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Q4 2020 and full-year results

Solid end to challenging year

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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.

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. Reconciliations can be found on the website under “Capital Markets Day 2020”.

Solid end to challenging year
2020 highlights

01 Implemented ABB Way

Decentralized model – mandate and accountability for operating decisions to business areas and divisions

~$500 mn p.a. net savings from simplification, 1 year ahead of plan

2030 Sustainability targets and updated financial framework

02 Agile response to COVID challenges

#1 priority Health & Safety

Preserved and extended customer relationships, operations kept running

Strong cost mitigation efforts

03 Cultural change gained momentum

Better understanding of roles, responsibilities, accountability and purpose

Improved employee engagement

Q4 affirms upward momentum from Q2 lows

Q4 highlights

ORDERS

$7.0 bn

-1%[1]

REVENUES

$7.2 bn

0%[1]

Op. EBITA margin

11.5%

+140 bps

after -80 bps Kusile settlement and non-core charges

CASH FLOW
From operating activities in continuing operations

$1,225 mn

-16%

after $115 mn Kusile settlement, $85 mn pension impacts

Basic EPS

-0.04

n.a

after debt and pension optimization costs, book gain adjustments

Operational EPS
continuing operations

0.26

+20%

Notable developments

Sig. wins in marine, mainly LNG

Short-cycle products Up mid-single-digits

New year-end high for automation design wins

The BEST of BOTH

GEIS integration 2/3rds complete

-11% SG&A[2]

+3% R&D[2]

Pension, debt optimization

Progress on legacy issues

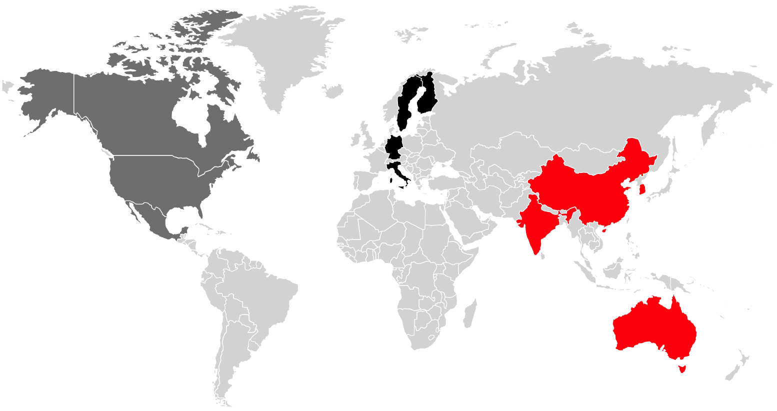
1. yoy comparable. Notes: $ mn reported orders and revenues are impacted by foreign exchange and changes in the business portfolio. 2. Management estimates. SG&A and non-order related R&D expenses on a comparable basis, for business areas only.

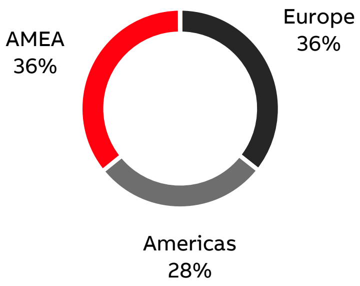
China buoyant, COVID-19 impacts evident in Americas and Europe

Q4 2020 orders

Order development yoy

Growth by region and largest country markets in $ terms





Americas	-6%
USA	-12%
Canada	-2%
Mexico	-3%

Europe	-12%
Germany	-26%
Italy	+16%
Finland	+13%
Sweden	-21%

AMEA	+23%
China	+21%
S. Korea	+368%
India	-9%
Australia	+4%

Americas

Decline correlated to COVID-19

USA difficult:

- MO and RA broadly flat
- Tough for EL, IA

Europe

All BAs challenged

Germany:

- EL and MO very strong
- IA and RA stable when excluding LOs

AMEA

LOs strong, short-cycle solid. All BAs up

China:

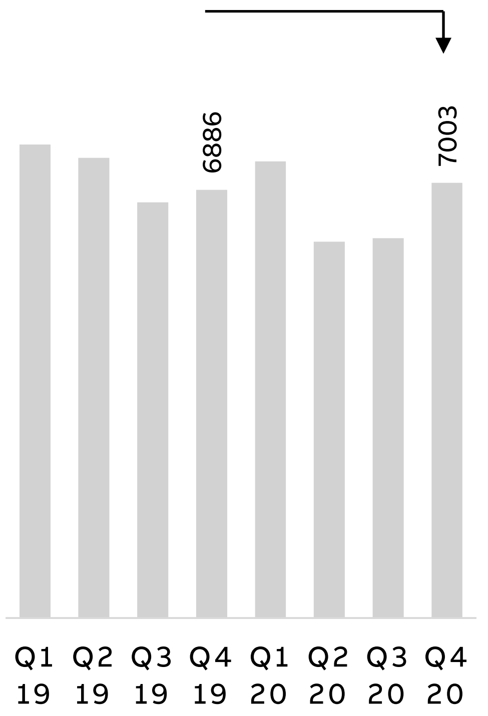
- Excellent growth in RA (up ~90%), EL
- MO solid, IA soft

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. LO = Large orders, defined as orders >$15 million.

