

ZURICH, SWITZERLAND | FEBRUARY 2, 2023 | BJÖRN ROSENGREN, CEO; TIMO IHAMUOTILA, CFO

Q4 2022 results

Strong performance improvements in Q4 and long-term margin target achieved early



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.

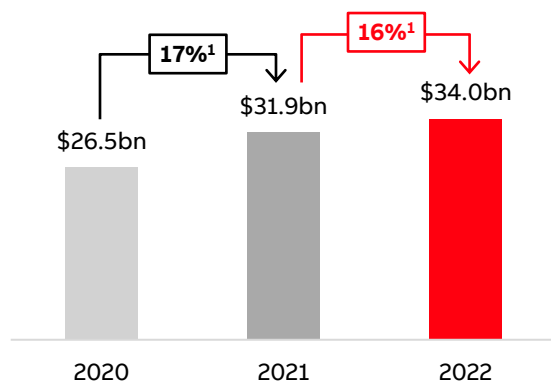
Although ABB Ltd believes that its expectations reflected in any such forward-looking statement are based upon reasonable assumptions, **it can give**

no assurance that those expectations will be achieved.

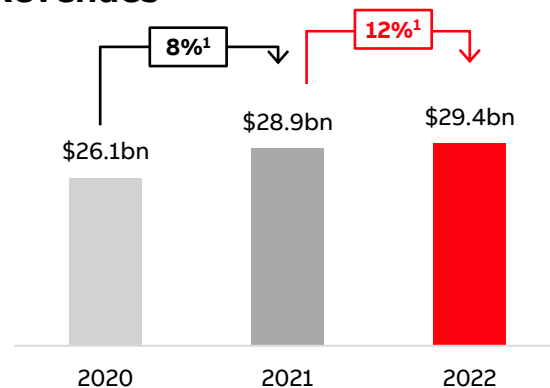
This presentation contains non-GAAP measures of performance. Definitions of these measures and reconciliations between these measures and their US GAAP counterparts can be found in the “Supplemental Reconciliations and Definitions” section of the “Financial Information” booklet found under “Q4 2022” on our website at global.abb/group/en/investors/quarterly-results.

Achieved Operational EBITA margin target one year early

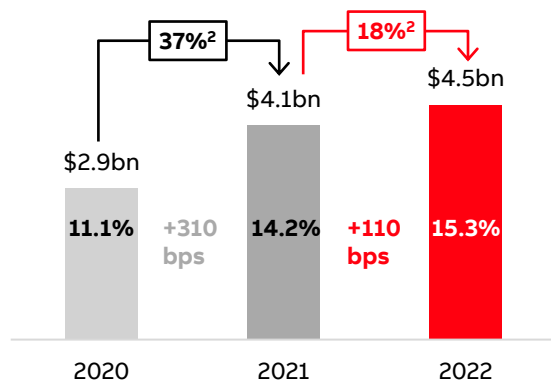
Orders



Revenues



Operational EBITA and margin



Basic EPS

	2020	2021	2022
Basic EPS	\$2.44	\$2.27	\$1.30
Incl. impact within period:			
PG book gain ³	+\$2.44	n.a.	n.a.
Pension restr. ⁴	-\$0.23	n.a.	n.a.
Dodge book gain ⁵	n.a.	+\$1.10	n.a.

1. YoY comparable. 2. YoY constant currency. 3. Power Grids related book gain. 4. Costs related to non-operational pension transfers. 5. Mechanical Power Transmission related book gain.

💡 2022 highlights

Continued to **cement performance culture** as transparency and accountability further pushed down within divisions

Double-digit top-line growth as ABB is well-positioned to benefit from megatrends; some impact from elevated pre-ordering in H1 2022

Achieved profitability target of at least 15% Operational EBITA margin **one year early**; **cash flow impacted** by higher trade working capital

Strong progress in **aligning portfolio with ABB purpose** through acquisitions, divestment of Power Conversion⁶ and Hitachi Energy stake, Accelleron spin-off and resolving of legacy projects

ROCE within target range; **shareholders rewarded** through continued buyback, incl. returning remaining Power Grids proceeds; proposed 2022 DPS of CHF 0.84

6. Announced, expected to close in H2 2023.

Normalizing demand picture

Q4 2022 results

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



Short-cycle

Mixed development in short-cycle orders



Services

Orders +7%¹ and revenues +8%¹, both up in all business areas



Discrete

Improvement in automotive on EV-related investments; normalizing demand in consumer related segments



Process

Robust in refining; oil & gas, water & wastewater, power generation, pulp & paper holding up; metals softer

