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Profitable growth

Q1 2018 results

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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”, “2018 framework” or similar expressions.

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- 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
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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 “Financial Information” under “Quarterly results and annual reports” on our website at www.abb.com/investorrelations

Agenda

Q1 2018 financial performance

2018 strategic progress

Q1 2018 profitable growth

Profitable Growth

Total orders +6%¹; up in all divisions

Continued base order momentum +5%¹; up in all regions

Services orders +8%¹

ABB Ability™ solutions portfolio expanded

B&R integration well advanced; on track to close GE IS acquisition by end Q2

Relentless Execution

Net cost savings continue; better offset of raw materials' costs

500+ Lean Six Sigma projects

Global Business Services fully operational

Business-led Collaboration

Continued brand investment and consolidation

Baldor Electric Company integrated into global ABB brand

Q1 2018 financial summary

Orders	Base orders	Revenues
\$9.8 bn +6% ¹	\$8.8 bn +5% ¹	\$8.6 bn +1% ¹
Operational EBITA margin	Operational EPS	Cash flow from operating activities
12.3% +0.2 pts	\$0.31 +6% ²	-\$518 mn

Q1 2018 orders

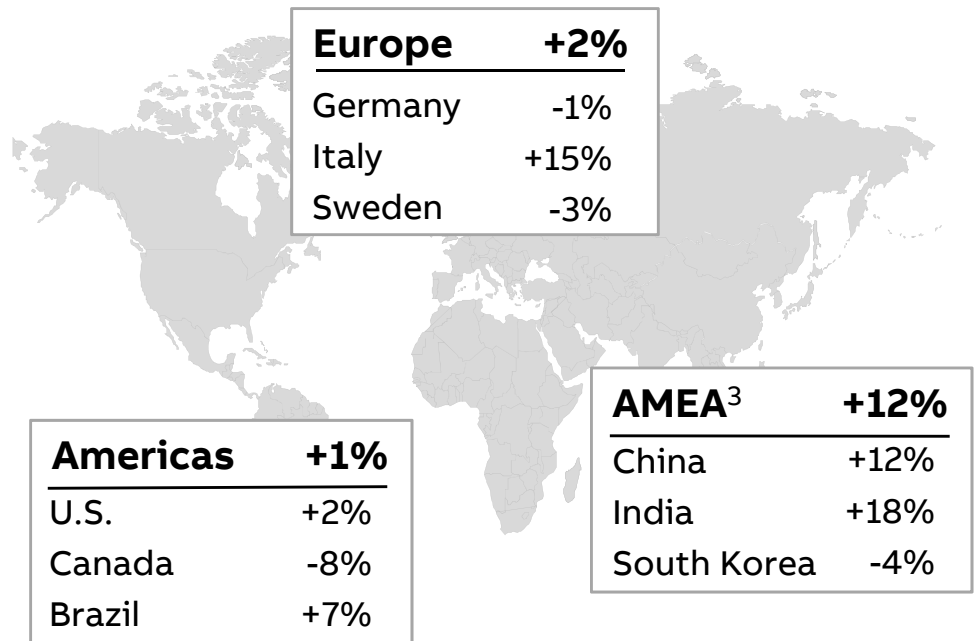
Total and base orders up

Total orders +6% yoy¹



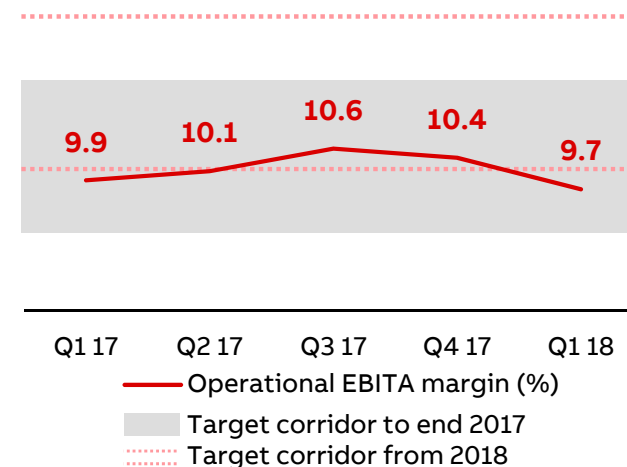
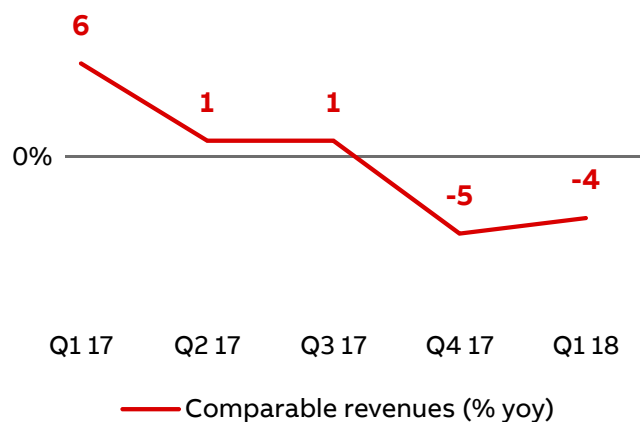
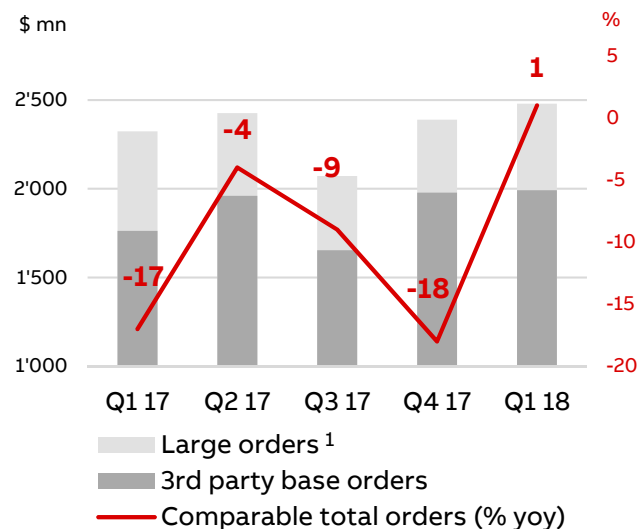
Base orders +5% yoy¹

Growth by region¹



Q1 2018 Power Grids

Total orders up



Orders \$2,480 mn

Third-party base orders +7% yoy²
Continued growth in service orders
Large orders booked in several geographies

Revenues \$2,385 mn

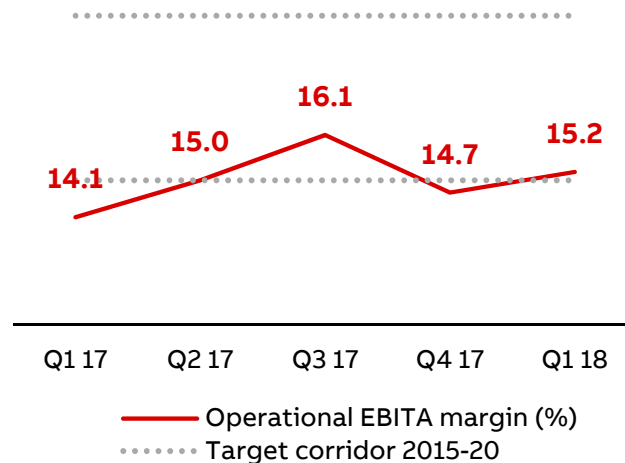
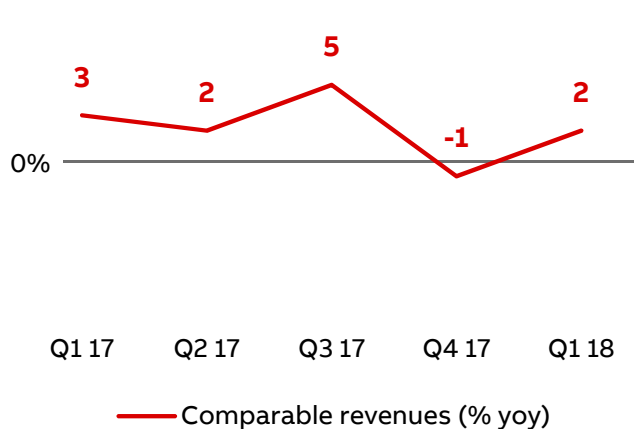
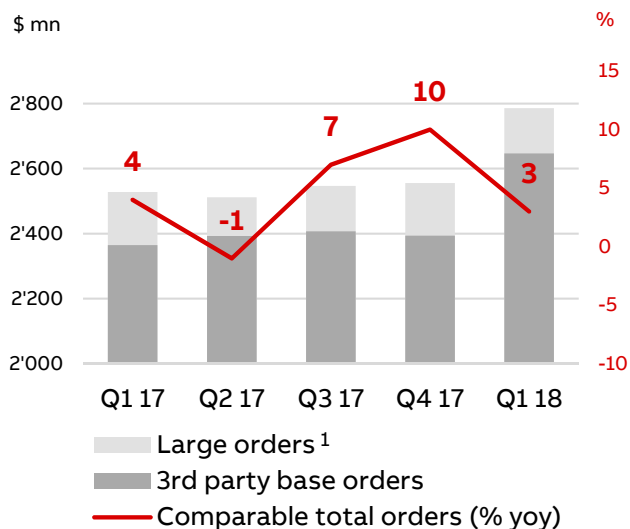
Order backlog end Q4 and end Q1 -7%, weighing on revenue
Base and service business supporting revenues

