Q2 2022 results
Strong demand and good operational performance
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 the “Financial Information” booklet found under “Q2 2022” on our website at global.abb/group/en/investors/quarterly-results.
Selected highlights

Strong order growth +20%, revenues +6%
+50 bps Op. EBITA margin improvement to 15.5%
CFO\(^2\) of $385 mn, -$278 mn YoY, impacted by NWC buildup

MO and PA CMD held in Helsinki during May
Exit of non-core full train retrofit business
Wind down of Russian business announced

Agreement to acquire controlling stake in Numocity
Decision taken to spin off Accelleron business\(^3\)

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1. YoY comparable. 2. Cash flow from operating activities in continuing operations. 3. Subject to approval by ABB's Extraordinary General Meeting. MO = Motion. PA = Process Automation.
Very strong business momentum
Q2 2022 results

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

**Short-cycle**
Very strong growth across all business areas

**Services**
Orders +12%¹ and revenues +4%¹

**Discrete**
Very strong development in machine building, F&B and general industries; automotive increased due to accelerating EV investments

**Process**
Improvement across all customer segments

**Transport & Infrastructure**
Strong in renewables and e-mobility; positive development in buildings, marine and ports

**Very high order backlog of $19.5 bn, +37%¹**

1. YoY comparable. Note: $ millions reported orders and revenues are impacted by foreign exchange and changes in the business portfolio.
### Strong demand across all regions

**Q2 2022 regional, country orders**

<table>
<thead>
<tr>
<th>Region</th>
<th>YoY Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Americas</strong></td>
<td>+33%</td>
</tr>
<tr>
<td><strong>USA</strong></td>
<td>+32%</td>
</tr>
<tr>
<td>Steep growth in EL, MO and PA; decline in RA</td>
<td></td>
</tr>
<tr>
<td><strong>Canada</strong></td>
<td>+11%</td>
</tr>
<tr>
<td><strong>Argentina</strong></td>
<td>+523%</td>
</tr>
<tr>
<td><strong>Europe</strong></td>
<td>+15%</td>
</tr>
<tr>
<td><strong>Germany</strong></td>
<td>+10%</td>
</tr>
<tr>
<td>Steep growth in PA, very strong growth in EL; growth in RA; decline in MO</td>
<td></td>
</tr>
<tr>
<td><strong>Italy</strong></td>
<td>+3%</td>
</tr>
<tr>
<td><strong>Sweden</strong></td>
<td>+34%</td>
</tr>
<tr>
<td><strong>AMEA</strong></td>
<td>+15%</td>
</tr>
<tr>
<td><strong>China</strong></td>
<td>+10%</td>
</tr>
<tr>
<td>Steep growth in PA and RA; strong growth in MO; decline in EL</td>
<td></td>
</tr>
<tr>
<td><strong>India</strong></td>
<td>+81%</td>
</tr>
<tr>
<td><strong>South Korea</strong></td>
<td>+34%</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.

Q2 profitability positively impacted by volumes and pricing

**Profitability drivers** (comparable % YoY, unless otherwise indicated)

- **Gross Profit**
  -2%\(^1\)
  Gross profit in % of revenues declining from 33.7% to 31.6%, hampered by mark to market losses on commodity derivatives, under-absorption of fixed costs in RA

- **SG&A expenses**
  +7%\(^1\)
  SG&A expense in % of revenues increasing to 18.2% from 17.6%

- **Corporate and Other Operational EBITA**
  -$13 mn, $79 mn lower YoY, including positive impact on Op. EBITA margin of ~60 bps related to exit of a legacy project and a real estate sale

### Basic EPS
- **$0.20**
- **-$0.17**

### Cash flow
- from operating activities in continuing operations
- **+$385 mn**
- **-$278 mn**

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1. Constant currency
**Strong demand and price execution**

**Q2 2022 Electrification**

**Orders $4,037 mn**

Strong customer activity across segments with softness noted only in residential construction in China

Steepest growth in the Americas; lower growth in AMEA, as China declined -5% YoY impacted by lockdowns

