

ZÜRICH, SWITZERLAND, FEBRUARY 5, 2020

Full-year and Q4 2019 results

Transformation on track

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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”, “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 U.S. 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.

Some of the planned changes might be subject to any relevant I&C processes with the Employee Council Europe and / or local employee representatives / employees.

On December 17, 2018, ABB announced an agreed sale of its Power Grids (“PG”) business. Consequently, the results of the Power Grids business are presented as discontinued operations. The company’s results for all periods have been adjusted accordingly. Net income, EPS and Cash flow from operating activities include results from continuing and discontinued operations.

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



CEO highlights

Full-year 2019

Full-year 2019 results

Resilient performance in more challenging market

ORDERS	REVENUES	Op. EBITA margin
\$28.6 bn	\$28.0 bn	11.1%
+1%¹	+1%¹	+20 bps
CASH FLOW from operating activities	Basic EPS	Operational EPS
\$2.3 bn	0.67	1.24
-20%	-34%	-7%²

Delivering on clear priorities

Sustained running of the business while undertaking transformation

Ongoing systematic portfolio management

Disciplined investment in organic growth

Transformation on track

Transformation progress to date

Power Grids carve-out ✓

Stand-alone business legally established

Resource transfer to PG substantially complete

ABB-OS simplification program ✓

Regional structures dismantled

Country activities now within businesses

Corporate transfers to businesses complete

Future operating model effective

New Performance Management Process in place

Future milestones

Transaction close expected end-Q2 2020; PG-JV operational

Vast majority of stranded costs eliminated by deal close

Full run-rate ABB-OS savings expected during 2021



CFO perspectives

Full-year 2019 highlights & Q4 2019 results review

Full-year 2019 results summary

<i>\$ mn and change yoy, unless otherwise stated</i>	Group	Electrification	Industrial Automation	Motion	Robotics & Discrete Automation	Corporate and Other
Orders <i>Comparable</i>	28,588 +1%	13,050 +4%	6,432 +0%	6,782 +4%	3,260 -11%	(936)
Revenues <i>Comparable</i>	27,978 +1%	12,728 +2%	6,273 0%	6,533 +4%	3,314 -4%	(870)
Operational EBITA	3,107 +7%	1,688 +8%	732 -18%	1,082 +9%	393 -22%	(788)
Operational EBITA margin	11.1% +20 bps	13.3% (60) bps	11.7% (240) bps	16.6% +70 bps	11.9% (270) bps	

Q4 2019 results

Lower Corporate and Other costs support operating margin development

ORDERS	REVENUES	Op. EBITA margin
\$6.9 bn	\$7.1 bn	10.1%
+1%¹	-2%¹	+220 bps
CASH FLOW from operating activities	Basic EPS	Operational EPS
\$1.9 bn	0.15	0.27
+2%	+2%	-11%²

Key below-the-line impacts

Non-operational items:

- Restructuring and related costs (\$99) mn, includes (\$64) mn ABB-OS simplification
- PG related transaction and separation costs (\$39) mn
- Combined gain from sales of businesses and adjustment to GEIS purchase price +\$178 mn

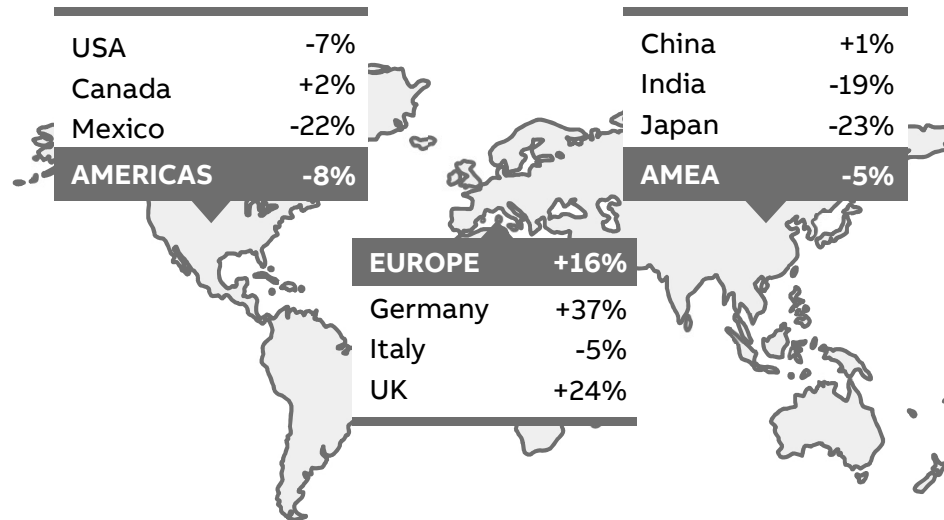
Discontinued operations (Power Grids) net income +\$50 mn, reflects restructuring, carve-out related tax and transaction costs

