

ZÜRICH, SWITZERLAND | APRIL 27, 2021 | BJÖRN ROSENGREN, CEO; TIMO IHAMUOTILA, CFO

# **Q1 2021 results**

Strong start to the 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,” “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:**

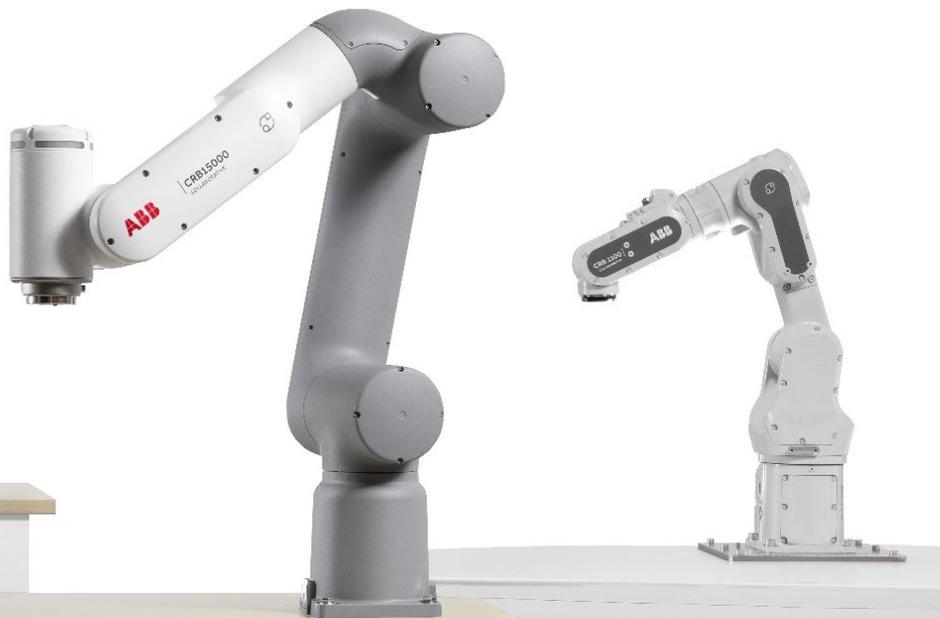
- business risks associated with the volatile global economic environment and political conditions
- costs associated with compliance activities
- market acceptance of new products and services
- changes in governmental regulations and currency exchange rates, and
- such other factors as may be discussed 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 “Financial Information” under “Quarterly results and annual reports” on our website at [www.abb.com/investorrelations](http://www.abb.com/investorrelations).

# Q1 2021 highlights



reddot winner 2021  
best of the best

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## 01.

**Strong growth** in revenues with three BAs noting increases<sup>1</sup>

High first quarter Op. EBITA **margin** with all BA margins increasing >100 bps

Strong profit growth translating into **stellar Q1 cash performance**

## 02.

New **E-mobility division** created in Electrification

**Energy Efficiency Movement** campaign commenced in Motion

**Management change** at the head of Measurement & Analytics division

Commercial launch of GoFa™ and SWIFTI™ **cobot families** by Robotics division

## 03.

**Dividend** of CHF 0.80 per share approved by shareholders at 2021 AGM

Initial **share buyback program** for \$3.5 bn completed, new share buyback program for up to \$4.3 bn launched

**#1 Swiss patents** with the European Patent Office in 2020

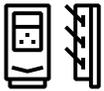
Part of Clarivate Top 100 Global Innovator as well as Corporate Knights Global 100 lists

1. YoY comparable. BA = Business Area.

# Demand driven by strong short-cycle business

## Notable orders developments

(comparable % YoY, unless otherwise indicated)



### Short-cycle

Up double-digit with positive development in most customer segments



### Services

Down mid-single digit with services down in all BAs except RA



### Discrete

Broad-based steep order growth outside of auto OEM



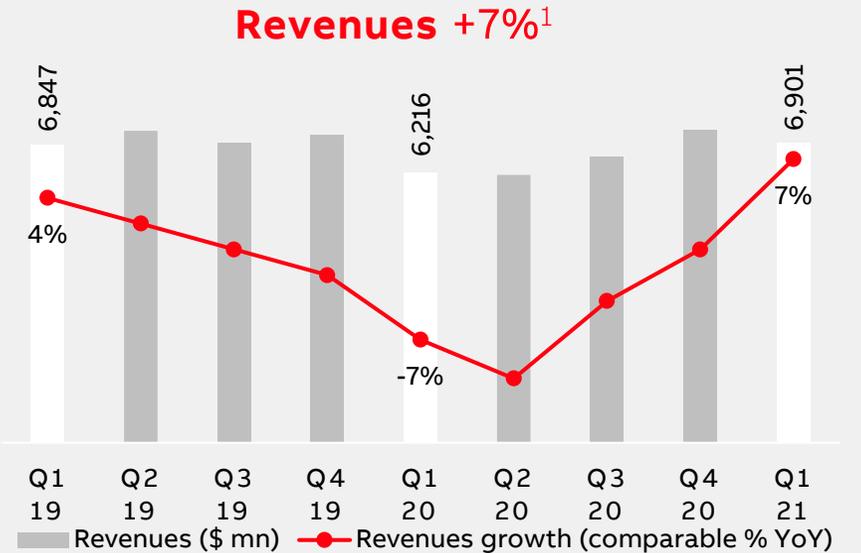
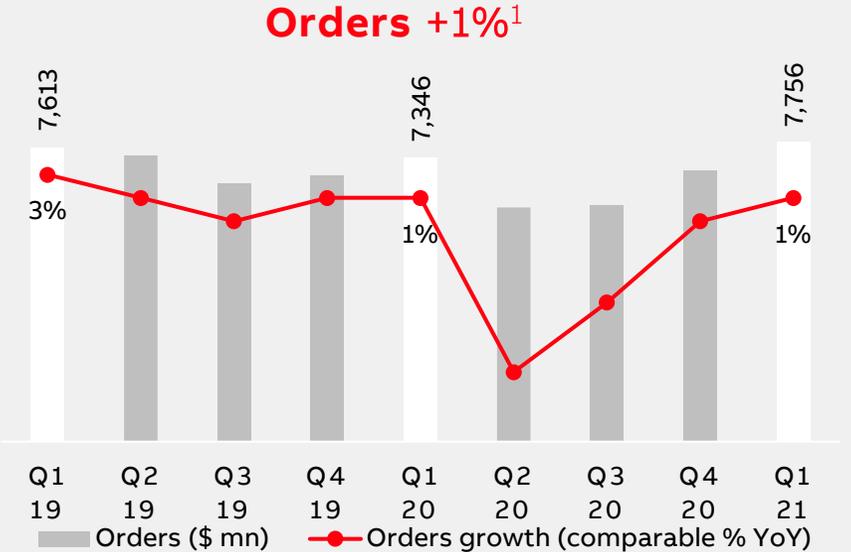
### Process

