

HEIKKI VEPSÄLÄINEN, DIVISION PRESIDENT

Large Motors and Generators



MAY 17, 2022

ABB Motion Capital Markets Day

Helsinki, Finland

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”, “ambition” 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 or anticipated transactions.

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
- General market conditions, and
- Such other factors as may be discussed from time to time in ABB Ltd’s filings with the US 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.** We caution that the foregoing list of factors is not exclusive, and you should not place undue reliance upon any forward-looking statements, including projections, which speak only as of the date made. We do not undertake or accept any obligation to release publicly any updates or revisions to any forward-looking statements to reflect any change in our expectations or any change in events, conditions or circumstances on which any such statement is based.

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 our website under “Motion Capital Markets Day 2022”.

This presentation shall not constitute or form part of, or be construed as, an offer, invitation or recommendation to purchase, sell or subscribe for any securities in any jurisdiction or a solicitation of any offer to purchase, sell or subscribe for any securities in any jurisdiction and neither the issue of the information nor anything contained herein shall form the basis of or be relied upon in connection with, or act as any inducement to enter into, any investment activity. This presentation should not be construed as a prospectus or offering document and investors should not subscribe for or purchase any shares in ABB Ltd or any affiliate thereof on the basis of or in reliance on the information contained in this presentation. The spin-off and IPO referred to in the presentation will be undertaken, if at all, in transactions not subject to the registration requirements of the Securities Act of 1933 or the Securities Exchange Act of 1934.

Large Motors and Generators

A global leader with pioneering technology and domain expertise...

- \$7 bn market, with energy efficiency and sustainability driving growth pockets
- Trusted partner across industries

...and clear actions to deliver strong profitability increase...

- Global footprint and portfolio optimization
- Operating model to maximize market coverage while driving economies of scale

...to move towards a profitable growth mandate



Driving sustainability through innovation

| Reducing energy consumption across industries – motor by motor



Record breaking **98% efficiency** powering plastic extruders



Over next **20 years** efficiency increases can **save 6,000 tons** of **CO₂**



Equivalent to **3,000 flights** from London to New York



Committed to further improve **sustainability and reliability**



Our business at a glance

Our market

 ~\$7 bn¹

 **#1 or #2 globally in each Product line**

1. Omdia market reports 2020, applicable market segments for large AC motors and generators (3-65 MVA)

Our business

 **\$250 – 750 mn**
2021 revenues

 **3.0k**
employees globally

**Our strategic mandate:
Improve profitability**



Our large motors and generators power the critical applications in industry, infrastructure and marine transportation

Our portfolio...



Induction motors



Synchronous motors



Special design motors



Synchronous Generators



Digital solutions

...and selected examples where our motors and generators are used



We are our customers' trusted partner



Leading technology offering for **performance, energy efficiency** and **Total Cost of Ownership**



Deep **domain expertise** and segment-specific know-how



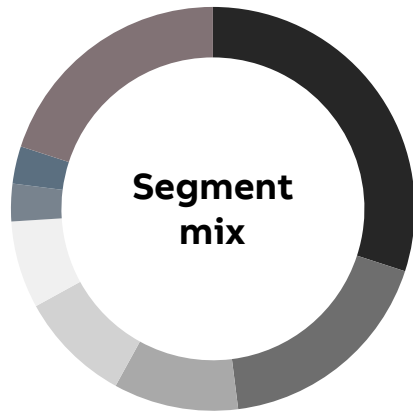
Broad market coverage, able to support and service **wherever needed**

Global market leader with a focus on mission critical applications

Leveraging global scale and platforms with regional customization

Covering all major industries

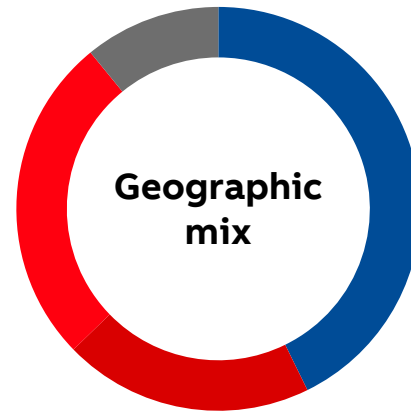
Segment- and application-specific optimization of common platforms



- Infrastructure
- O&G
- Metals & Mining
- Chemicals
- W&WW
- Marine
- Pulp & Paper
- Other

Granular market approach

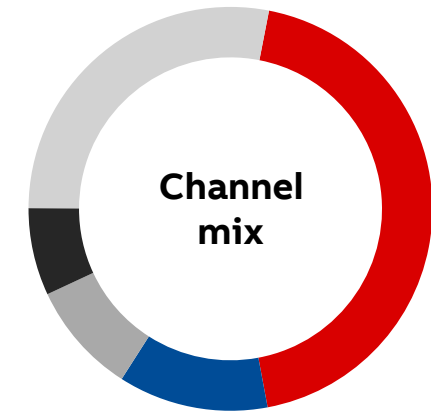
Regional organization with granular market view close to customers