Operational EBITA \$232 mn

Margin yoy -20 bps
Reflects lower revenues, mix and ongoing investment in Power Up

Q1 2018 Electrification Products

Improved operational leverage



Orders \$2,786 mn

Third-party base orders +5% yoy²

Base order growth across key business segments and regions

Revenues \$2,494 mn

Two fewer working days in key markets during quarter

Order backlog end Q4 +5% yoy, end Q1 +3% yoy

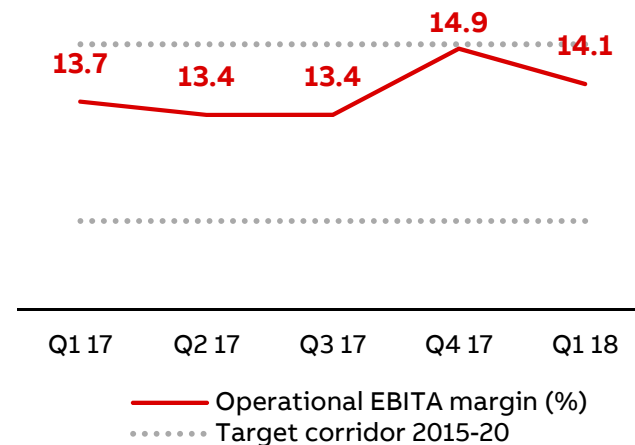
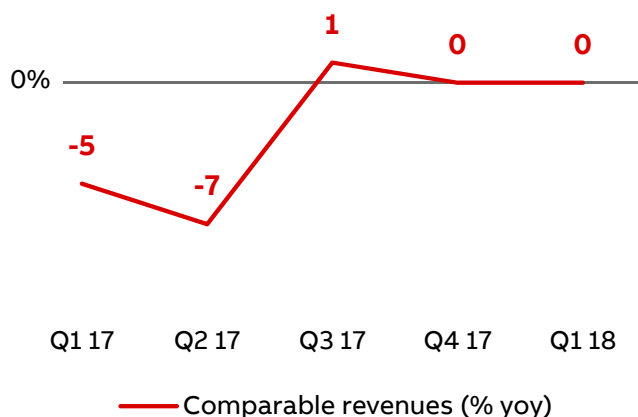
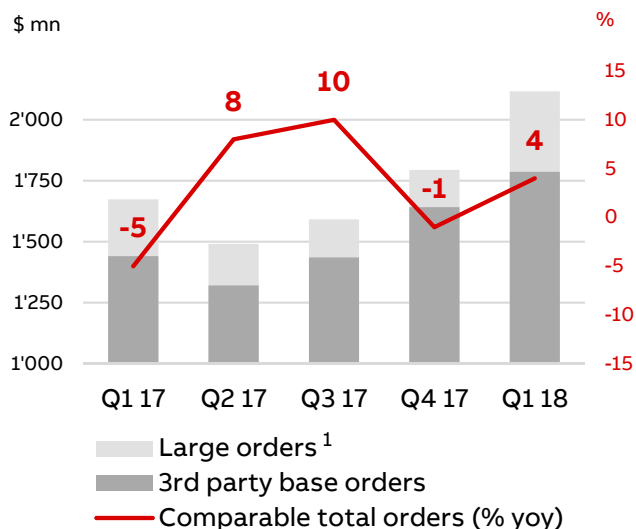
Operational EBITA \$377 mn

