Q2 2023 results

Comparable order growth from a high base and record-high Operational EBITA margin
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 2023” on our website at global.abb/group/en/investors/quarterly-results.
Q2 2023 highlights

01. Order growth from a high base and record-high Operational EBITA margin

Orders +2%\(^1\) from last year’s already high level

Revenues +17%\(^1\) supported by backlog execution, book-to-bill 1.06

Record high Operational EBITA margin 17.5%, +200 bps YoY

Cash flow from operating activities +$760 mn, +$378 mn YoY

02. Completed acquisition of Siemens low voltage NEMA motors business

Acquisition of Eve Systems which strengthens smart home technology portfolio

Completed sale of the Power Conversion division which marked the completion of our planned divisional exits

03. Unveiled ABB Dynafin\(^{TM}\) revolutionary propulsion technology to significantly increase ship efficiency

Collaboration with Lhyfe and Skyborn on one of Europe’s largest renewable hydrogen projects

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1. YoY comparable.
Positive momentum in medium voltage offering
Q2 2023 results

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

Short-cycle
Slight softening in short-cycle orders from last year’s high level

Services
Orders +7%¹ and revenues +19%¹

Discrete
Automotive stable while the general industry and consumer-related robotics segments declined

Process
Strong across the board; particular strength in oil & gas; refining, power generation, pulp & paper holding up well too

Transport & infrastructure
Positive in marine & ports and renewables; residential buildings weak; commercial construction stable in US with weakness in China and Germany

Order backlog grew +14%¹ to $21.9 bn

1. YoY comparable.
The Americas and Europe supportive; AMEA subdued
Q2 2023 regional, country orders

The Americas +6%

USA
Strong growth in EL and PA; decline in MO; very strong decline in RA +4%
Canada +15%
Mexico +32%

Europe +1%

Germany
Steep growth in MO; steep decline in EL, PA and RA -2%
Italy -3%
Norway +46%

AMEA -1%

China
Very strong growth in PA; decline in EL and MO; steep decline in RA -9%
India +7%
Australia -2%

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. EL = Electrification. MO = Motion. PA = Process Automation. RA = Robotics & Discrete Automation.
Record-high profitability driven by price and volume

Profitability drivers

**Gross Profit**
+28%\(^1\)
Gross profit as a % of revenues increased from 31.6% to 35.4%; expansion in all business areas driven by strong pricing and higher volumes improving cost absorption

**SG&A expenses**
+6%\(^1\)
SG&A expense as a % of revenues declined from 18.2% to 17.0%; declines in all business areas

**Corporate and Other Operational EBITA**
-$143 mn, -$124 mn YoY
of which Corporate costs and Other -$76 mn and E-mobility -$67 mn

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**Basic EPS**
$0.49
+$0.29 YoY

**Cash flow from operating activities**
+$760 mn
+$378 mn YoY

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1. Constant currency.
**Hitting record-high profitability – volume, price and self-help**

**Q2 2023 Electrification**

**Orders $3,960 mn**

Comparable growth from high base as demand remains firm in most segments; strength in data centers and oil & gas noted

Weakness in residential construction; commercial construction stable in US, some weakness noted in China and Germany

Backlog $7.3 bn (prior Q-end $7.1 bn)

**Revenues $3,735 mn**

All divisions grew double digit except those with residential construction exposure

Growth driven equally by both pricing and volume, supported by solid execution of order backlog

Book-to-bill 1.06x

**Operational EBITA $787 mn, +30% YoY**

Margin +350 bps YoY to all-time-high

Margin improvement driven by operational leverage and strong pricing activities

Distribution Solutions reaping rewards of the structural profitability efforts and backlog execution

Margin improvement in all divisions except Smart Buildings which was hampered by weakness in residential construction
Excellent backlog execution in Q2 and strong order momentum in medium voltage

Q2 2023 Motion

Orders $2,137 mn

Strong momentum in the systems-related offering led to steep growth in the System Drives, Large Motors and Generators and Service divisions, offsetting some softness in the more short-cycle businesses