- Europe
- China
- Rest of AMEA
- The Americas

Domain expertise

Working closely with OEMs to optimize performance and reliability

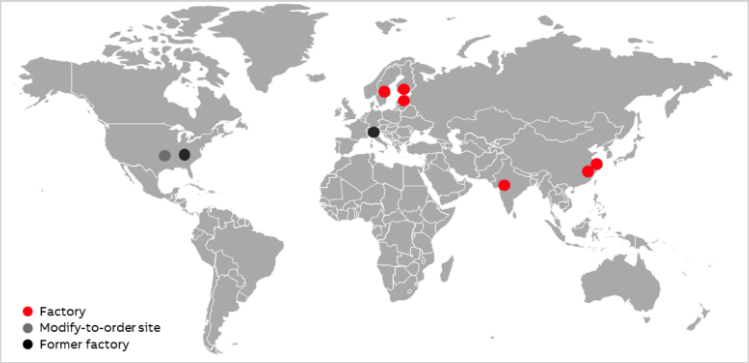


- OEMs
- End users
- Distributors
- EPCs
- Internal

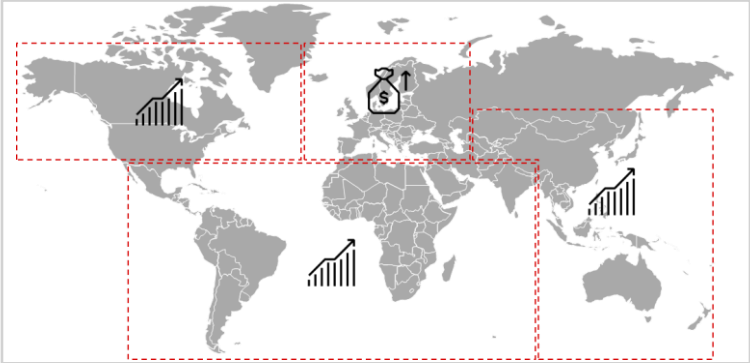


How we drive profitability

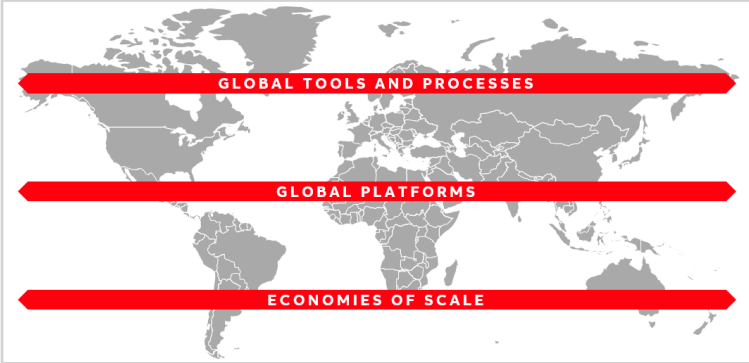
Increase capital efficiency and productivity...



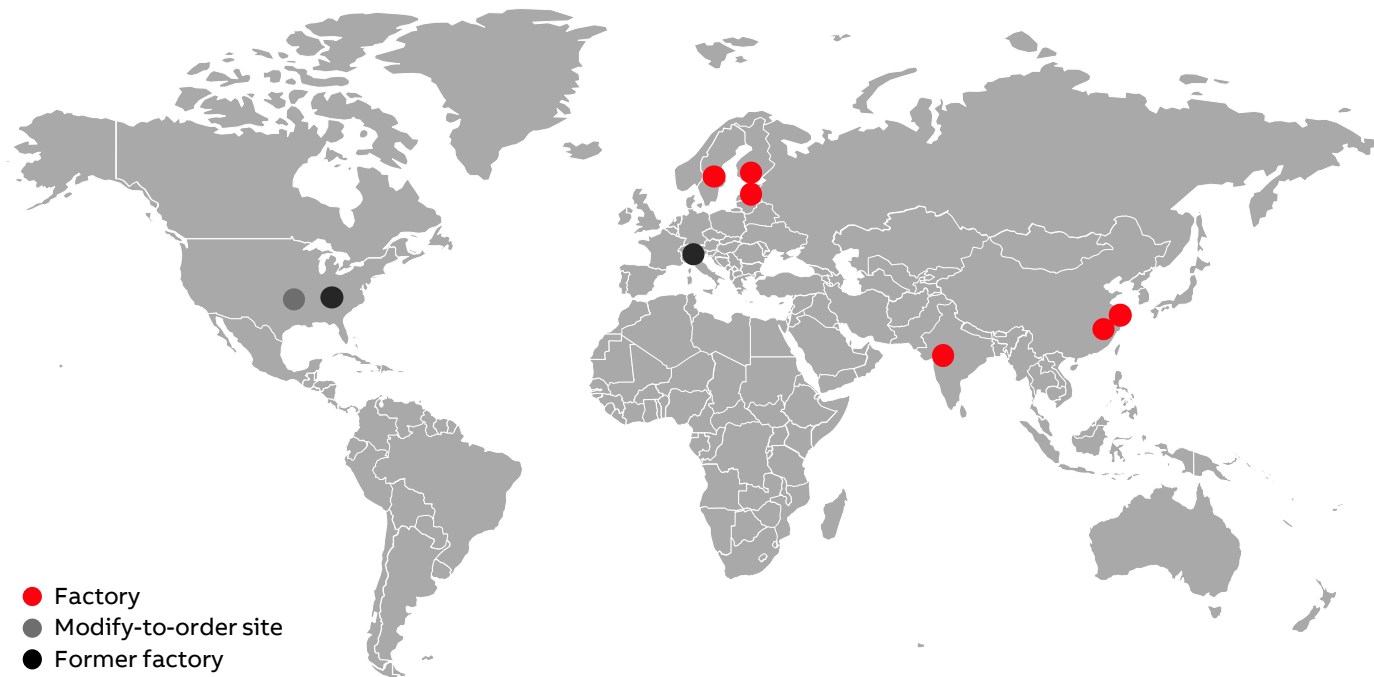
...and get even closer to regional customers...