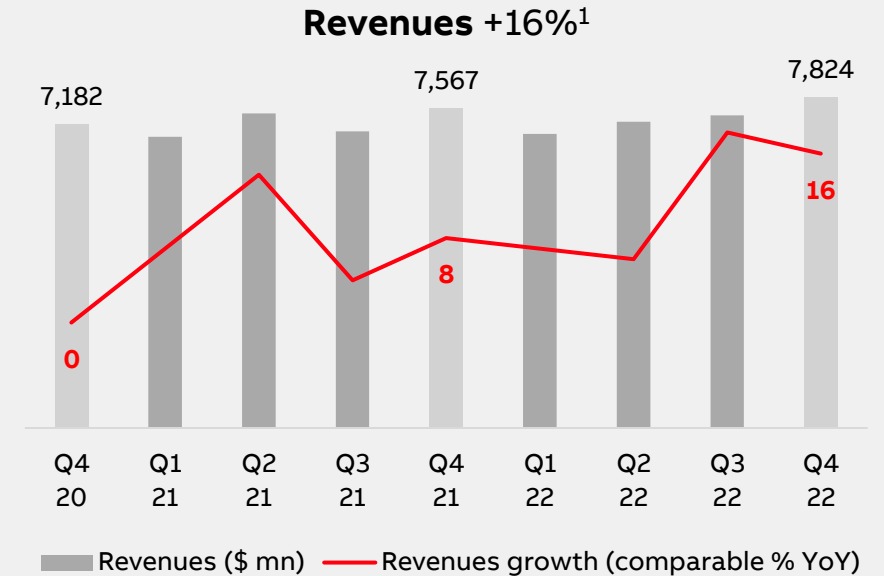
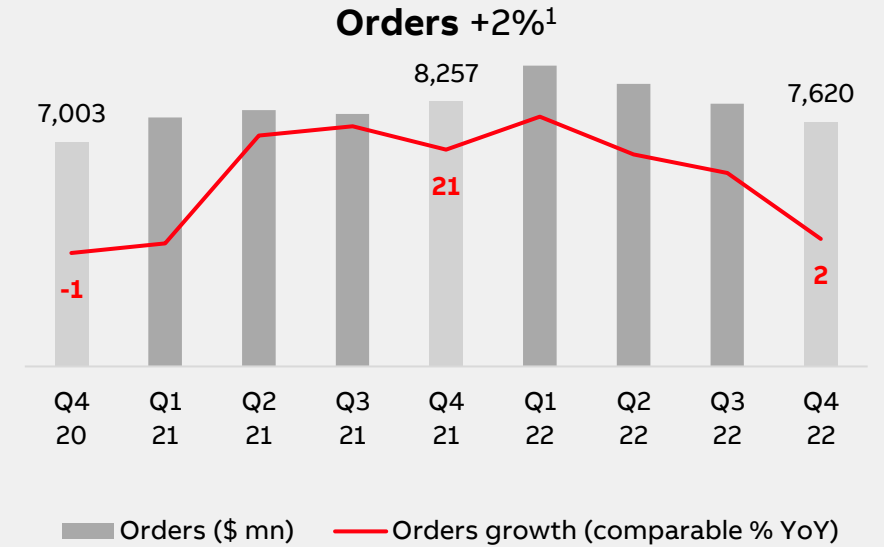


Transport & infrastructure

Positive in marine & ports and renewables; weakness in residential buildings; robust in commercial construction



Very high order backlog of \$19.9 bn, +29%¹

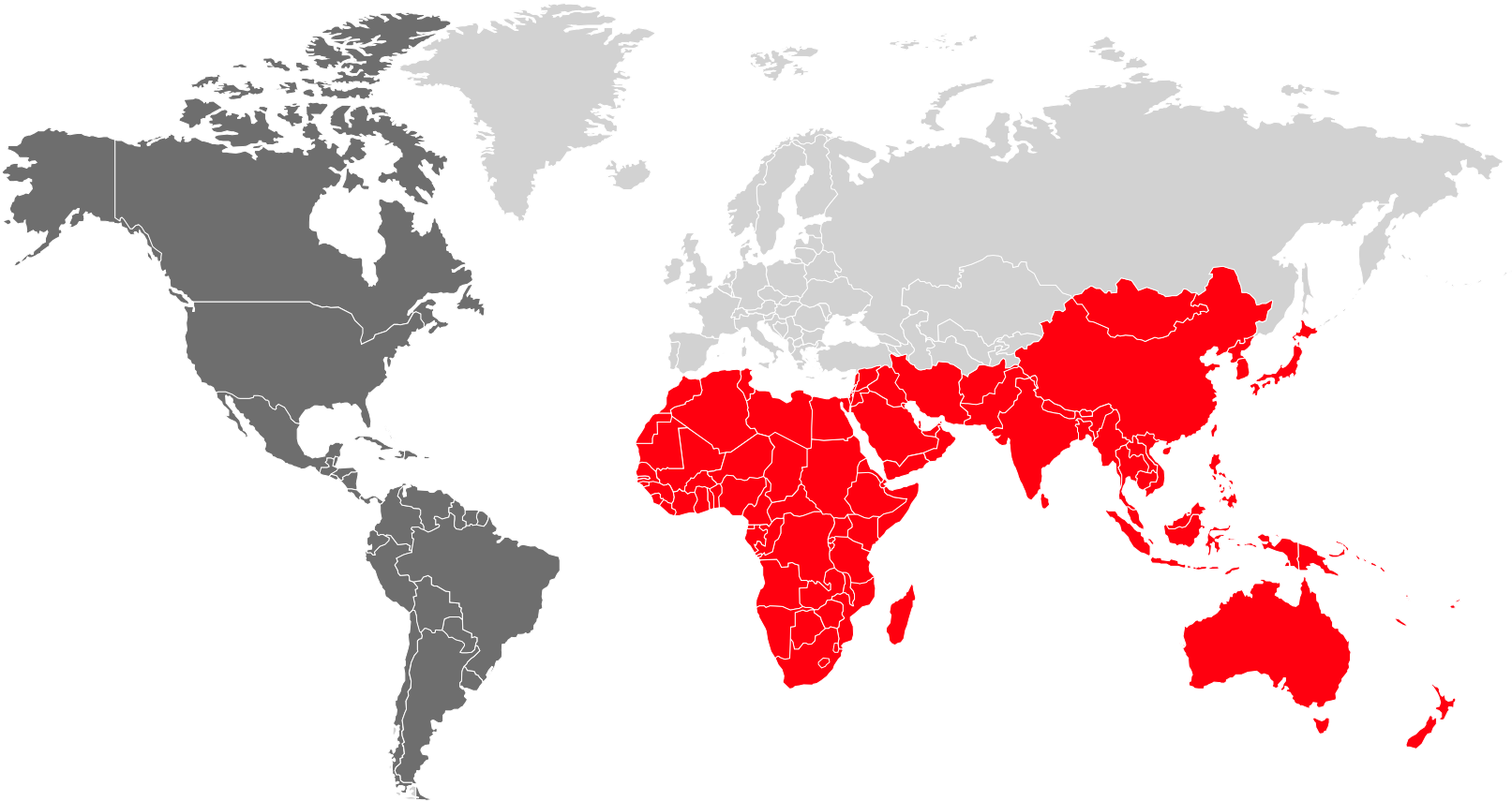


Book-to-bill 0.97

Continued strong demand in the Americas

Q4 2022 regional, country orders

Americas	+15%
<hr/>	
USA	+13%
Steep growth in EL; strong growth in PA; growth in MO; steep decline in RA	
Canada	+13%
Mexico	-1%
<hr/>	
Europe	-5%
<hr/>	
Germany	-15%
Steep growth in MO; decline in EL; steep decline in PA and RA	
Italy	+12%
Sweden	+7%
<hr/>	
AMEA	-2%
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China	-12%
Growth in MO; decline in EL; steep decline in PA and RA; some Covid-related slowdown towards end of Q	
India	+22%
Australia	+23%



