Q2 2021 results

Strong performance in a recovery quarter
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 “Q2 2021” on our website at global.abb/group/en/investors/results-and-reports/2021.
Q2 2021 highlights

Significant increase in orders and revenues compared with last year’s low levels with double-digit order growth rates in all BAs

High Operational EBITA margin supported by increased gross margin and stringent SG&A cost control

Slight increase in Q2 cash\(^1\) performance resulting in strong H1 cash generation

ABB to launch next generation of AMRs\(^2\) with ASTI Mobile Robotics Group acquisition

ABB PixelPaint wins prestigious IERA Award for Innovation and Entrepreneurship

Carbon reduction targets in line with the 1.5°C scenario and approved by SBTi\(^3\)

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1. Cash flow from operating activities in continuing operations. 2. Autonomous Mobile Robots. 3. Science Based Targets initiative. BA = Business Area
Demand driven by strong short-cycle

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

**Short-cycle**
Steep growth driven across most businesses

**Services**
Orders +20%\(^1\) and revenues +7%\(^1\), both up in all BAs

**Discrete**
Broad-based steep order growth outside of automotive

**Process**
Slight overall improvement with positive development in several industries, incl. oil & gas coming from the Americas region

**Transport & infrastructure**
Broad-based steep order growth; recovery in marine including slight positive development in cruise

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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 growth in all regions
Q2 2021 regional, country orders

**AMEA**
- China: +15%
  - Growth in PA steep; MO and RA very strong; EL strong
  - India: +46%
  - Japan: +46%

**EUROPE**
- Germany: +23%
  - Growth in EL, PA and RA steep; MO impacted by large orders in Q2-20
  - Italy: +14%
  - Sweden: +4%

**AMERICAS**
- USA: +41%
  - Steep growth in all BAs
  - Canada: +39%
  - Mexico: +58%

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
Margins supported by demand and implemented cost measures

Profitability drivers (comparable % YoY, unless otherwise indicated)

- **Gross margins**
  +140 bps, three out of four BAs noted positive development; supported by pro-active price measures

- **SG&A expenses**
  +4%1, driven by higher sales expenses
  SG&A expense in % of revenues declining from 19.2% to 17.6%

- **R&D expenses**
  +9%1, increasing in three out of four BAs

- **Corporate and Other Operational EBITA**
  -$92 mn, $42 mn lower YoY driven by lower underlying corporate and absence of stranded costs

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

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**Cash flow** from operating activities in continuing operations

- **Basic EPS**
  - $0.37
  - 150%2

- **Op. EBITA ($ mn)**
  - Q2 19: 11.5
  - Q3 19: 10.6
  - Q4 19: 11.5
  - Q1 20: 10.6
  - Q2 20: 825
  - Q3 20: 651
  - Q4 20: 1113
  - Q1 21: 15.0
  - Q2 21: 15.0

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**Operational EBITA** +71%

**Operational EBITA margin** +440 bps

<table>
<thead>
<tr>
<th></th>
<th>Q2 20</th>
<th>Q2 21</th>
</tr>
</thead>
<tbody>
<tr>
<td>Op. EBITA margin</td>
<td>10.6%</td>
<td>15.0%</td>
</tr>
</tbody>
</table>

Incl. negative basis points impact within period:

- **Stranded costs**
  - -30 bps
  - n.a.

- **Non-core**
  - -20 bps
  - -10 bps

- **Op. EBITA ($ mn)**
  - Q1 20: 1113
  - Q2 20: 825
  - Q3 20: 651
  - Q4 20: 1113
  - Q1 21: 15.0
  - Q2 21: 15.0
Volume and pricing support margin
Q2 2021 Electrification

Orders $3,693 mn
Growth driven by strong recovery in Europe and the Americas; supportive pricing
Demand improved in buildings (residential and non-residential); activity high for data centers, food & beverage, rail and e-mobility; moderate in oil & gas
Backlog $5.0 bn (prior Q-end $4.7 bn)