Q4 2019 orders

Europe strong, Americas and AMEA weaker

Order development yoy

Growth by region and largest 3 country markets in \$ terms



AMERICAS

Weak across all businesses

USA: slowing short-cycle industrial, buildings demand

EUROPE

IA, MO strong, supported by large orders; EL solid, RA weak

Germany: good large orders in wind, rail

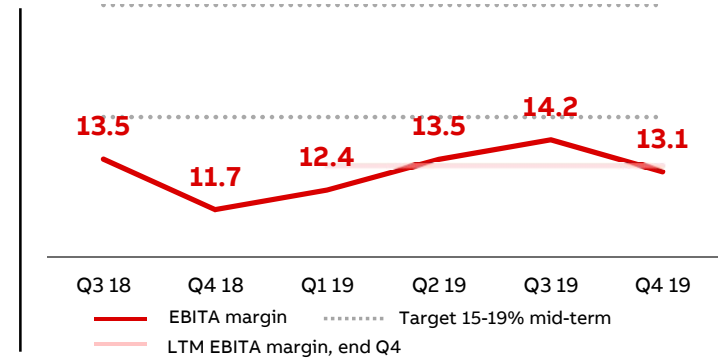
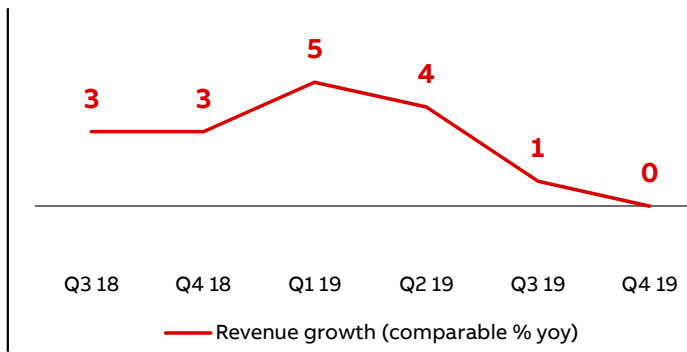
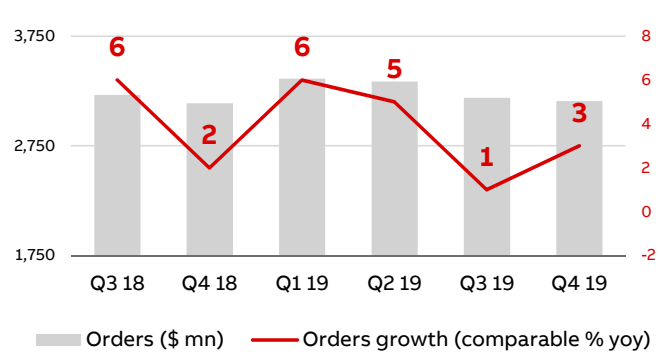
AMEA

Strong in EL; weak in IA, MO, very weak RA

China: strong broad-based growth, very weak in robotics

Q4 2019 Electrification

Margin development aided by continued good execution



Orders \$3,160 mn

Strong growth in solutions: utilities, data centers, electric transport

Buildings mixed, slowing in US

Slowing general industry

Revenues \$3,238 mn

Flattening short-cycle

Order backlog end Q3 +4%, end Q4 +9% yoy

Operational EBITA \$421 mn

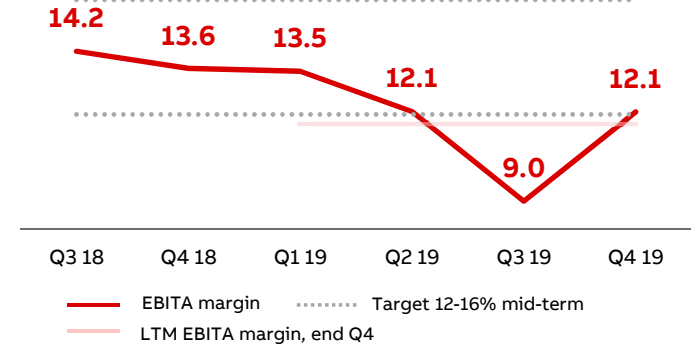
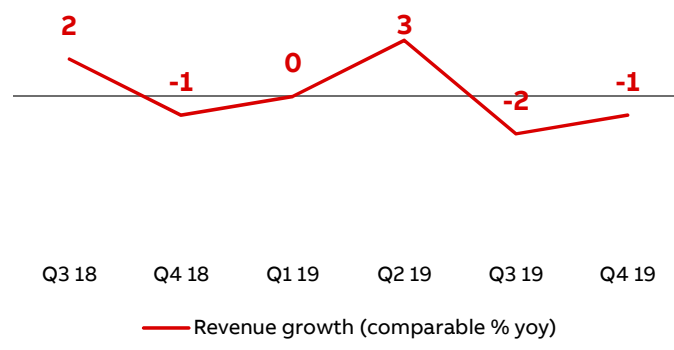
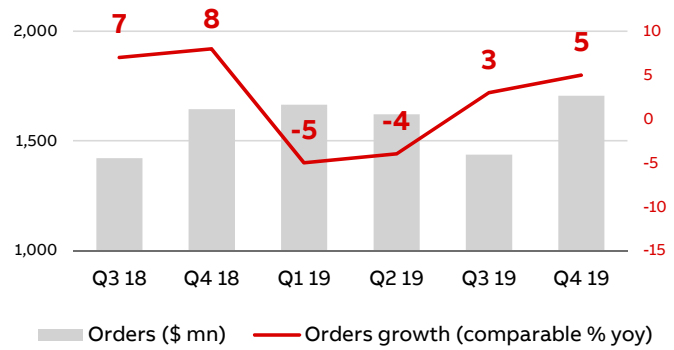
Margin yoy +140 bps