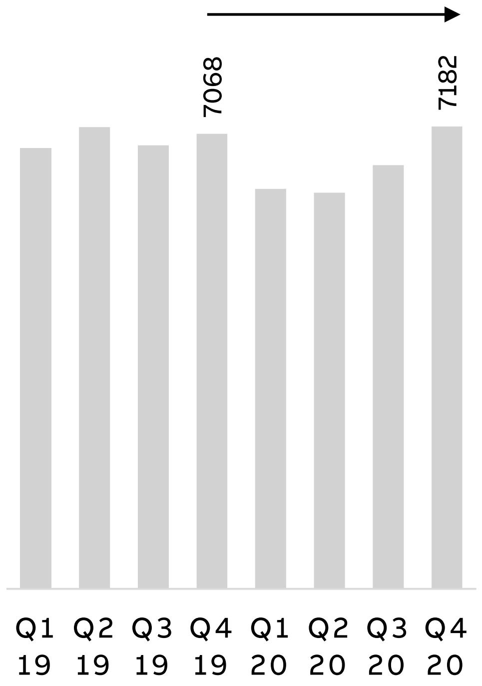
Stable top-line, margin higher

Q4 2020 results

Orders -1%[1]



Revenues 0%[1]



Operational EBITA margin +140 bps

(% or bps)	Q4 19	Q4 20
Op. EBITA margin	**10.1**	**11.5**
Stranded costs	-60	n.a.
Non-core	-110	-35
Kusile (IA)	n.a.	-45
	-170	**-80**

Operational EBITA
$825 mn
+16%

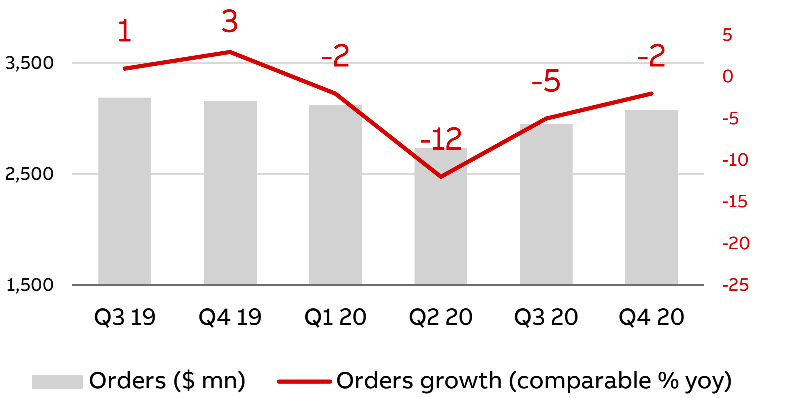
Operational EPS
continuing operations
$0.26
+20%

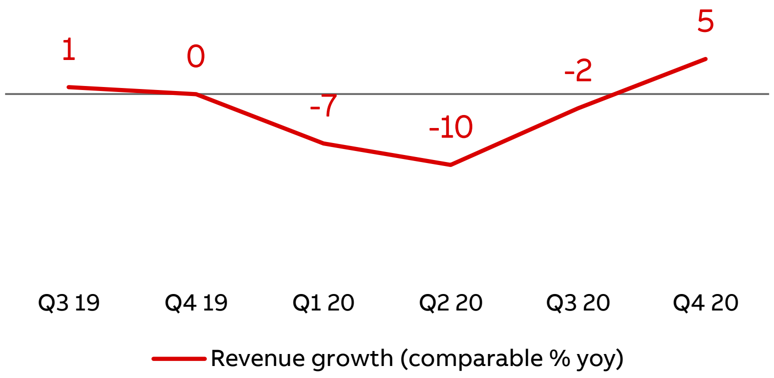
Basic EPS
-$0.04
n.a.
after debt, pension optimization costs, book gain adjustments

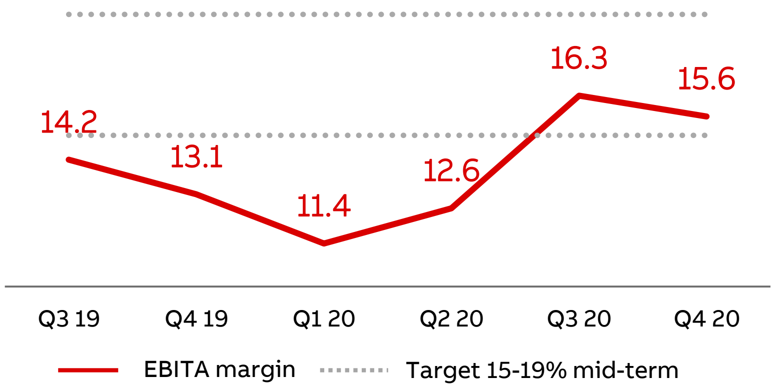
Cash flow
from operating activities in continuing operations[2]
$1,225 mn
after $115 mn Kusile settlement, $85 mn pension impacts

1. yoy comparable. Note: $ millions reported orders and revenues are impacted by foreign exchange and changes in the business portfolio.
2. Excludes cash flow from operating activities in discontinued operations.

