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**Q2 2020 results**

Strong COVID-19 headwinds; Power Grids divestment completed

Björn Rosengren, CEO | Timo Ihmuotila, CFO
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
Q2 2020 key take-aways

1. Health & Safety remains #1 priority
   Majority of sites operational

2. Q2 results impacted by COVID-19, as expected
   Intensified cost mitigation efforts increase resilience
   Motion performance a highlight

3. Transition to fully decentralized business model making strong progress

4. Power Grids divestment completed July 1
   Share buyback program starts imminently
Cost mitigation efforts continue
Re-sizing for current and anticipated trading environment

Savings measures include:

Elimination of discretionary spend, e.g. travel, tradeshows

Modifications in staffing and pay

Cut in external resources, e.g. consultants

Postponement of non-critical investments

Well prepared for continued challenges

Revenue and cost development (% yoy)

- Q1 20
- Q2 20

SG&A
-9%

R&D, group
-10%

R&D, business areas
-14%

Revenues

All data based on USD nominal change. SG&A = Sales, General and Administrative expenses. R&D = Research and Development expenses, non-order related. Group R&D includes corporate-led expenses.
**Power Grids strategic divestment**
Crystallized value for shareholders

Agreed $11 bn Enterprise Value (100%), 11.2x EV/op. EBITA¹

- 80.1% equity share sale completed, as planned
- Vast majority of ~$300 mn stranded costs eliminated

**Hitachi ABB Power Grids JV operational**

- 2 ABB nominees on Board
- Long-term supply agreement established
- Predefined exit option on 19.9% JV holding

1. As announced December 17, 2018, EV/operational EBITA, calculated using results from twelve-month period to end Q3 2018, before share of corporate cost
Q2 2020 results summary

Orders -14%¹

Revenues -10%¹

Operational EBITA margin -90 bps

Operational EPS
$0.22
-35%

Basic EPS
$0.15
+398%

Cash flow from operating activities²
$680 mn

1. yoy comparable; 2. Cash flow from operating activities, continuing and discontinued operations
Note: USD reported orders and revenues are impacted by foreign exchange and changes in the business portfolio
Q2 2020 orders
Americas strongly impacted by COVID-19

Order development yoy
Growth by region and largest 3 country markets in $ terms

- **Americas**
  - USA: material decline in EL, severe decline in MO, IA, RA

- **Europe**
  - Germany: MO strong, EL subdued, steep drop in RA, IA
  - Italy: -9%
  - Sweden: +11%

- **AMEA**
  - China: +3%
  - India: -33%
  - Australia: +64%

As % of orders
- AMEA: 34%
- Europe: 37%
- Americas: 29%

All data presented on a yoy comparable basis; all growth comments refer to comparable growth trends
AMEA = Asia, Middle East and Africa, EL = Electrification, IA = Industrial Automation, MO = Motion, RA = Robotics & Discrete Automation, BA = Business Area

- **Americas**
  - Steep drop as pandemic escalated in all BAs
  - USA: material decline in EL, severe decline in MO, IA, RA

- **Europe**
  - Material decline
  - Germany: MO strong, EL subdued, steep drop in RA, IA

- **AMEA**
  - Strong result in MO outweighed by weak EL, IA and RA
  - China: moderate growth led by strong MO, EL robust, RA subdued, IA impacted more materially
**Q2 2020 Electrification**

**Lower volumes weigh**

**Orders $2,737 mn**
- Short-cycle demand fall incl. buildings
- Steep drop in oil and gas, renewables
- Distribution utilities, data centers, transport resilient

**Revenues $2,764 mn**
- Weaker short-cycle business
- Constrained project activities in distribution solutions
- Order backlog end Q1 +9%, end Q2 +6% yoy

**Operational EBITA $348 mn**
- Margin yoy -90 bps
- Lower volumes
- Supportive cost savings, resilient pricing
- GEIS, Installation Products turnaround firmly on track
Q2 2020 Industrial Automation

Downturn in all end-markets, negative mix, especially service

Orders $1,305 mn

- Broad-based end-market decline, select large order wins
- Project pipeline deferrals, no order cancellations

Revenues $1,382 mn

- Substantial drop in book-and-bill, particularly mobility constrained services
- Order backlog end Q1 +6%, end Q2 +3% yoy

