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# Motion

Writing the future of smart motion

Morten Wierod, President Motion



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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”, “2019 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](http://www.abb.com/investorrelations)

# Motion at a glance

## Key figures

**Global #1**  
#1 in motors  
#1 in drives

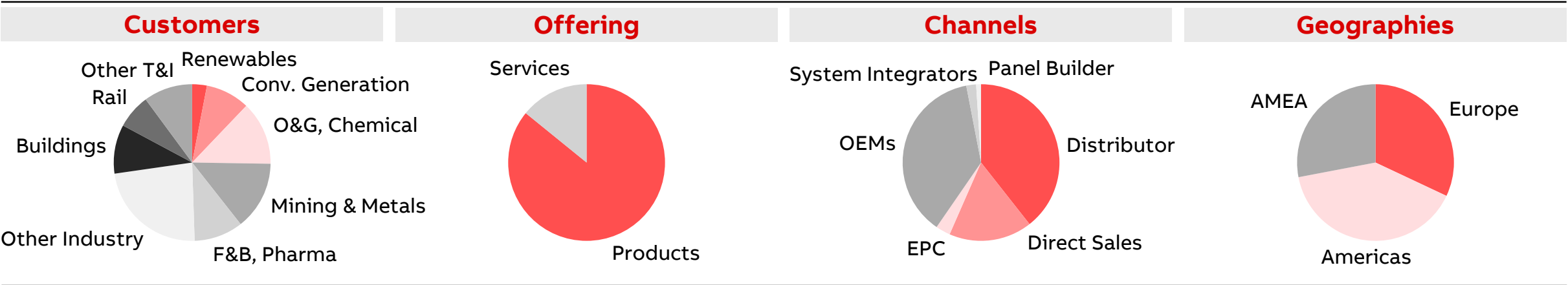
**\$80 bn**  
2018 market size

**\$6.5 bn**  
2018 revenues

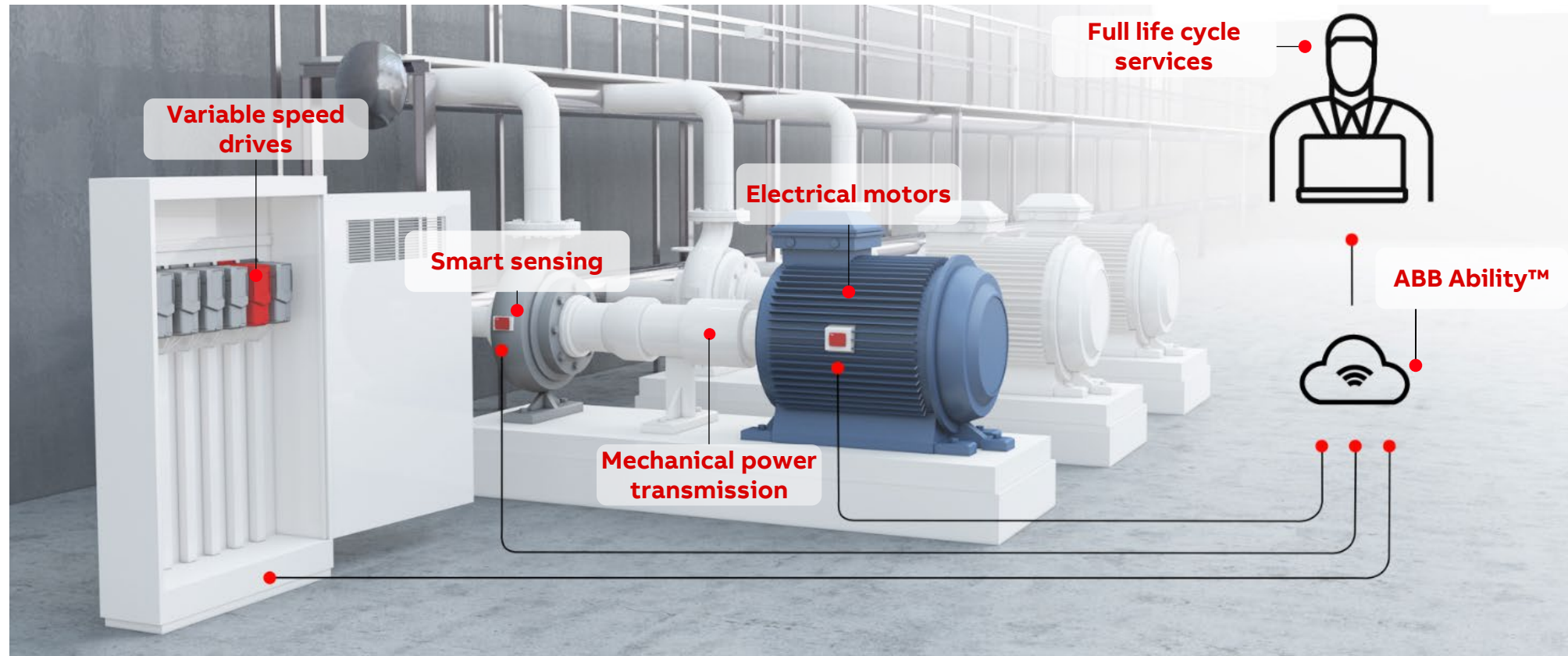
**15.9%**  
2018 Op. EBITA

**~20 k**  
Employees worldwide

## Business mix (by revenue)



# Motion offering





# A product offering to meet customer needs

**Unique scaling** from smallest to highest **power**

**Differentiated by** application specific **software**

**Perfect match** of motors and drives



<1 kW

10,000's of kW

# 2018 results

## Profitable Growth

12% order and 10% rev. growth<sup>1</sup>

Solid double digit service growth

## Relentless Execution

Attractive op. EBITA margin of 15.9%

Operational excellence systematically improved via L6S<sup>2</sup>