Q4 profitability positively impacted by volumes and price

Profitability drivers



Gross Profit

+22%¹

Gross profit as a % of revenues increased from 31.7% to 34.0%; increases in all business areas driven by strong pricing and higher volumes improving cost absorption



SG&A expenses

+5%¹

SG&A expense as a % of revenues declined from 17.9% to 16.6%



Corporate and Other Operational EBITA

-\$72 mn, -\$36 mn YoY

Basic
EPS

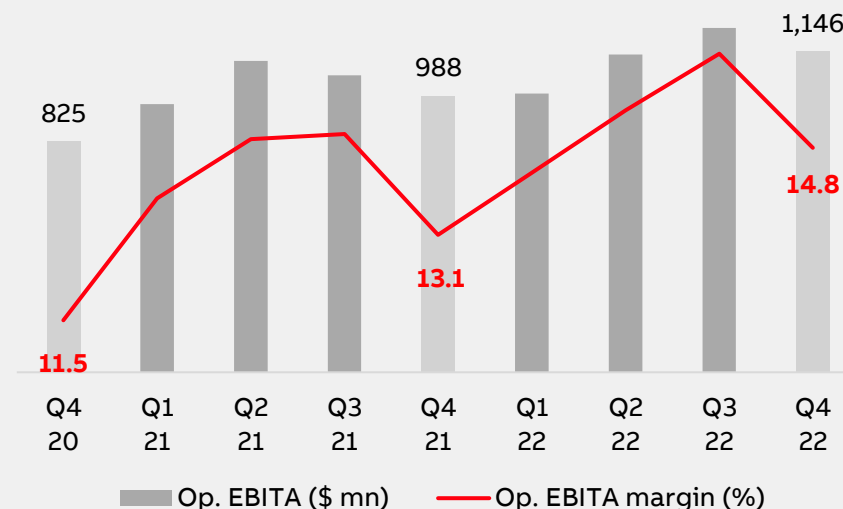
\$0.61
-\$0.73 YoY²

Cash flow | from operating
activities in continuing operations

+\$720 mn³
-\$313 mn YoY

1. Constant currency. 2. Change in EPS impacted by Mechanical Power Transmission related book gain of \$1.10 in Q4 2021. 3. Negative impact of ~\$315 mn due to earlier announced settlements for Kusile project.

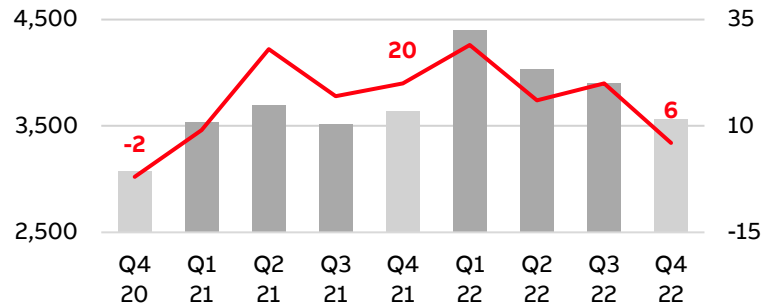
Operational EBITA +16%



Operational EBITA margin +170 bps

Continued strong price execution

Q4 2022 Electrification



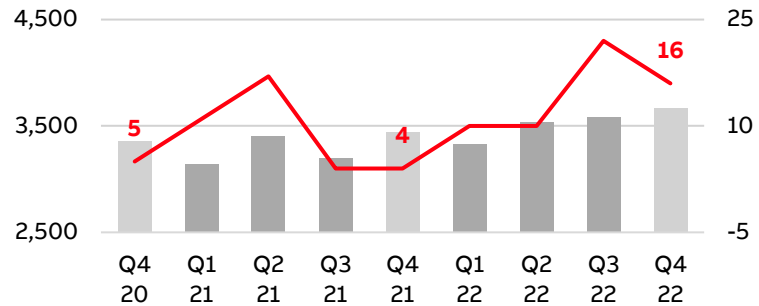
— Orders (\$ mn) — Orders growth (comparable % YoY)

Orders \$3,565 mn

Stable or improving demand in most customer segments, except for residential construction and overall China

Very strong customer activity in the Americas, driven by the USA; decline in Europe and Asia, Middle East and Africa

Backlog \$6.9 bn (prior Q-end \$6.8 bn)



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

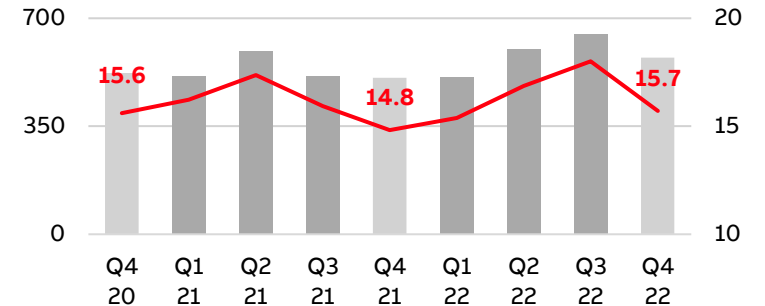
Revenues \$3,663 mn

Revenue growth driven by all divisions

Normalized supply chain supporting deliveries from backlog

Announced divestment of Power Conversion division (~\$440 mn revenues); Smart Buildings division decided to exit emergency lighting business (~\$160 mn revenues)