Strong customer activity in chemicals and water & wastewater; decline in oil & gas



### Transport & infrastructure

Strong in buildings, renewables, data centers and e-mobility; decline in marine segment, but improvement in ports



**Book-to-bill 1.12**

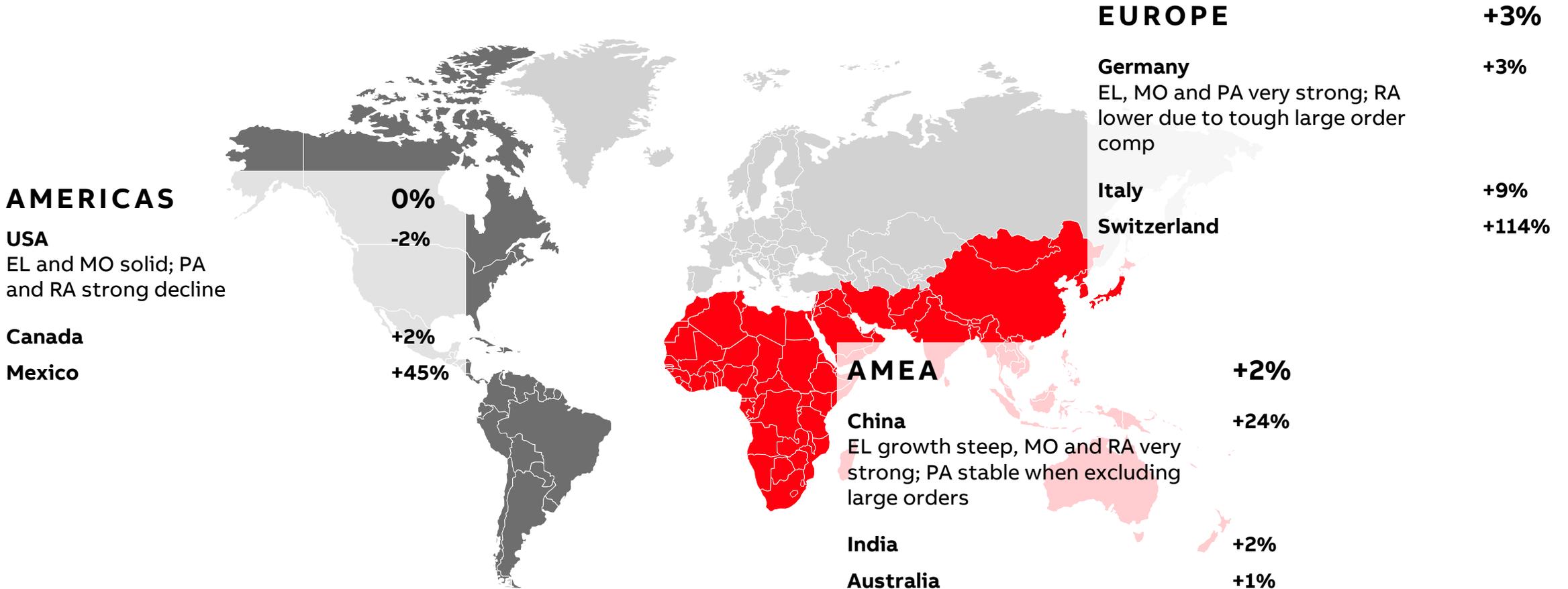
1. YoY comparable.

Note: \$ millions reported orders and revenues are impacted by foreign exchange and changes in the business portfolio.

RA = Robotics & Discrete Automation.