Q4 2020 Electrification
Strong operational momentum







Orders $3,074 mn

Data centers, renewables, rail, F&B, e-mobility healthy

Buildings mixed

Oil & Gas challenged

Backlog $4.4 bn (prior Q-end $4.5 bn)

Revenues $3,356 mn

Strong backlog execution

Solid short-cycle business

Book-to-bill 0.92x

Operational EBITA $522 mn

Margin yoy +250 bps

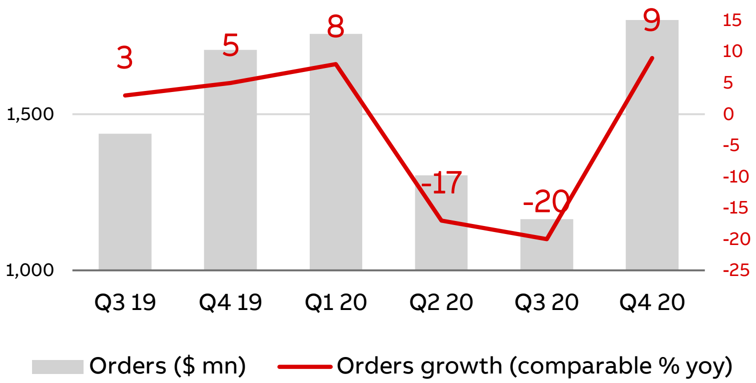
Ongoing cost savings

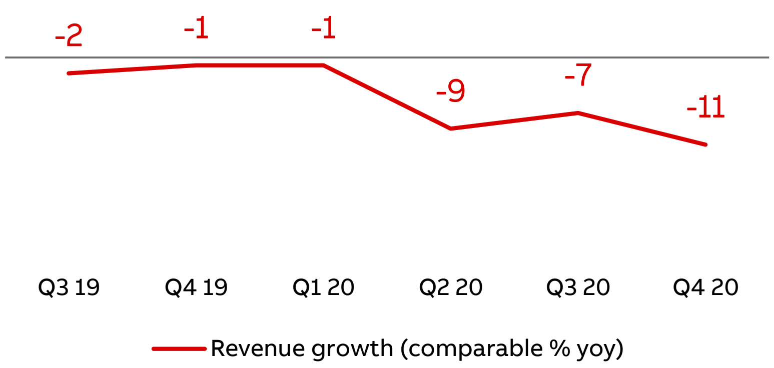
Better volumes, supportive pricing

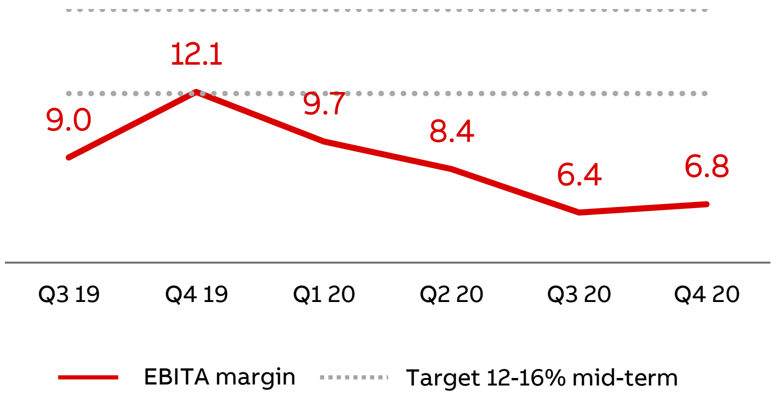
GEIS, ELIP progressed well

Q4 2020 Industrial Automation

Significant wins in LNG vessels, Kusile settlement







Orders $1,918 mn

Significant LOs, mainly LNG vessels

Wins in mining, water and wastewater

Oil, chemicals, power gen. remained challenged

Backlog $5.8 bn (prior Q-end $5.2 bn)

Revenues $1,545 mn

Broad based decline, services challenged

Book-to-bill 1.24x

Operational EBITA $103 mn

Margin yoy -530 bps

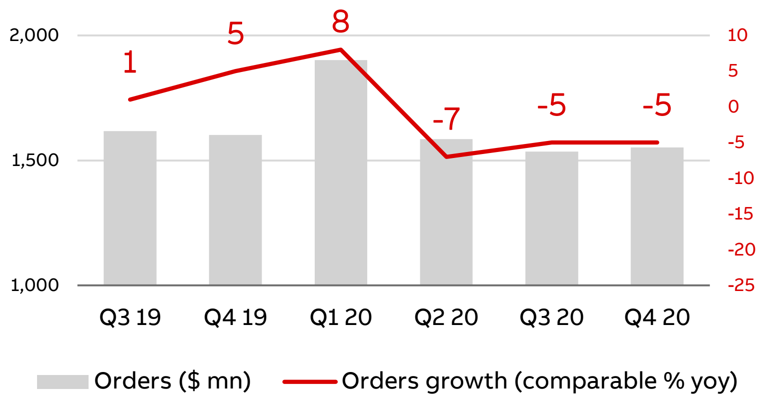
Combined -270 bps from final Kusile settlement, legacy projects in India