Book-to-bill 0.97x



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

Operational EBITA \$572 mn, +13% YoY

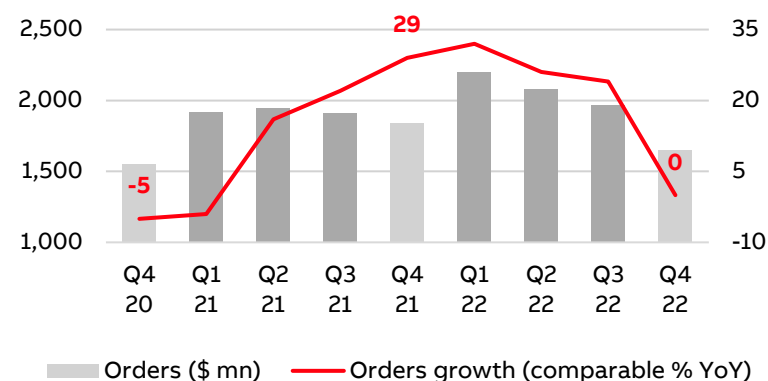
Margin +90 bps YoY

Margin improvement primarily driven by price and volume; price more-than-offsetting cost inflation and negative geographic and divisional mix

Some impact from underabsorption due to slowing residential construction market

Continued strong delivery

Q4 2022 Motion

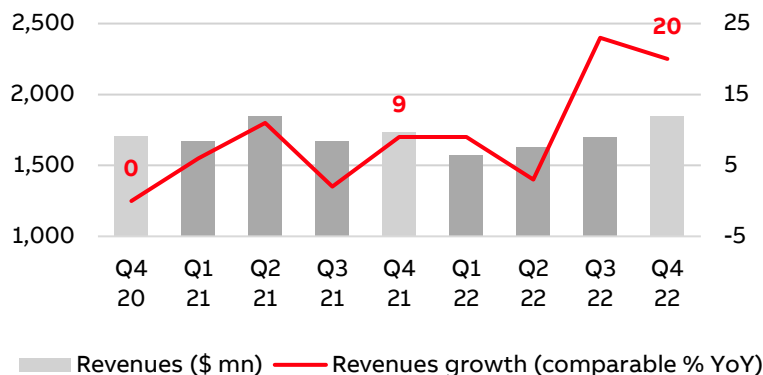


Orders \$1,649 mn

Stable development as fewer project orders were offset by mid-single digit base business improvement

Europe declined due to large traction order booked in prior year; positive momentum in the Americas and Asia, Middle East and Africa

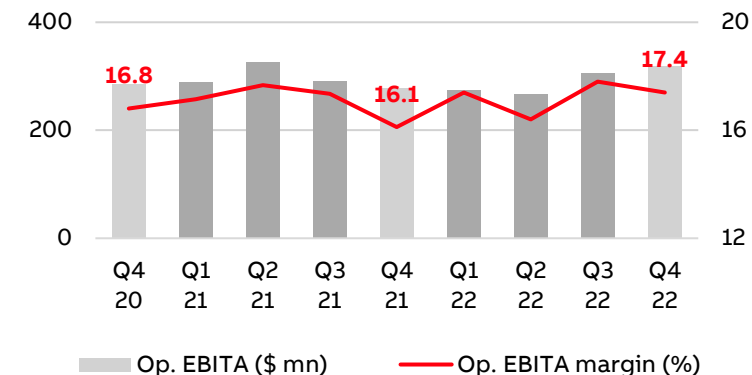
Backlog \$4.7 bn (prior Q-end \$4.6 bn)



Revenues \$1,845 mn

Continued strong volume recovery, in both short-cycle and the systems-related business from backlog execution

Book-to-bill 0.89x



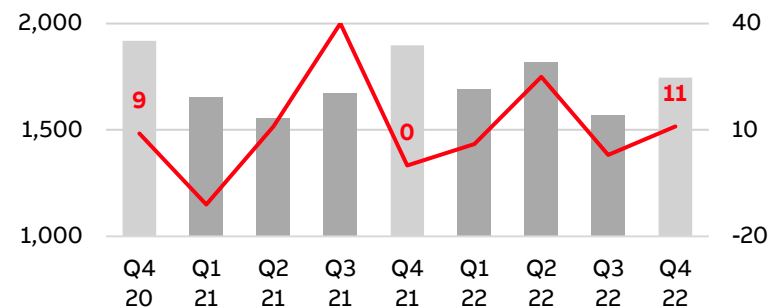
Operational EBITA \$318 mn, +14% YoY

Margin +130 bps YoY; incl. approximately -10 bps impact from Dodge divestment

Margin increase primarily driven by volumes and strong price execution more-than-offsetting negative impact from higher input costs

Solid order momentum in all divisions

Q4 2022 Process Automation



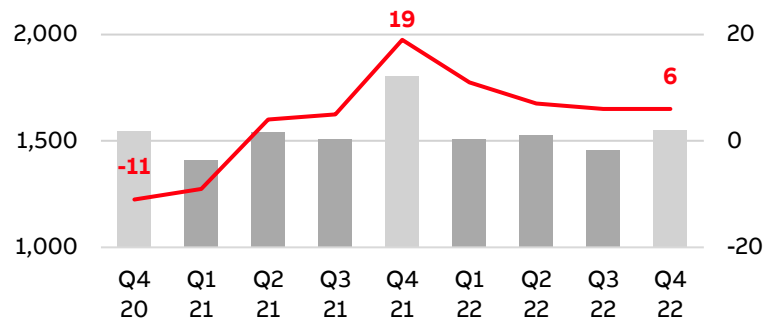
— Orders (\$ mn) — Orders growth (comparable % YoY)

Orders \$1,746 mn

Robust customer activity, particularly strong in marine, ports, mining, refining and renewables; softer momentum in metals

Growth led by the Americas; decline in Asia, Middle East and Africa driven by high comparable from prior year

Backlog \$6.2 bn (prior Q-end \$6.0 bn)