Revenues $3,406 mn
Strong book-and-bill business
No material impact from component shortages on customer deliveries; delays are expected in the coming quarter
Some tailwind from customer stock-building
Book-to-bill 1.08x

Operational EBITA $592 mn, +70% YoY
Margin +480 bps YoY
Gross profit benefits from higher volume; good cost containment including discretionary spend
Swift product pricing actions in response to increased commodity prices and inflation; commodity headwinds in H2 increasing

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**Strong demand driving top-line**

**Q2 2021 Motion**

**Orders $1,947 mn**

High absolute order level

Strong short-cycle business across all segments

Tough large orders comparison in rail in Europe; steep base orders growth in all regions

Backlog $3.6 bn (prior Q-end $3.4 bn)

**Revenues $1,850 mn**

High absolute revenue level

Strong book-and-bill business

Some stock-building seen; MO working closely with channel partners to allocate demand

Book-to-bill 1.05x

**Operational EBITA $325 mn, +16% YoY**

Margin stable YoY

Volume supportive partly offset by geographic mix

Availability of certain components could potentially weigh on volumes going forward
Orders $1,555 mn

Year-on-year improvement in both product and service business; sustained recovery expected in H2

Positive development in pulp & paper, mining, water & wastewater and chemicals; demand in oil & gas and cruise recovering

Backlog $6.0 bn (prior Q-end $5.9 bn)

Revenues $1,540 mn

Driven by backlog execution, book-and-bill improving

Positive comparable growth for service

Book-to-bill 1.01x

Operational EBITA $192 mn, +67% YoY

Margin +410 bps YoY

Support from positive volumes and improving business mix due to higher share of service business

Continued benefit from initiated cost measures
Strong order recovery in both divisions
Q2 2021 Robotics & Discrete Automation

**Orders $968 mn**
Steep orders growth in all segments except automotive, which continued to be partially impacted by the strategic selective order approach
Orders sequentially up in all regions
Backlog $1.5 bn (prior Q-end $1.4 bn)

**Revenues $832 mn**
Strong development in both divisions, stellar growth in Machine Automation including benefit from stock-building
Customer delivery to some extent impacted by component shortages
Book-to-bill 1.16x

**Operational EBITA $96 mn, +123% YoY**
Margin +470 bps YoY
Volume and positive mix from a higher share of short-cycle and service business supportive year-on-year
Sequential volume impact from supply chain shortages expected to continue
<table>
<thead>
<tr>
<th></th>
<th>Q2 2020</th>
<th>Δ Comparable (core)</th>
<th>Δ Non-core business</th>
<th>Δ Acquisitions/divestments</th>
<th>Δ FX</th>
<th>Q2 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues</strong></td>
<td>6,154</td>
<td>906</td>
<td>0</td>
<td>-6</td>
<td>395</td>
<td>7,449</td>
</tr>
<tr>
<td><strong>Operational EBITA</strong></td>
<td>651</td>
<td>405</td>
<td>1</td>
<td>0</td>
<td>56</td>
<td>1,113</td>
</tr>
<tr>
<td><strong>Op. EBITA margin (%)</strong></td>
<td>10.6</td>
<td>+4.2</td>
<td>0.0</td>
<td>0.0</td>
<td>+0.2</td>
<td>15.0</td>
</tr>
</tbody>
</table>

Revenues and Operational EBITA bridge

($ million, unless otherwise indicated)
Cash flow from operating activities
$663 mn, +$15 mn YoY

- Stronger operational performance from all business areas
- Partly offset by trade working capital increase, coming from trade receivables; net working capital in % of revenues increased from 10.8% in Q1-21 to 11.6% in Q2-21

Strong cash generation in H1 2021 provides good base for solid cash delivery for the year
Outlook

FY21

**Revenues**
comparable growth of just below 10%, process industry related business expected to recover more significantly during H2