# China is the main growth engine in Q1

## Q1 2021 regional, country orders



# Volumes and productivity gains support margins

## Profitability drivers

(comparable % YoY, unless otherwise indicated)



### Gross margins

+220 bps, three out of four BAs noted positive development



### SG&A expenses

-4%<sup>1</sup>, declining from 20.1% to 18.3% in % of revenues



### R&D expenses

+6%<sup>1</sup>, increasing in all BAs



### Corporate and Other Operational EBITA

-\$101 mn, +\$14 mn YoY

1. Constant currency. 2. EPS growth rates are computed using unrounded amounts.

### Basic EPS

**\$0.25**  
**41%<sup>2</sup>**

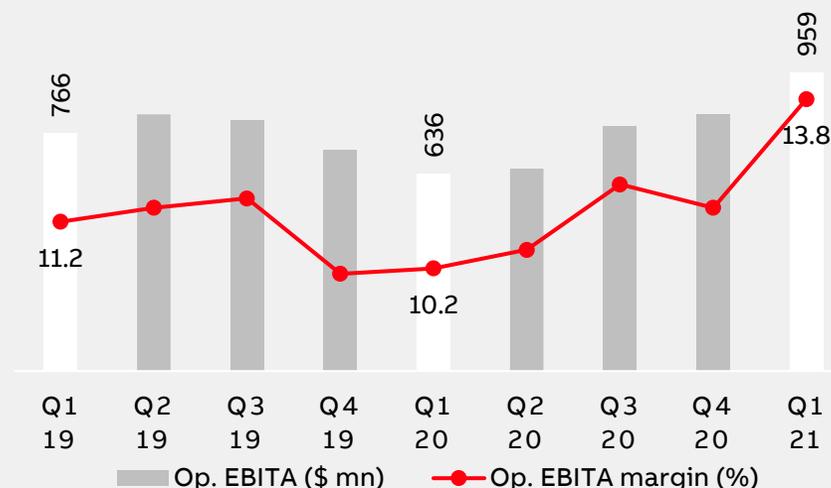
### Cash flow

from operating activities in continuing operations

**\$523 mn**  
**+919 mn**

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## Operational EBITA +51%



## Operational EBITA margin +360 bps

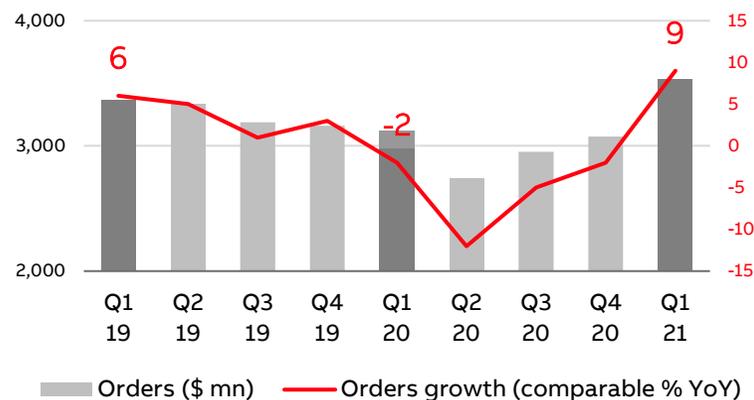
	Q1 20	Q1 21
<b>Op. EBITA margin</b>	<b>10.2%</b>	<b>13.8%</b>

Incl. negative basis points impact within period:

<b>Stranded costs</b>	-30 bps	n.a.
<b>Non-core</b>	-20 bps	-30 bps
	<b>-50 bps</b>	<b>-30 bps</b>

# Strong operating leverage

## Q1 2021 Electrification



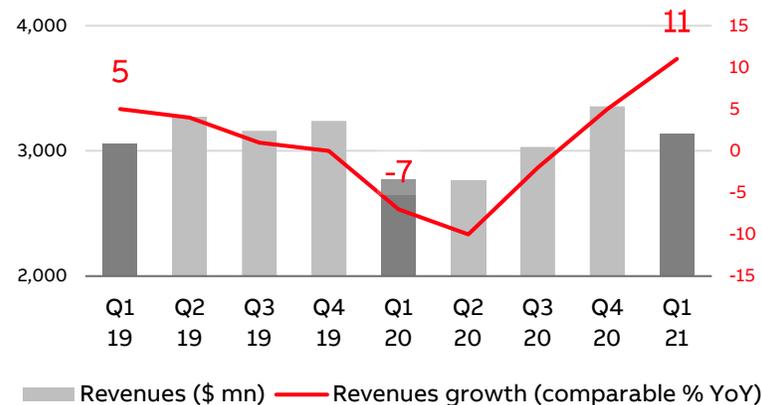
### Orders \$3,531 mn

Improved demand in buildings segment, residential outpacing non-residential

Data centers, food & beverage, rail and e-mobility strong

Oil & gas muted but signs of service business pick-up

Backlog \$4.7 bn (prior Q-end \$4.4 bn)

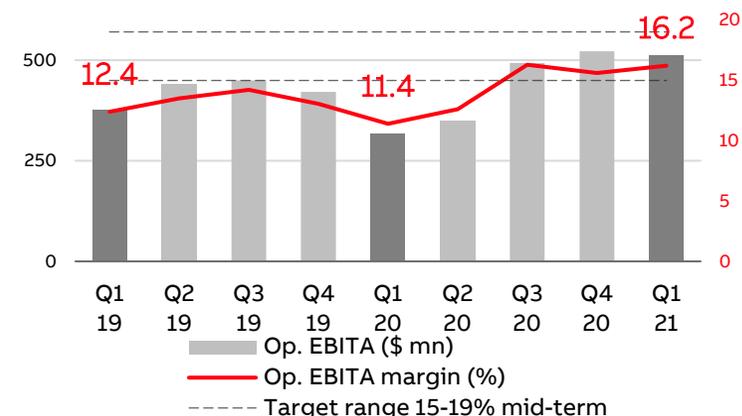


### Revenues \$3,140 mn

Strong book-and-bill business

Customer stock-building likely due to supply chain concerns and announced price increases