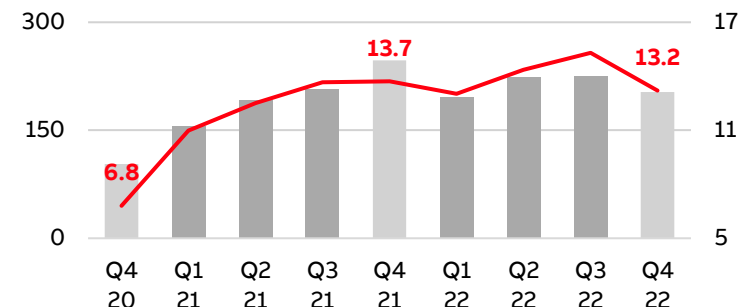
— Revenues (\$ mn) — Revenues growth (comparable % YoY)

Revenues \$1,551 mn

Virtually all divisions contributing to revenue growth, while absolute revenues impacted by turbocharging business spin-off

Some continued impact from component shortages, but manageable

Book-to-bill 1.13x



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

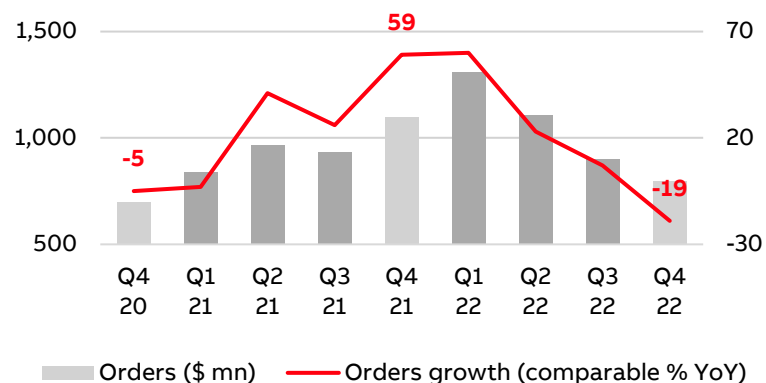
Operational EBITA \$203 mn, -18% YoY

Margin -50 bps YoY; incl. approximately -160 bps impact from Accelleron spin-off

Underlying profitability improvement driven by volume, better project execution and growth in digital business; continued gross margin improvement

Strong revenue growth and continued profitability improvement

Q4 2022 Robotics & Discrete Automation



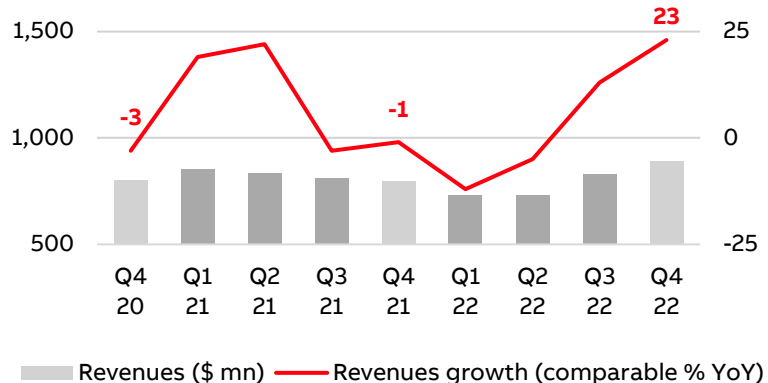
Orders \$798 mn

Normalization of order patterns after a period of elevated levels due to pre-ordering

Stable development in Robotics, while Machine Automation declined significantly from a very high comparable

All regions down double-digit

Backlog \$2.7 bn (prior Q-end \$2.7 bn)

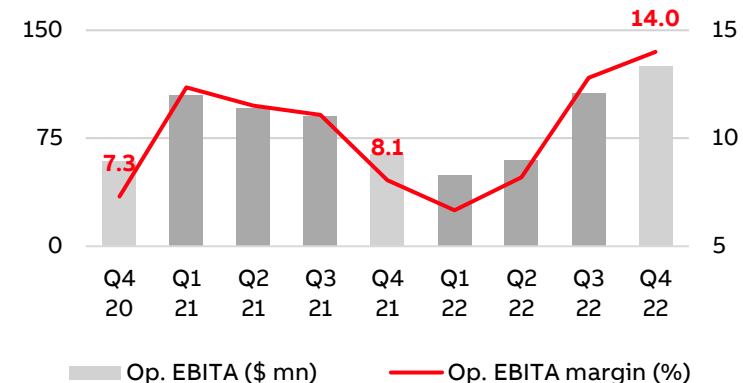


Revenues \$891 mn

Continued improvement in access to components resulting in volume release from order backlog