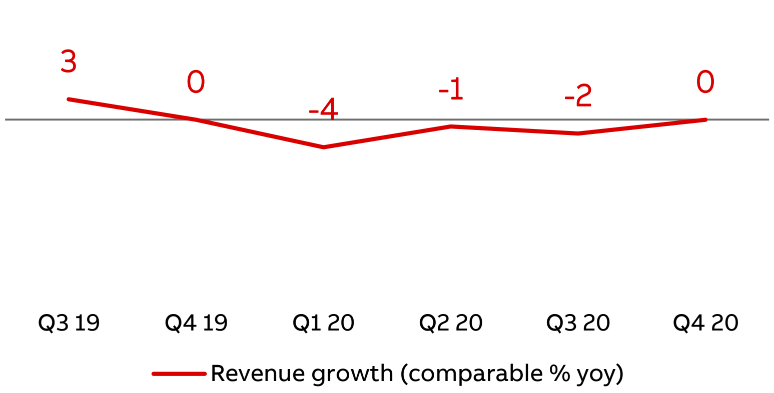
Lower volumes, unfavorable mix predominantly services

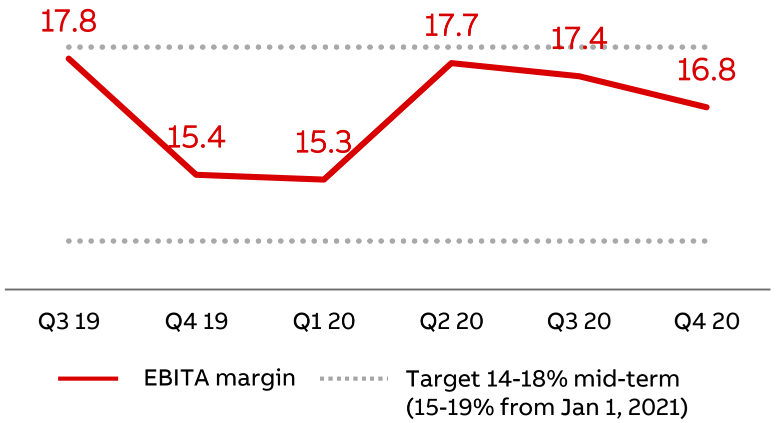
LO = Large orders, defined as orders >$15 million.

Q4 2020 Motion

Steady delivery







Orders $1,552 mn

Tough LO comparison

Rail, water and wastewater healthy

Oil & Gas challenged

Backlog $3.3 bn (prior Q-end $3.3 bn)

