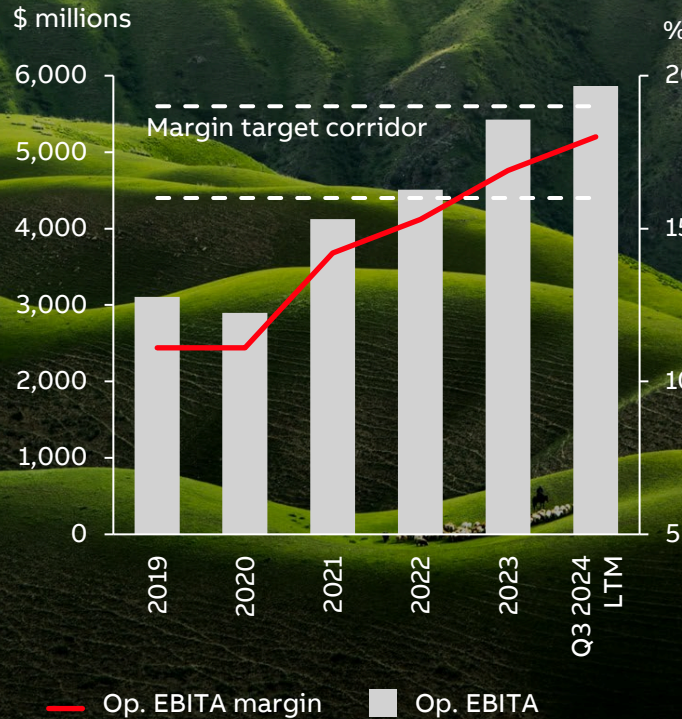
16-19%

annual



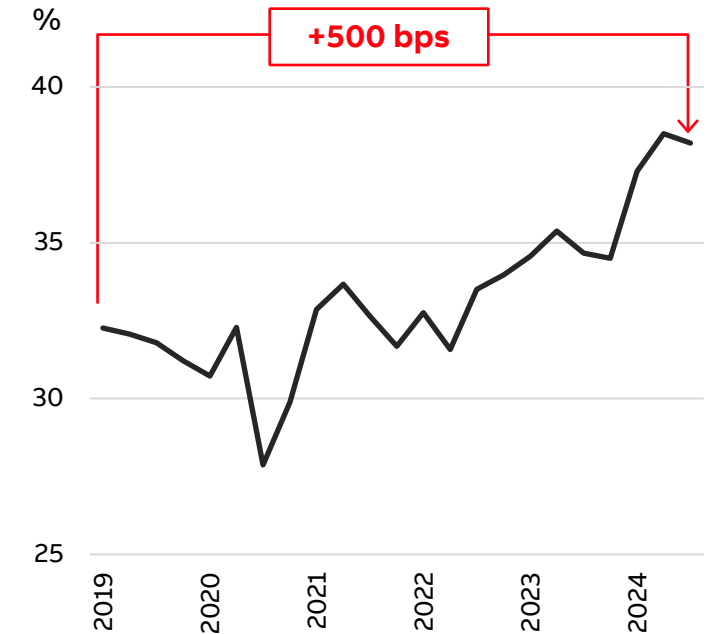
Further upside potential within the current Op. EBITA margin target range

Op. EBITA | Op. EBITA %



Strong gross margin improvement

Gross margin %



Capital allocation towards growth

Average 0%

2016-2018

Average -1%

2019 – 2023

- Transformation period, with 3 divisional exits to align portfolio to the ABB purpose

Average 1% - 2% through cycle¹

2024-

- ABB Way operating model is cemented and operational performance has improved
- ~60% of revenues from divisions on growth mandate
- Strong balance sheet

Spend capital allocation principles 2 - 4

	2023 USDbn	2024 3Q24 LTM USDbn
● Dividends	1.7	1.8
● Acquisitions	0.2	1.0 ¹
● Share buybacks	0.9	0.9

Share of Free Cash Flow

	2023	2024 3Q24 LTM
● Dividends	47%	41%
● Acquisitions	6%	23% ¹
● Share buybacks	24%	21%

