



ABB – technology leader in electrification & automation

NOVEMBER 8, 2024

Morten Wierod, CEO

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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,” “guidance”, “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.

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 alternative performance measures. 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 the “Financial Information” booklet found under “Q3 2024” on our website at global.abb/group/en/investors/quarterly-results.

Way forward

ABB Way operating model is here to stay – go deeper to achieve higher performance

Focus on profitable growth – build on exposure to strong electrification & automation trends + M&A part of culture

High performance, high integrity culture

Business is a **team** sport



Consistency in ways of working

- ABB Purpose
- Consistency in ABB Way operating model Accountability - Transparency - Speed
- High performance, high integrity
- Active portfolio management



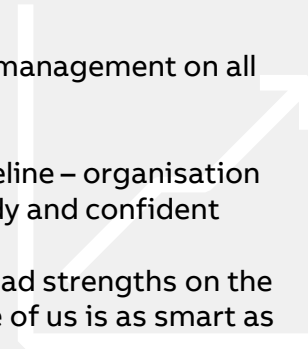
Morten to utilize deep ABB insight to challenge each business

- 25 years in the commercial frontlines of ABB
- Extensive insight into ABB
 - technologies
 - customers
 - “how-we-do-it”
- Use insights to challenge ways of working
- Smart leaders collaborate



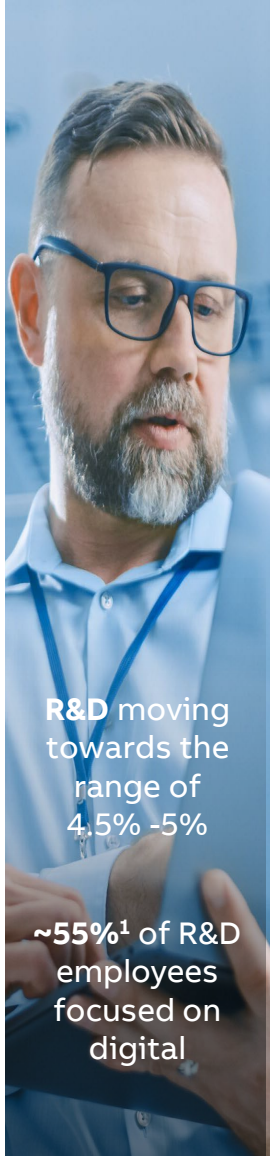
to do even better

- Deeper implementation of ABB Way within divisions
- Customer centricity
- Confirmed ambition to increase R&D spend towards 4.5% - 5% of revenues
- Customer value through embedded software
- Use the ABB voice to drive the energy transition towards targets by influencing thought and legislative leaders
- Active portfolio management on all levels of ABB
- Realise M&A pipeline – organisation increasingly ready and confident
- Benefit from broad strengths on the ABB team – none of us is as smart as all of us