Both divisions contributing to strong revenue growth

Book-to-bill 0.90x



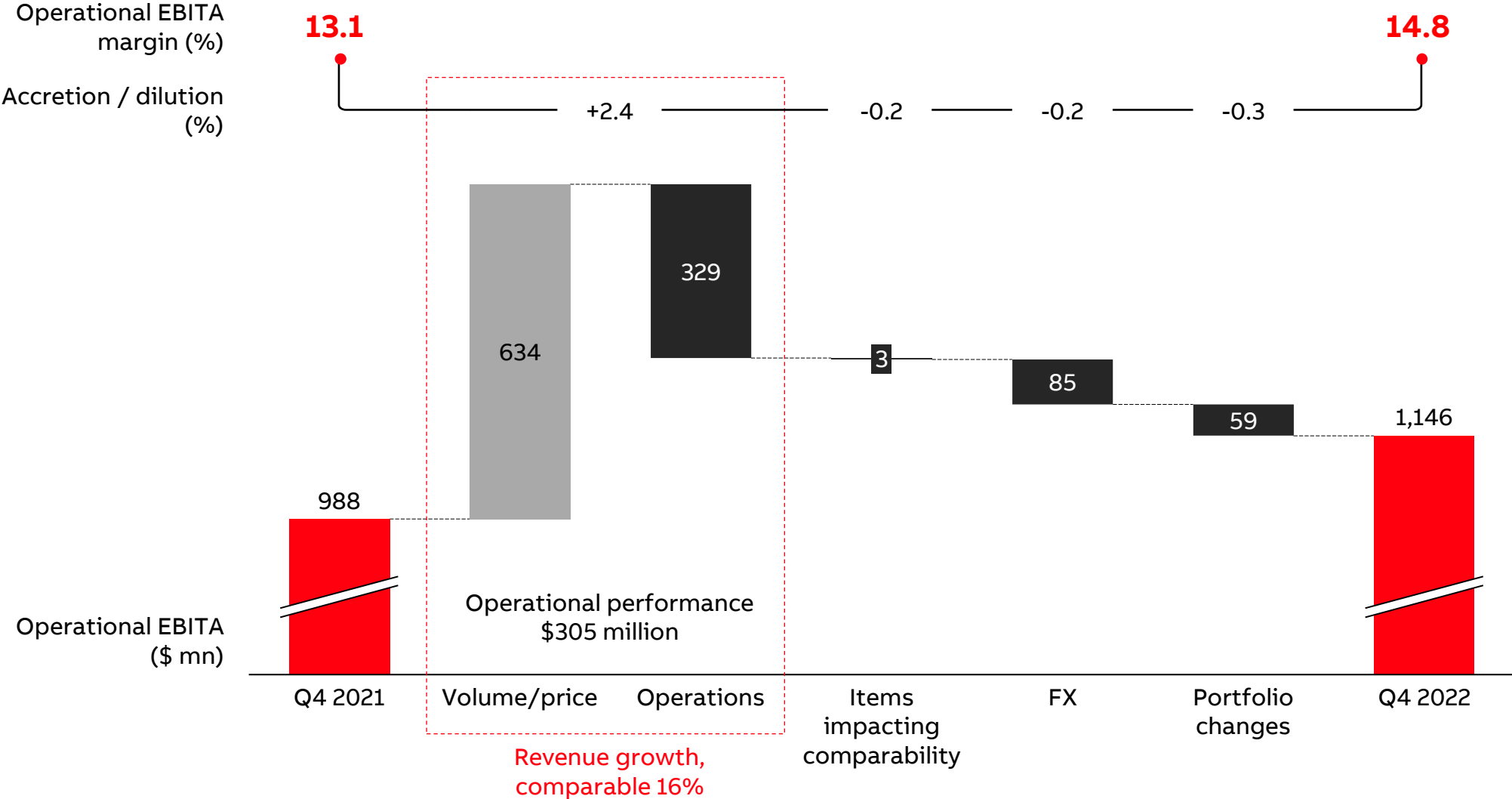
Operational EBITA \$125 mn, +95% YoY

Margin +590 bps YoY

Improved cost absorption due to significantly increased volumes

Continued support from better pricing execution and positive divisional mix

Operational EBITA bridge



Cash generation analysis

Q4 2022 cash flow drivers

Cash flow from operating activities¹

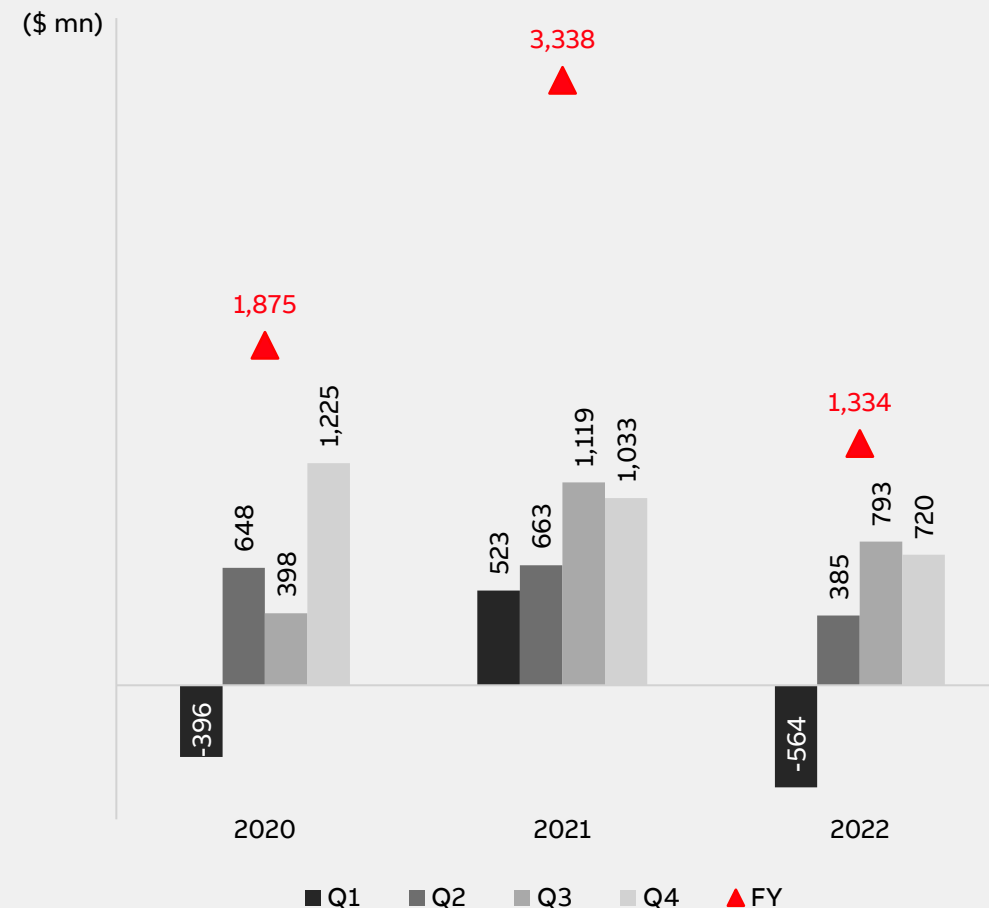
(+\$720 mn, -\$313 mn YoY)

- Better operational performance
- Lower reduction in net working capital YoY
- Negative impact of ~\$315 mn due to earlier announced settlements for Kusile project, while Q4-21 included ~\$300 mn of cash paid for income taxes related to the sale of Mechanical Power Transmission business



2023 focus on cash flow as we work down net working capital and should have less adverse items impacting comparability