Book-to-bill 1.12x



### Operational EBITA \$511 mn, +61% YoY

Margin +480 bps YoY

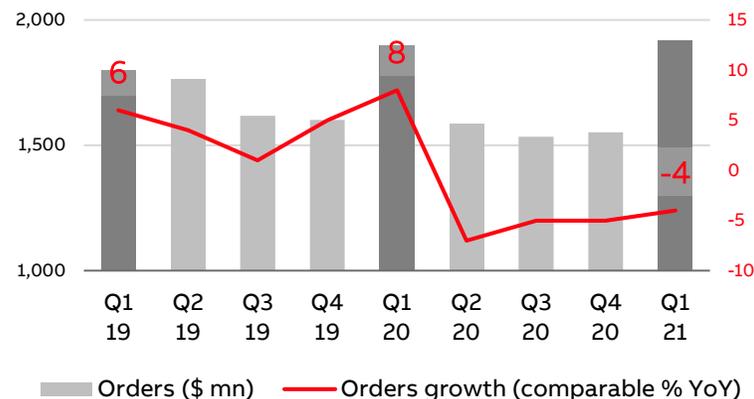
Strong volume at high contribution margin

Stringent cost control, continued support from low discretionary spend

Benefitting from recent pricing actions, as commodity headwinds are not yet materializing

# Continued strong performance

## Q1 2021 Motion



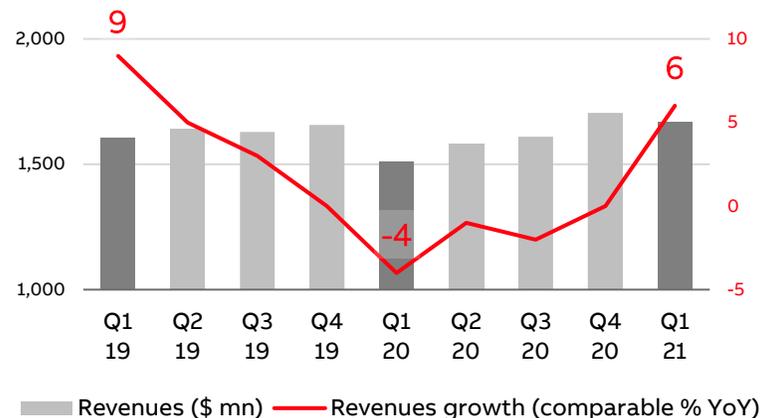
### Orders \$1,917 mn

Tough large orders comparison in rail and water

Stellar short-cycle products business

Strong customer activity in all segments outside of oil & gas

Backlog \$3.4 bn (prior Q-end \$3.3 bn)

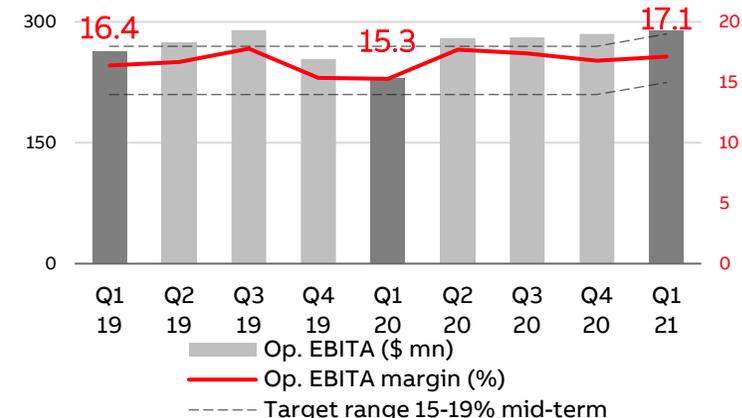


### Revenues \$1,667 mn

Strong book-and-bill business

Limited stock-building likely due to indicated price increases

Book-to-bill 1.15x



### Operational EBITA \$289 mn, +26% YoY

Margin +180 bps YoY

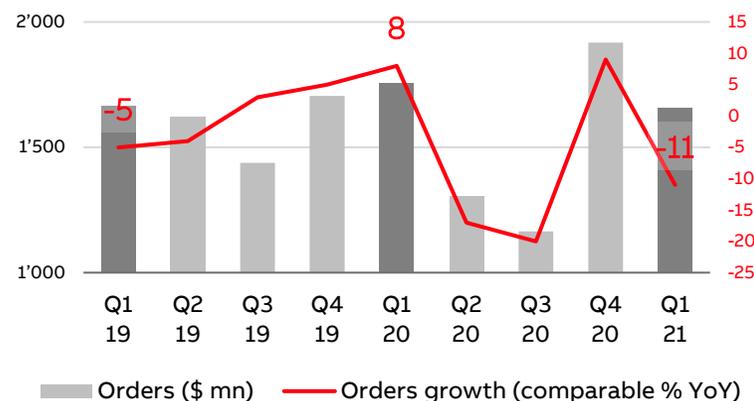
Additional volume at high contribution margin

Divisional mix supportive

Good cost mitigation, continued benefit from low discretionary spend, commodity headwinds not yet materializing