Capital allocation principles

01

Fund organic growth, R&D, capex at attractive returns

02

Rising, sustainable dividend per share over time

03

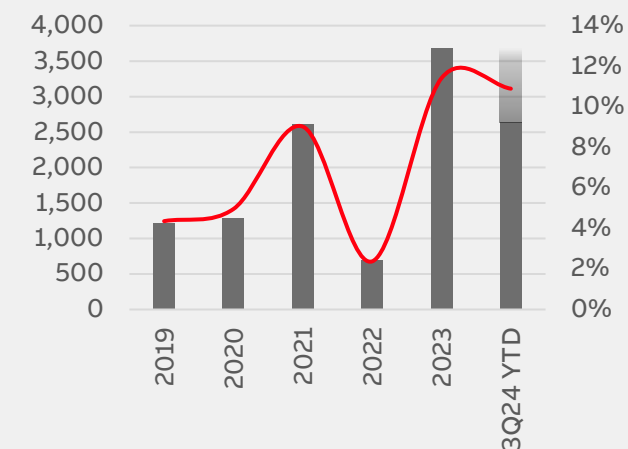
Value-creating acquisitions

04

Returning additional cash to shareholders through share buybacks

Improving and less volatile FCF

2024 expected to be at least similar to 2023



- Free Cash Flow from continuing ops. YTD (\$ mn)
- 2024 FCF guidance of at least similar to 2023
- Free Cash Flow margin

1. Deals announced in LTM, approximate numbers, all not yet closed

Acquisitions should be an integrated part of our day-to-day business

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
- Not yet closed

ACQUISITIONS

- 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
- Sevensense, RA
- SpringPoint, MO
- Vourity, E-mob
- Siemens low v. motors, MO
- EVE Systems, EL

~80 mn¹

2023

- 6 Venture capital investments
- Siemens Wiring & Accessories China, EL (awaiting closure in 2024 or beyond)
- Födisch Group, PA
- SEAM Group, EL
- DTN Europe, PA
- Real Tech Water, PA
- Meshmind, RA

~330 mn¹

YTD 2024

EXITS

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

~9,537 mn¹

- MPT (Dodge), MO

~645 mn¹

- Hitachi Energy JV, ABB
- Turbocharging, PA

~750 mn¹

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

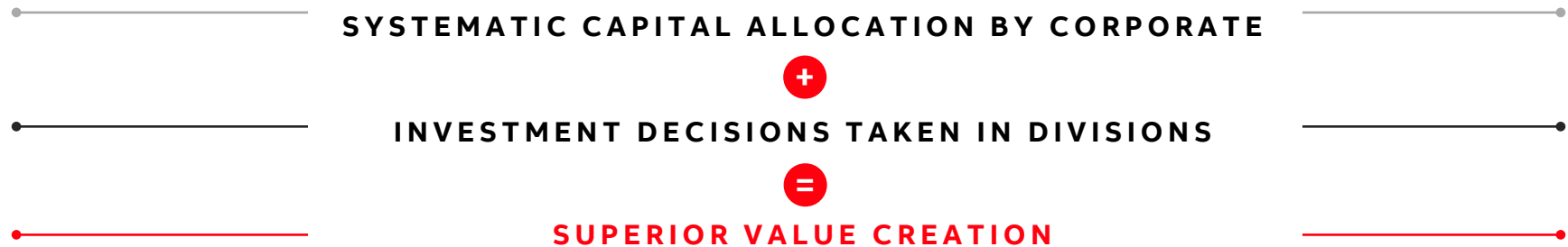
~475 mn¹

- Numocity, E-mob
- InCharge Energy, E-mob (awaiting closure in 2024 or beyond)

