



ABB LTD, ZURICH, SWITZERLAND, JULY 19, 2018

Continued profitable growth

Q2 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.

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.

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

Q2 2018 financial performance

2018 update

Q2 2018 continued profitable growth

Profitable Growth

Total orders +8%, base orders +9%¹
Order growth up in all divisions and regions
Book to bill 1.07x, >1x in all divisions
ABB Ability™ solutions driving growth
GEIS integration process well underway

Relentless Execution

Operational EBITA margin +60 bps to 13.0%
Operating EPS growth +27%²
Ongoing net cost savings

Business-led Collaboration

Global Strategic Alliance with HPE, Rittal for edge data center solutions
Strategic brand migration; ABB Formula-E

Q2 2018 financial summary

Orders

\$9.5 bn

+8%¹

Base orders

\$8.8 bn

+9%¹

Revenues

\$8.9 bn

+1%¹

Operational EBITA margin

13.0%

+60 bps

Operational EPS

\$0.38

+27%²

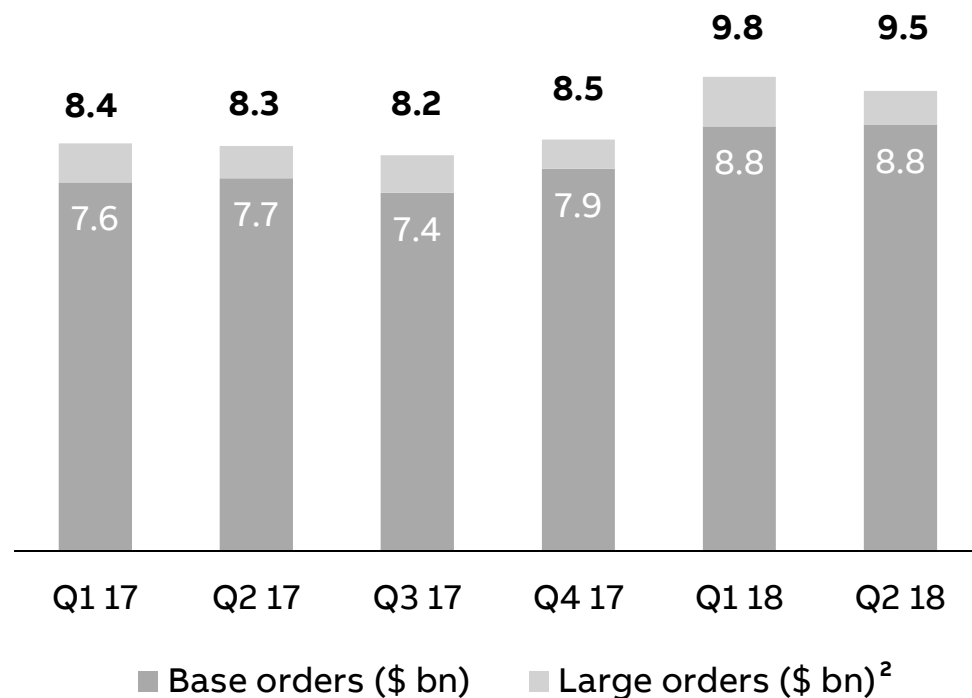
Cash flow from operating activities

\$1,010 mn

Q2 2018 orders

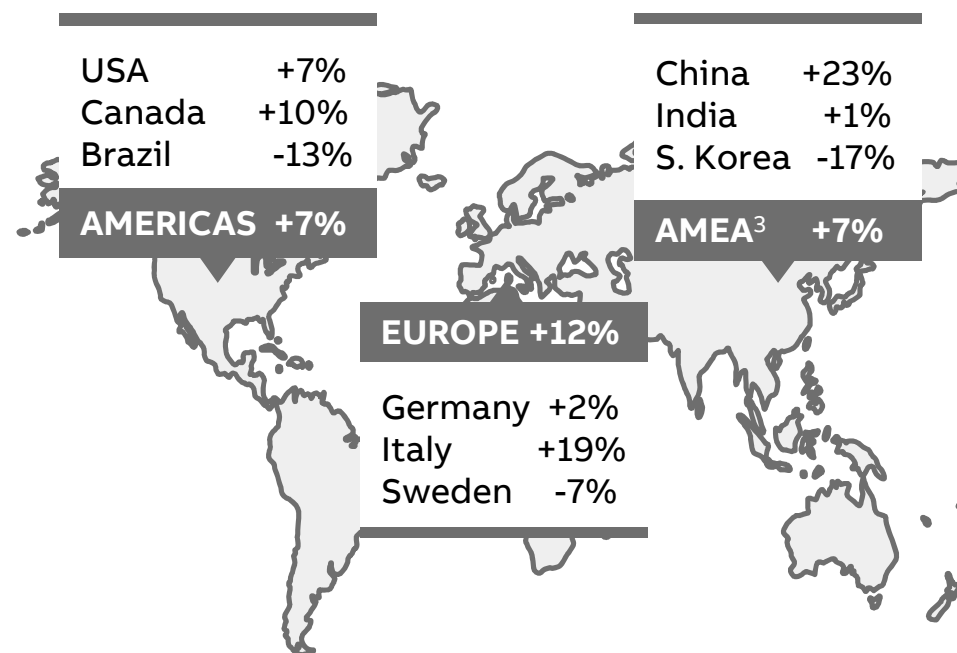
Order growth in all regions

Total orders +8% yoy¹



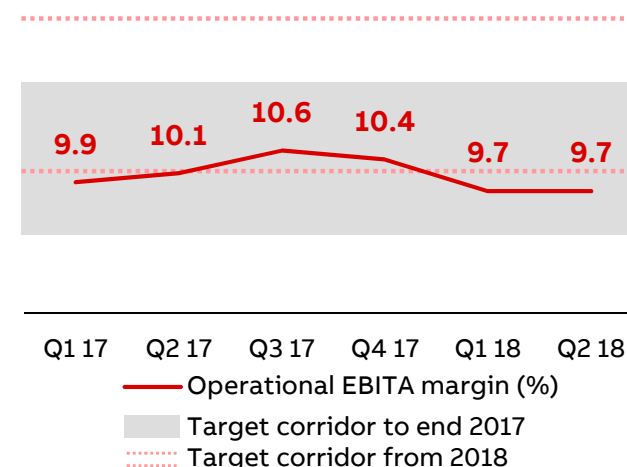
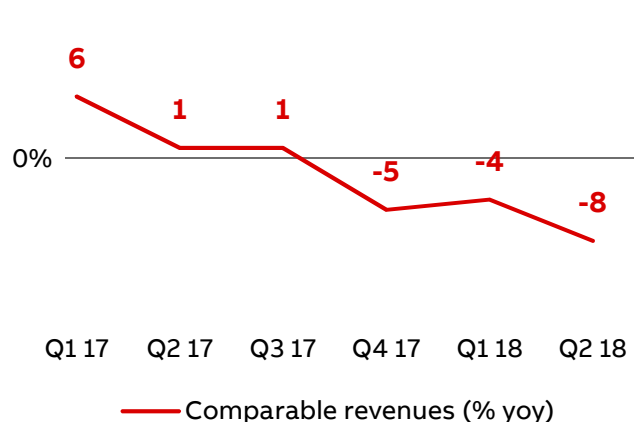
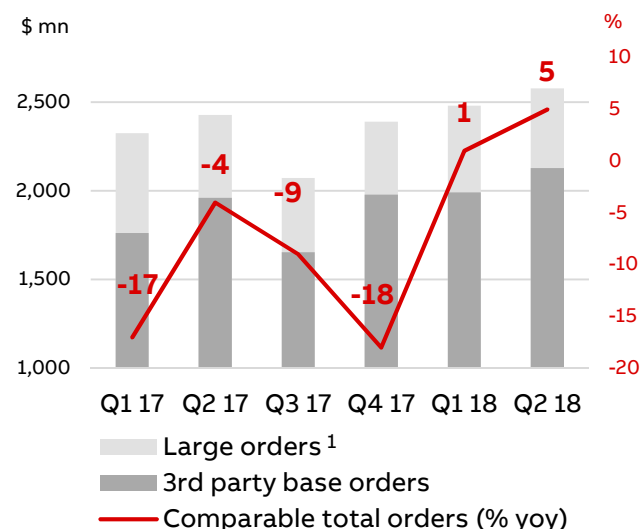
Base orders +9% yoy¹

Growth by region and top 3 country markets in \$ terms¹



Q2 2018 Power Grids

Order growth



Orders \$2,577 mn

Third-party base orders +7% yoy²

Growth from digital grid solutions, renewables integration

Power Up initiatives gaining traction

Revenues \$2,354 mn

Order backlog end Q1 -7% yoy, weighed on revenues

Backlog to -4% yoy end Q2

Operational EBITA \$232 mn

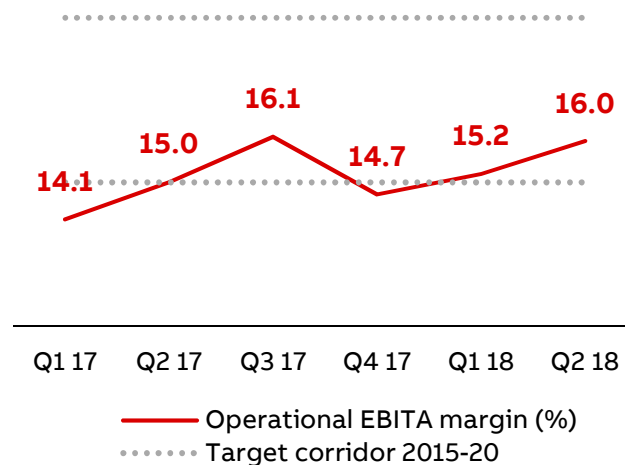
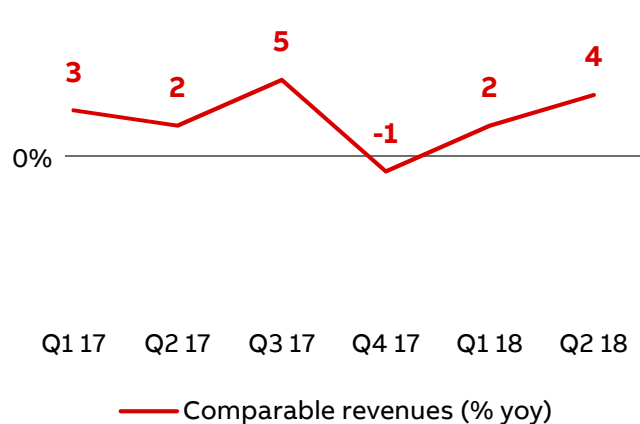
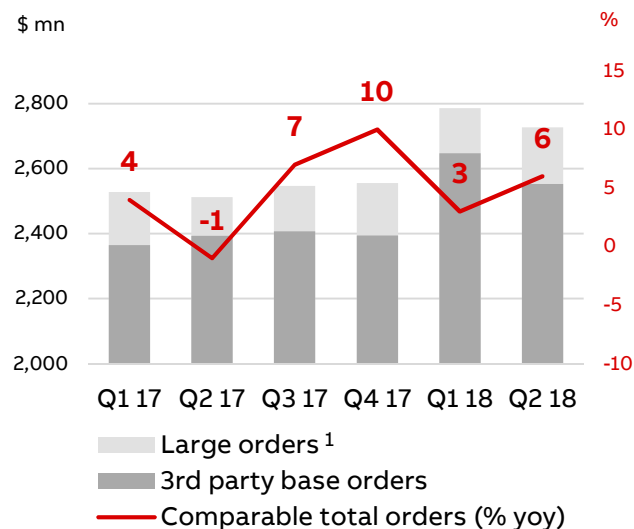
Margin yoy -40 bps

