Q3 2022 results

Strong order growth, high revenues and historically 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 “Q3 2022” on our website at global.abb/group/en/investors/quarterly-results.
Q3 2022 highlights

01. Strong order growth +16\%\(^1\), 7\(^{th}\) consecutive quarter with book-to-bill >1

Revenue growth +18\%\(^1\), driven both by volume and price

Historically high Op. EBITA margin of 16.6\%, +150 bps, with improvements noted in all business areas

02. Completed Accelleron spin-off on October 3

Agreement to divest remaining 19.9% stake in Hitachi Energy

Provision taken for legacy Kusile project awarded in 2015, settlement expected in the near term

Remain committed to list E-mobility, but no longer expect it to happen this year

03. Agreement to purchase Siemens’ low voltage NEMA motor business

Announcement to acquire the PowerTech Converter business

Acquisition of ASKI Energy

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1. YoY comparable.
**Continued strong momentum**

**Q3 2022 results**

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

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

- **Services**
  Orders +13%\(^1\) and revenues +7%\(^1\), both up in all business areas

- **Discrete**
  Strong development in food & beverage; normalizing order patterns in general industries and automotive

- **Process**
  Improvement in gas; power gen, pulp & paper broadly stable; initial signs of headwinds in metals

- **Transport & infrastructure**
  Strong in renewables; positive development in buildings; timing of order placement impacting marine growth, while pipeline remains strong

**Very high order backlog of $19.4 bn, +35%\(^1\)**

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

Q3 2022 regional, country orders

<table>
<thead>
<tr>
<th>Region</th>
<th>Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Americas</td>
<td>+25%</td>
</tr>
<tr>
<td>USA</td>
<td>+29%</td>
</tr>
<tr>
<td>Canada</td>
<td>+7%</td>
</tr>
<tr>
<td>Mexico</td>
<td>+8%</td>
</tr>
<tr>
<td>Europe</td>
<td>+20%</td>
</tr>
<tr>
<td>Germany</td>
<td>+8%</td>
</tr>
<tr>
<td>Italy</td>
<td>+26%</td>
</tr>
<tr>
<td>Switzerland</td>
<td>+156%</td>
</tr>
<tr>
<td>AMEA</td>
<td>+4%</td>
</tr>
<tr>
<td>China</td>
<td>-2%</td>
</tr>
<tr>
<td>India</td>
<td>+44%</td>
</tr>
<tr>
<td>Australia</td>
<td>-57%</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.

Q3 profitability positively impacted by volumes and pricing

Profitability drivers

Gross Profit
+19%¹
Gross profit as a % of revenues increased from 32.6% to 33.5%; increases in all business areas except for a small decline in RA

SG&A expenses
+13%¹
SG&A expense as a % of revenues declined from 17.5% to 17.2%

Corporate and Other Operational EBITA
-$52 mn, -$15 mn YoY

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Basic
EPS
$0.19
-$0.14 YoY

Cash flow
from operating activities in continuing operations
+$793 mn
-$326 mn YoY

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1. Constant currency.
**Strong price execution and operating leverage**

**Q3 2022 Electrification**

**Orders $3,902 mn**

Strong customer activity across most segments

Strong growth in all regions; most pronounced in the Americas; softness noted in China; normalization of distributors’ inventory levels in Germany noted, seemingly completed by quarter end

Backlog $6.8 bn (prior Q-end $6.7 bn)

**Revenues $3,584 mn**

Revenue growth driven by strong volume and continued pricing execution

Easing of supply chain disruptions drives volume recovery, including in the Distributions Solutions division

Book-to-bill 1.09x

**Operational EBITA $647 mn, +27% YoY**

Margin +210 bps YoY to highest level in recent history; incl. approximately +50 bps impact from an insurance recovery payment

Margin improvement primarily driven by volume and price more than offsetting cost inflation
Orders $1,966 mn
Strong order growth driven by virtually all divisions and most customer segments
Demand increased in all regions with strong growth in Europe supported by $170 mn in orders\(^1\) to enhance Europe’s railway network
Backlog $4.6 bn (prior Q-end $4.6 bn)

Revenues $1,702 mn
Strong volume recovery and continued pricing execution drive revenue growth
Sequential improvement in customer deliveries in China as Covid-related business disruptions eased
Book-to-bill 1.16x

Operational EBITA $305 mn, +5% YoY
Margin +40 bps YoY to highest level in recent history; incl. approximately -60 bps impact from Dodge divestment
Margin increase primarily driven by volumes and strong price execution offsetting negative impact from higher input costs

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\(1.\) The majority of these orders have been booked in Q3 2022.
Systematically improving profitability
Q3 2022 Process Automation

Orders $1,568 mn
Order intake impacted by timing issues; pipeline remains strong
Strong momentum in gas, mining and refining; some signs of headwinds in metals due to high energy costs
Continued momentum in Europe and the Americas; China lower due to strong prior year base
Backlog $6.0 bn (prior Q-end $6.2 bn)

Revenues $1,458 mn
All divisions contributing to revenue growth
Sequential easing of component shortages; some impact expected to continue next quarter
Book-to-bill 1.08x