## Business-led Collaboration

Opened 6 Digital Centers to support our customers and partners on their digital journey

Expanded optimized motor and drive platforms



# The world is going electric

The world is  
changing fast

Population 

Urbanization 

Digitalization 

Electric motion plays  
a significant role

**1/3** of the worlds electricity is converted by  to motion

The world goes  
electric and digital

Energy efficiency

Automation of  
industrial processes

Electric mobility

Demand for electric  
motion will double

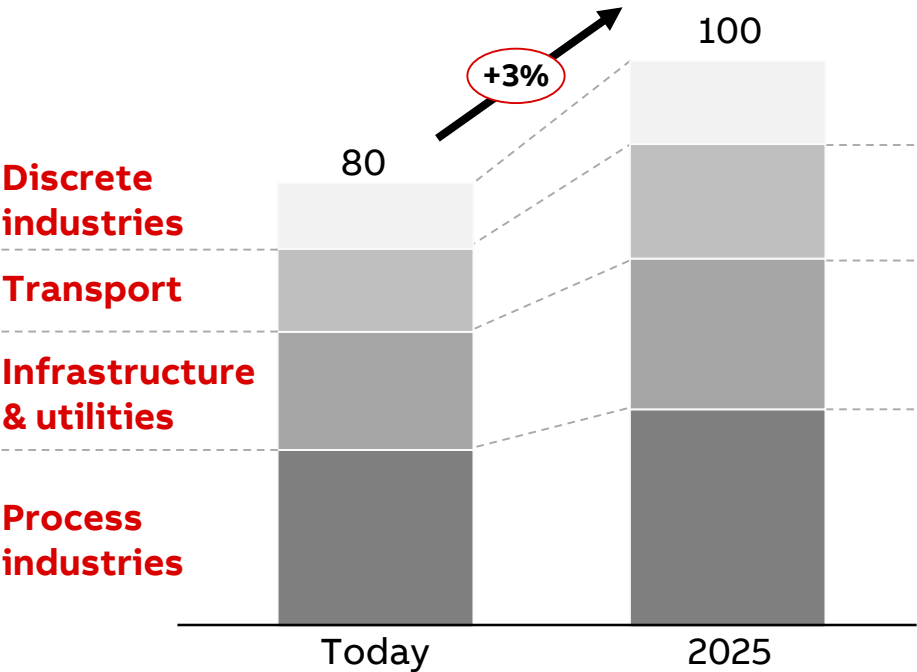
**2x** more motors will **add 1x** the consumption<sup>1</sup> of...



China

# Well positioned in attractive markets

Global addressable market  
in \$ bn



Business exposure  
% of revenues



Market growth drivers

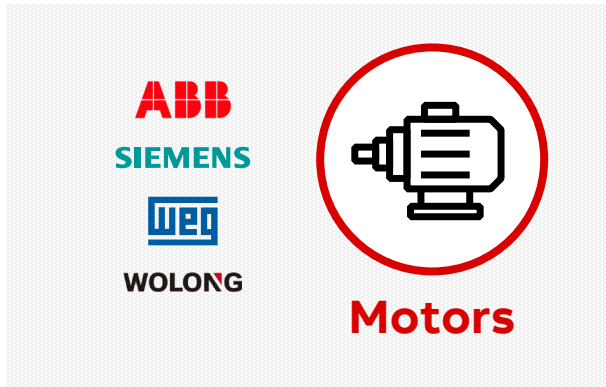
- Increasing demand for convenience  
Tightening regulatory requirements
- More travels and commutes than ever  
Demand for emission free transportation
- Higher comfort of living  
CO<sub>2</sub> and energy efficiency regulations
- Higher productivity and capacity expansion  
Remote operations, higher safety standard and reliability

High-growth segments (examples)