Backlog $6.7 bn (prior Q-end $6.5 bn)

**Revenues $3,531 mn**

Revenue growth driven by strong pricing execution

Volumes continue to be impacted by supply chain disruptions, particularly in the Distribution Solutions division; challenges expected to slightly ease in coming quarters

Book-to-bill 1.14x

**Operational EBITA $599 mn, +1% YoY**

Margin -50 bps YoY

Margin decline primarily driven by under-absorption of fixed costs in Distribution Solution due to component shortages
Orders $2,079 mn
Another $2 bn plus orders quarter, despite adverse impact from portfolio changes and changed exchange rates
Strong demand noted in all customer segments for motors, drives and service offering
Backlog $4.6 bn (prior Q-end $4.3 bn)

Revenues $1,626 mn
Strong price execution main driver of revenues growth
Volumes hampered by China lockdowns, impacting local logistics; gradual easing noted as quarter progressed
Book-to-bill 1.28x

Operational EBITA $266 mn, -18% YoY
Margin -130 bps YoY; incl. approximately -60 bps impact from Dodge divestment
Margin decline primarily driven by under-absorption of fixed costs and adverse divisional mix
Strong price execution offsetting negative impact from higher input costs
Strong profitability improvement
Q2 2022 Process Automation

Orders $1,819 mn
Strong demand across customer segments, with particular strength in metals & mining and marine
Double-digit order growth across all divisions and regions, supported by base orders and higher contribution from large orders
Backlog $6.2 bn (prior Q-end $6.2 bn)

Revenues $1,529 mn
All divisions contributing to revenue growth
Some impact from component shortages; expected to continue as the year progresses
Book-to-bill 1.19x

Operational EBITA $224 mn, +17% YoY
Margin +180 bps YoY
Most divisions with double-digit margins
Profitability improvement driven by volume and efficiency measures, slightly offset by divisional mix and higher input costs mainly in freight and electrical components
Orders $1,109 mn
High customer demand in both divisions with a stable trend throughout the quarter
All customer segments increased, with particularly strong momentum in automotive – driven by EV investments in China and general industry
Backlog $2.7 bn (prior Q-end $2.5 bn)

Revenues $732 mn
General supply chain constraints and COVID-related lockdowns in China significantly hampered customer deliveries
Book-to-bill 1.52x

Operational EBITA $60 mn, -38% YoY
Margin -330 bps YoY
Low volumes and cost inflation linked to tight supply chain weighing on margin
Missing volumes from China lockdown and cost inflation more than offset the contribution from cost measures and positive price execution
## Revenues and Operational EBITA bridge

<table>
<thead>
<tr>
<th></th>
<th>Q2 2021</th>
<th>Δ Comparable (core)</th>
<th>Δ Non-core business</th>
<th>Δ Acquisitions/divestments</th>
<th>Δ FX</th>
<th>Q2 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>7,449</td>
<td>365</td>
<td>-</td>
<td>-125</td>
<td>-438</td>
<td>7,251</td>
</tr>
<tr>
<td>Operational EBITA</td>
<td>1,113</td>
<td>116</td>
<td>19</td>
<td>-39</td>
<td>-73</td>
<td>1,136</td>
</tr>
<tr>
<td>Op. EBITA margin (%)</td>
<td>15.0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>15.5</td>
</tr>
</tbody>
</table>

Margin accretion/dilution (%)
- +0.7
- +0.2
- -0.3
- -0.1
Cash generation analysis
Q2 2022 cash flow drivers

Cash flow from operating activities\(^1\) (+$385 mn, -$278 mn YoY)

- Similar operational performance
- Higher build-up of trade working capital, mainly related to inventories to support future deliveries on the high order intake as well as payables