Revenues $1,705 mn

Solid short-cycle products business

Strong backlog execution

Book-to-bill 0.91x

Operational EBITA $285 mn

Margin yoy +140 bps

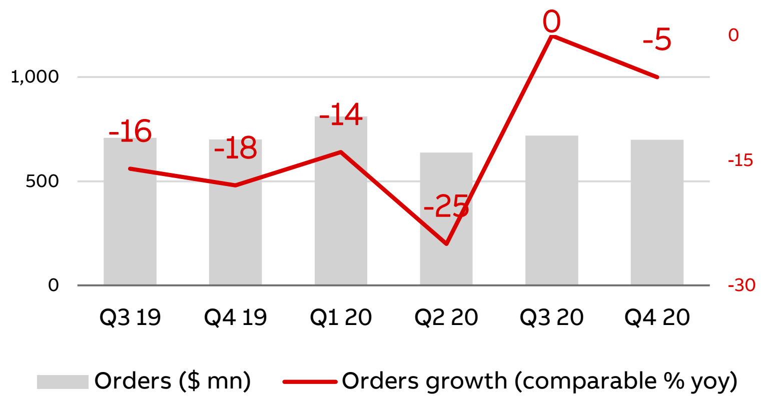
Stable volumes, supportive mix

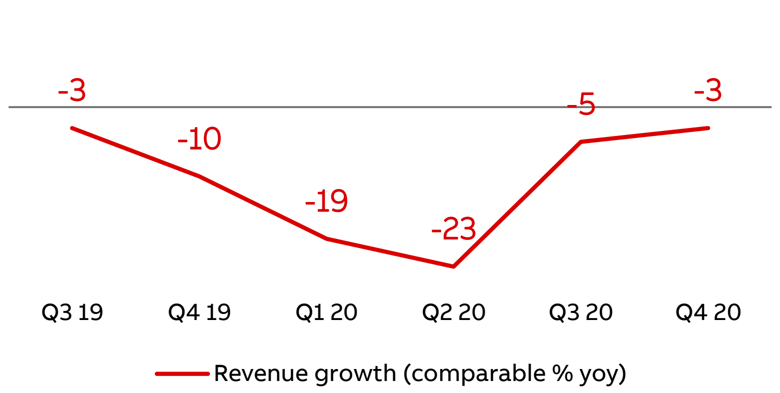
Good cost mitigation

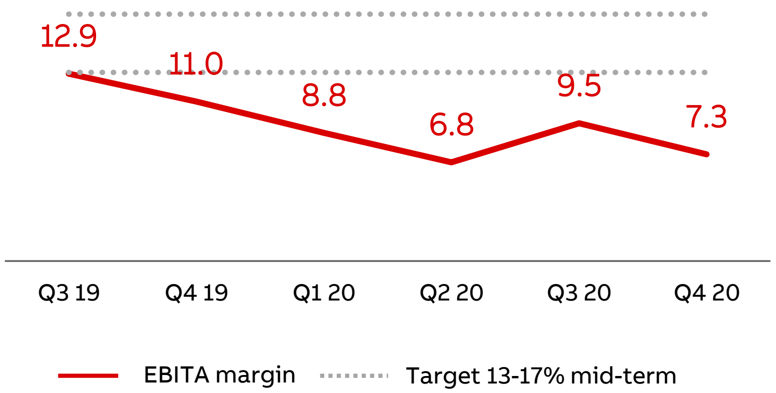
LO = Large orders, defined as orders >$15 million.

Q4 2020 Robotics & Discrete Automation

Machine Automation prospers







Orders $699 mn

3C, machine builders strong

Select investments in EV autos

Sharpened approach in system business

Backlog $1.4 bn (prior Q-end $1.4 bn)

Revenues $801 mn

Machine Automation up

Good backlog execution

Book-to-bill 0.87x

Operational EBITA $59 mn

Margin yoy -370 bps

Unfavorable mix, particularly backlog revenues from robotics' automotive segment

Continued cost mitigation

Management change in Machine Automation

Operational EBITA analysis

	Q4 2018	Q4 2019	Q4 2020	FY 2018	FY 2019	FY 2020
Group operational EBITA margin	**7.9%**	**10.1%**	**11.5%**	**10.9%**	**11.1%**	**11.1%**
Negative basis points impact within period:						
Stranded costs	-100	-60		-110	-80	-15
Non-core	-260	-110	-35	-100	-50	-50
Kusile project (Industrial Automation)			-45		-20	-40
	-360	**-170**	**-80**	**-210**	**-150**	**-105**

2021 onwards:
<10 projects in execution

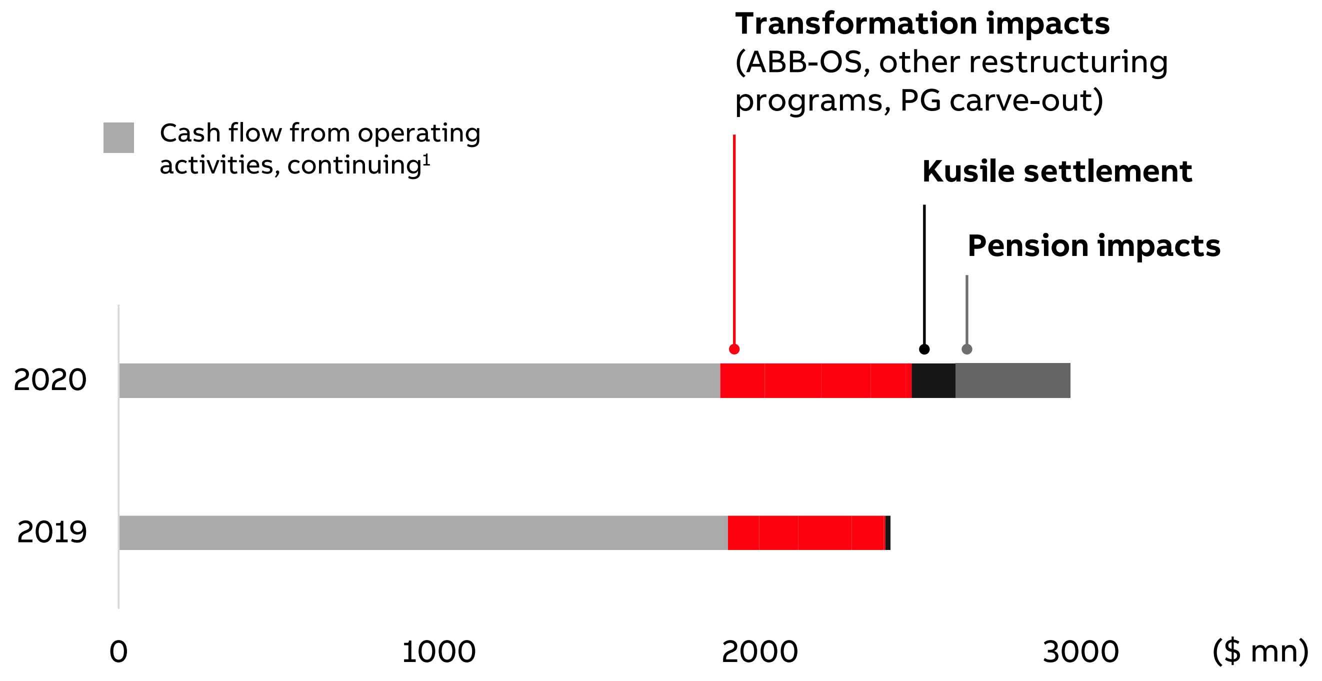
2 main operational exposures ongoing, below ~$300 mn[1]. Timing of exit depends on legal proceedings.