Margin yoy +110 bps

Operational leverage and improved pricing

Q1 2018 Industrial Automation

Steady execution



Orders \$2,117 mn

Third-party base orders steady²

Capex in mining and specialty vessels driving large orders

Strong contribution from B&R reflected in total orders +26% yoy

Revenues \$1,859 mn

Base business performance mitigates end Q4 backlog of -10% yoy

Order backlog end Q1 -8% yoy

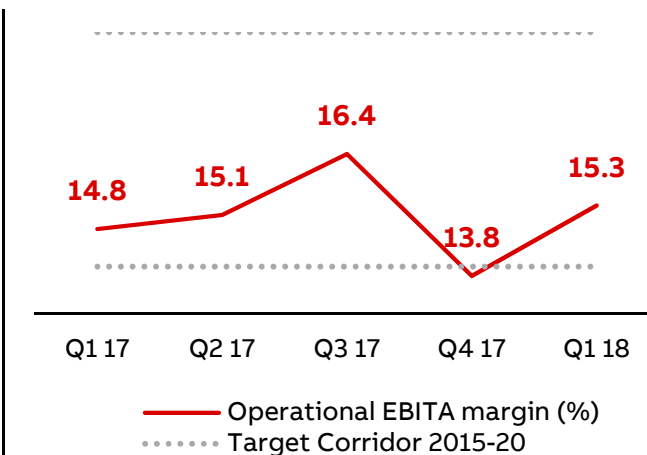
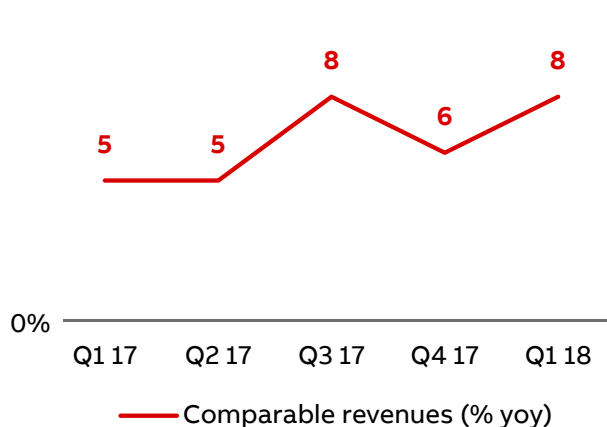
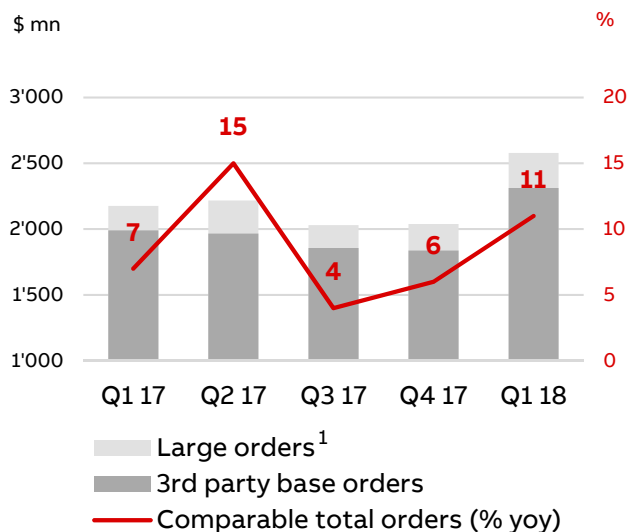
Operational EBITA \$262 mn