**Operational EBITA %**
strong pace of improvement from 2020 towards 2023 margin target of upper half of 13% - 16% range

**Basic EPS**
strong accretion YoY¹

**Cash flows**
solid delivery for the year

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### Q3 Outlook

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

**Operational EBITA %**
demand and service revenues supportive; some sequential adverse impact from raw materials, component shortages and travel spend

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<table>
<thead>
<tr>
<th>UNDERLYING MARKET</th>
<th>% of 2020 revenues</th>
<th>Previous outlook Q2, YoY</th>
<th>Outlook Q3, YoY</th>
<th>% of 2020 revenues</th>
<th>Previous outlook Q2, YoY</th>
<th>Outlook Q3, YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oil &amp; gas, chemicals</td>
<td>~12%</td>
<td>⬤</td>
<td>⬤</td>
<td>Food &amp; beverage</td>
<td>~6%</td>
<td>⬤</td>
</tr>
<tr>
<td>Non-resi buildings</td>
<td>~11%</td>
<td>⬤ ⬤ ⬤</td>
<td>⬤ ⬤ ⬤</td>
<td>Power distribution utilities</td>
<td>~6%</td>
<td>⬤</td>
</tr>
<tr>
<td>Mining &amp; metals</td>
<td>~8%</td>
<td>⬤ ⬤</td>
<td>⬤</td>
<td>Conv. power generation</td>
<td>~6%</td>
<td>⬤</td>
</tr>
<tr>
<td>Residential buildings</td>
<td>~7%</td>
<td>⬤ ⬤ ⬤</td>
<td>⬤ ⬤ ⬤</td>
<td>Automotive</td>
<td>~5%</td>
<td>⬤</td>
</tr>
<tr>
<td>Marine &amp; ports</td>
<td>~6%</td>
<td>⬤ ⬤ ⬤</td>
<td>⬤ ⬤ ⬤</td>
<td>Renewables</td>
<td>~3%</td>
<td>⬤</td>
</tr>
</tbody>
</table>

¹ Excluding book gain from the sale of Power Grids.
² Management estimates.
ABB expanding in Autonomous Mobile Robots (AMRs)

Product portfolio

- Unit Carrier
- Goods to Person
- Tractor
- Forklift
- Box Mover
- Towing vehicles

Software

- Fleet management system
- Vehicle control
- SLAM navigation
- Application layer
- Cloud based software

Targeting ~$50 mn revenues close to 30% annual growth since 2015
~20% expected market CAGR 19-25

~5,000 AMRs
one of Europe’s largest installed fleets

~300 FTEs
Headquarters and manufacturing in Spain, presence in France, Germany and USA

% of 2020 revenues

<table>
<thead>
<tr>
<th>Sector</th>
<th>% of 2020 revenues</th>
</tr>
</thead>
<tbody>
<tr>
<td>Autos</td>
<td>76</td>
</tr>
<tr>
<td>F&amp;B</td>
<td>8</td>
</tr>
<tr>
<td>Other</td>
<td>4</td>
</tr>
<tr>
<td>Pharma</td>
<td>4</td>
</tr>
<tr>
<td>Retail, eComm</td>
<td>8</td>
</tr>
<tr>
<td>Europe</td>
<td>85</td>
</tr>
<tr>
<td>USA</td>
<td>7</td>
</tr>
<tr>
<td>Rest of World</td>
<td>8</td>
</tr>
</tbody>
</table>

Acquisition of ASTI Mobile Robotics Group announced

ASTI is a global leader in the high growth AMR market with a broad portfolio of vehicles and software. Acquisition adds to ABB’s Robotics and Machine Automation solutions to deliver a complete portfolio for the new generation of flexible automation.

Expected synergies from leveraging ABB’s global sales force and additional robotics pull-through as part of the AMR offering.

ASTI’s HQ in Spain to become ABB’s AMR headquarters. An additional hub will be established at the new Shanghai factory from 2022. Both sites will offer the full value chain and manufacturing.