Operational EBITA $115 mn

- Margin yoy -370 bps
- Lower volumes, negative mix
- Mobility constrained services
**Q2 2020 Motion**

**Strong performance**

**Orders $1,586 mn**

Material downturn in many sectors e.g. wind, cement, oil & gas, buildings

Resilience in chemicals, rail

**Revenues $1,583 mn**

Solid backlog execution

Order backlog end Q1 +15%, end Q2 +13% yoy

**Operational EBITA $279 mn**

Margin yoy +100 bps

Strong cost mitigation, favorable mix
Q2 2020 Robotics & Discrete Automation
Severe downturn continues

Orders $638 mn
Sharp, broad-based decline
Tough large order comparison

Revenues $629 mn
All areas impacted; systems business and service activities constrained
Order backlog end Q1 -2%, end Q2 –4% yoy

Operational EBITA $43 mn
Margin yoy -550 bps
Steep volume decline
Strong mitigating cost actions
Capital structure optimization

$7.6-7.8 bn of net proceeds from PG sale to be returned to shareholders

To be executed in efficient, responsible way

– Initial buyback program of 10% of share capital to run until March 25, 2021
– ABB intends to request shareholder approval to cancel shares repurchased at 2021 AGM
– Further program(s) detailed at AGM

Target “single A” credit rating

– €2 bn short-term credit facility now fully repaid
– Deleveraging actions incl. certain defined benefit pension structures, further debt optimization

Improved financial flexibility
Outlook & priorities

Short-term outlook, by end-market

- **End Q1**
  - Secure path to recovery
    - #1 priority, Health & Safety
    - Close collaboration with customers
    - Cost mitigation continues
  - Accelerating transformation with ABB Way
    - Improving profitability in underperforming businesses
    - Accelerated ABB-OS cost savings
    - Active portfolio review
    - Introduction of new performance management system
  - Attractive returns to shareholders
    - Commence share buyback imminently

- **End Q2**

Estimated growth, in % yoy terms:
- 0% or higher
- 0% to -5%
- -5% to -15%
- -15% or lower

Distribution utilities
Food & Beverage
Select process (e.g. Pulp & Paper, Water & Wastewater)
Select transport, infrastructure (e.g. e-mobility, rail)
3C, semiconductors

Data centers
Mining & Minerals
Buildings
Conv. power generation
Other industry (e.g. metals, chemicals)

Automotive
Machine builders
Oil & Gas
Marine
Renewables
Appendix
Q2 2020 operational EBITA bridge

11.5% margin, Q2 19

10.6% margin, Q2 20

($ mn)

825

234

10

-285

-1

-94

-26

-12

651

Op. EBITA Q2 19

Net Savings

Commodities

Net Volume

Invest. Growth

Mix / Under-Absorption*

Others

Forex

Op. EBITA Q2 20

*Inclusive of COVID-19 related mobility constrained service activities
Others includes stranded costs

Slide 15
## 2020 framework

<table>
<thead>
<tr>
<th>Non-operating items</th>
<th>FY 2020 framework</th>
<th>H1 2020</th>
<th>Q3 2020 framework</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate and Other operational EBITA</td>
<td>~($550)</td>
<td>(249)</td>
<td>~($150)</td>
</tr>
<tr>
<td>Normal restructuring</td>
<td>~($80)</td>
<td>(20)</td>
<td>~($25)</td>
</tr>
</tbody>
</table>
| Simplification program

1. ABB-OS simplification program expected to incur ~$350 million restructuring and ~$150 million related implementation costs over ~2 years from Q4 18. As at end Q2 2020, $211 million restructuring and $127 million related implementation costs have been recorded on a cumulative basis. 2. H1 2020 including costs booked in discontinued operations of ~$49 million

<table>
<thead>
<tr>
<th>Net finance expenses (continuing)</th>
<th>FY 2020 framework</th>
<th>H1 2020</th>
<th>Q3 2020 framework</th>
</tr>
</thead>
<tbody>
<tr>
<td>~($190)</td>
<td>(85)</td>
<td>~($70)</td>
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</table>