Operational EBITA $225 mn, +9% YoY
Margin +160 bps YoY to highest level in recent history
All divisions with double-digit margins and contributing to margin expansion
Profitability improvement driven by volume, mix and efficiency measures
Strong sequential performance improvement

Q3 2022 Robotics & Discrete Automation

Orders $901 mn

High customer activity with normalizing order patterns on the back of anticipated shorter delivery lead times

Some signs of customers taking slightly longer to place orders due to increased uncertainties, but opportunity pipeline continues to be strong into next year

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

Revenues $828 mn

Revenue growth driven by both volume and price

General supply chain constraints eased sequentially, but not normalized yet

Book-to-bill 1.09x

Operational EBITA $106 mn, +18% YoY

Margin +170 bps YoY

Both divisions with double-digit margins

Improving volumes drive margin expansion; additional support from better pricing execution starting to come through
Operational EBITA bridge

- **Operational EBITA margin (%):** 15.1
- **Accretion / dilution (%):** +1.8
- **Operational performance ($294 million):** 433
- **Revenue growth, comparable 18%: ** 727
- **Items impacting comparability:** Non-core business.
- **Portfolio changes:** Acquisition of ASTI Mobile Robotics Group, divestment of Mechanical Power Transmission business.

Cash generation analysis
Q3 2022 cash flow drivers

Cash flow from operating activities\(^1\) (+$793 mn, -$326 mn YoY)

- Better operational performance
- More-than-offset by higher trade working capital, mainly driven by build-up of inventories to support future deliveries on the high order intake as well as less favorable change in trade receivables YoY
- Additional negative impact of ~$125 mn due to earlier announced exit of non-core full train retrofit business

Q4 expected to be the strongest cash flow quarter in 2022

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1. Continuing operations only.
Divisions accountable to drive acquisition strategy
Pace accelerating in 2022

PRODUCT WHITESPACE
Filling a technology gap

NEW SEGMENTS
Complement offering for high growth segments

MARKET ACCESS
New geographic market opportunities

ECONOMIES OF SCALE
Market consolidation

ambition is a run-rate of ≥5 small to mid-size bolt-ons per year

January
InCharge Energy
EL E-mobility
Revenues: ~$16 mn

March
Zaphiro
EL Distribution Solutions

April
ChargeLab
EL E-mobility

May
Morrow Batteries
MO Traction

June
YKC Charging
EL E-mobility

July
Mavenoid
EL Smart Buildings

Numocity
EL E-mobility
Revenues: <$1 mn

August
Siemens LV NEMA motor business
MO NEMA motors
Revenues: ~$63 mn

September
PowerTech
MO Traction
Revenues: ~€60 mn

Samotics
MO Service

October
ASKI Energy
EL Smart Power
Revenues: ~$2 mn

Scalable Robotics
RA Robotics

● Majority acquisitions
● Minority investments

1. Represents the estimated annual revenues for the last fiscal year prior to the announcement of the respective acquisition. 2. Announced, expected to close in Q2 2023. 3. Announced, expected to close in Q4 2022.
Outlook

Q4 2022

Revenues
Low double-digit comparable revenue growth, impacted by the high revenue level in Q4 2021

Operational EBITA %
Typical pattern of a sequentially lower margin

FY 2022

Orders and revenues
Strong top-line execution

Operational EBITA %
Likely to achieve early the 2023 target of at least 15%, supported by increased efficiency as we fully incorporate the decentralized operating model and performance culture in all our divisions
Appendix
## 2022 framework

<table>
<thead>
<tr>
<th>$ mn unless otherwise stated</th>
<th>Q3 22</th>
<th>Q4 22 framework</th>
<th>2022 framework$↑↓</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Corporate and Other Operational EBITA</strong></td>
<td>(52)</td>
<td>~(75)</td>
<td>↓~(170) from ~(200)</td>
</tr>
<tr>
<td><strong>Non-operating items:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Acquisition-related amortization</td>
<td>(55)</td>
<td>~(55)</td>
<td>~(230)</td>
</tr>
<tr>
<td>Restructuring and restructuring-related</td>
<td>(20)</td>
<td>~(50)</td>
<td>~(100) + (252)$^2$</td>
</tr>
<tr>
<td>Separation costs$^3$</td>
<td>(59)</td>
<td>~(30)</td>
<td>~(180)</td>
</tr>
<tr>
<td>ABB Way transformation</td>
<td>(34)</td>
<td>~(50)</td>
<td>~(150)</td>
</tr>
<tr>
<td><strong>Net finance expenses</strong></td>
<td>(28)</td>
<td>~(40)</td>
<td>~(100)</td>
</tr>
<tr>
<td><strong>Non-operational pension (cost) / credit</strong></td>
<td>34</td>
<td>~(10)</td>
<td>↓~90 from ~120</td>
</tr>
<tr>
<td><strong>Effective tax rate</strong></td>
<td>41.2%</td>
<td>~25%$^4$</td>
<td>~25%$^4$</td>
</tr>
<tr>
<td><strong>Capital expenditure</strong></td>
<td>(165)</td>
<td>~(200)</td>
<td>↓~(700) from ~(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 impact of acquisitions or divestments or any significant non-operational items.

$↑↓ Revised guidance