Progress in GEIS integration, Installation Products turnaround

Ongoing pricing and cost management

Q4 2019 Industrial Automation

Solid order development, adverse business mix



Orders \$1,706 mn

Specialty vessels strong

Weak conventional power generation

Revenues \$1,683 mn

Lower book-and-bill

Order backlog end Q3 +0%, end Q4 +2% yoy

Operational EBITA \$202 mn

Margin yoy -150 bps

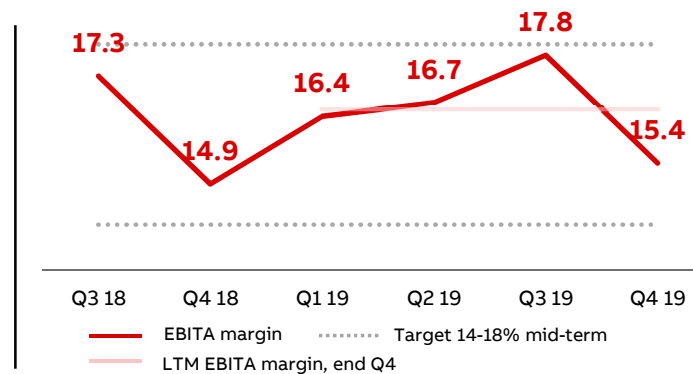
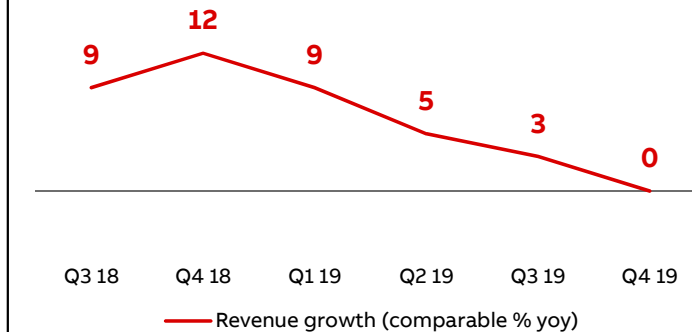
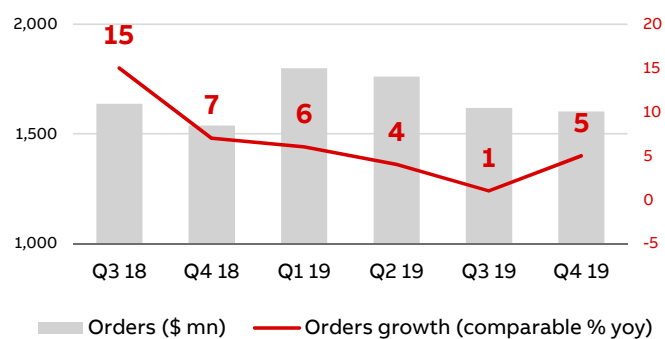
Lower volume, adverse business mix