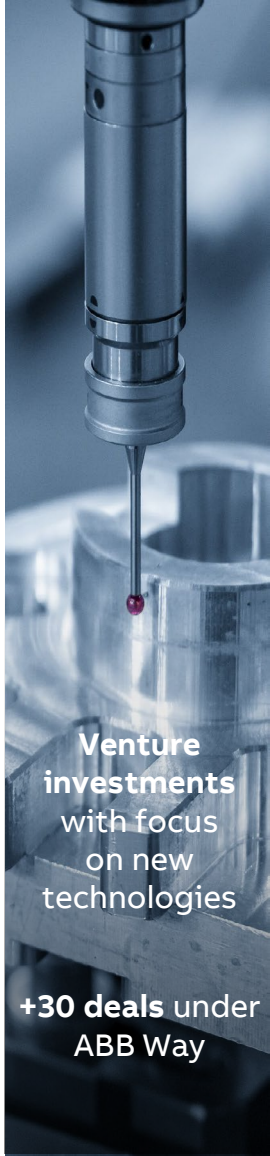


Investing in patents & trademarks to extend and protect our core technologies



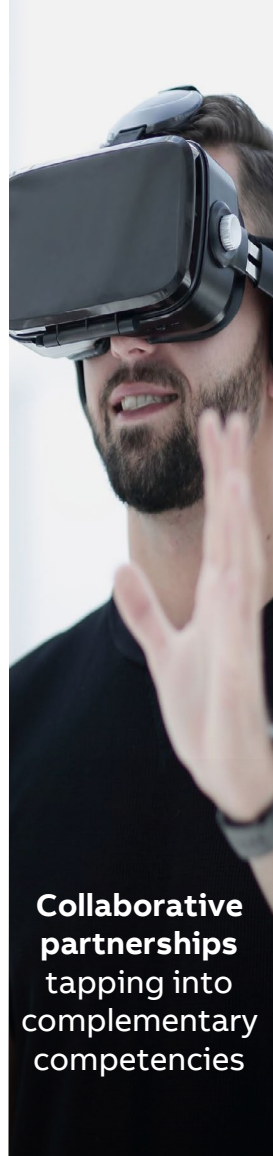
R&D moving towards the range of 4.5% -5%

~55%¹ of R&D employees focused on digital



Venture investments with focus on new technologies

+30 deals under ABB Way



Collaborative partnerships tapping into complementary competencies

Well invested

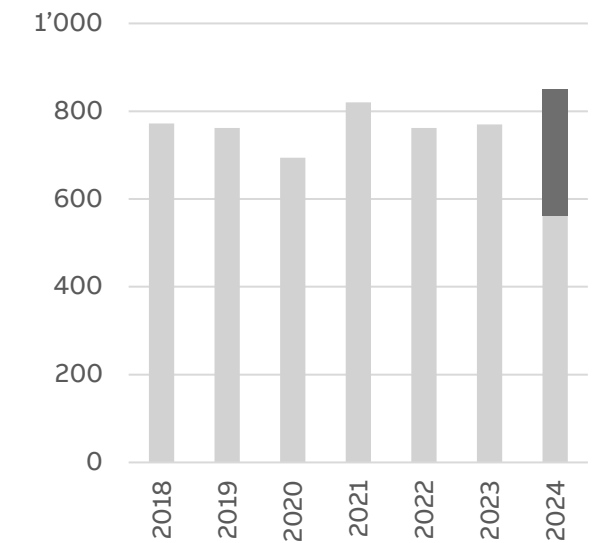
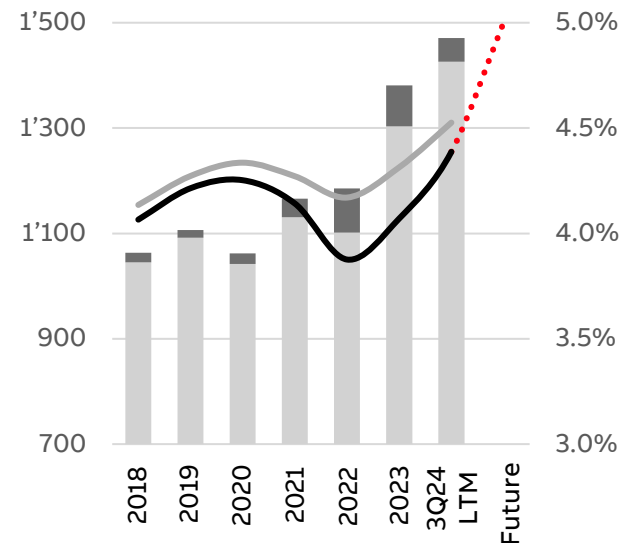
Remain relevant to customers through division-lead R&D and CAPEX

R&D and related spend

- Increase the digital content to support gross margin and industry leadership in technology
- R&D spend moving towards 4.5% - 5% of revenues

CAPEX

- Benefit from local-for-local setup, but investing to increase self-sufficiency in the US
- Well invested to meet strong medium voltage demand
- Step up in annual CAPEX to ~850mn for 2024 and remaining broadly stable near-term



- R&D & Ventures investments as % of Revenues
- R&D investments as % of Rev
- Non-order related R&D mn \$²
- Venture investments mn\$