Margin yoy +40 bps

Positive mix and strong project execution

Q1 2018 Robotics and Motion

Order growth across all segments and regions



Orders \$2,579 mn

Total orders +11% yoy²

Third-party base orders +9% yoy²

Focused growth efforts and improving process markets

Revenues \$2,209 mn

Strong execution of order backlog

Order backlog end Q4 +1% yoy, end Q1 +4% yoy

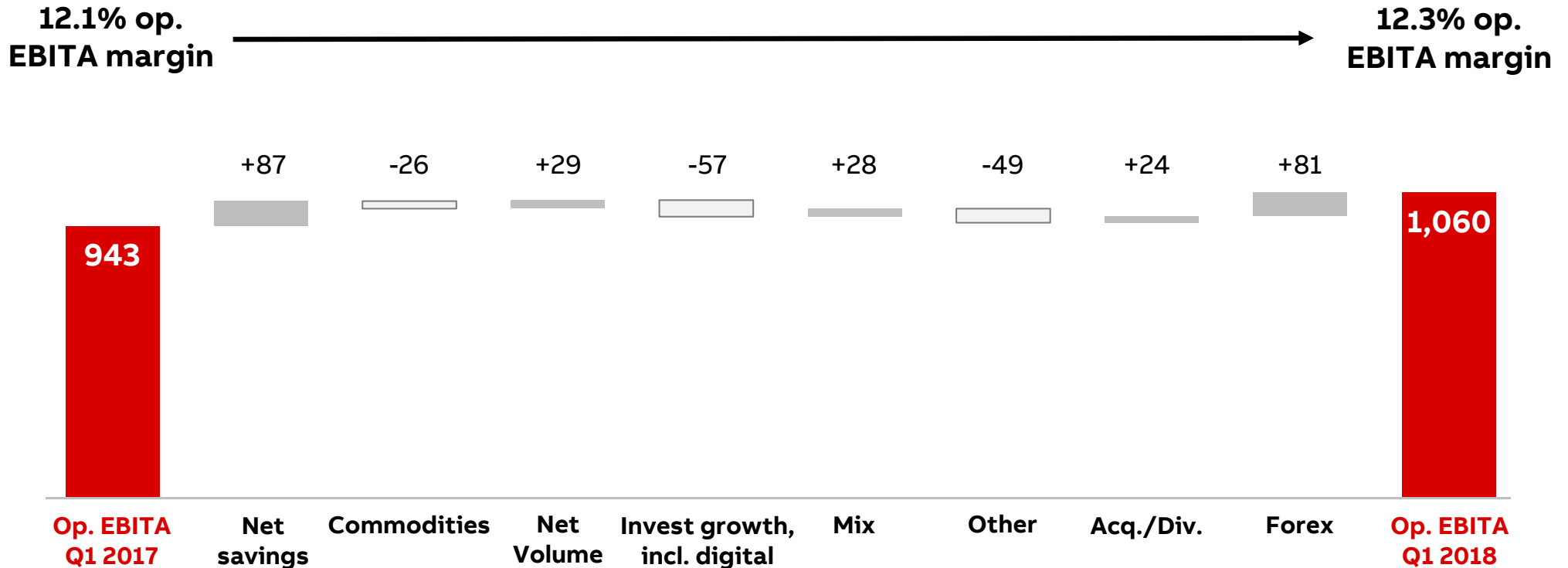
Operational EBITA \$338 mn

Margin yoy +50 bps

Operational leverage and better cost control

Q1 2018 Operational EBITA

Operational EBITA bridge Q1 2017 to Q1 2018, \$ mn



Other financial items

\$ mn unless otherwise stated

	Q1 2018	FY 2018 framework
Corporate Operational EBITA Including non-core Business Unit	(149)	~(500)
Non-operating items¹	(165)	~250 PPA-related amortization ² ~200-250 normal restructuring ~80 GE IS integration costs ~40 Power Up program
Cash flow from operating activities	(518)	Strong cash generation in Q2 Solid cash delivery for full year
Capital expenditure	(189)	~(1,000)
Effective tax rate	28%	~27%