~90 mn¹

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

High capital returns also including a higher pace of M&A

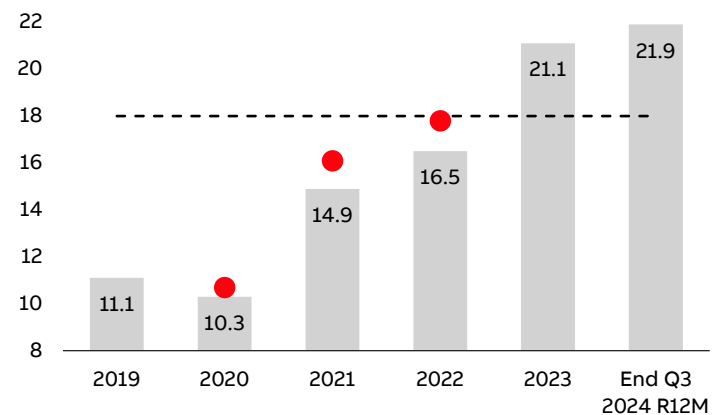


ROCE, annual

>18%

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

ROCE¹

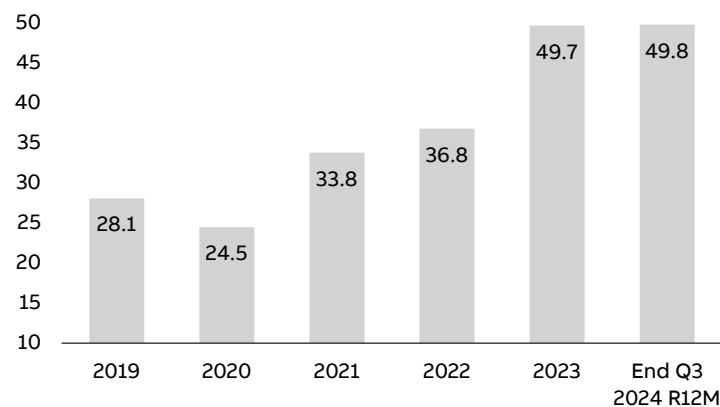


● Excluding impact of PG JV ownership interest

■ ROCE

--- Target range >18%

ROCE¹ on operating assets



Goodwill carried by the acquiring division

High return on operating assets – continue to invest

1. Alternative performance measure not comparable, details in Supplemental Reconciliations and Definitions section of the Q3 2024 Financial Information booklet.

... additional financial targets set in November 2023 & dividend policy

ROCE annual

>18%

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

Dividend policy of rising sustainable dividend per share over time

EPS growth through economic cycle

at least high single-digit %

basic EPS

FCF conversion to net income annual

~100%

Reinforced and accelerated sustainability agenda in November 2023

2030 and 2050 emission targets approved by the Science Based Targets initiative (SBTi)

We enable a low-carbon society

- Scope 1 and 2 CO2e emissions reduction of 80% by 2030 - 1.5°C-aligned versus 2019 baseline and 100% by 2050; - 1.5°C-aligned
- Scope 3 CO2e emissions reduction of 25% by 2030 90% by 2050 versus 2022 baseline; 1.5°C-aligned
- Avoided emissions
Ambition to enable our customers to avoid 600 megatons of CO2e emissions throughout lifetime of products sold from 2022 to 2030

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

ABB ESG recognized in ratings

MSCI ESG RATINGS AAA

CCC B BB BBB A AA AAA

Corporate ESG Performance

RATED BY **ISS ESG** Prime

ecovadis GOLD | Top 5% Sustainability Rating AUG 2024

Rated **McGRINGSTAR** | **SUSTAINALYTICS**

CDP DISCLOSURE INSIGHT ACTION

CDP SUPPLIER ENGAGEMENT LEADER 2023

ABB Ltd Electrical Components & Equipment

S&P Global CSA Score 2024 A key component of the S&P Global ESG Score

64 /100

CDP DISCLOSURE INSIGHT ACTION **A LIST 2023** CLIMATE

S&P Global Sustainable1

On track to deliver on our 2030 sustainability agenda

ABB Sustainability Disclosure Dashboard

ENABLING A LOW-CARBON SOCIETY

Reduce own scope 1 and 2 CO₂e emissions by 80% by 2030

From 2019



Reduce scope 3 CO₂e emissions by 25% by 2030

From 2022¹



Ambition to avoid emissions throughout lifetime of products sold between 2022 and 2030

From 2022



PRESERVING RESOURCES

Cover at least 80% of ABB's portfolio of products and solutions with our Circularity Approach by 2030

In 2023²



Send zero waste to landfill while reducing waste generation by 2030

From 2019



PROMOTING SOCIAL PROGRESS

Zero harm to our people and contractors – we aim for a gradual reduction in lost time from incidents