...to fully leverage global scale and market leadership



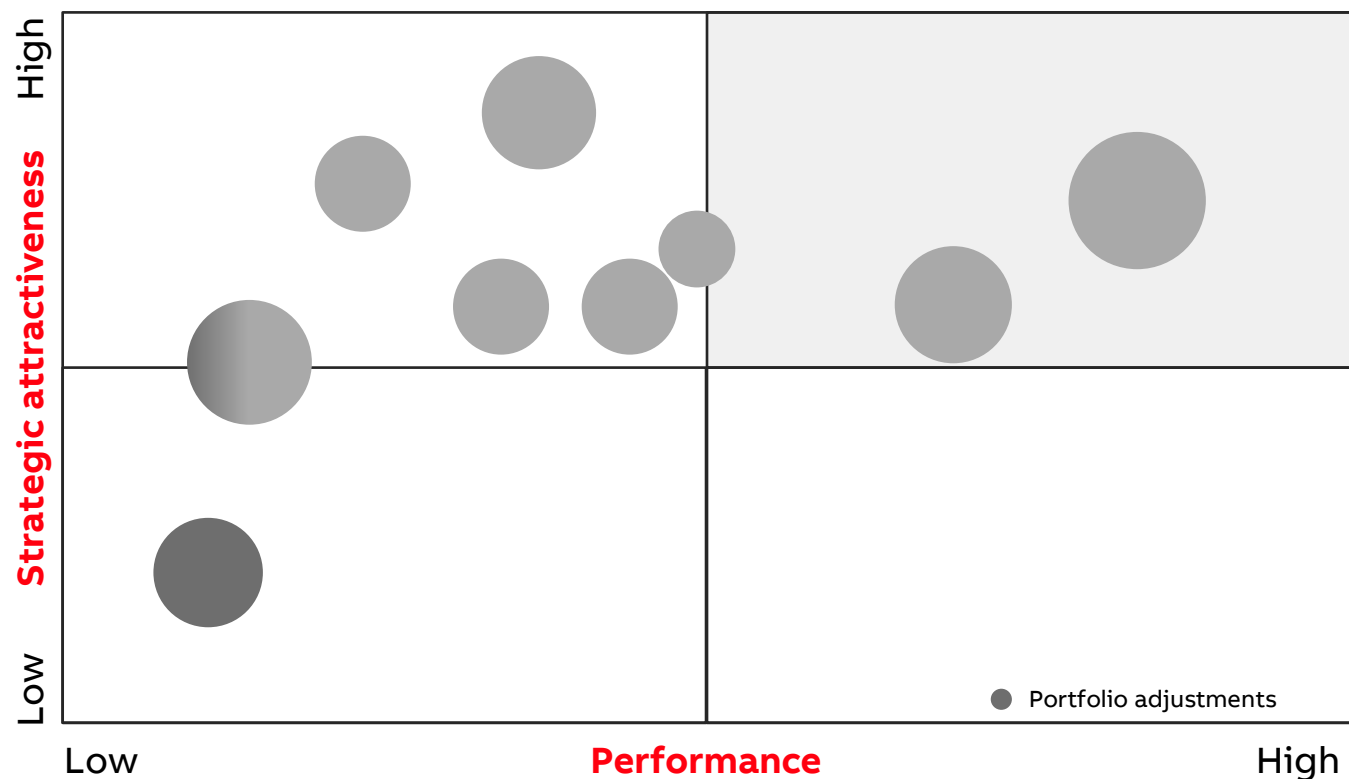
Increase capital efficiency and productivity



Global footprint and capacity optimization

- Closed two factories since 2020, Italy and US
- Merged two factories in 2021, Finland and Estonia
- Reallocated product lines across global operations