Operational execution

Investments in growth

Q4 2019 Motion

Sustained steady execution



Orders \$1,602 mn

Drives solutions strong for wind, rail

Steady motors and generators

Revenues \$1,657 mn

Tough comparison

Order backlog end Q3 +4%, end Q4 +9% yoy

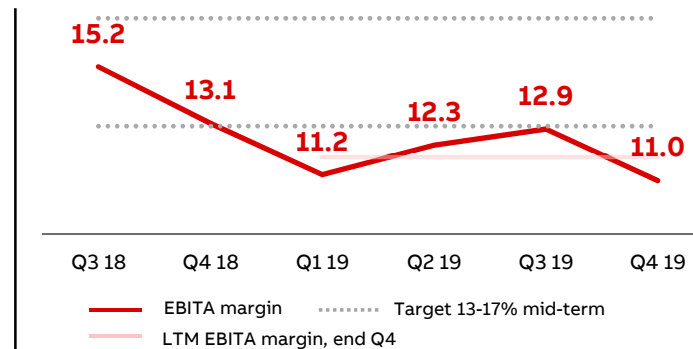
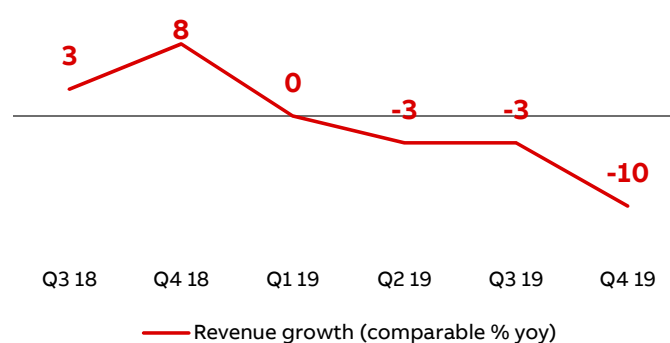
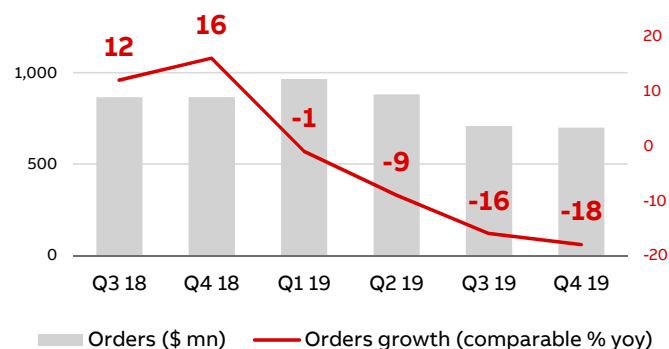
Operational EBITA \$254 mn

Margin yoy +50 bps

Positive mix, operational performance

Q4 2019 Robotics & Discrete Automation

Continued market headwinds



Orders \$701 mn

Tough comparison

Challenged autos, machine builders

Improving 3C

Revenues \$787 mn

Lower book-and-bill

Order backlog end Q3 +2%, end Q4 -5% yoy

Operational EBITA \$86 mn

Margin yoy -210 bps

Lower volumes, adverse mix

Remedial cost actions continue

Operational EBITA analysis

	Q4 2019	Q4 2018	FY 2019	FY 2018
Group operational EBITA margin	10.1%	7.9%	11.1%	10.9%
<i>Negative basis points impact within period:</i>				
PG related stranded costs	-60	-100	-80	-110
Non-core	-110	-260	-50	-100
GEIS (12 vs 6 months consolidation)			-40	
Project revaluation in IA (Q3 19)			-20	
	-170	-360	-190	-210

Value creation with ABB-OS

Guidance (Feb 2019 CMD)

To date

\$150-200 mn run-rate savings by end 2019



~\$500 mn run-rate benefit expected during 2021

Integrated into business plans

~\$500 mn non-operating restructuring and implementation costs

\$251 mn booked

Progress markers

Regional organization dismantled

All countries integrated into businesses

All corporate business functions integrated into businesses

Corporate functional headcount <10% of former size

Continuing operations headcount reduced by ~3,900¹

Simpler, more agile, customer-focused organization

Leaner corporate

Corporate and Other op. EBITA

	2018	2019	Delta	Guidance (Feb 2019 CMD)	2020 est.	Delta to 2018
Stranded costs	297	225	(72)	Vast majority eliminated by deal close	~50	~(250)
Non-core business ¹	291	145	(146)	Non-core wound down by end-2021		
Ongoing corporate	498	418	(80)	~\$200 mn ABB-OS savings from corporate & functions		
	1086	788	(298)		~600	~(500)