# Stabilizing markets and impact from cost initiatives

## Q1 2021 Process Automation



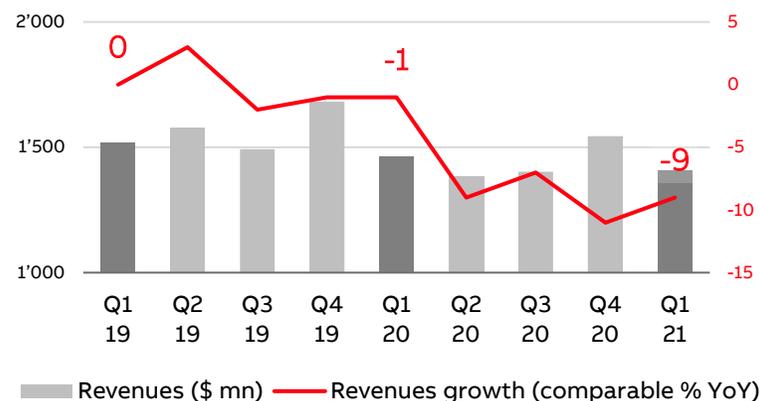
### Orders \$1,656 mn

Select improvement in ports, pulp & paper, chemicals, water and wastewater

Marine with steep decline, particularly cruise

Service orders decline mid-single digit

Backlog \$5.9 bn (prior Q-end \$5.8 bn)

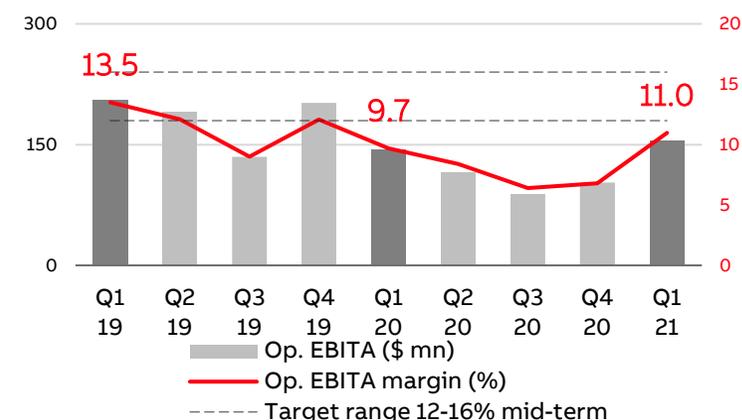


### Revenues \$1,407 mn

Driven by backlog execution, book-and-bill sluggish

Service revenues decline double digit

Book-to-bill 1.18x



### Operational EBITA \$155 mn, +8% YoY

Margin +130 bps YoY

Improving operational execution and impact from cost initiatives coming through

Management change in Measurement & Analytics

# Strong margin recovery

## Q1 2021 Robotics & Discrete Automation

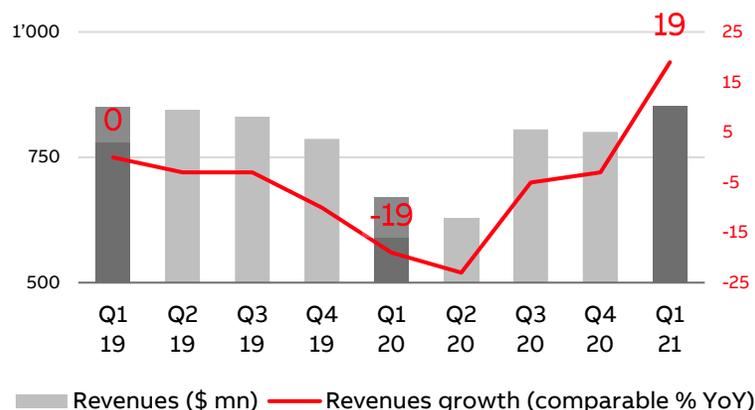


### Orders \$841 mn

Strong demand from machine builders, partially supported by inventory build-up

Double digit growth in most Robotics segments, offset by orders selectivity impact and soft auto market

Backlog \$1.4 bn (prior Q-end \$1.4 bn)

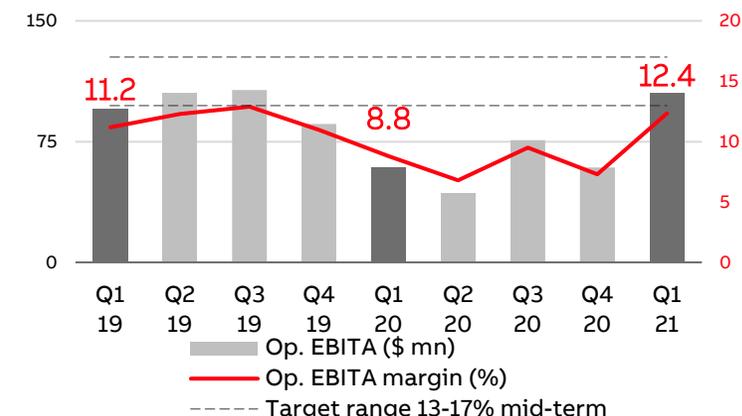


### Revenues \$853 mn

Strong backlog execution – reduced backlog in low margin turnkey auto system business

Some customer stock-building in Machine Automation division

Book-to-bill 0.99x



### Operational EBITA \$105 mn, +78% YoY

Margin +360 bps YoY

Positive mix within service business outweighs low margin backlog revenues from Robotics' automotive segment

Strong margin improvement in both divisions

# Revenues and Operational EBITA bridge

(\$ million, unless otherwise indicated)	Q1 2020	Δ Comparable (core)	Δ Non-core business	Δ Acquisitions /divestments	Δ FX	Q1 2021
<b>Revenues</b>	6,216	470	-14	-74	304	6,901
<b>Operational EBITA</b>	636	264	-10	18	51	959
<b>Op. EBITA margin (%)</b>	10.2					13.8
<b>Margin accretion/dilution (%)</b>		+3.2	-0.1	+0.4	+0.1	