Impacted by lower revenues

Cost management initiatives in place

Q2 2018 Electrification Products

Continued operational leverage



Orders \$2,727 mn

Third-party base orders +4% yoy²

Broad based growth

Growth for data center, e-mobility solutions

Revenues \$2,673 mn

Order backlog end Q2 +5% yoy

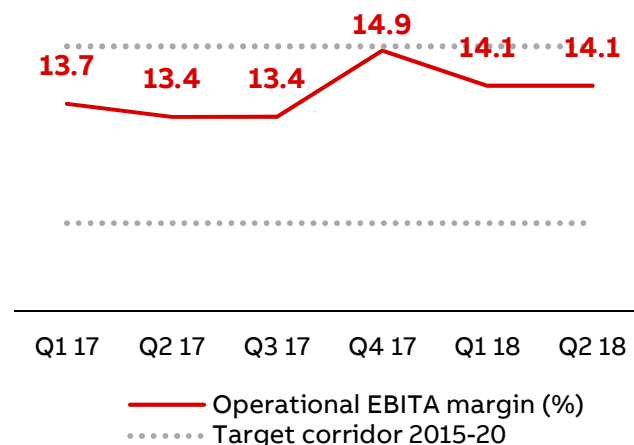
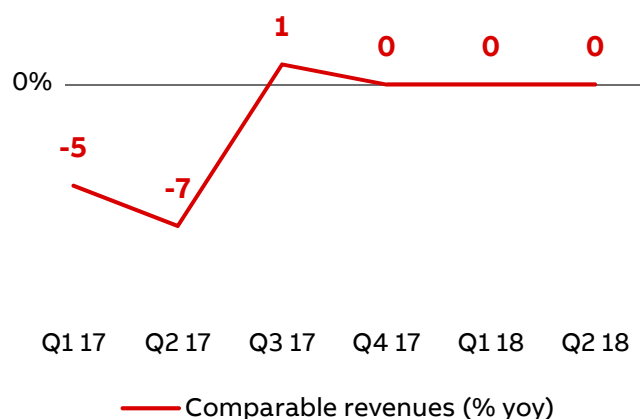
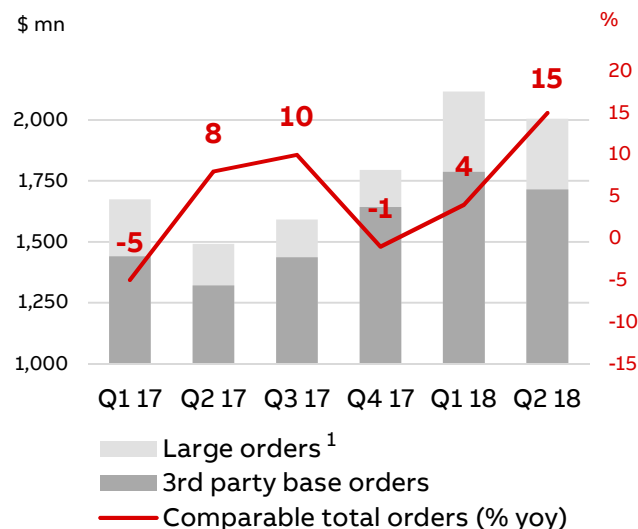
Operational EBITA \$430 mn

Margin yoy +100 bps

Operating leverage, pricing measures

Q2 2018 Industrial Automation

Exceptional order growth



Orders \$2,005 mn

Total orders +30% yoy² reflects strong B&R contribution

Third-party base orders +9% yoy³

Broad based growth across business units and regions

Signs of recovery in process industries

Revenues \$1,839 mn

Order backlog end Q1 -8% yoy; end Q2 -4% yoy

Strong book-and-bill offsets lower backlog

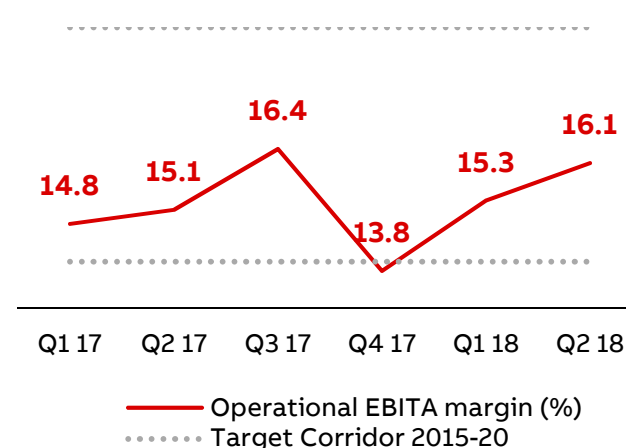
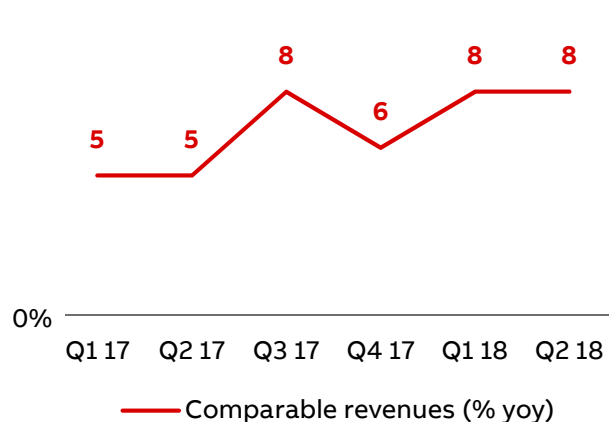
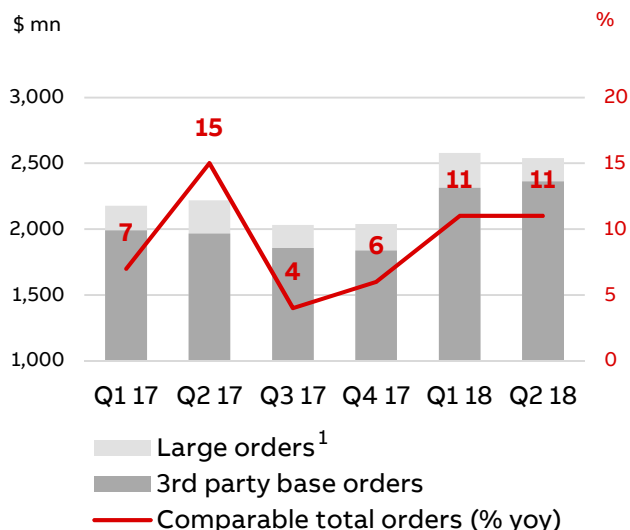
Operational EBITA \$260 mn

Margin yoy +70 bps

Positive mix, strong project execution, some one-time effects

Q2 2018 Robotics and Motion

Strong execution



Orders \$2,540 mn

Third-party base orders +16% yoy²
 Growth across all business units and regions
 Recovery in process industries

Revenues \$2,316 mn

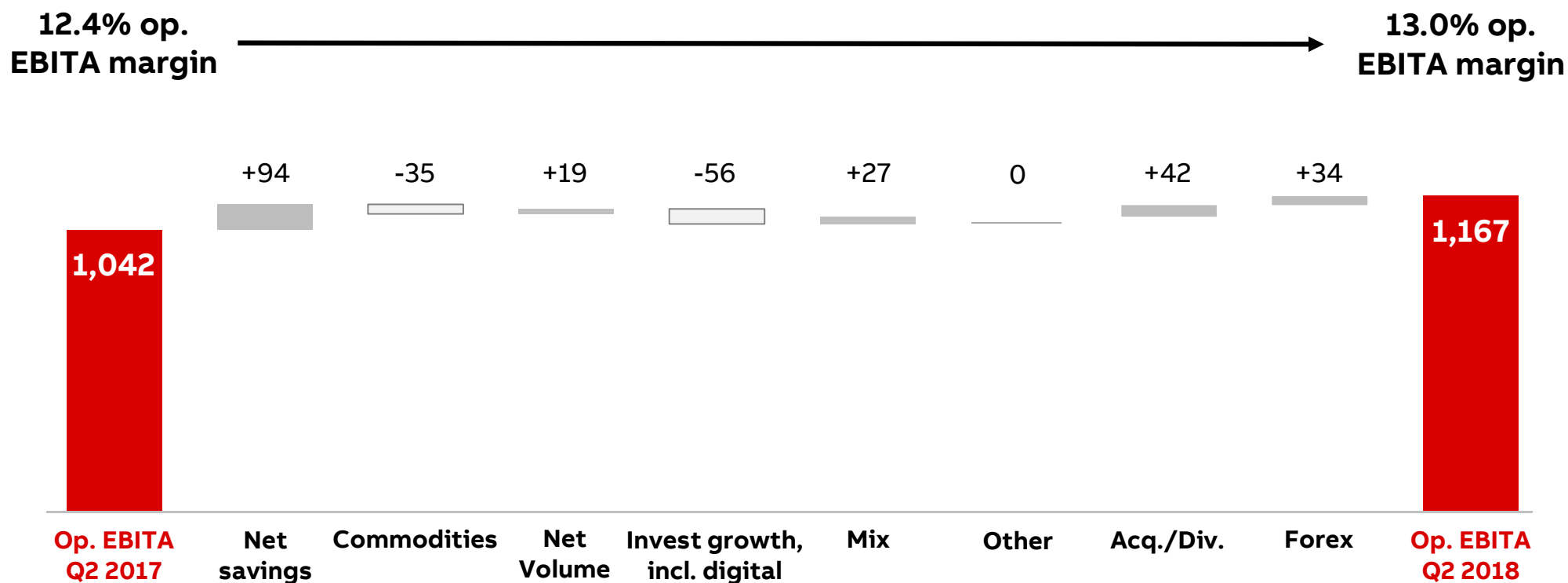
Order backlog end Q2 +6% yoy
 Solid execution of order backlog and book-and-bill