Increase capital efficiency and productivity

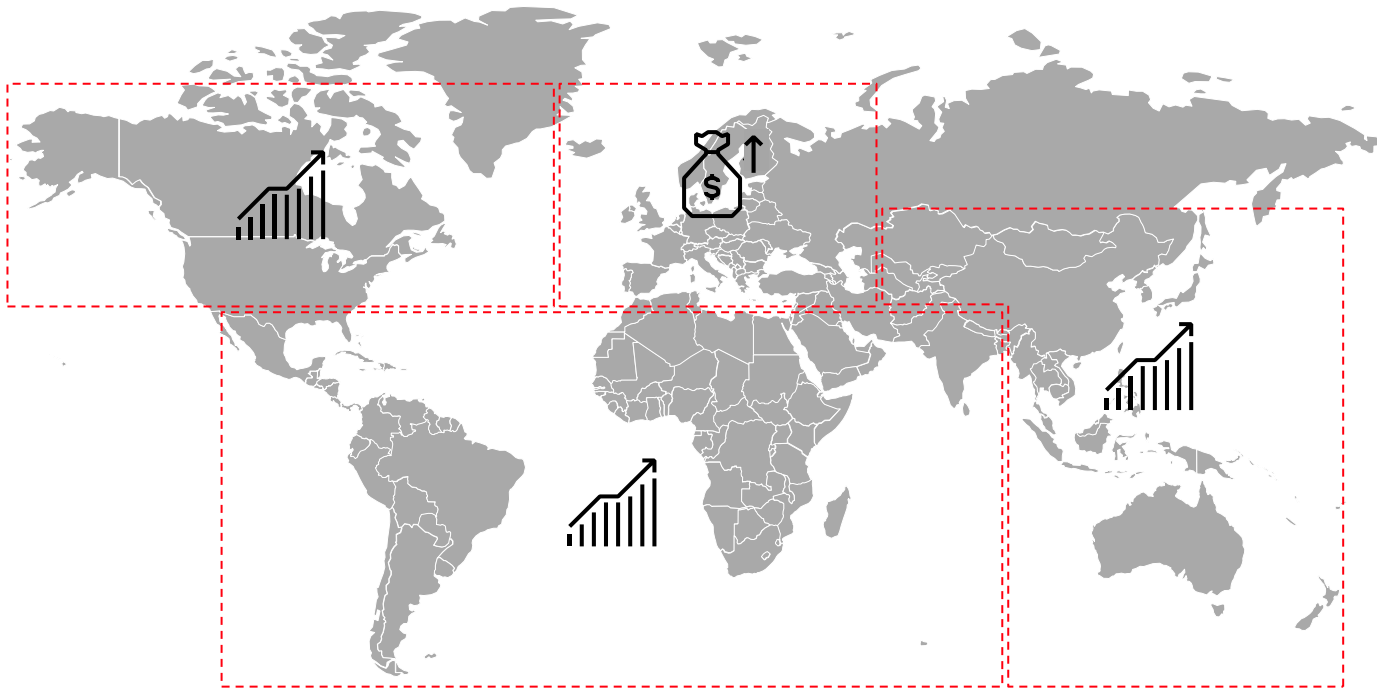


Illustrative visual

Active portfolio management

- Reduced exposure to wind generators, \$40 mn revenue
- More selective NEMA offering, 50% revenue reduction
- Pricing intelligence and quality of revenues

Get even closer to our customers

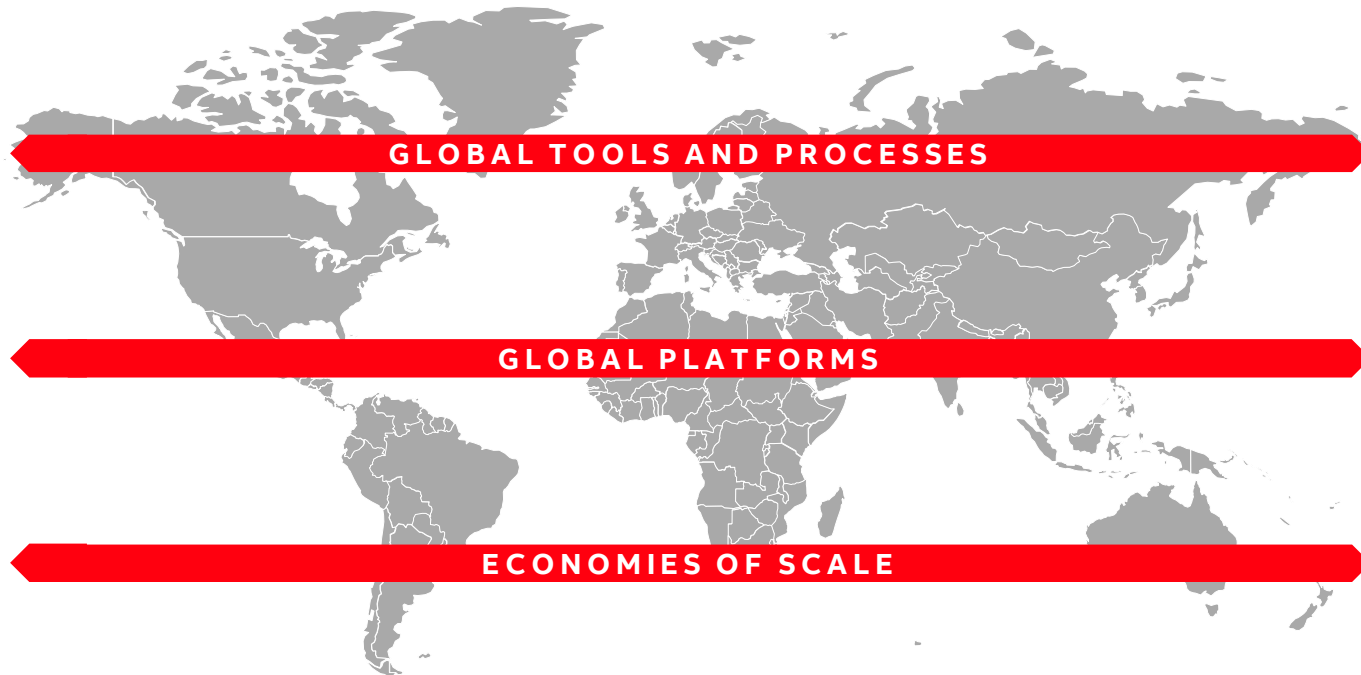


Regional operating model implemented

- Granular market & customer coverage, with decision making closer to customers
- Focus on regional opportunities, addressing different profitability levels & growth outlook
- Balance capability and flexibility for global trade and region-for-region supply

Lean global organization set up with clear roles and responsibilities

Leverage global scale and market leadership



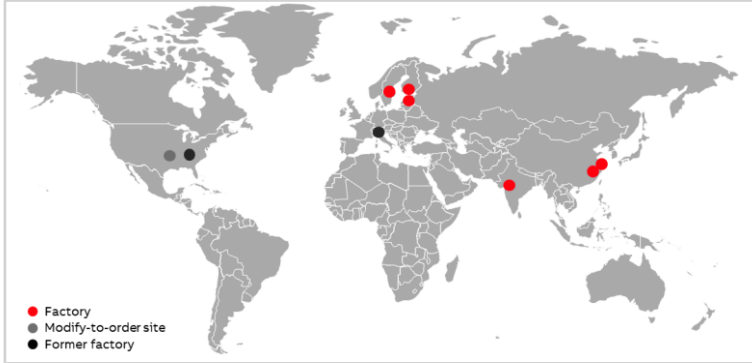
Global portfolio and product platforms

- Common tools and processes drive synergies across factories and product platforms
- (Mass) customization of global product platforms to specific customer needs
- Economies of scale, leveraging global size and market leadership