Driving profitable growth in four entrepreneurial divisions

Q1 highlights

Bringing electricity from any power plant to any plug



Power Grids

Large orders e.g. grid upgrade, digital substation

Service growth through installed base penetration



Electrification Products

Penetration of target markets e.g. F&B, hyper-scale data centers

Strong growth momentum for e-mobility



Industrial Automation

Recovery of process industries e.g. mining digitalization

Demand for innovative cruise ship solutions



Robotics and Motion

Recovery of process industries e.g. oil and gas, metals capex

Robotics growth for electric vehicle production in China

Investing for profitable growth

Landmark investment in global innovation and training campus

“Factory of the Future” at B&R in Eggelsberg, Austria

R&D investment of €100 mn; operational by 2020

Builds on successful integration of B&R

State-of-the-art, customer centric R&D

ABB Ability™ solutions for industrial automation

Machine learning and artificial intelligence center
of competence

Automation Academy to train customers,
partners, employees



ABB Ability™ – creating market impact

Power Grids



ABB Ability™ Control & Protection System

Murraylink & Directlink, Australia: HVDC digital upgrade for APA Group

Enhances reliability, security and efficiency

Electrification Products



ABB Ability™ Connected Solutions

City of Trondheim, Norway: EV fast-charging solution

Ensures maximum uptime, visibility and control over infrastructure network

Industrial Automation



ABB Ability™ Collaborative Operations

15 centers launched globally for industrial customers

Increases productivity through real-time collaboration and advanced analytics

Robotics and Motion



ABB Ability™ Connected Services

>7,000 connected robots globally

Improves profitability through improved uptime

Active portfolio management

Ongoing integration

Global business unit in place

On track to deliver \$1 bn revenues mid-term

Combining B&R and ABB product and solution offering

Landmark €100 mn investment in global innovation and training campus

Preparing for integration

Closing expected by end Q2; clear execution priorities:

- Manage operational transition
 - Cost synergy capture
 - Product and technology harmonization for long-term growth
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Acquisitions & Divestitures

Entered negotiations to divest ABB's entrelec® terminal block business

PERFECTION IN AUTOMATION
A MEMBER OF THE ABB GROUP



Focus on relentless execution

Focus on cost

Cost savings momentum in Supply Chain Management and Quality & Operations
Net cost savings outpace commodity effect

Operations effectiveness

500+ Lean Six Sigma projects across global operations
Continued process automation in Global Business Services

Compensation linked to performance

- Compensation system fully implemented for 2018
- Short-term incentives: 65% individual performance, 35% team focused
 - Long Term Incentive Program: 50% EPS, 50% relative TSR
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ABB positioned for profitable growth