# Cash generation analysis

## Q1 2021 cash flow drivers

### Cash flow from operating activities<sup>1</sup>

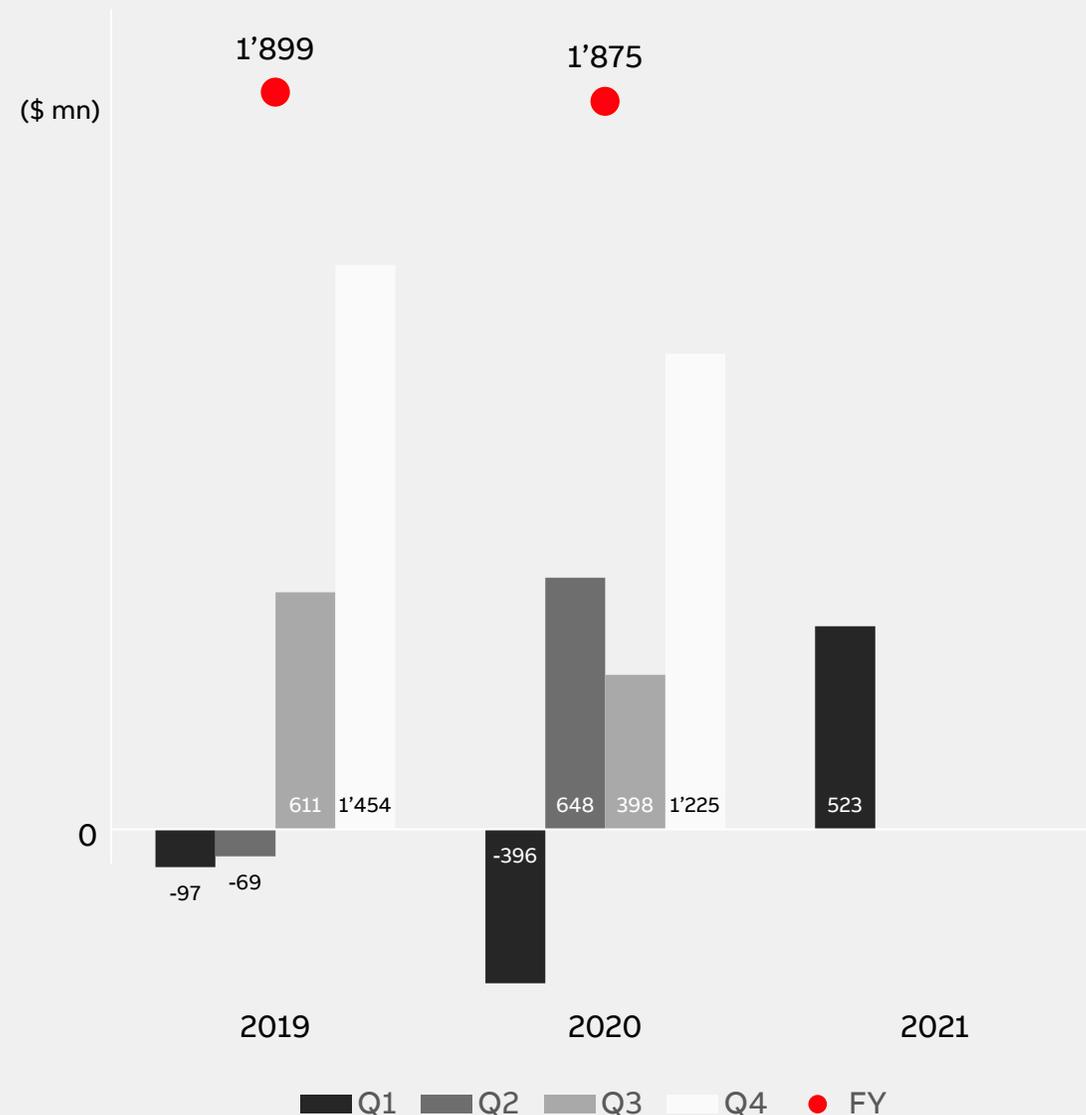
\$523 mn, +\$919 mn YoY

- Stronger operational performance from all business areas
- Stronger working capital management, especially inventory and trade payables
- More favorable timing of tax payments

Solid cash delivery expected for the year

### Cash flow from operating activities<sup>1</sup>

\$523 mn



# Outlook

## FY21

### Revenues

comparable growth of approximately 5% or higher, process industry related business expected to recover more significantly during H2

### Operational EBITA %

steady pace of improvement from 2020 towards 2023 margin target of upper half of 13% - 16% range

### Basic EPS

strong accretion YoY<sup>1</sup>

### Cash flows

solid delivery for the year

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## Q2

**Orders and revenues**  
comparable growth >10%, with orders growing more than revenues

**Operational EBITA %**  
approximately 14%

### UNDERLYING MARKET

	% of 2020 revenues <sup>2</sup>	Outlook Q2, YoY		% of 2020 revenues <sup>2</sup>	Outlook Q2, YoY
<b>Oil &amp; gas, chemicals</b>	~12%	●	<b>Food &amp; beverage</b>	~6%	● ● ●
<b>Non-resi buildings</b>	~11%	● ● ●	<b>Power distribution utilities</b>	~6%	● ● ●
<b>Mining &amp; metals</b>	~8%	● ●	<b>Conv. power generation</b>	~6%	●
<b>Residential buildings</b>	~7%	● ● ●	<b>Automotive</b>	~5%	● ● ●
<b>Marine &amp; ports</b>	~6%	● ● ●	<b>Renewables</b>	~3%	● ● ●

1. Excluding book gain from the sale of Power Grids. 2. Management estimates.

# E-mobility

The right platform to lead the next super cycle of EV-charging infrastructure build up. ABB E-mobility is a world leader in EV charging technology with a strong R&D pipeline and an unparalleled global reach. Increasing investment in R&D and capex to further develop a world class platform, build out its software suite and close portfolio white-spots.