<table>
<thead>
<tr>
<th>Effective tax rate</th>
<th>FY 2020 framework</th>
<th>H1 2020</th>
<th>Q3 2020 framework</th>
</tr>
</thead>
<tbody>
<tr>
<td>~27%</td>
<td>22.5%</td>
<td>~27%</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>PG tax impact</th>
<th>FY 2020 framework</th>
<th>H1 2020</th>
<th>Q3 2020 framework</th>
</tr>
</thead>
<tbody>
<tr>
<td>(200)-(300)</td>
<td>0</td>
<td>(200)-(300)</td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Capital expenditure (continuing)</th>
<th>FY 2020 framework</th>
<th>H1 2020</th>
<th>Q3 2020 framework</th>
</tr>
</thead>
<tbody>
<tr>
<td>~($700)</td>
<td>(303)</td>
<td>~($180)</td>
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</tbody>
</table>
### Q2 2020 net income drivers

#### Operational EBITA to net income walk ($ mn)

<table>
<thead>
<tr>
<th>Description</th>
<th>($ mn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q2 20 Op. EBITA</td>
<td>651</td>
</tr>
<tr>
<td>PPA-related amortization</td>
<td>65</td>
</tr>
<tr>
<td>Restructuring related</td>
<td>67</td>
</tr>
<tr>
<td>Acquisition / separation costs (1)</td>
<td>16</td>
</tr>
<tr>
<td>Other non-operational items (2)</td>
<td>68</td>
</tr>
<tr>
<td>Q2 20 Income from operations</td>
<td>571</td>
</tr>
<tr>
<td>Finance expense, taxes, other</td>
<td>176</td>
</tr>
<tr>
<td>Discontinued operations</td>
<td>49</td>
</tr>
<tr>
<td>Minorities</td>
<td>27</td>
</tr>
<tr>
<td>Q2 20 Net income</td>
<td>319</td>
</tr>
</tbody>
</table>

#### Key non-operational items

- **Restructuring and related costs** includes $14 mn ABB-OS simplification
- **Power Grids related transaction and separation costs** $55 mn
- $73 mn net gain related to timing differences on commodities and FX
- **Discontinued operations (Power Grids)**
  - Net loss -$49 mn, reflects material non-operational pension charge as well as subdued operational performance during COVID-19 pandemic

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1. Acquisition / separation costs contains acquisition and acquisition related costs, integration costs and separation and transaction related costs; 2. Certain other non-operational items plus changes in obligations related to divested businesses, changes in pre-acquisition estimates, gains and losses from sale of businesses and foreign exchange / commodity timing differences
Until 30 June 2020, inclusive

<table>
<thead>
<tr>
<th></th>
<th>Electrification</th>
<th>Industrial Automation</th>
<th>Motion</th>
<th>Robotics &amp; Discrete Automation</th>
<th>Corporate and Other</th>
<th>Power Grids</th>
<th>Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income from continuing operations</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>incl. stranded costs, non-core</td>
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<tr>
<td>Income from discontinued operations</td>
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<td></td>
<td></td>
<td></td>
<td>Net income</td>
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From Q3 2020

<table>
<thead>
<tr>
<th></th>
<th>Electrification</th>
<th>Industrial Automation</th>
<th>Motion</th>
<th>Robotics &amp; Discrete Automation</th>
<th>Corporate and Other</th>
<th>Power Grids sold / H-A PG JV stake acquired, Jul 1 2020</th>
<th>Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income from Operations (or EBIT), of which:</td>
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<tr>
<td>Income from continuing operations</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>incl. non-core</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other income/expense, incl. income from equity accounted companies</td>
<td>Share of profit (loss) from H-A PG JV²</td>
<td></td>
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</tr>
<tr>
<td>Income from discontinued operations</td>
<td>PG sale book gain (Q3 20) / Other²</td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Net income</td>
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<td></td>
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</table>

1. Income from equity accounted companies to include, in relation to the Power Grids divestment i) ABB’s 19.9% share of profit from the H-A PG JV, also incorporating the impact of PPA amortization step-ups, ii) changes in the fair value of ABB’s put option on the 19.9% share in H-A PG JV, and iii) adjustments to income for the value assigned to the brand license agreement with H-A PG JV.

2. Changes in the value of certain retained assets and liabilities of the Power Grids business could affect income from discontinued operations beyond Q3 2020.