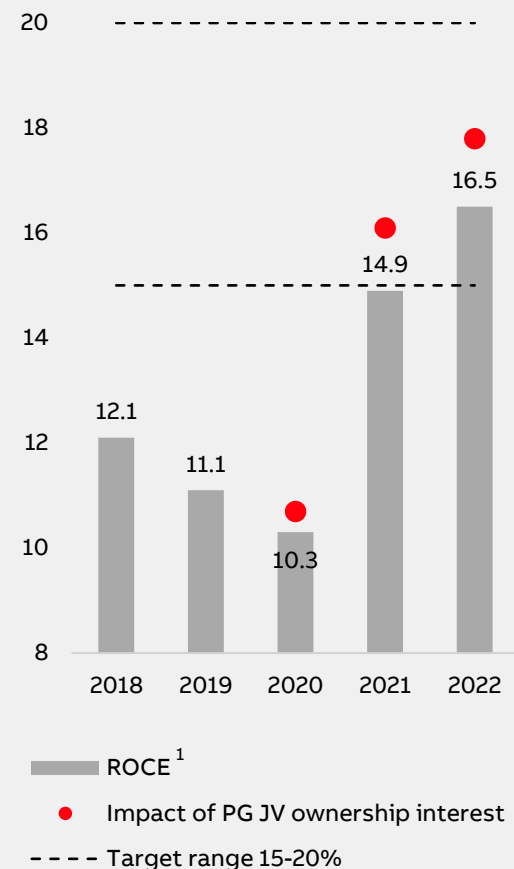
Cash flow from operating activities¹ +\$720 mn



Return on Capital employed moves into target range

Return on Capital employed (ROCE) (16.5%, +160 bps YoY)

- Strong ROCE improvement in 2022 into the 15 – 20% target range
- Improvement driven by higher Operational EBITA compared to last year
- Approximately 130 bps negative impact of 19.9% ownership interest in Hitachi Energy which will reverse in 2023



Further preparation for planned IPO of E-mobility business



ABB has completed the private placement of ~CHF525 mn in raised funds to the E-mobility business

- In November 2022, ABB has announced a first part of ~CHF200 mn from Interogo Holding, moyreal holding ag and ABB E-mobility Chairman, Michael Halbherr
- In February 2023, ABB has announced a second and final part of ~CHF325 mn from BeyondNetZero, GIC, Just Climate and Porsche SE
- ABB continues to have ~80% ownership and remains committed to separately list the business subject to constructive market conditions



Board of Directors fully appointed

Independent Board members

- Chairman, Michael Halbherr
- Håkan Samuelsson
- Annette Köhler
- Peter Molengraaf
- Richard Silén

ABB representatives

- Carolina Granat
- Morten Wierod
- Andreas Wenzel



E-mobility business moved out of Electrification business area as of Q1 2023 and will be reported as part of Corporate and Other

2022 pro-forma key figures for Electrification and E-mobility in re-reporting structure (no changes to ABB Group numbers as these are internal moves only)

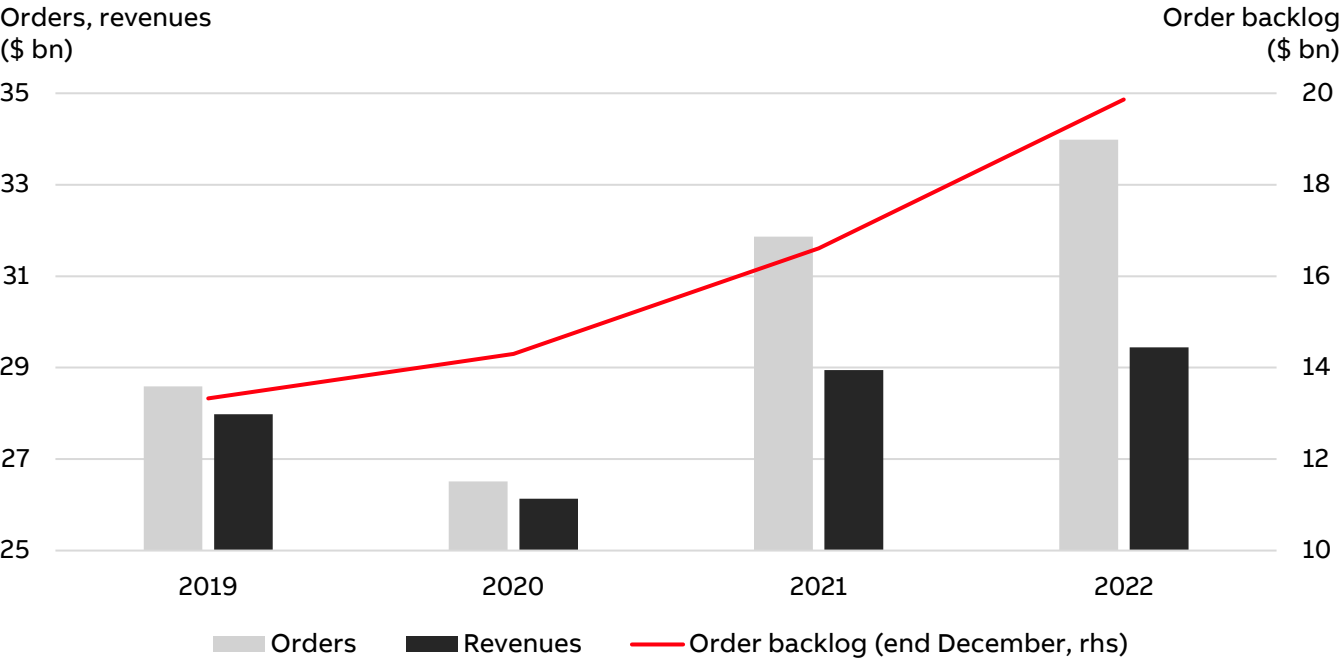
FY 2022, \$bn	Electrification	Corporate & Other
Orders	15.2	0.8 ¹
Revenues	13.6	0.7 ¹
Operational EBITA	2.3	(0.2)
E-mobility		(0.0)
Corporate costs and Other ²		(0.2)
Operational EBITA %	17.2%	

Minor changes may occur as restatement is finalized.