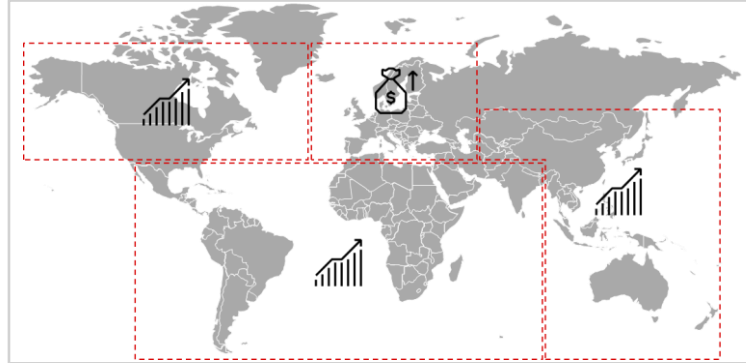
Focused R&D spend to capture growth opportunities

How we drive profitability

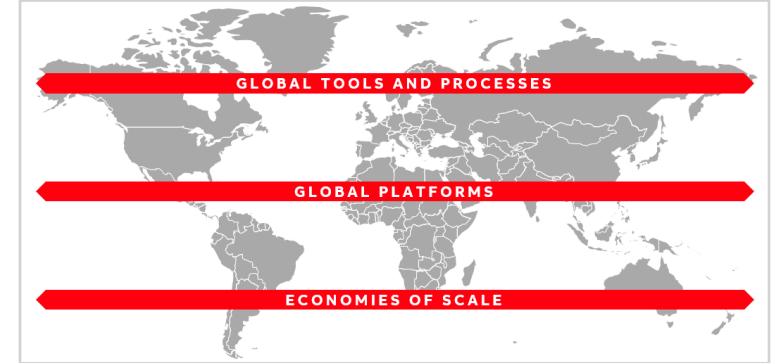
Increase capital efficiency and productivity...



...and get even closer to regional customers...



...to fully leverage global scale and market leadership



Maximize market coverage and drive economies of scale through global platforms

Large Motors and Generators

A global leader with pioneering technology and domain expertise...

- \$7 bn market, with energy efficiency and sustainability driving growth pockets
- Trusted partner across industries

...and clear actions to deliver strong profitability increase...

- Global footprint and portfolio optimization
- Operating model to maximize market coverage while driving economies of scale

...to move towards a profitable growth mandate





—
STEFAN FLOECK, DIVISION PRESIDENT
IEC LV Motors



MAY 17, 2022

ABB Motion Capital Markets Day

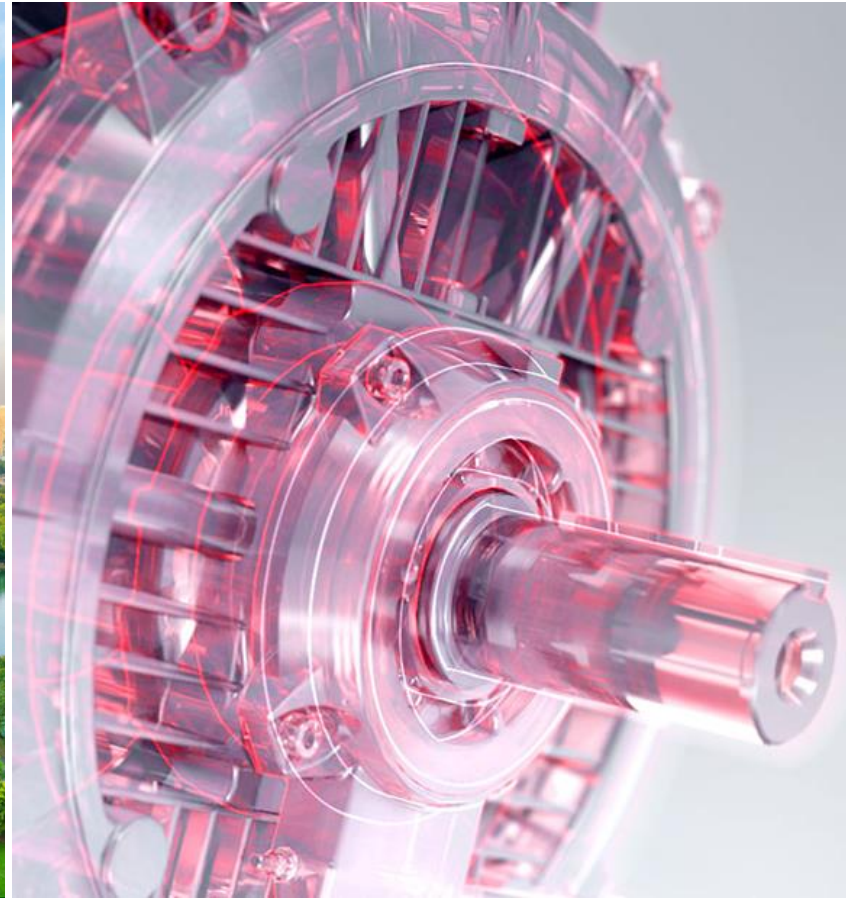
Helsinki, Finland

IEC LV Motors

Leadership in energy efficiency



Pioneering technology




Deep domain expertise




Our business at a glance

Global market leader

Our market

 ~\$10 bn¹

 **#2 globally**
(8% share¹)

Our business

 **\$ 750 - 1,250 mn**
2021 revenues

 **~3.1 k**
employees globally

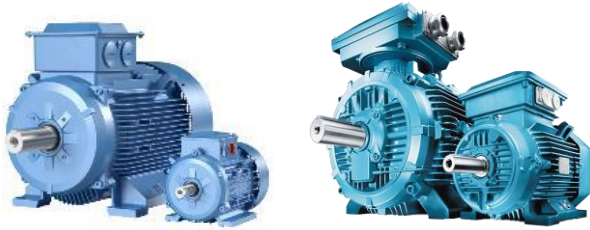
**Our strategic mandate:
Improve Profitability**