Operational EBITA \$374 mn

Margin yoy +100 bps
 Positive volume and mix, continued productivity efforts

Q2 2018 Operational EBITA

Operational EBITA bridge Q2 2017 to Q2 2018 (\$ mn)



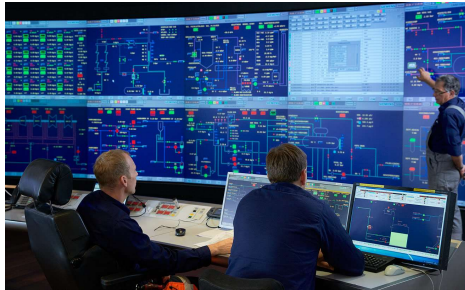
Other financial items

<i>\$ mn unless otherwise stated</i>	H1 2018	FY 2018 framework		H1 2018	H2 2018 framework
Corporate Operational EBITA	(278)	~(550)	Net finance expense	(102)	~(120)
Cash flow from operating activities	492	Solid cash delivery	Non-operating items		
Capital expenditure	(465)	~(1,000)	Normal restructuring	(17)	~(200)
Effective tax rate	27.5%	27%	Power Up program	~(20)	~(20)
			PPA-related amortization	(145)	~(145)
			GEIS PPA-related amortization	n.a.	~(25)
			GEIS inventory revaluation	n.a.	~(25)
			GEIS integration costs	(62)	~(120)

Driving profitable growth in four entrepreneurial divisions

Q2 highlights – penetration, innovation, expansion

Power Grids

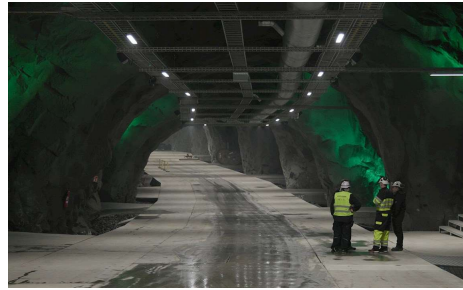


Power Up driving growth and market expansion

Grid integration and automation solutions

5-year frame agreement, Ørsted, offshore wind, UK

Electrification Products



Penetration across high growth markets

Data center solutions, including edge partnership with HPE, Rittal

Commissioning of Lefdal Mine data center, Norway

Industrial Automation



Selective recovery in process industries

Digitalization of industrial operations

Partner for greenfield coal to chemical plants for Yitai, China

Robotics and Motion



Expansion of robotics automotive solutions

Additional expertise in robotics welding solutions

Acquisition of AB Rotech, specialist OEM supplier across Turkey, SE Europe

ABB Ability™ – making a quantum leap in digital

Q2 growth highlights

Power Grids



ABB Ability™ Network Manager – DERMS¹

Smart distribution network software for renewables

Up to 25% reduction in total energy supply cost

Improves security of supply

Electrification Products



ABB Ability™ MNS Digital²

Scalable, modular LV smart switchgear solution

30% operating cost savings

20% reduction in infrastructure investment

Industrial Automation



ABB Ability™ MineOptimize

Software solutions for efficient design, build and operation of mining assets

Enhanced productivity, safety, e.g.

>50% reduction in ventilation energy costs

Robotics and Motion

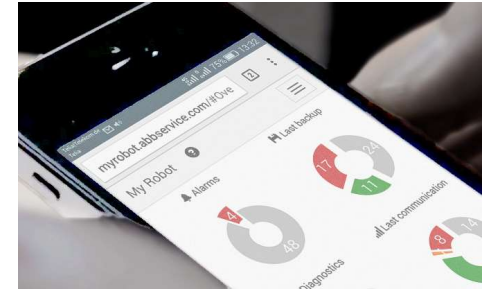


ABB Ability™ Connected Services

Machine-learning / AI based condition diagnostics

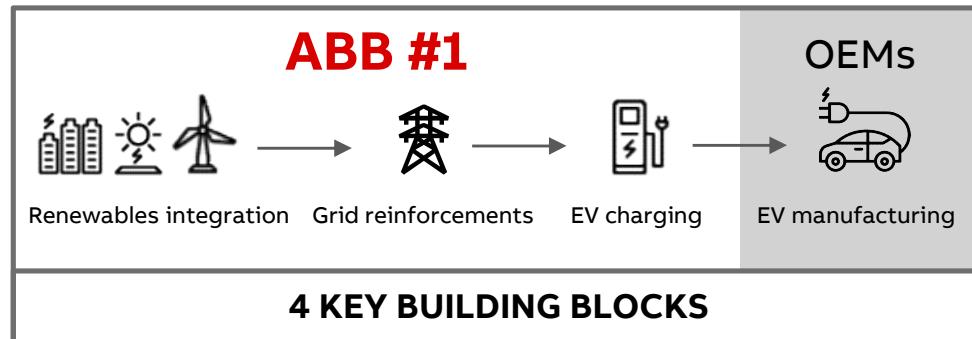
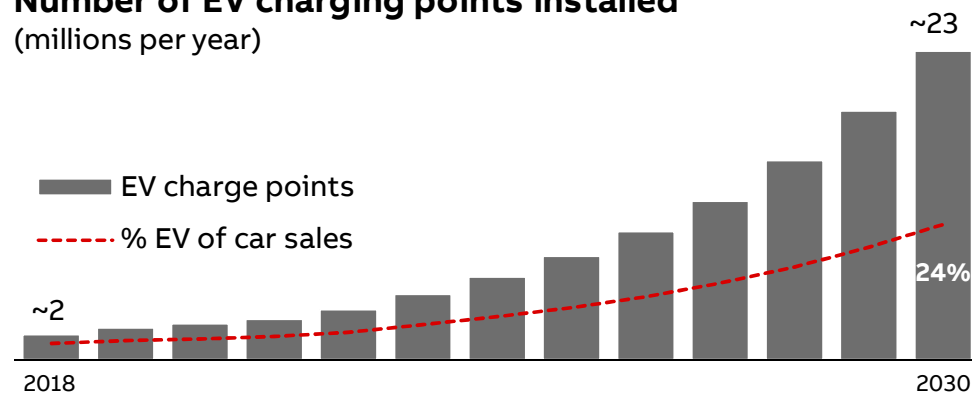
24% reduction in downtime