Corporate and Other op. EBITA medium term run-rate ~\$300 million

2020 financial expectations

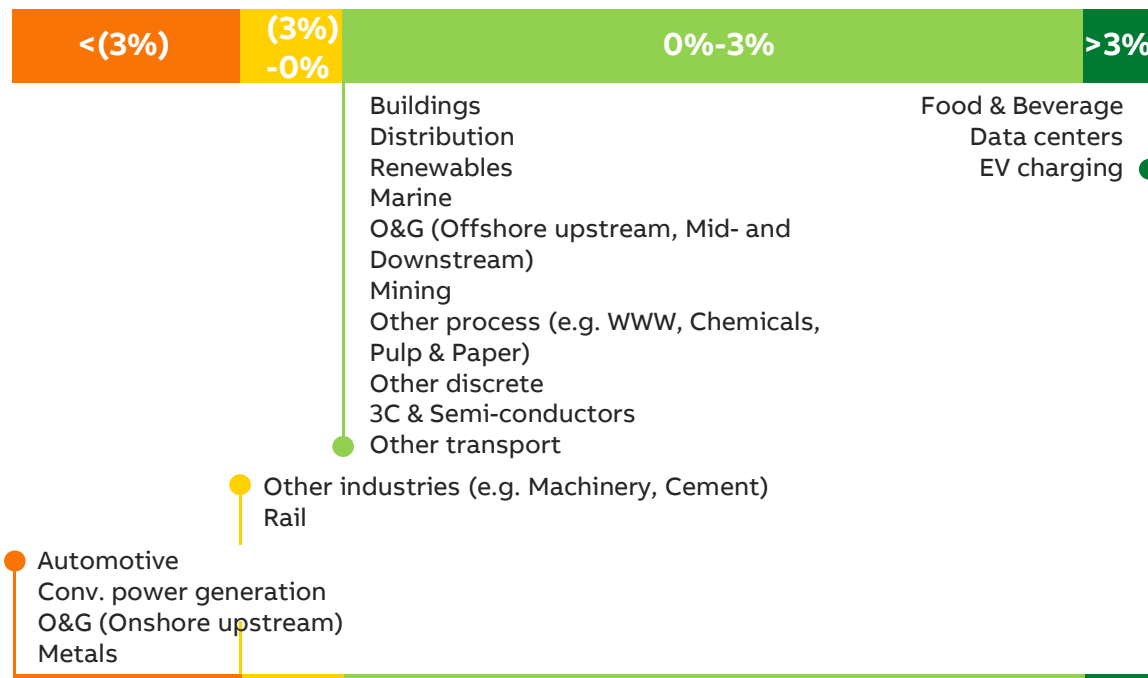
Comparable revenues	Steady or slightly up	Order backlog +5% yoy Challenges continue in some end-markets short-term
Operational EBITA margin	Margins to improve, stronger in H2	Elimination of stranded costs, continued ABB-OS savings EL to reach 15-19% margin corridor during 2020
Cash flow	Solid cash flow from operating activities¹	Focus on NWC
Capital expenditure	~\$800 mn	Includes ongoing GEIS investment, robotics factory upgrade
Effective tax rate	~27%	Excluding tax leakage from PG sale of \$400-\$500 mn

— Looking ahead

2020 outlook

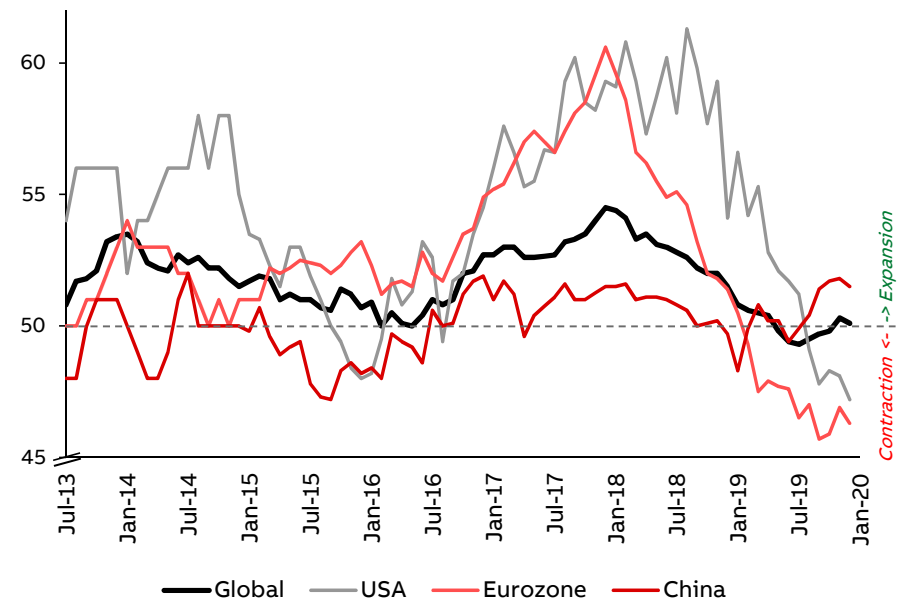
End-markets largely resilient

ABB end-market growth estimates, short-term



Macroeconomic indicators

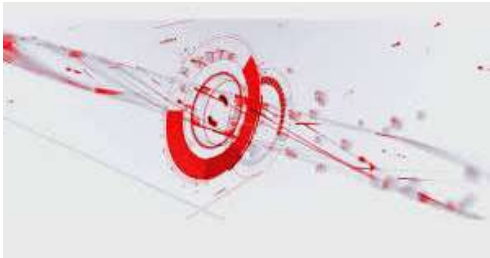
Manufacturing PMI (% yoy)