Comparable growth in all regions

Backlog $5.3 bn (prior Q-end $5.1 bn)

Revenues $1,981 mn

High double-digit growth recorded in most divisions

Continued support from increased volumes and pricing; strong backlog execution

Book-to-bill 1.08x

Operational EBITA $401 mn, +51% YoY

Margin +400 bps YoY passing the 20% threshold for the first time

Margin increase primarily driven by earlier implemented price increases and efficient execution of increased volumes

Some support from positive mix due to strong growth in the drives business and self help in the Large Motors and Generators division
Orders $1,669 mn
Continued strength across all segments, with pipeline remaining robust despite timing of larger orders impacting growth rates in Q2
Positive order growth in 3 out of 4 divisions; growth in Europe and Asia, Middle East and Africa, while the Americas was stable despite growth in the US
Backlog $6.8 bn (prior Q-end $6.9 bn)

Revenues $1,553 mn
Strong growth driven by order backlog execution and normalized semiconductor availability
All divisions contributing to revenue growth
Absolute numbers impacted by Accelleron spin-off
Book-to-bill 1.07x

Operational EBITA $239 mn, +7% YoY
Margin +110 bps YoY; more than offsetting the adverse margin impact of ~190 bps related to the exit of the high-margin Accelleron business
Underlying profitability improvement driven by volume and better project execution; continued gross margin improvement and underlying turnaround in the Measurement & Analytics division
Orders $850 mn

Impacted by the normalization of order patterns on the back of shortened lead times, along with the continuation of inventory adjustments from non-auto customers, particularly in China

Growth in the Americas was more than offset by steep order declines in Europe and Asia, Middle East and Africa

Backlog $2.7 bn (prior Q-end $2.8 bn)

Revenues $922 mn

Execution of the high order backlog triggered strong growth

Material price increases from prior year coming through

Double-digit growth in both divisions and up in all regions

Book-to-bill 0.92x

Operational EBITA $141 mn, +135% YoY

Margin +710 bps YoY from last year’s low level

Improved cost absorption due to significantly increased volumes

Strong contribution from positive mix in revenues and earlier implemented price actions more than offsetting inflation
Items impacting comparability: Non-core business. Portfolio changes: Acquisition of Powertech Converter, Siemens low voltage NEMA motors business and the spin-off of Accelleron (former Turbocharging business)
Good cash delivery expected for 2023
Outlook

Q3 2023

Revenues
Low double-digit comparable revenue growth

Operational EBITA %
Margin slightly up from 16.6%

FY 2023

Revenues
Comparable revenue growth to be at least 10%, despite current market uncertainty

Operational EBITA %
Margin above 16%
## 2023 framework

<table>
<thead>
<tr>
<th>Non-operating items:</th>
<th>Q2 23</th>
<th>Q3 23 framework</th>
<th>2023(^1) framework</th>
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</thead>
<tbody>
<tr>
<td>Corporate and Other Operational EBITA(^2)</td>
<td>(76)</td>
<td>~(75)</td>
<td>~(300)</td>
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<tr>
<td>PPA-related amortization</td>
<td>(55)</td>
<td>~(55)</td>
<td>~(220)</td>
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<td>Restructuring and related(^3)</td>
<td>(40)</td>
<td>~(40)</td>
<td>~(150)</td>
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<td>ABB Way transformation</td>
<td>(42)</td>
<td>~(50)</td>
<td>~(180)</td>
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<thead>
<tr>
<th></th>
<th>H1 2023</th>
<th>2023 framework</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net finance expenses</td>
<td>(46)</td>
<td>↓~(130) from ~(150)</td>
</tr>
<tr>
<td>Effective tax rate</td>
<td>19%</td>
<td>~21(^4)</td>
</tr>
<tr>
<td>Capital expenditure</td>
<td>(331)</td>
<td>~(800)</td>
</tr>
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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. 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.

\(^\d\) Revised guidance