- CAPEX, mn\$ YTD
- 2024 YTD + CAPEX guidance

← **customers' preferred problem solver** →

1. Management estimates
2. Non-order related R&D excluding completed divisional exits

Future proof

ABB purpose and customer offering aligned with secular trends

More electricity

Electricity demand growing **~9x** faster than total energy demand in 2023-2030, resulting in **~70%** higher average annual investment into electricity networks in 2024 – 2030 (vs 2016 – 2023)¹

Higher energy-efficiency

~45% of the world's electricity is converted into motion by electric motors yet only **~23%** of the world's electric motors are optimized through the control of drives

New energy sources

Share of low-carbon sources in global energy mix to increase **+50%** – points from ~20% today to ~70% in 2050¹

Shrinking labor force

Global number of working age people (15 to 64 years) per retiree (65 years or over) to fall by **~24%** in 2023 – 2035²

1. IEA World Energy Outlook 2024, Announced Pledges Scenario
2. United Nations World Population Prospects 2024

ABB
Our purpose

We enable a more sustainable and resource-efficient future with our technology leadership in electrification and automation

Our offering supports customers to:

- ← Reduce waste and increase circularity
- ← Reduce carbon intensity
- ← Increase labor productivity
- ← Increase energy efficiency
- ← Increase flexibility
- ← Reduce footprint
- ← Reduce downtime
- ← Increase safety and improve working environment