Technology and innovation driving growth

Recent business highlights

Electrification



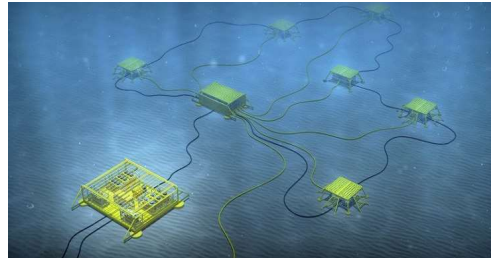
AI-powered energy management solutions

ABB Ability™ EDCS in partnership with Verdigris Technologies

10x more effective than traditional solutions

Reduce unplanned consumption spikes, better asset intelligence

Industrial Automation



Disruptive technology for Oil & Gas

Complete subsea power substation system validated

Little or no maintenance for up to 30 years, no top-side needed

Significantly reduced power consumption, lower CO₂ emissions

Motion



Accelerating decarbonization of transport

New plant supplying energy storage systems

Latest battery technologies for longevity, safety, quality

Superior thermal management using patented liquid cooling

Robotics & Discrete Automation



Unique machine-centric robotics technology

Integrates ABB robots into B&R machine control system

Unprecedented synchronization boosts productivity

Easier programming, faster development

New leadership and culture to drive performance

New leadership

Björn Rosengren to start as CEO March 1, 2020

Smaller Executive Committee, from 11 to 8 members

Peter Voser remains Chairman of the Board

Embedding ABB-OS

Leaner corporate; empowered businesses

New management processes to drive growth, enhance execution, manage our portfolio, allocate capital

New Performance Management Process aligns strategy, annual planning and short-term incentives

Energizing our people

Enhanced employee engagement, building on recent employee survey

ABB's new employee Annual Incentive Plan

Group ROCE*

Business line specific KPI's

Individual KPI's as applicable

New model of business-led accountability

2020 priorities

Focus on execution

Improving performance in the businesses

- Driving profitable growth and enhanced efficiency
- Ongoing systematic portfolio management
- Continued organic investment

Continuing the transformation

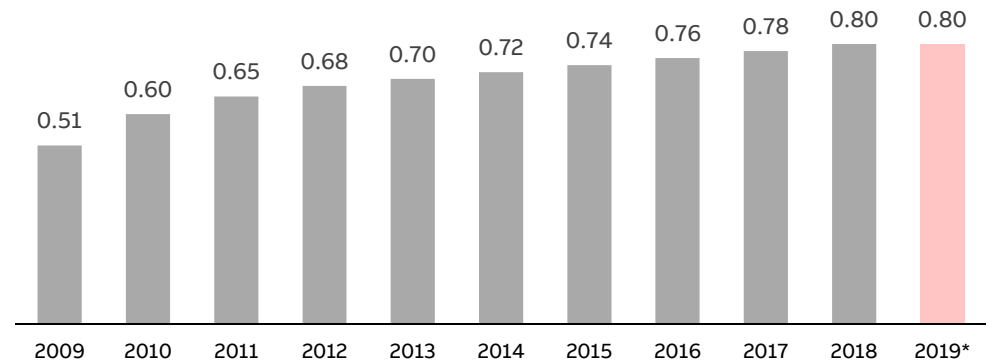
- PG transaction closed; JV operational
- Embed new performance culture