Cementing global Nr. 1 position by extending the technology leadership in charging hardware and expanding its software and digital offering across the charging value chain.

## Broad product range AC to DC...

from 3 to 600 kW



## ...and digital services

Leading digital platform for EV charging operators: registration, scheduling, billing, analytics, remote monitoring & control

Largest installed base of connected chargers >20,000

>15% of revenues spent on R&D

Initiated carve out preparing for possible public listing to create platform for accelerated growth and value creation

Revenues ~\$220 mn<sup>1</sup>

~50% CAGR since 2016<sup>2</sup>

Global #1<sup>3</sup>

EV charging

~400,000

Chargers sold worldwide  
Including ~20K DC fast chargers

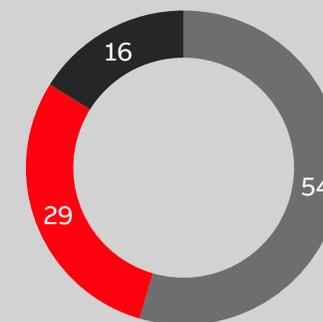
~850 FTEs

presence in >85 countries

Acquired majority stake in **Chargedot**, a leading Chinese e-mobility solution provider

Partnership with **Amazon Web Services** for real time fleet management

## % of 2020 orders



■ Europe

■ Americas

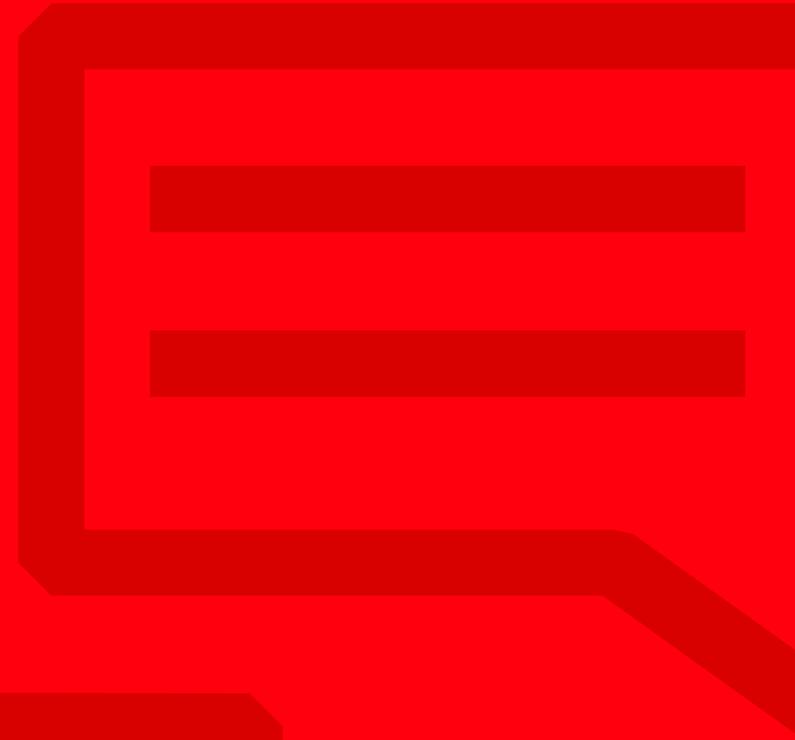
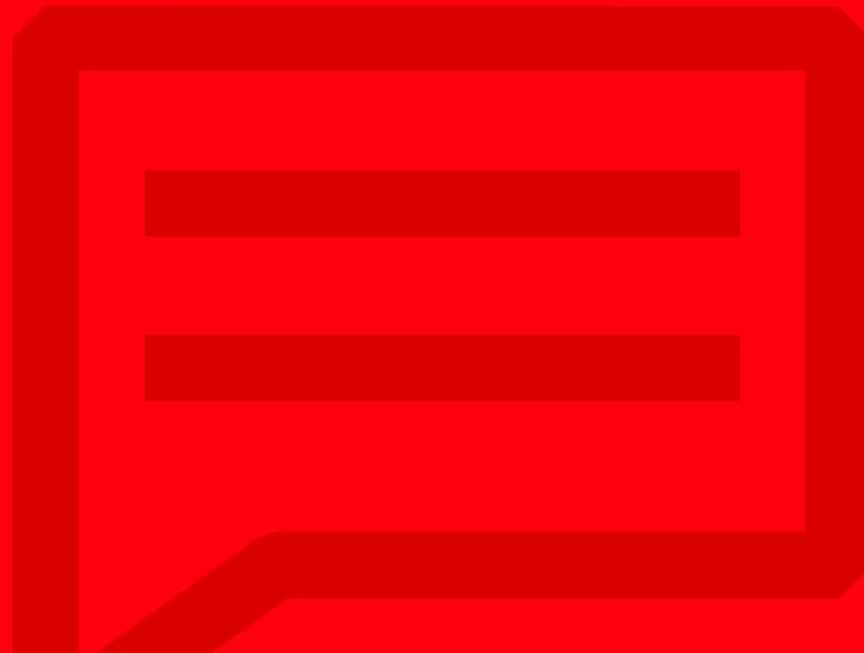
■ AMEA

1. FY 2020.

2. 2016 to 2020 revenue CAGR.