1. Source: Omdia market report (based on 2020 data)

Leading with technology

Comprehensive product offering for all segments and applications

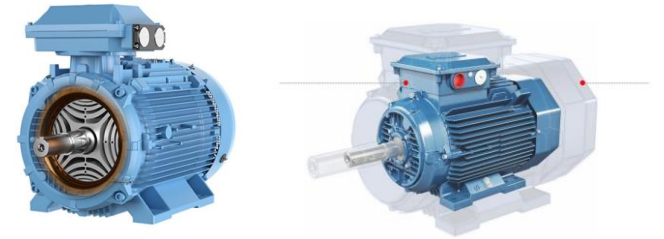


2 platforms

Comprehensive portfolio
(standard and premium)

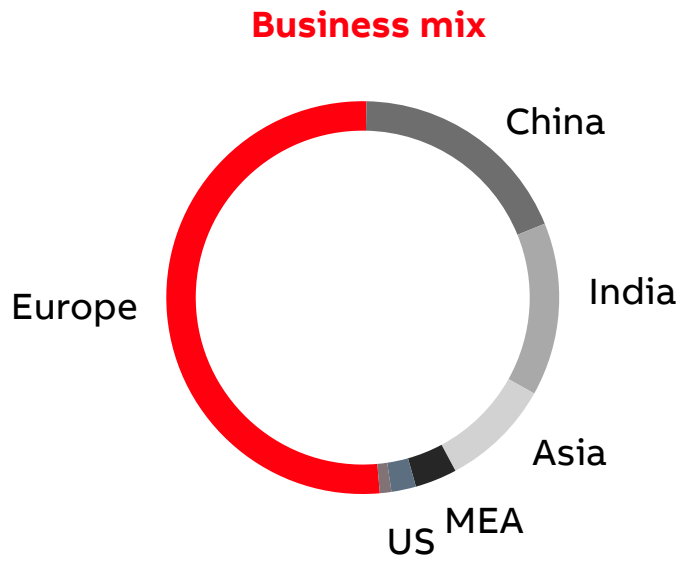
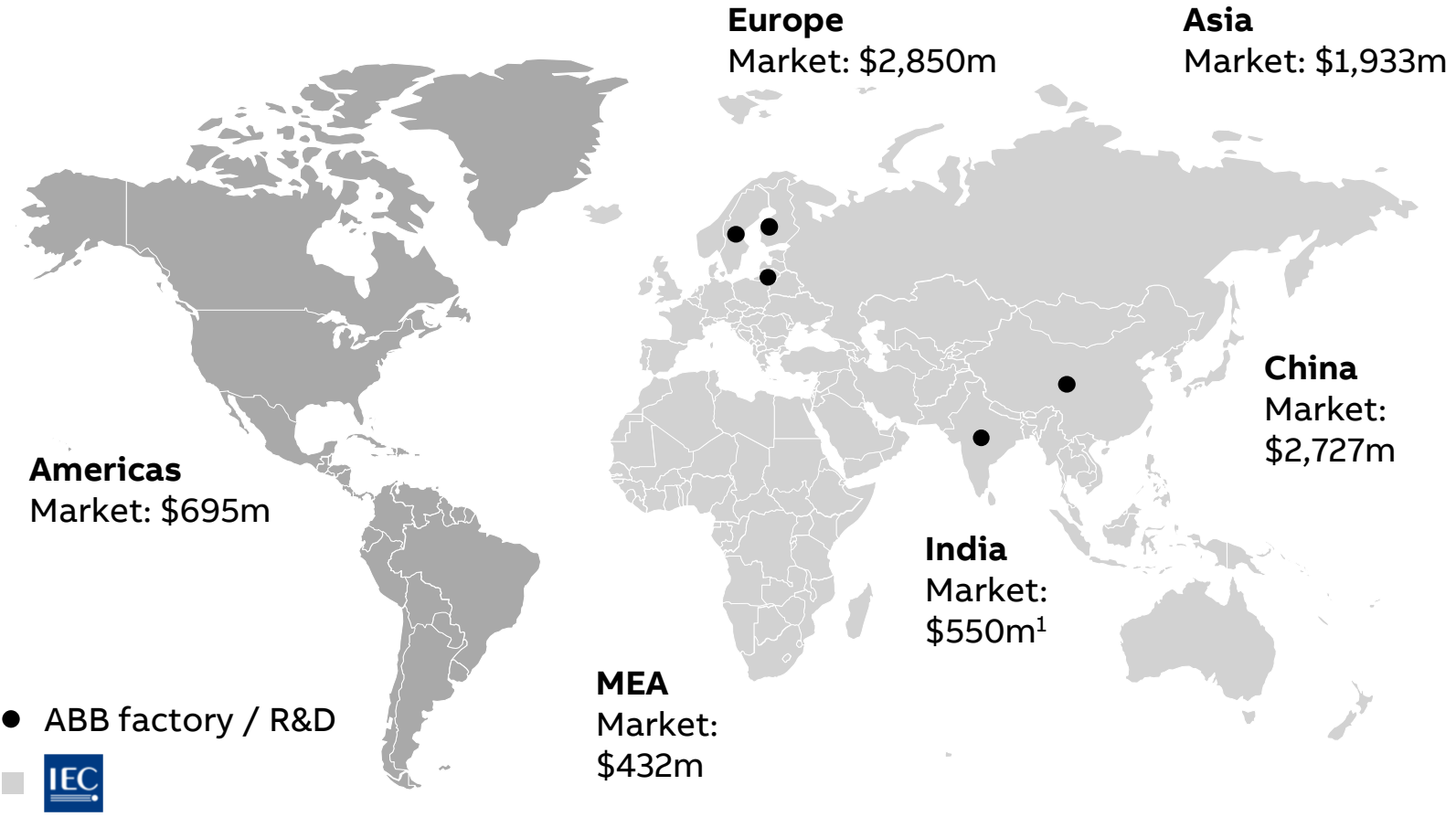