Attractive returns to shareholders

CHF 0.80 DPS proposed, subject to shareholder approval¹

Maintain DPS post closing of PG sale

Commence buyback to return net cash proceeds from PG sale²




— Appendix

2020 framework

Key   New or revised guidance

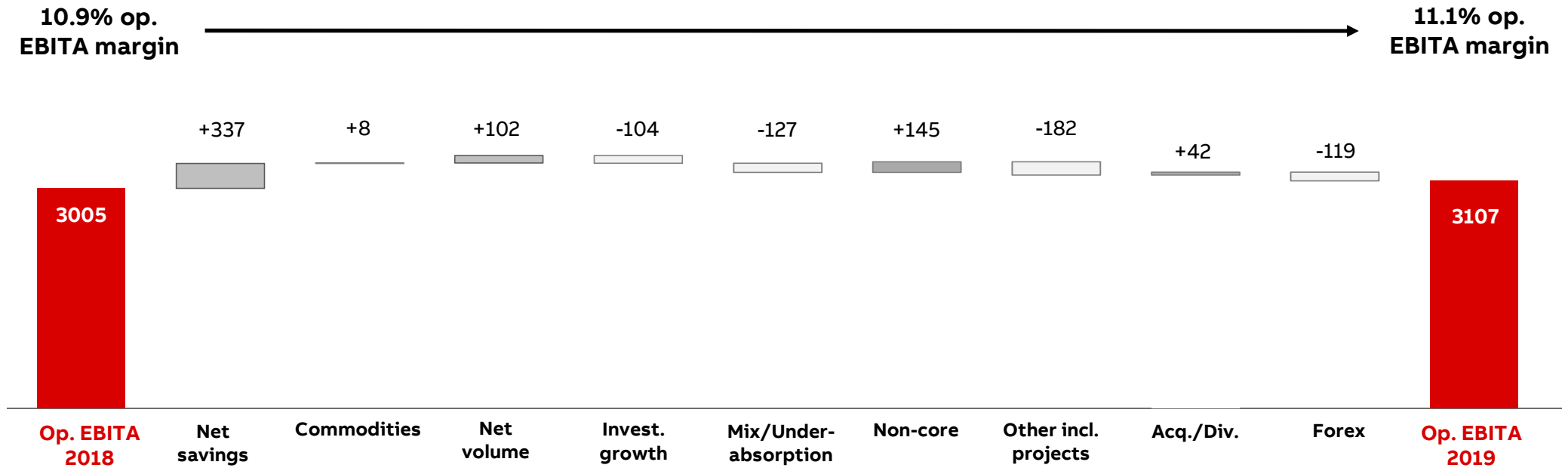
\$ mn unless otherwise stated

	FY 2019 actual	FY 2020 framework	Q1 2020 est.
Corporate and Other operational EBITA	(788)	~(600)	~(175)
Of which, stranded costs	(225)	~(50)	~(30)
Non-operating items			
Normal restructuring	(114)	~(100)	~(25)
Simplification program ¹	(186)	~(250)	~(50)
Transaction and separation related costs (PG, solar inverters)	(151)	~(250)	~(140)
GEIS acquisition related expenses and integration costs	(96)	~(100)	~(25)
PPA-related amortization	(265)	~(260)	~(65)

	FY 2019 actual	FY 2020 framework	Q1 2020 Est.
Net finance expenses (continuing)	(148)	~(150)	~(40)
Effective tax rate	~27.3% ²	~27%	~27%
PG tax impact	 ~ (150)	(400)-(500)	
Capital expenditure (continuing)	(762)	~(800)	~(200)
Cash flow from operating activities (continuing)	1,899	Solid ³	

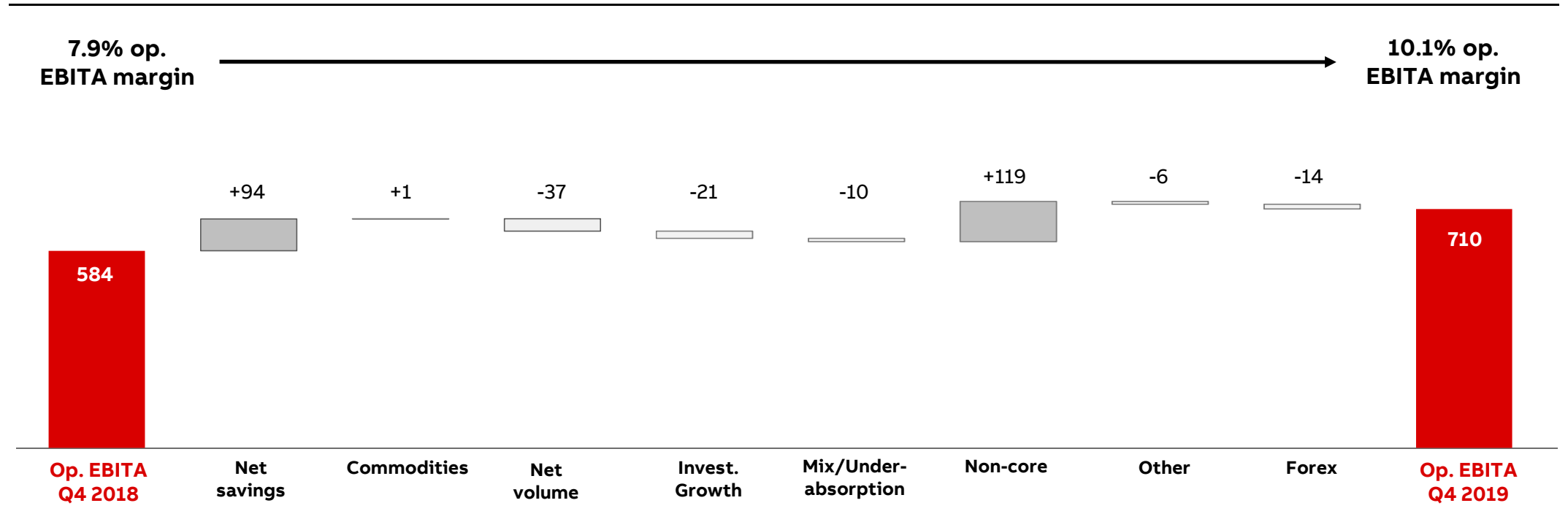
Full-year 2019 operational EBITA bridge

Operational EBITA bridge 2018 to 2019 (\$ mn)