60% faster turnaround

Leading position in e-mobility

Attractive market

Number of EV charging points installed
(millions per year)



ABB's position

Early mover (start up 2011)

Technology leadership

- 350kW DC fast chargers
- ABB Ability™ Connected Services

Large installed base

- 7,000+ fast chargers; 60+ countries

Unique reach

- 100+ countries; 30,000+ global service employees
- 100+ years of customer relationships

Global end-to-end electrification leadership

Branding reinforced through

ABB FORMULA-E

Shifting ABB's center of gravity

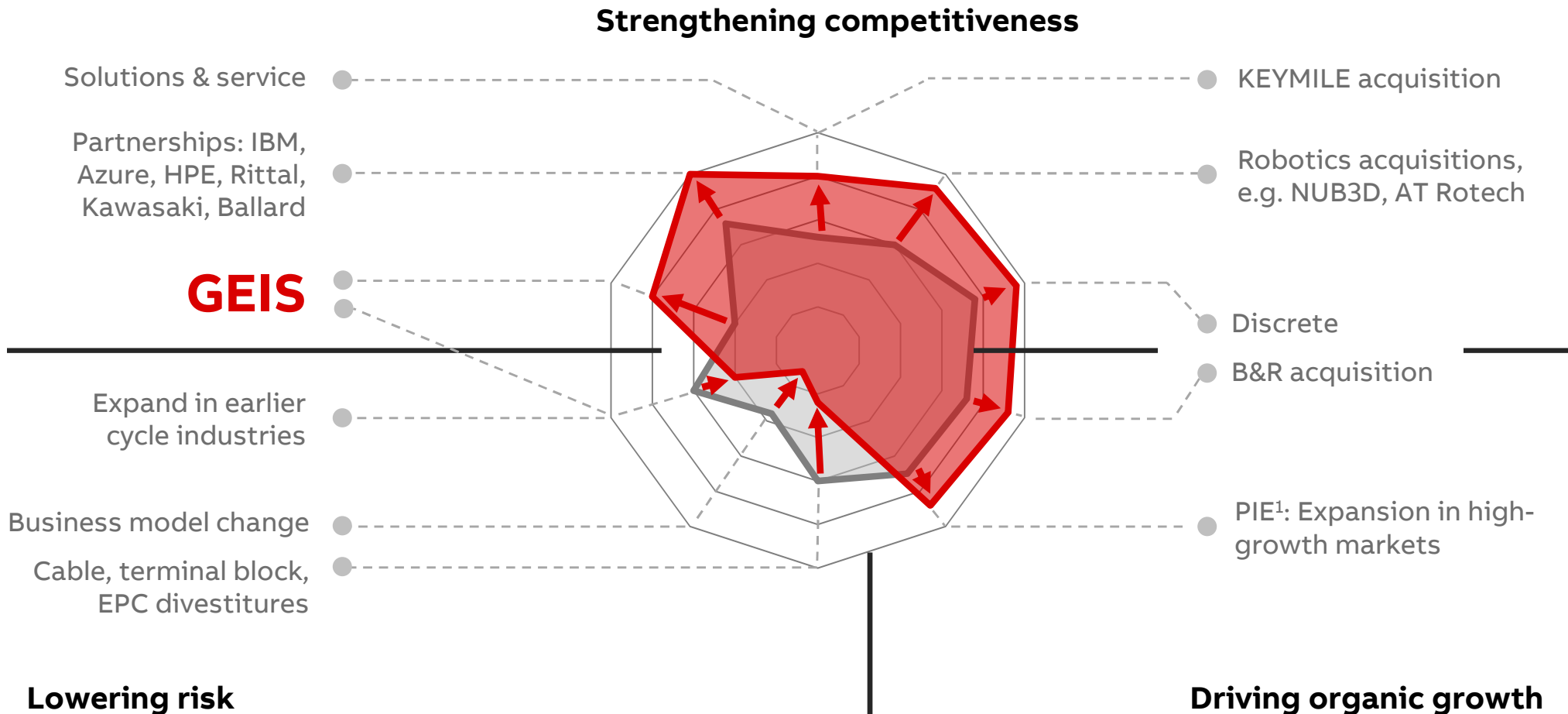


ABB completes acquisition of GE Industrial Solutions (GEIS)

Global #2 position in electrification strengthened



Deal rationale

Market access

- Expanded access to North America
- Significant installed base globally

Performance improvement

- Non-core business for GE
- Significant value creation potential:
 - ABB technology leadership
 - Cost synergies