Summary

Market growth across sectors

Share of ABB total market

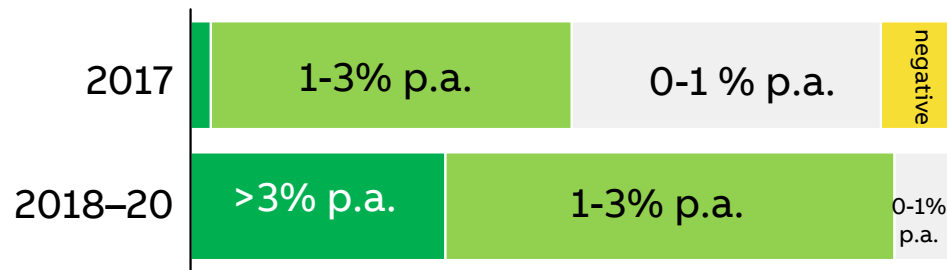


ABB base order growth, yoy, comparable

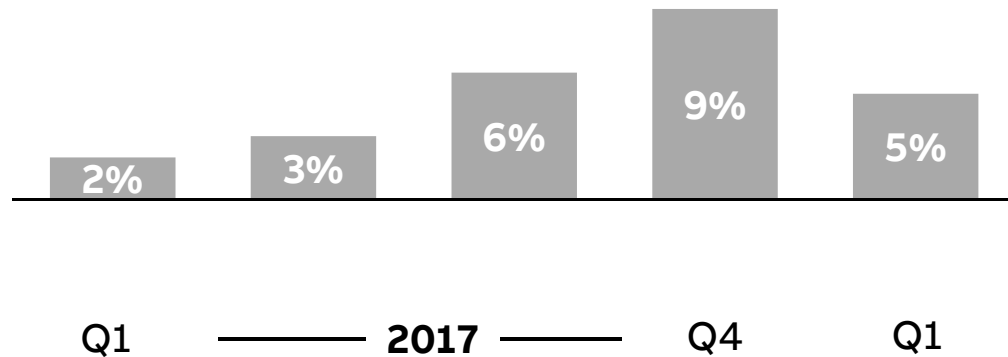


ABB better positioned in a better market

Portfolio and operations streamlined and strengthened

Focus on relentless execution

AABB

Key figures Q1 2018

	Q1 18	Q1 17	Change yoy		
<i>in \$ mn unless stated otherwise</i>			\$	Local currency	Comparable
Orders	9,772	8,403	+16%	+9%	+6%
Order backlog (end March)	23,737	23,084	+3%	-3%	-3%
Revenues	8,627	7,854	+10%	+3%	+1%
Operational EBITA	1,060	943	+12%	+4%	
as % of operational revenues	12.3%	12.1%	+0.2 pts		
Income from operations	895	1,023	-13%		
as % of revenues	10.4%	13.0%	-2.6 pts		
Net income attributable to ABB	572	724	-21%		
Basic earnings per share (\$)	0.27	0.34	-21% ¹		
Operational earnings per share (\$)	0.31	0.28	+11% ¹		+6% ²
Cash flow from operating activities	-518	509	n.a		

Third-party base orders by division

	Q1 18	Q1 17	Change yoy
<i>in \$ mn unless stated otherwise</i>			Comparable
Power Grids	1,992	1,763	+7%
Electrification Products	2,647	2,365	+5%
Industrial Automation	1,787	1,441	0%
Robotics and Motion	2,313	1,991	+9%
Corporate and Other	12	38	n.a.
ABB Group	8,751	7,598	+5%

Cash flow from operating activities by division

	Q1 18	Q1 17	Change yoy
<i>in \$ mn unless stated otherwise</i>			Comparable
Power Grids	(250)	190	n.a.
Electrification Products	81	205	-60%
Industrial Automation	79	120	-34%
Robotics and Motion	73	263	-72%
Corporate and Other	(501)	(269)	n.a.
ABB Group	(518)	509	n.a.

Order backlog by division

	Q1 18	Q1 17		Change yoy
<i>in \$ mn unless stated otherwise¹</i>			\$	Comparable
Power Grids	10,700	10,890	-2%	-7%
Electrification Products	3,441	3,157	+9%	+3%
Industrial Automation	5,595	5,456	+3%	-8%
Robotics and Motion	4,261	3,818	+12%	+4%
Corporate and Other	(260)	(237)	n.a.	n.a.
ABB Group	23,737	23,084	+3%	-3%

Operational EPS analysis

	Q1 18	Q1 17	Change yoy ¹		
<i>\$ mn, except per share data in \$</i>					
		EPS	EPS		
Net income (attributable to ABB)	572	0.27	724	0.34	-21%
Operational adjustments:					
Acquisition-related amortization	73		59		
Restructuring and restructuring-related expenses ²	11		48		
Non-operational pension cost (credit)	-30		-7		
Changes in retained obligations of divested businesses	0		94		
Changes in pre-requisition estimates	0		0		
Gains and losses on sale of businesses	6		-338		
Acquisition-related expenses and non-operational integration costs	33		6		
Certain non-operational items	22		102		
FX / commodity timing differences in income from operations	20		-51		
Tax on operational adjustments ³	-38		-30		
Operational net income / Operational EPS	669	0.31	607	0.28	+6% ⁴

Regional share of total orders and revenues by division

Q1 2018, in % terms