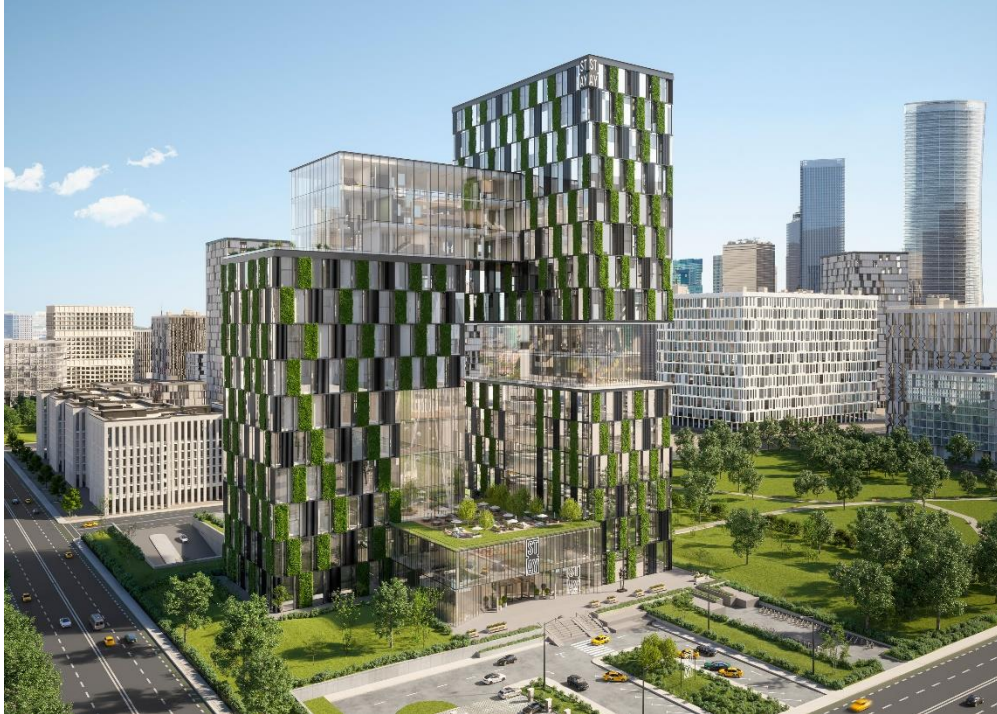
1. Majority being the E-mobility business
2. Majority of which relates to underlying corporate

Quarterly re-reported numbers to be released prior to Q1 2023

Exceptional demand environment over last two years



Comparable order growth in H1 2023 should be somewhat hampered by very high order level and normalization of customers' order pattern



2023 focus areas

- 01** Benefit from **speed under the ABB Way operating model** in an economic environment with uncertainties
- 02** Comparable **revenue growth to be above 5%**; delivering from the high backlog
- 03** Continuously deliver an **Operational EBITA margin of at least 15%** on the back of scenario planning and performance ownership in the divisions
- 04** **Focus on cash flow** as we work down net working capital and should have less adverse items impacting comparability
- 05** Continue to **rewarded shareholders**; proposed 2022 DPS of CHF 0.84; plan to continue share buybacks for full year of 2023



Save the date!

ABB Group Capital Markets Day

November 30, 2023, Frosinone, Italy

Slide 16

Q1 2023



Revenues

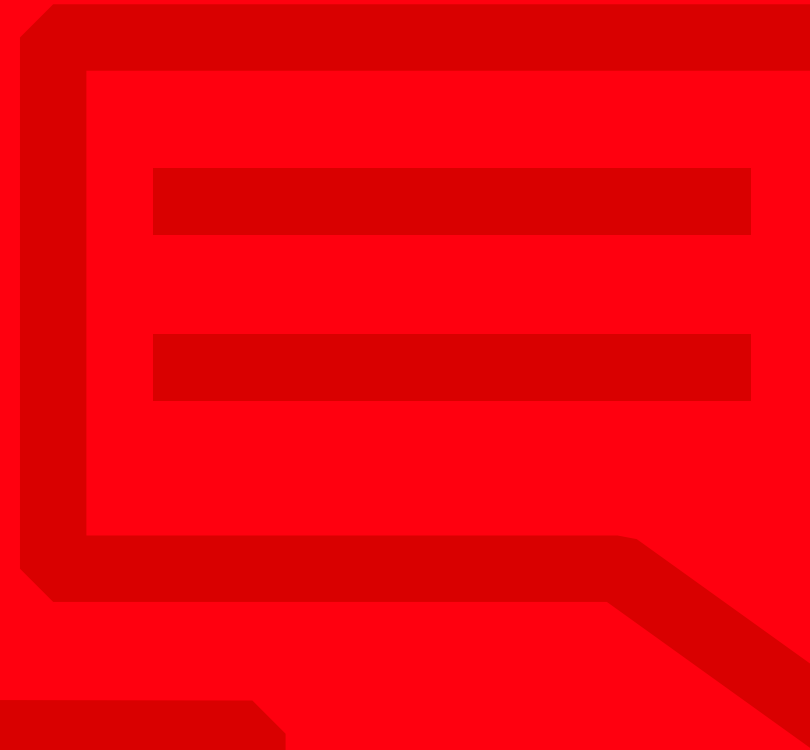
Double-digit comparable growth



Operational EBITA %

Some improvement year-on-year

Q&A





Appendix



2023 framework

\$ mn unless otherwise stated	Q4 22	Q1 23 framework	2023 ¹ framework
Corporate and Other Operational EBITA	(72)	~(75) ²	~(300) ²
Non-operating items:			
PPA-related amortization	(55)	~(55)	~(220)
Restructuring and related ³	(60)	~(40)	~(150)
ABB Way transformation	(33)	~(40)	~(180)

	2022	2023 framework
Net finance expenses	(58)	~(150)
Effective tax rate	22.3%	~25% ⁴
Capital expenditure	(762)	~(800)

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 costs.

4. Excludes impact of acquisitions or divestments or any significant non-operational items.

ABB