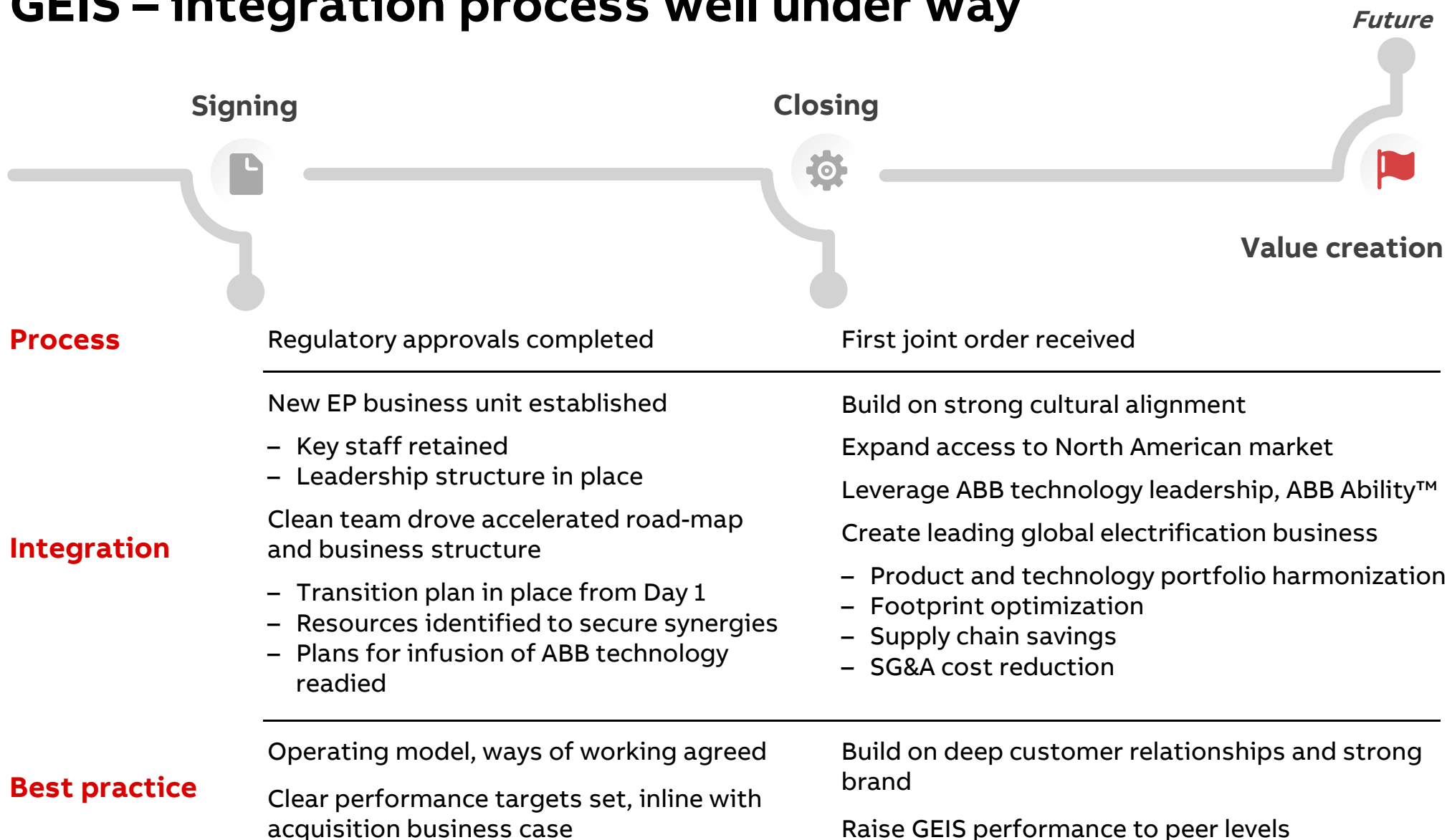
Comprehensive electrification portfolio

- Complementary portfolio and solutions

Strategic supply partnership

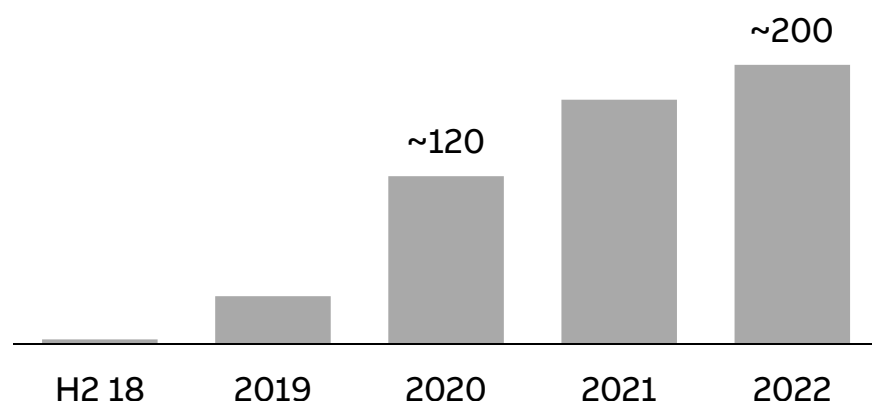
- GE to tap ABB's leading portfolio through long-term supply partnership

GEIS – integration process well under way

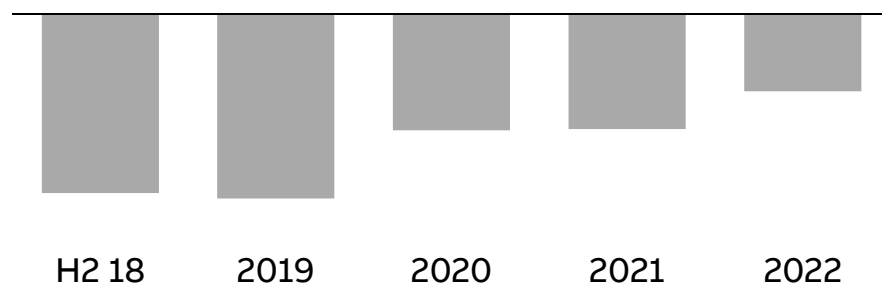


GEIS – synergy capture update

Expected annual cost synergies (\$mn)



Expected annual costs (\$mn)¹



Sources of synergies

Approximately \$200 mn run-rate by 2022

- Product and technology portfolio harmonization
- Footprint optimization
- Supply chain savings
- SG&A cost reduction

Post-closing integration costs, H2 18 to 2022

~\$480 mn pre-tax one-off costs²

- of which ~80% non-operational

~\$130 mn lower cash taxes versus prior estimate

Relentless execution

Driving performance and productivity through Lean Six Sigma

Power Grids



HV factory, Sweden

Resolving SCM issues

67% reduction in lead-time to customers

49% cut in inventory

Electrification Products



Protection & Connection products across 12 sites

Raising standards

+50% improvement in quality performance

+22% increase in productivity

Industrial Automation



Measurement & Analytics factory, Italy

Full site upgrade

+30% lowered lead-time

Tripled customer satisfaction score

Robotics and Motion



Motor factory, U.S.A

Moving to best-in-class

+40% increase in delivery performance

11 months consecutive on-time delivery

Supporting ongoing savings equivalent to 3-5% of COGS p.a.