Final settlement with Eskom in S. Africa in Q4 2020. Regulatory proceedings outside S. Africa not estimable

1. Assumes current MoUs executed.

Cash generation analysis

Historic development in cash flow from operating activities



2020 cash drivers

Cash flow from operating activities in continuing operations (CO)

+$1,875 mn

~$1 bn negative transformation, one-time impacts[2]

Lower income from businesses

~$400 mn better trade NWC vs. prior year

Free cash flow (CO) +$1.3 bn

$694 mn capex (CO), non-essential projects postponed

Resilient cash performance, inline with guidance

1. Excludes cash flow from operating activities in discontinued operations. 2. Management estimates. ~$1 bn impact in 2020 compares to ~$500 mn negative impact in 2019 period.

Capital structure optimization largely concluded

Improved financial flexibility

	Share buyback	Debt and credit facilities	Pension structures
	~5% of share capital, $2.9 bn to date	**Significant repayments**	**Certain plans transferred** to 3rd party insurers[1]
Q3 actions	59.3 mn shares repurchased	€2 bn short-term revolving credit facility (RCF) (fully repaid Jun-Jul) $2.8 bn commercial paper	~$320 mn cash contribution[2] and ~$850 mn plan assets transferred Removes ~$1.3 bn obligations, underfunded by ~$450 mn[3]
Q4 actions	49.5 mn shares repurchased	€1 bn bond at maturity (fully repaid early Oct) $1.2 bn bonds retired early[4]	~$35 mn cash contribution and further ~$910 mn plan assets transferred Removes further ~$1.2 bn obligations, underfunded by ~$320 mn[3]

Subsequently, €0.8 bn bond issued, 9 yrs, zero percent

Balance sheet and liquidity position, end Q4 2020

Debts
Net debt/EBITDA

0.04x

A-/A3

Credit rating (S&P, Moody's)

Total debt[6]

$(6.1) bn

$2.9 bn

Decrease, last 12 months

Cash & facilities
Total cash[5] and undrawn facilities

$8.0 bn

$2 bn

Undrawn RCF

Pensions
Total underfunding

$(0.8) bn

$1.1 bn

Decrease in underfunding, last 12 months

1. As a result, ABB recorded $379 mn and $141 mn non-operational pension charges in its income statement in Q3 and Q4 respectively. 2. Of which, $273 mn paid in Q3, remainder in Q4. 3. Management estimates. 4. Transactions generated finance expenses of $162 mn in Q4's income statement.

5. Cash (including restricted) and cash equivalents plus marketable securities. 6. Short-term borrowings, current maturities of long-term debt plus long-term debt

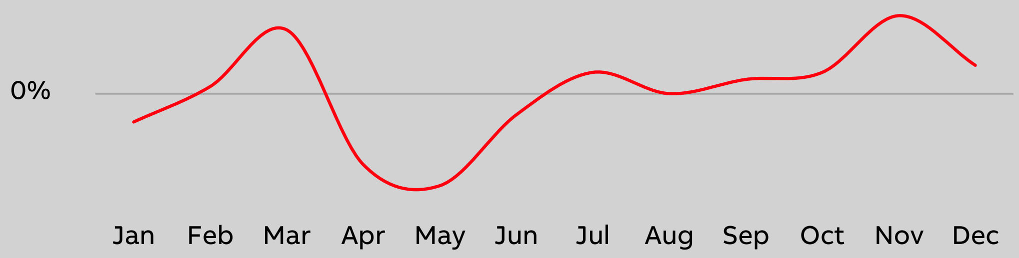
Robust financial performance despite COVID-induced challenges
2020 highlights

ORDERS	REVENUES	Op. EBITA margin
$26.5 bn	**$26.1 bn**	**11.1%**
-6%[1]	**-5%**[1]	**+0 bps**

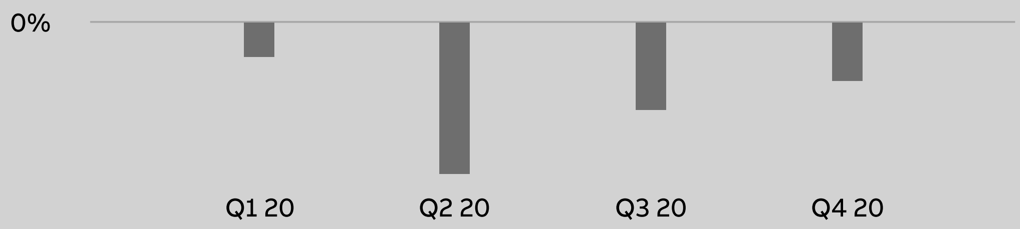
CASH FLOW from operating activities	Basic EPS	Operational EPS
$1,693 bn	**2.44**	**0.98**
-27%	**+261%**	**-21%**

Proposed DPS CHF 0.80

Short-cycle order development, 2020, monthly[2]



Base order development, 2020, quarterly



1. yoy comparable. 2. Management estimates, yoy comparable. Notes: $ mn reported orders and revenues are impacted by foreign exchange and changes in the business portfolio. Base orders calculated to exclude orders >$15 mn.