1. Acquisition expected to close in Q3-21
2. FY 2021E
3. Management estimate
ABB strengthens commitment to reduce carbon emissions

ABB’s own reduction targets have received approval by the Science Based Targets initiative (SBTi) confirming that they are in line with the 1.5°C scenario of the Paris Agreement.

ABB has joined the Business Ambition for 1.5°C Campaign, a global coalition of UN agencies, business and industry leaders, led by the UNGC.

**CLIMATE GROUP**

**EV100**
ABB commits to electrifying its fleet of more than 10,000 vehicles by 2030.

**RE100**
ABB commits to sourcing 100 percent renewable electricity by 2030.

**CLIMATE GROUP**

**EP100**
ABB commits to establishing energy efficiency targets and continue deploying energy management systems at the company’s sites.
Capital Markets Days
Motion
Helsinki, Finland on September 28 – 29, 2021
- In-depth insight into Motion’s customer offering, strategy and operations
- Focus on how offering helps customers optimize energy efficiency, improve safety and reliability and achieve precise control

ABB Group
Zurich, Switzerland on December 7, 2021
- Update on the strategic and financial development
- Focus on all business areas’ customer offering and position in the sector of sustainable transport, including both electrical and hydrogen transport solutions for various customer segments
Appendix
## 2021 framework

<table>
<thead>
<tr>
<th>$ mn unless otherwise stated</th>
<th>Q2 21</th>
<th>Q3 21 framework</th>
<th>2021 framework</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Corporate and Other Operational EBITA</strong></td>
<td>(92)</td>
<td>~(100)</td>
<td>↓~(400)&lt;sup&gt;1&lt;/sup&gt; from ~(425)</td>
</tr>
<tr>
<td><strong>Non-operating items</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Restructuring and restructuring-related</td>
<td>(18)</td>
<td>~(40)</td>
<td>↓~(150) from ~(200)</td>
</tr>
<tr>
<td>GEIS integration costs</td>
<td>(6)</td>
<td>~(5)</td>
<td>~(20)</td>
</tr>
<tr>
<td>Separation costs&lt;sup&gt;2&lt;/sup&gt;</td>
<td>(14)</td>
<td>~(50)</td>
<td>~(130)</td>
</tr>
<tr>
<td>PPA-related amortization</td>
<td>(64)</td>
<td>~(65)</td>
<td>~(255)</td>
</tr>
<tr>
<td>Certain other income and expenses related to PG divestment&lt;sup&gt;3&lt;/sup&gt;</td>
<td>(10)</td>
<td>~(15)</td>
<td>~(40)</td>
</tr>
<tr>
<td><strong>Net finance expenses</strong></td>
<td>(21)</td>
<td>~(30)</td>
<td>~(130)</td>
</tr>
<tr>
<td><strong>Non-operational pension (cost) / credit</strong></td>
<td>38</td>
<td>~40</td>
<td>~180</td>
</tr>
<tr>
<td><strong>Effective tax rate&lt;sup&gt;4&lt;/sup&gt;</strong></td>
<td>29.0%</td>
<td>&lt;26%</td>
<td>~26%</td>
</tr>
<tr>
<td><strong>Capital expenditure</strong></td>
<td>(151)</td>
<td>~(200)</td>
<td>~(750)</td>
</tr>
</tbody>
</table>

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. Costs relating to the announced exits and the potential E-mobility listing
3. Excluding share of net income from JV
4. Excluding impact of acquisitions or divestments or any significant non-operational items

↑↓ New or revised guidance
Operational EBITA bridge

10.6% margin

15.0% margin

Q2 2020

Q2 2021

$ mn

353

381 million

28

25

56

0

1,113

Volume/price

Operations

Items impacting comparability

FX

Portfolio changes

Operational performance

Revenue growth, comparable 14%

14%

10.6% margin

15.0% margin

$ mn

651

Operational EBITA bridge

Slide 20
ABB