Versatile segment and
application-specific offering



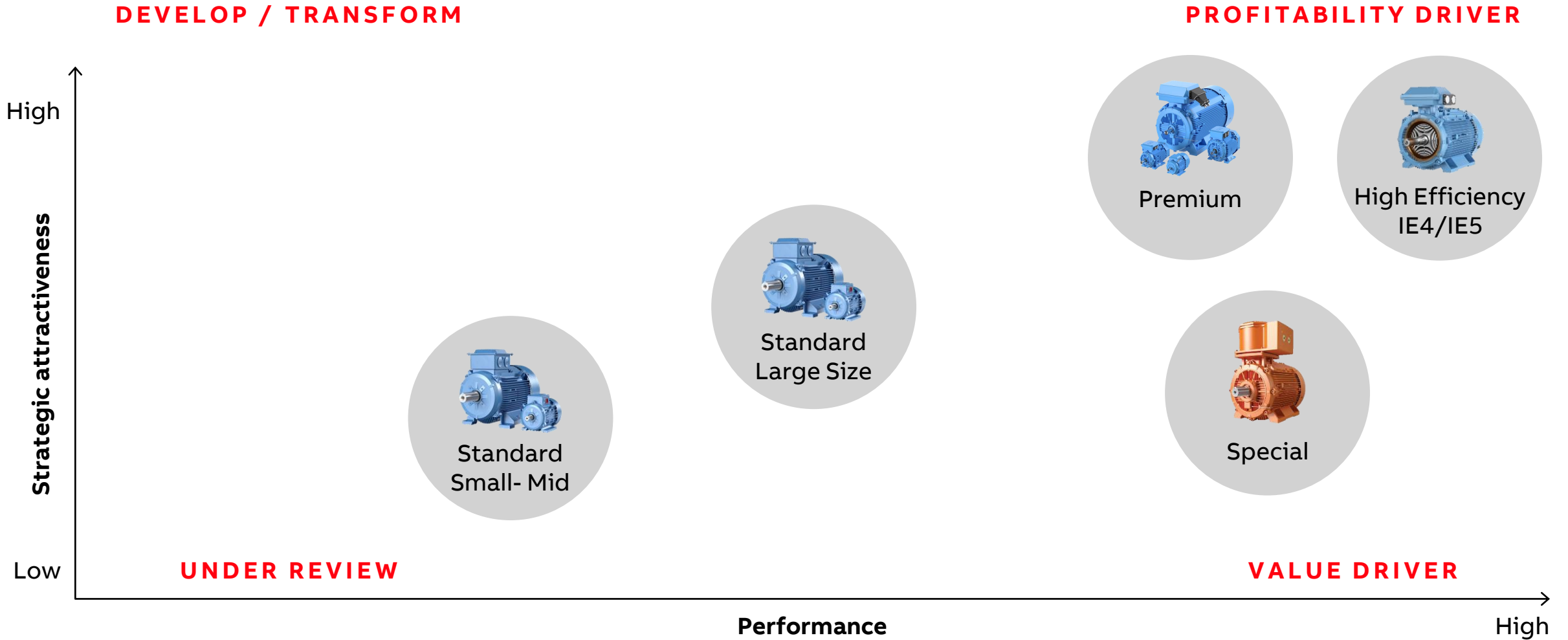
Staying ahead of the curve -
Synchronous reluctance motors
(IE5)

Our markets and presence



Figures 2020 – source: Omdia
1. ABB internal calculation

Division portfolio



Illustrative visualization

Increase profitability

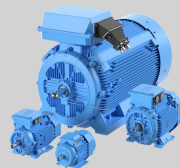
3 focus areas

1 Strengthen our leadership positioning...

- Premium is securing high profitability



Special



Premium

2 ...develop solutions to drive profitability in key markets and segments...

- 10 years experience with IE5 motors



High Efficiency
IE4/IE5

3 ...simplify our standard offering and operating model

- Consequent actions will contribute for +35 bps per year by 2025



Standard
Large Size



Standard
Small- Mid

Strengthen our leadership positioning

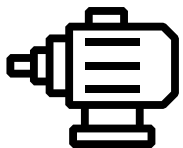
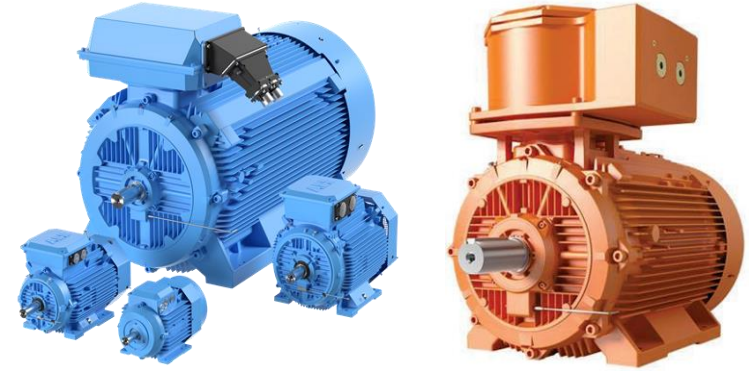
Facts: Premium portfolio