Forward visibility limited

Base case for gradual recovery as 2021 progresses

ABB's end-market outlook, 3-6 months view

End Q4

Estimated growth, (% yoy):

■ 5% or higher ■ 0% to 5% ■ 0% to -5% ■ -5% to -15%

5% or higher:
Machine builders
E-mobility

0% to 5%:
Mining & Metals
Residential buildings
Distribution utilities
Food & Beverage
Rail
Data centers
Renewables
Select process (e.g. Pulp & Paper, Water & Wastewater)
Consumer electronics, healthcare

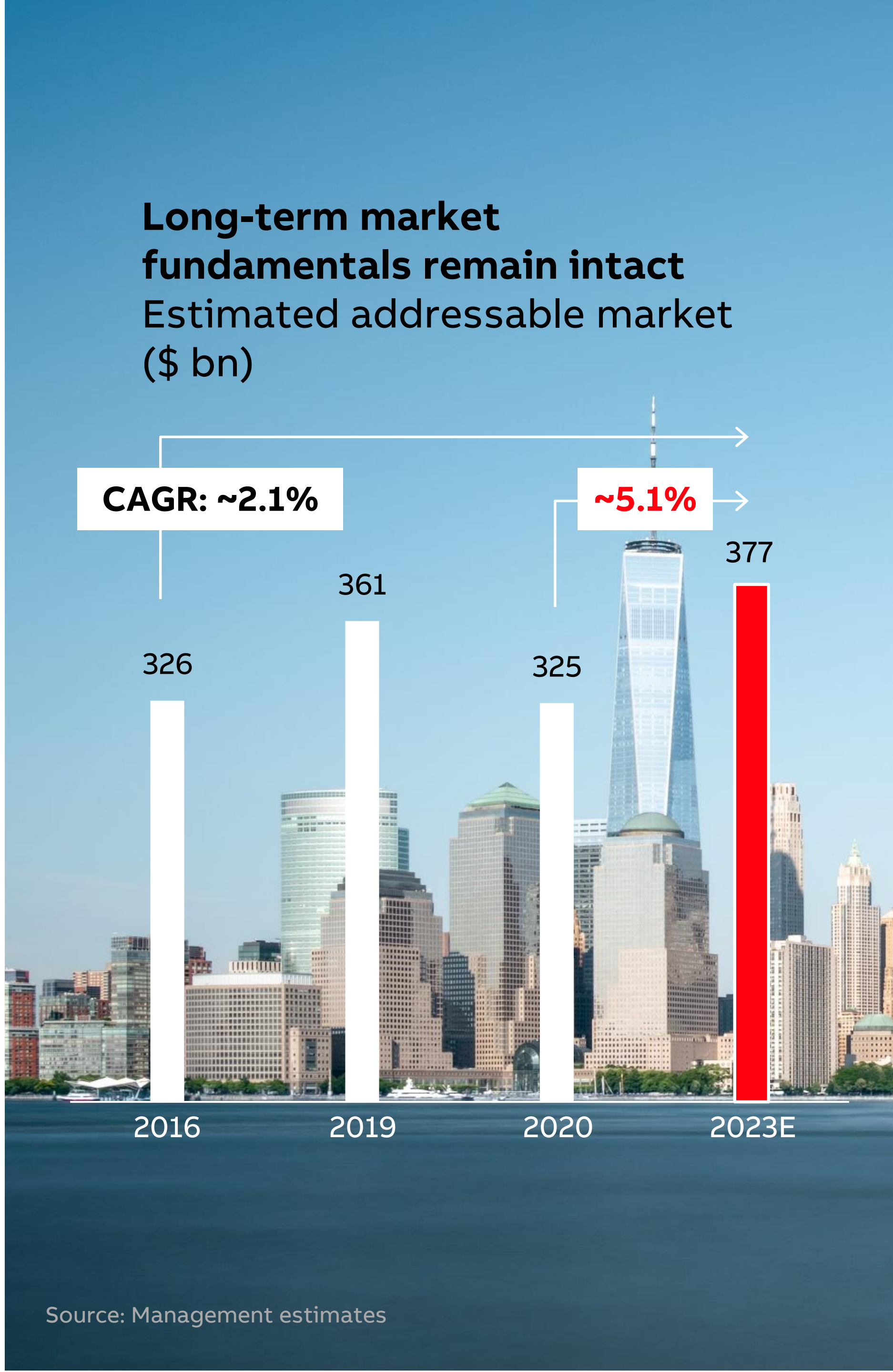
0% to -5%:
Non-resi buildings
Other industry

-5% to -15%:
Oil & Gas, chemicals
Conv. power generation
Automotive
Marine

Return to order growth from Q2, tough Q1 comparison

Q1 revenue growth resilient, margins to improve

FY21 comparable revenue growth in line with target range, clear margin and EPS accretion[1] as well as solid cash delivery