Strengthening the global ABB brand

Brand migration

>1,000 trademarks under one masterbrand

BALDOR
A MEMBER OF THE ABB GROUP



Strategic brand positioning



Impact

Increase in brand equity¹

>\$2.5 bn

Recognition as digital leader²

#2

Employer of choice in the technological sector³

#1

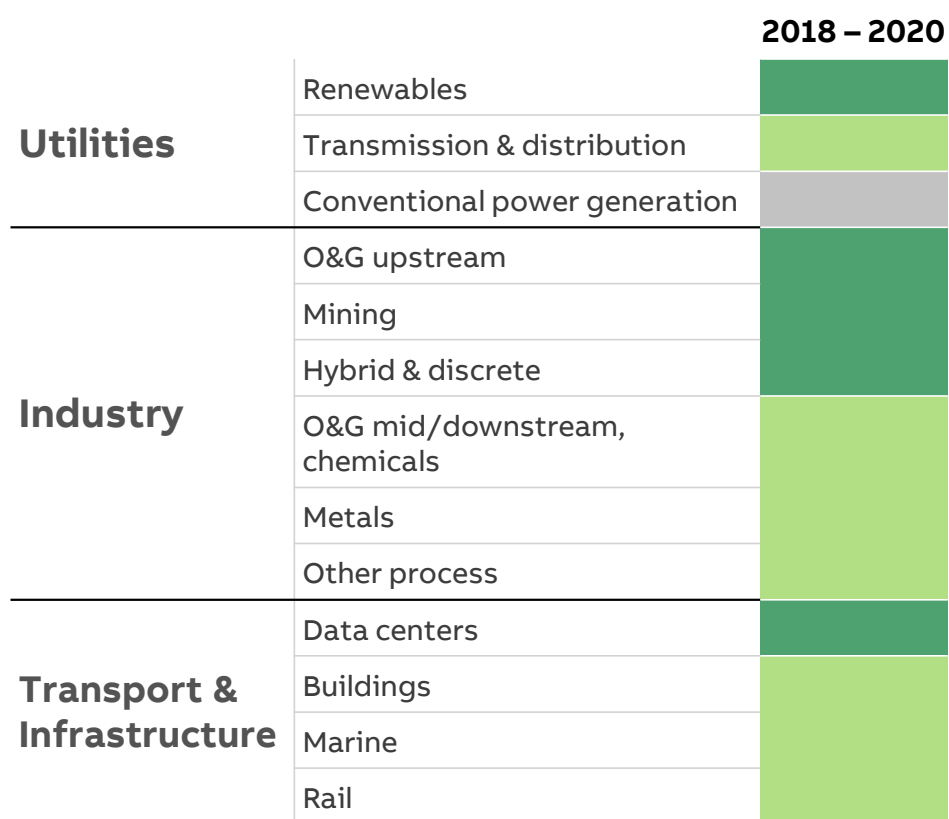
Number of job applications⁴

+100%

ABB better positioned in a better market

Summary

Market outlook¹



Q2 highlights

Total orders +8%, base orders +9%²

Order growth up in all divisions and regions

ABB Ability™ solutions driving growth

GEIS integration process well underway

Operational EBITA margin +60 bps to 13%

Operating EPS growth +27%³

Key ■ >3% ■ 1-3% ■ 0-1% ■ <0%

AIBB

Key figures Q2 2018

	Q2 18	Q2 17	Change yoy		
in \$ mn unless stated otherwise			\$	Local currency	Comparable
Orders	9,483	8,349	+14%	+11%	+8%
Order backlog (end June)	24,214	23,553	+3%	+4%	-1%
Revenues	8,889	8,454	+5%	+3%	+1%
Operational EBITA	1,167	1,042	+12%	+8%	
as % of operational revenues	13.0%	12.4%	+0.6 pts		
Income from operations	962	877	+10%		
as % of revenues	10.8%	10.4%	+0.4 pts		
Net income attributable to ABB	681	525	+30%		
Basic earnings per share (\$)	0.32	0.25	+30% ¹		
Operational earnings per share (\$)	0.38	0.30	+28% ¹		+27% ²
Cash flow from operating activities	1,010	467	+116%		

Total and base orders

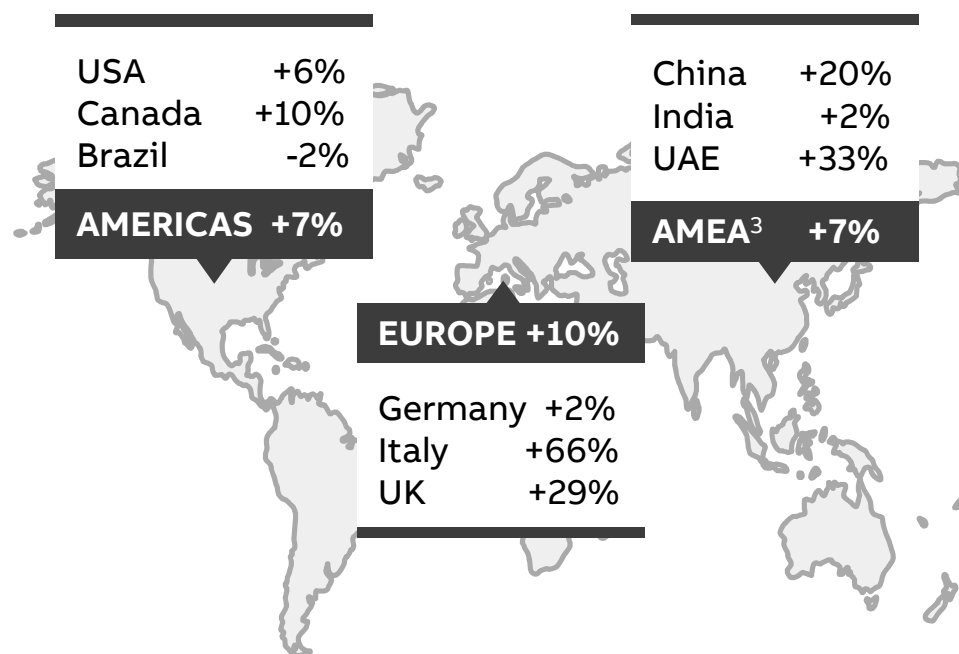
By division

		Q2 18	Q2 17	Change yoy
in \$ mn unless stated otherwise				Comparable
Power Grids	Total orders	2,577	2,427	+5%
	3 rd party base orders	2,128	1,961	+7%
Electrification Products	Total orders	2,727	2,512	+6%
	3 rd party base orders	2,553	2,393	+4%
Industrial Automation	Total orders	2,005	1,492	+15%
	3 rd party base orders	1,715	1,321	+9%
Robotics and Motion	Total orders	2,540	2,218	+11%
	3 rd party base orders	2,363	1,966	+16%
Corporate and Other	Total orders	(366)	(300)	n.a.
	3 rd party base orders	35	40	n.a.
ABB Group	Total orders	9,483	8,349	+8%
	3rd party base orders	8,749	7,681	+9%