Solid cash flow expected for this year

1. Continuing operations only
Update on active portfolio management
Accelleron and E-mobility

Accelleron announcement

• ABB to **spin off** Accelleron and list the company on SIX Swiss Exchange
• The transaction will allow both ABB and Accelleron to **focus on their respective core strategies** and long-term value creation for their stakeholders
  • ABB’s shareholders can realize the full value of Accelleron while allowing ABB to focus on its core portfolio in the areas of electrification and automation
  • Accelleron as the market-leader in heavy-duty turbocharging can focus on reaching its full potential in the large engine industry
• **Accelleron is a profitable and cash generative business** targeting an attractive dividend policy
• ABB shareholders to receive **1 Accelleron share for every 20 ABB shares** they hold
• The spin-off is subject to approval by ABB’s Extraordinary General Meeting (EGM) scheduled for September 7, 2022, and subsequent listing planned for October 3, 2022

Update on planned IPO of E-mobility

• **Planned listing postponed** due to challenging market conditions
• ABB is monitoring market conditions and is **fully committed to proceed with a listing** of the business on the SIX Swiss Exchange as and **when market conditions are constructive**
• ABB E-mobility will **continue to execute its growth story**, driven organically and through M&A
• A **new dedicated identity under the ABB brand** is also being prepared for the business
A resilient business

Decentralized operating model

More electricity
New energy sources
Higher energy-efficiency
Shrinking labor force

Well-positioned to structural megatrends

Balanced across geographies

Strong balance sheet

Proven track record during the COVID-19 crisis

1. % of FY 2021 third party revenues. AMEA: Asia, Middle East and Africa.
Outlook

Q3 2022

Revenues
Double-digit comparable revenue growth

Operational EBITA %
Sequential improvement, excluding the 60 bps positive impact from special items in Q2

FY 2022

Orders and revenues
We expect support from a positive market momentum and our strong order backlog

Operational EBITA %
Steady margin improvement towards the 2023 target of at least 15%
2022 framework

<table>
<thead>
<tr>
<th>$ mn unless otherwise stated</th>
<th>Q2 22</th>
<th>Q3 22 framework</th>
<th>2022 framework ↑↓</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate and Other Operational EBITA</td>
<td>(13)</td>
<td>~(80)</td>
<td>↓~(200) from ~(300)</td>
</tr>
<tr>
<td>Non-operating items:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Acquisition-related amortization</td>
<td>(59)</td>
<td>~(55)</td>
<td>~(230)</td>
</tr>
<tr>
<td>Restructuring and restructuring-related</td>
<td>(264)²</td>
<td>~(35)</td>
<td>↓~(100) + (252)² from ~130</td>
</tr>
<tr>
<td>Separation costs³</td>
<td>(40)</td>
<td>~(50)</td>
<td>~(180)</td>
</tr>
<tr>
<td>ABB Way transformation</td>
<td>(39)</td>
<td>~(40)</td>
<td>~(150)</td>
</tr>
<tr>
<td>Certain other income and expenses related to PG divestment⁴</td>
<td>(4)</td>
<td>-</td>
<td>~(25)</td>
</tr>
<tr>
<td>Net finance expenses</td>
<td>(20)</td>
<td>~(30)</td>
<td>~100</td>
</tr>
<tr>
<td>Non-operational pension (cost) / credit</td>
<td>32</td>
<td>~30</td>
<td>↓~120 from ~140</td>
</tr>
<tr>
<td>Effective tax rate</td>
<td>32.2%</td>
<td>~25%⁵</td>
<td>~25%⁵</td>
</tr>
<tr>
<td>Capital expenditure</td>
<td>(151)</td>
<td>~(200)</td>
<td>~(750)</td>
</tr>
</tbody>
</table>

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. Includes restructuring-related expenses of $195 million from the exit of the full train retrofit business as well as $57 million respectively from the exit of the Russian market in Q2 2022.
3. Costs relating to the announced exits and the potential E-mobility listing.
4. Excluding share of net income from JV.
5. Excluding impact of acquisitions or divestments or any significant non-operational items.

↑↓ Revised guidance
Operational EBITA bridge

- **Revenue growth, comparable 6%**
- **Operational performance $116 million**
- **Volume/price** 446
- **Operations** 330
- **Items impacting comparability**
- **FX** 73
- **Portfolio changes** 39

**Q2 2021**

**Q2 2022**

$ mn

15.0% margin

15.5% margin

Operational performance $116 million