1. Excluding book gain from the sale of Power Grids.

Improved performance in the making

Key priorities in 2021

Cement culture of accountability - transparency - speed

Steady progress towards improved profitability

Further efficiency measures, including footprint reduction

Manage rising raw material costs

Increased focus on value-based pricing

#1 priority, Health & Safety

Portfolio consolidation with 3 divisions to be divested, no fire sales

Increased focus on M&A activities

Portfolio reviews within divisions

Meaningful uplift in cash generation as from 2021

Steady capex, ~$750 mn and focused growth investments in R&D

Continue ongoing return of PG proceeds, as planned

Proposed 2020 DPS CHF 0.80

Appendix

Cost mitigation efforts yield results

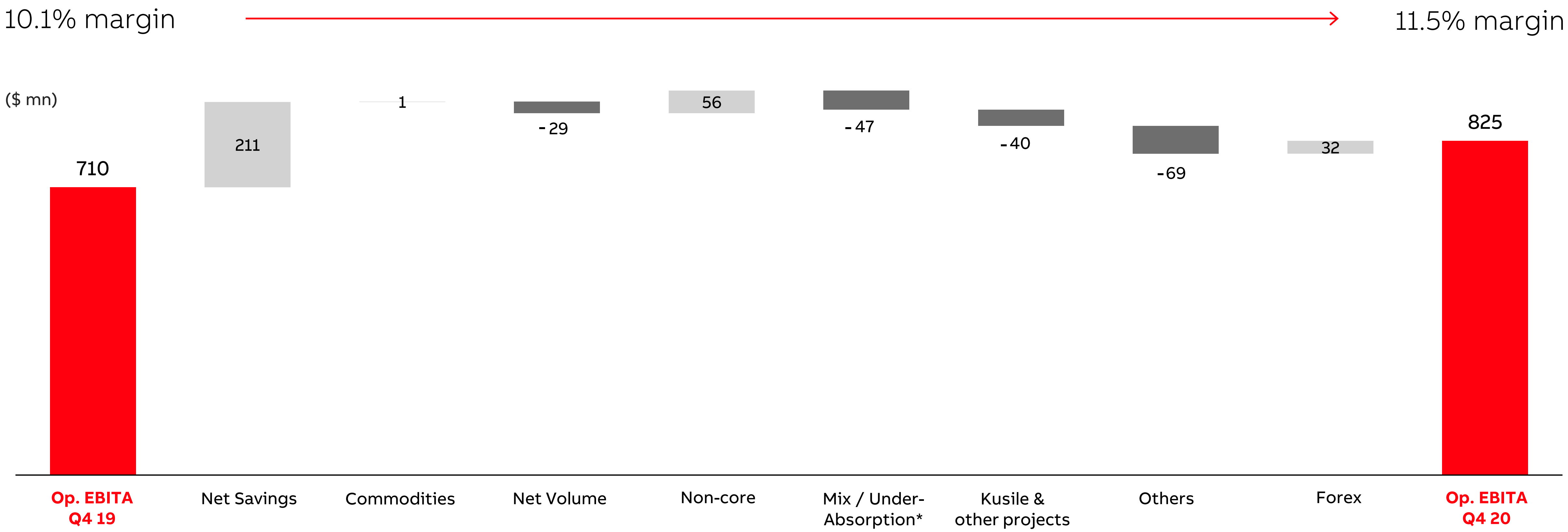
2020 Business Area results

$ mn and change yoy, unless otherwise stated	Group	Electrification	Industrial Automation	Motion	Robotics & Discrete Automation	Corporate and Other
Orders Comparable	26,512 **-6%**	11,884 -6%	6,144 -4%	6,574 -2%	2,868 -12%	(958)
Revenues Comparable	26,134 **-5%**	11,924 -3%	5,792 -7%	6,409 -2%	2,907 -13%	(898)
Operational EBITA	2,899 -7%	1,681 +0%	451 -38%	1,075 -1%	237 -40%	(545)
Operational EBITA margin	11.1% **+0 bps**	14.1% +80 bps	7.8% (390) bps[1]	16.8% +20 bps	8.2% (370) bps	

Focused growth investment across BAs:
SG&A -9%, R&D +1%[2]

Note: $ millions reported orders and revenues are impacted by foreign exchange and changes in the business portfolio. Corporate and Other orders and revenues primarily represent intersegment eliminations. BA = Business Area.
1. Including impacts from Kusile project of -190 bps. 2. Management estimates. SG&A and non-order related R&D expenses on a comparable basis, for business areas only.

Q4 2020 operational EBITA bridge



*Inclusive of COVID-19 related mobility constrained service activities. Others includes benefit from removal of stranded costs.

2021 framework

$ mn unless otherwise stated	FY 2020	2021 framework	Q1 21 framework
Corporate and Other operational EBITA	(545)	~(425)[1]	~(110)
Non-operating items			
Restructuring and restructuring-related (incl. ABB-OS in FY20)	(410)	~(200)	~(30)
GEIS integration costs	(48)	~(30)	~(10)
PPA-related amortization	(263)	~(254)	~(64)
Certain other income and expenses related to PG divestment[2]	(46)	~(40)	~0

	FY 2020	2021 framework	Q1 21 framework
Net finance expenses	(351)	~(130)	~(30)
Non-operational pension (cost) / credit	(401)	~180	~45
Effective tax rate	59% (adjusted 25.2%)	~26%	~27%
Capital expenditure	(694)	~(750)	~(150)

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. Excluding share of net income from JV.

ABB