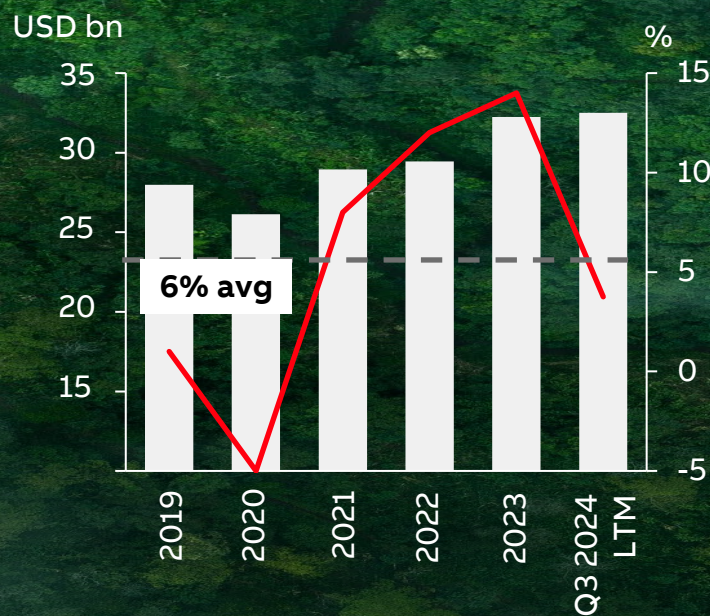
Deliver on increased growth targets

through-cycle target, upgraded in November 2023

Comparable growth

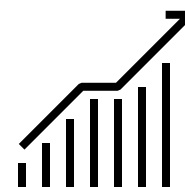
through economic cycle

5-7% average



— Comparable revenue growth

■ Revenues



Acquired growth

through economic cycle

1-2% average

Net of acquisitions and divestments

Deliver on margin target, upgraded in November 2023



ABB Group

Op. EBITA margin

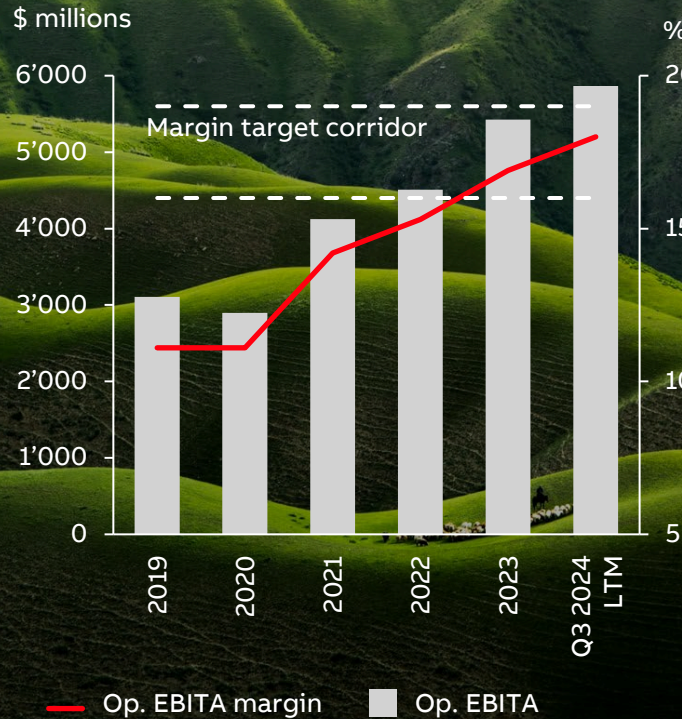
16-19%

annual



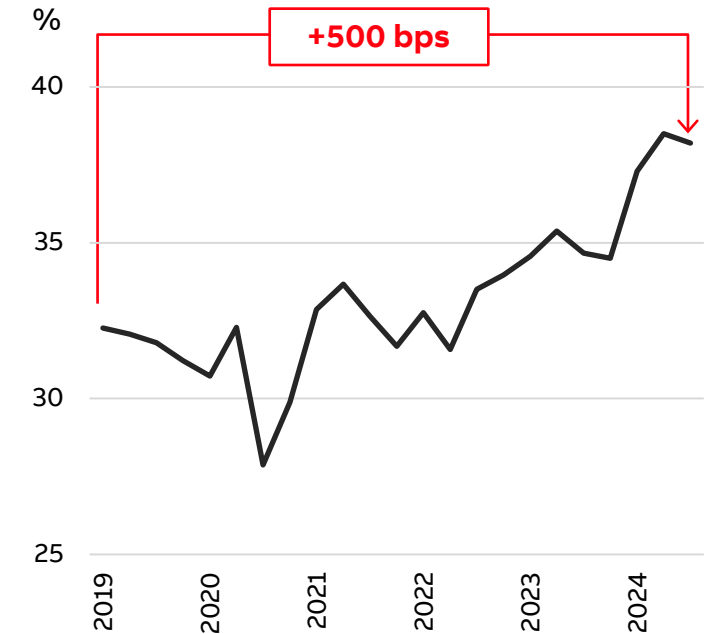
Further upside potential within the current Op. EBITA margin target range

Op. EBITA | Op. EBITA %



Strong gross margin improvement

Gross margin %



Capital allocation towards growth

Average 0%

2016-2018

Average -1%

2019 – 2023

- Transformation period, with 3 divisional exits to align portfolio to the ABB purpose

Average 1% - 2% through cycle¹

2024-

- ABB Way operating model is cemented and operational performance has improved
- ~60% of revenues from divisions on growth mandate
- Strong balance sheet

Spend capital allocation principles 2 - 4

	2023 USDbn	2024 3Q24 LTM USDbn
● Dividends	1.7	1.8
● Acquisitions	0.2	1.0 ¹
● Share buybacks	0.9	0.9

Share of Free Cash Flow

	2023	2024 3Q24 LTM
● Dividends	47%	41%
● Acquisitions	6%	23% ¹
● Share buybacks	24%	21%