From 2019



Increase proportion of women in senior management roles to 25% by 2030

From 2019



Achieve a top-tier employee engagement score

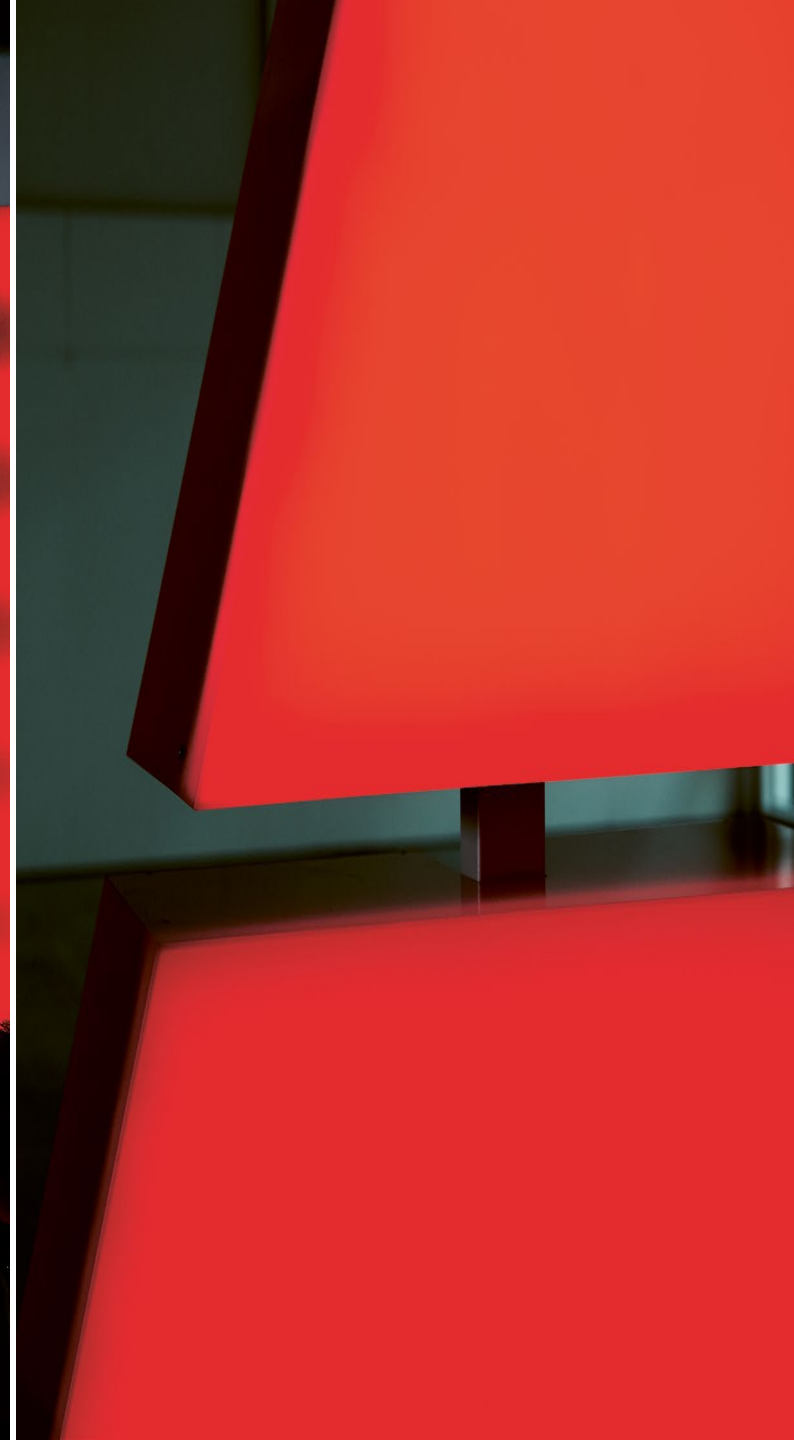
From 2019



2020 2021 2022 2023

1. **S Strict:** Absolute emissions increase considering energy input. Strict scenario resulted in a 11.3% absolute increase versus the 2030 target of a 25% reduction. **R Representative:** Absolute emissions decrease considering energy losses. Representative scenario resulted in a 0.2% absolute decrease versus the 2030 target of 25% reduction.
 2. Portfolio assessed through Circularity Approach

Q & A



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.

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 alternative performance measures. 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 “Q3 2024” on our website at global.abb/group/en/investors/quarterly-results.