Q2 2018 orders

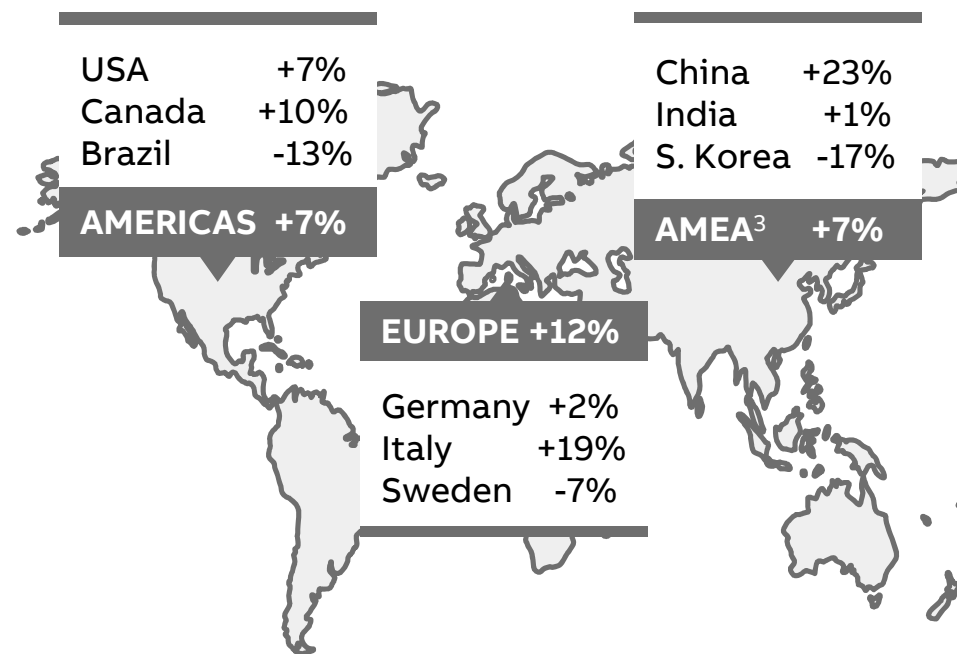
Total orders +8% yoy¹

Growth by region and top 3 country markets in \$ terms¹



Base orders +9% yoy^{1,2}

Growth by region and top 3 country markets in \$ terms¹



Order backlog by division

	End June 2018	End June 2017	Change yoy	
in \$ mn unless stated otherwise			\$	Comparable
Power Grids	10,471	11,085	-6%	-4%
Electrification Products	4,449 ¹	3,220	+38% ¹	+5%
Industrial Automation	5,496	5,578	-1%	-4%
Robotics and Motion	4,262	4,056	+5%	+6%
Corporate and Other	(464)	(386)	n.a.	n.a.
ABB Group	24,214	23,553	+3%	-1%
<i>Year of revenue capture for end June 2018 backlog</i>	2018	2019	Thereafter	
Backlog conversion estimate	53%	29%	18%	

Cash flow from operating activities by division

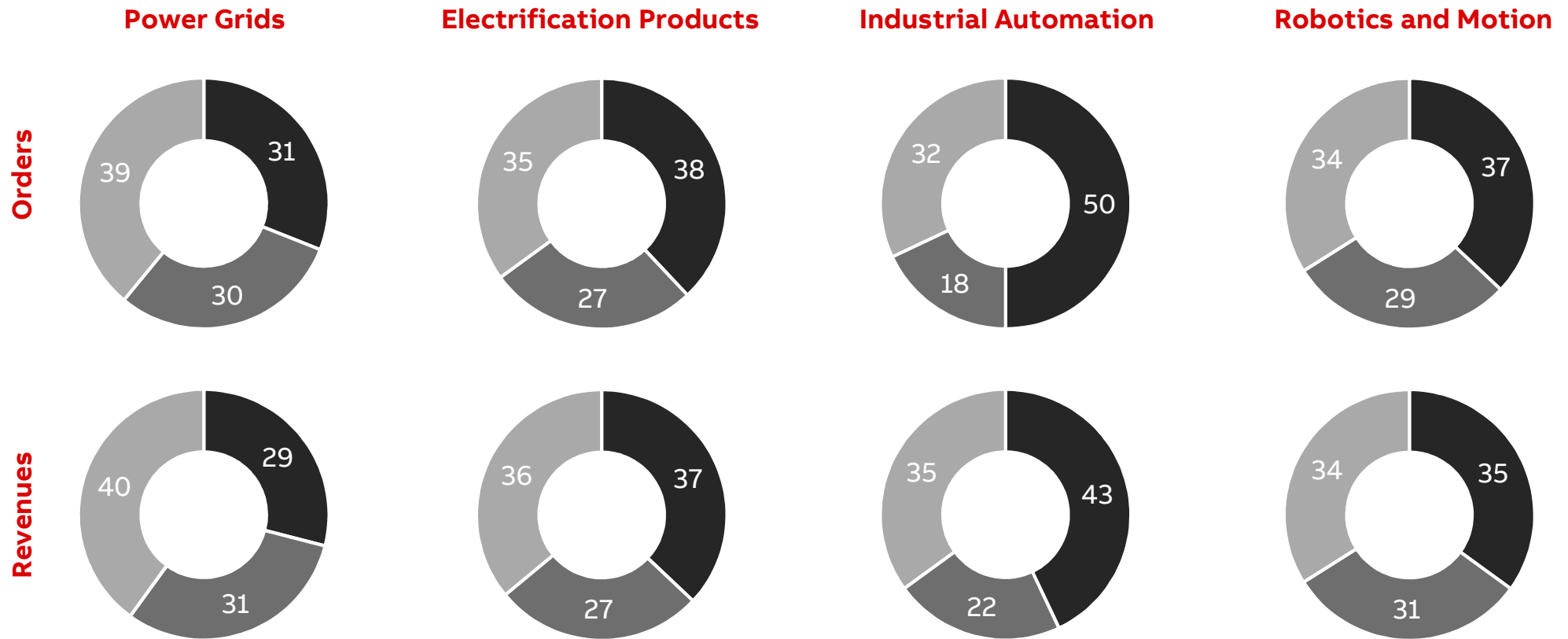
	Q2 18	Q2 17	Change yoy
in \$ mn unless stated otherwise			
Power Grids	228	77	+196%
Electrification Products	297	259	+15%
Industrial Automation	208	153	+36%
Robotics and Motion	351	221	+59%
Corporate and Other	(74)	(243)	n.a.
ABB Group	1,010	467	+116%

Operational EPS analysis

	Q2 18		Q2 17		Change yoy ¹
In \$ mn, except per share data in \$		EPS		EPS	
Net income (attributable to ABB)	681	0.32	525	0.25	+30%
Operational adjustments:					
Acquisition-related amortization	72		56		
Restructuring and restructuring-related expenses ²	6		84		
Non-operational pension cost (credit)	-29		-7		
Changes in retained obligations of divested businesses	0		0		
Changes in pre-requisition estimates	1		2		
Gains and losses on sale of businesses	-1		7		
Acquisition-related expenses and non-operational integration costs	51		8		
Certain non-operational items	30		48		
FX / commodity timing differences in income from operations	46		-40		
Tax on operational adjustments ³	-47		-46		
Operational net income / Operational EPS	810	0.38	637	0.30	+27%⁴

Regional share of total orders and revenues by division

Q2 2018, in % terms



End-customer and product type revenues by division

Q2 2018, in % terms