3. By revenues.

# Q&A





# Appendix

# 2021 framework

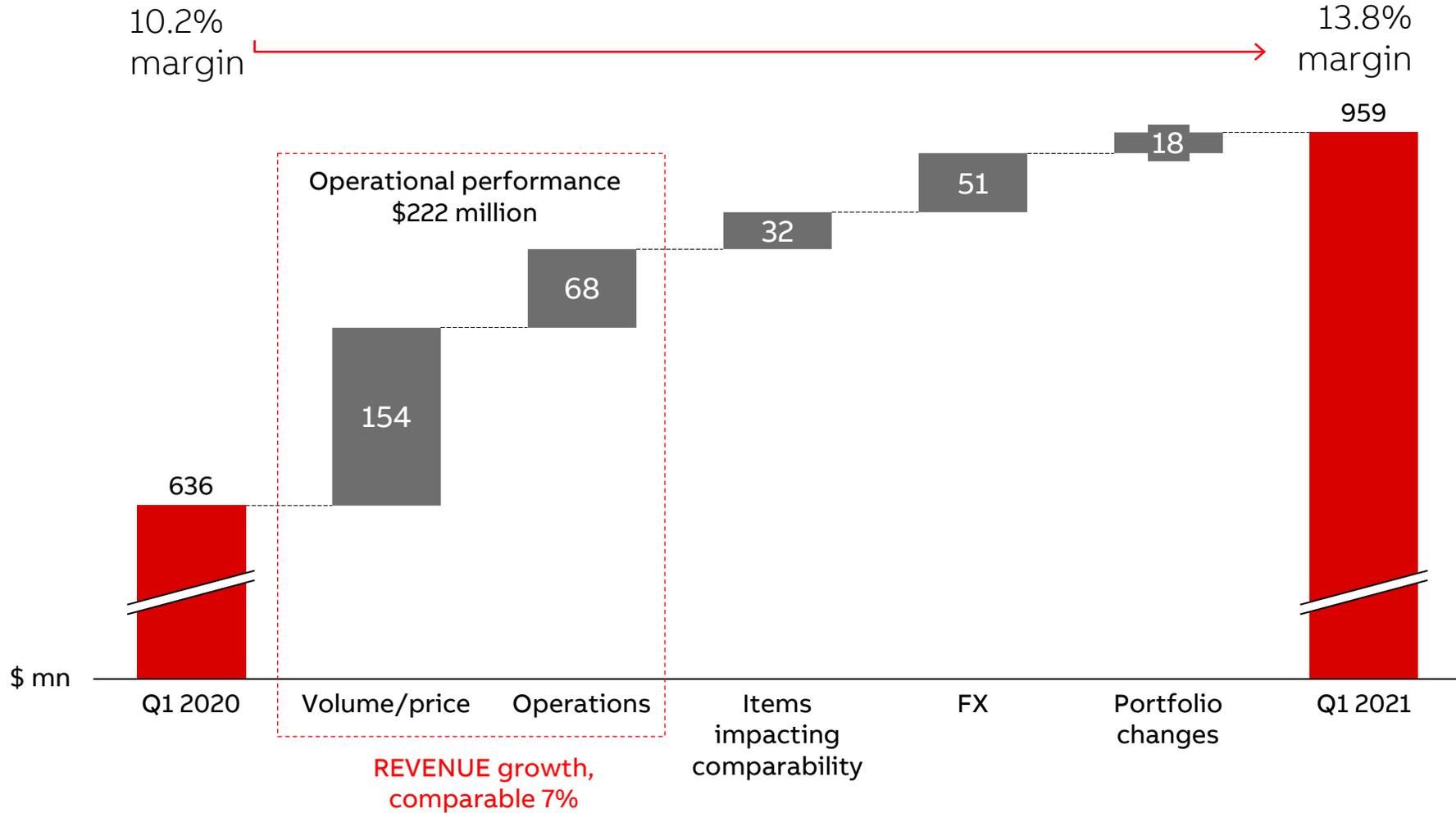
\$ mn unless otherwise stated	Q1 21	Q2 21 framework	2021 framework
<b>Corporate and Other Operational EBITA</b>	(101)	~(110)	~(425) <sup>1</sup>
<b>Non-operating items</b>			
Restructuring and restructuring-related	(35)	~(40)	~(200)
GEIS integration costs	(5)	~(10)	↓ ~ (20) from ~(30)
PPA-related amortization	(65)	~(65)	~(255)
Certain other income and expenses related to PG divestment <sup>2</sup>	(4)	~(15)	~(40)

	Q1 21	Q2 21 framework	2021 framework
<b>Net finance expenses</b>	(44)	~(30)	~(130)
<b>Non-operational pension (cost) / credit</b>	50	~45	~180
<b>Effective tax rate</b>	31.4%	~26%	~26%
<b>Capital expenditure</b>	(142)	~(185)	~(750)

↑↓ Revised guidance

1. Excluding 2 main operational exposures that are ongoing in the non-core business and for which exit timing is dependent on circumstances beyond ABB's control such as legal proceedings
2. Excluding share of net income from JV

# Operational EBITA bridge



**ABB**