Certified motors for many applications

- Flameproof motors
- Motors for safe areas
- Marine motors
- Food and beverage motors
- Motors for harsh environments

Leadership drivers

- Certification and compliance globally
- **>300** R&D and engineering experts in-house
- Quality reputation: **99.96% reliability**
- Localized products & market leadership **India**



Strong foundation, premium position



Market leader in India

100% localized portfolio in the fastest growing economy

Strong value creation over the last 4 years

~ 60%
Growth in revenues

~ 25%
Growth Op. EBITA

~ 24%
Growth in productivity

Leadership in energy efficiency

Drive profitability in key markets and segments

Facts

Energy efficiency:

- Growing IE4&5 business plus **105%** yoy, gained market share by **3.1%** in 2021
- **15%** higher profitability compared to standard IE3 offering
- Widest and most sustainable IE5 offering 5.5-315kW

Actions

China localization ~ \$3 bn market opportunity

- New local offerings, gaining market share **to be a top 3 player** by 2025
- Launch of IE4 basic offering in CN ahead of competition
- Local empowerment and team



Fan application OEM; IE4 motors



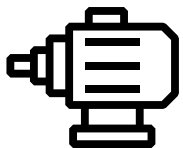
Cost savings in electricity consumption / year **320k CNY/year**



CO₂ savings / year **270 tons/year**



ROI **12 months**



Profitable growth, supported by energy efficiency market needs

Simplify our standard offering and operating model

Taking strategic decisions

Clear portfolio positioning

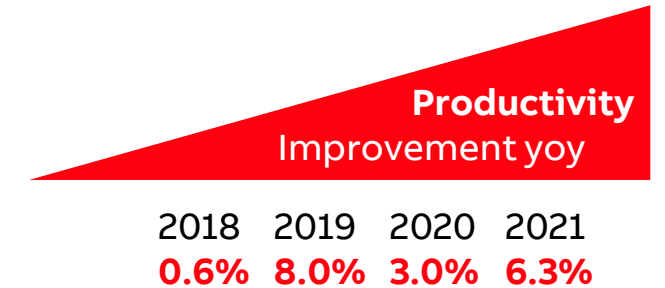
- Standard vs. premium
- Reducing complexity: 6 product lines consolidated into 3 → reduction of **2,000** product codes
- Adoption of E-commerce
- New configuration tools

Pricing strategy

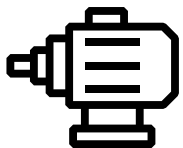
- Coherent price strategy in line with different channels & markets
- Speed, flexibility and agile price increase
- Consequent and selective pricing execution / excellence

Global footprint optimization

- Increase automation, lean manufacturing and digitalization
- Make/buy strategy leveraging global supplier network for standard motors



Productivity = revenue / average head count



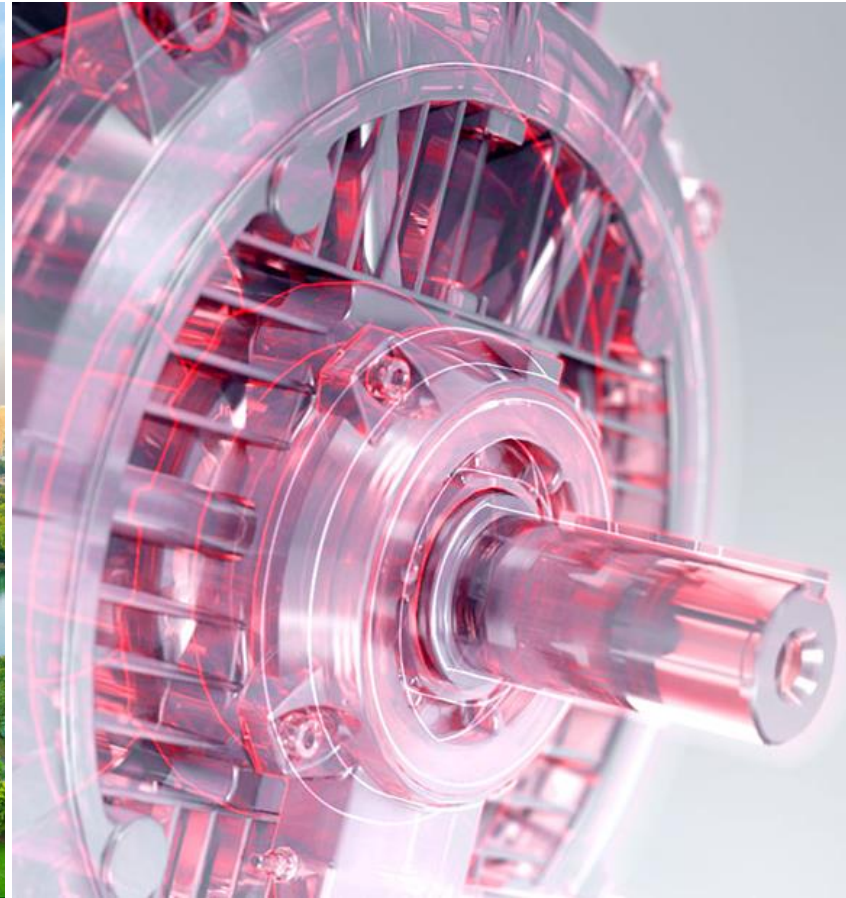
Consequent actions identified and in execution

IEC LV Motors

Energy efficiency driver well positioned in ~\$10 bn market



Pioneering technology and deep domain expertise



Heading towards a “profitable growth” mandate by 2024



ABB