Capital allocation principles

01

Fund organic growth, R&D, capex at attractive returns

02

Rising, sustainable dividend per share over time

03

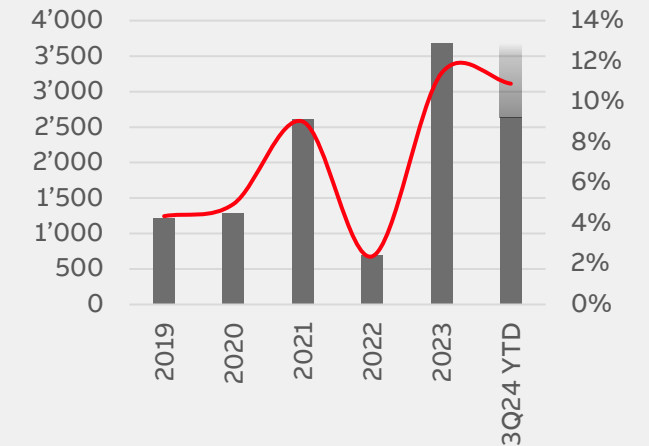
Value-creating acquisitions

04

Returning additional cash to shareholders through share buybacks

Improving and less volatile FCF

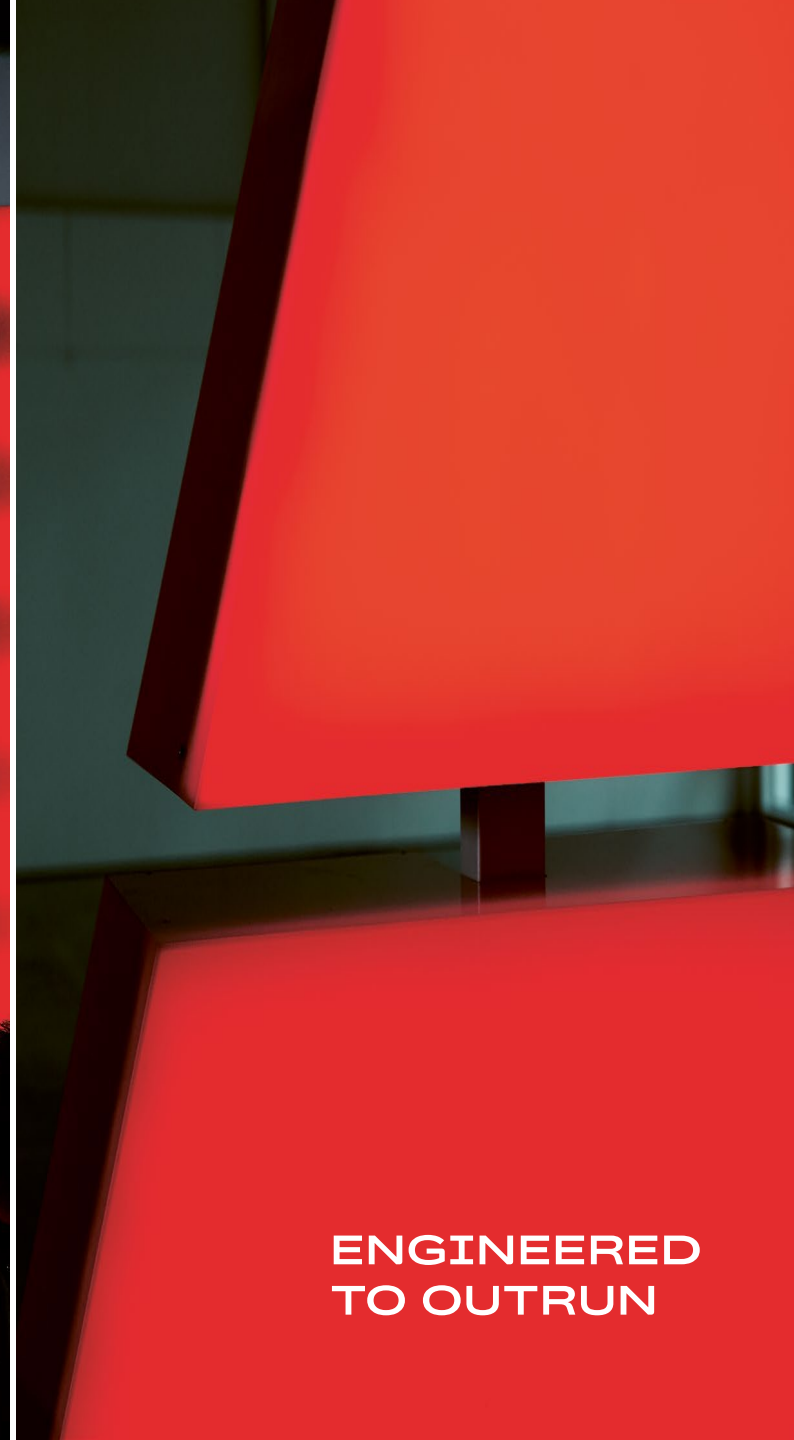
2024 expected to be at least similar to 2023



- Free Cash Flow from continuing ops. YTD (\$ mn)
- 2024 FCF guidance of at least similar to 2023
- Free Cash Flow margin

1. Deals announced in LTM, approximate numbers, all not yet closed

Q & A



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