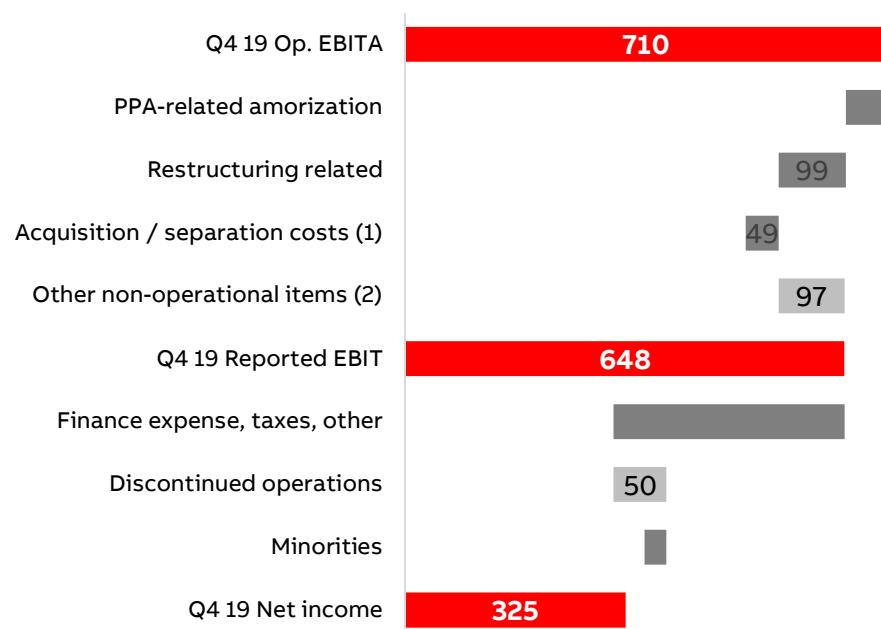
Q4 2019 operational EBITA bridge

Operational EBITA bridge Q4 2018 to Q4 2019 (\$ mn)



Q4 2019 net income drivers

Operational EBITA to net income walk Q4 2019 (\$ mn)



Key non-operational items

Restructuring and related costs includes \$64 mn ABB-OS simplification

Power Grids related transaction and separation costs \$39 mn

Other non-operational items includes combined gain from sales of businesses and adjustment to GEIS purchase price \$178 mn

Discontinued operations (Power Grids)

Net income \$50 mn, reflects restructuring, carve-out related tax and transaction costs

Operational EPS reconciliation

	Q4 2019		Q4 2018		Change yoy ¹
<i>\$ mn, except per share data in \$</i>		EPS		EPS	
Net income (attributable to ABB)	325	0.15	317	0.15	+2%
Operational adjustments:					
Acquisition-related amortization	60		75		
Restructuring, related and implementation costs ²	99		129		
Non-operational pension costs (credit)	(4)		(6)		
Changes in obligations related to divested businesses	5		14		
Changes in pre-acquisitions estimates	9		6		
(Gains) and losses from sale of businesses	(47)		4		
Fair value adjustment on assets and liabilities held for sale	(45)		-		
Acquisition- and divestment-related expenses and integration costs	49		56		
FX / commodity timing differences in income from operations	(26)		-		
Certain other non-operational items:					
Costs for planned divestment of Power Grids	39		-		
Regulatory, compliance and legal costs	(2)		5		
Business transformation costs	6		10		
Executive Committee transition costs	2		-		
Favorable resolution of an uncertain purchase price adjustment	(92)		-		
Asset write downs/impairments	4		13		
Other non-operational items	1		(3)		
Non-operational adjustments in discontinued operations	116		108		
Tax on operational adjustments ³	(43)		(96)		
Adjustments for non-operational amounts in Provision for taxes	124		-		
Operational net income / Operational EPS	580	0.27	632	0.30	-11%⁴

Operational EBITA reconciliation, continuing operations

\$ mn	2019		2018	
	Q4	FY	Q4	FY
Income from operations / EBIT	648	1,938	275	2,226
Acquisition-related amortization	60	265	75	273
Restructuring, related and implementation costs ¹	99	300	129	172
Changes in obligations related to divested businesses	5	36	14	106
Changes in pre-acquisitions estimates	9	22	6	8
(Gains) and losses from sale of businesses	(47)	(55)	4	(57)
Fair value adjustment on assets and liabilities held for sale	(45)	421	-	-
Acquisition- and divestment-related expenses and integration costs ²	49	121	56	204
FX / commodity timing differences in income from operations	(26)	(21)	-	33
Certain other non-operational items:				
Costs for planned divestment of Power Grids	39	141	-	-
Regulatory, compliance and legal costs	(2)	7	5	34
Business transformation costs	6	19	10	17
Executive Committee transition costs	2	14	-	-
Favorable resolution of an uncertain purchase price adjustment	(92)	(92)	-	-
Gain on sale of investments	-	(15)	-	-
Gain on liquidation of a foreign subsidiary	-	-	-	(31)
Asset write downs/impairments	4	4	13	25
Other non-operational items	1	2	(3)	(5)
Operational EBITA	710	3,107	584	3,005

ABB