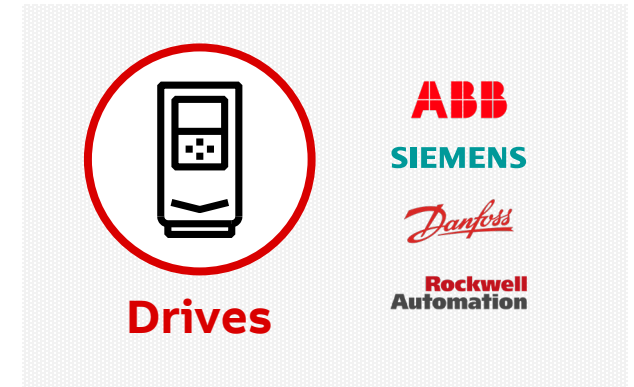
- Datacenter ventilation**  
>10%
- Water desalination**  
~5%
- F&B cooling & refrigeration**  
~4%



# Global #1 in motion industries – leading from a strong foundation



**ABB** Global #1



## Our key differentiators

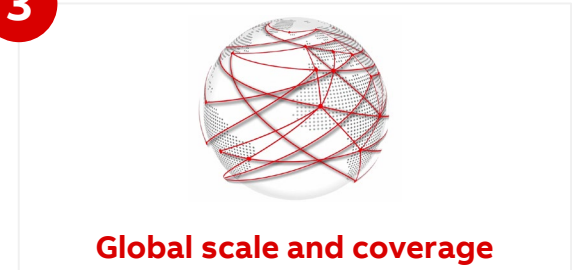
1



2



3



# Pioneering Technology Leader driving innovation in motion industries

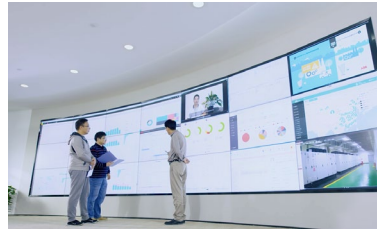
Staying ahead by pushing the boundaries today and for tomorrow



**2018**  
Washdown motor



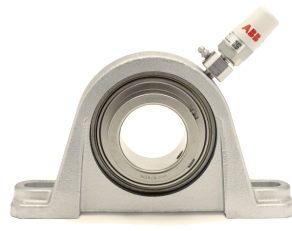
**2018**  
Subsea drive



**2018**  
Analytics & Digital centers



**2016**  
ABB Ability™  
Smart Sensor for motor



**2018**  
ABB Ability™  
Smart Sensor for bearing



**2019**  
ABB Ability™  
IoT Drive Connect

**Industry leading investment in R&D**

**Be connected, learn faster**

**ABB Ability™ Digital Powertrain**

- ABB Ability™ remote condition monitoring
- Smart analytics and AI

# Domain expertise and most comprehensive offering

## Focus on industrial motion



Deep domain expertise:

- 3,500+ ABB Motion solution experts helping customers every day
- Application expert communities with our channel partners

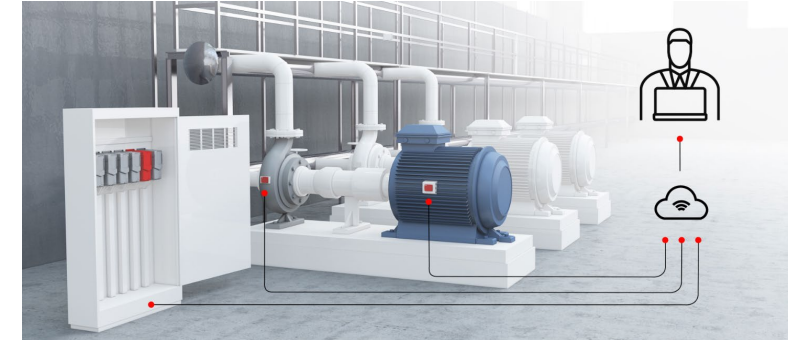
## The right offering for our customers



Our offering:

- Is industry and application specific
- Provides the right performance

## Connected to our installed base

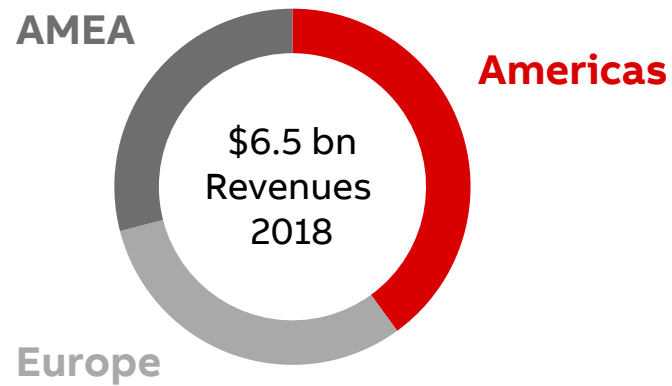


We are a partner for life:

- 45 million drives and motors in the field
- 6 ABB Ability™ Motion centers
- High service attachment rate

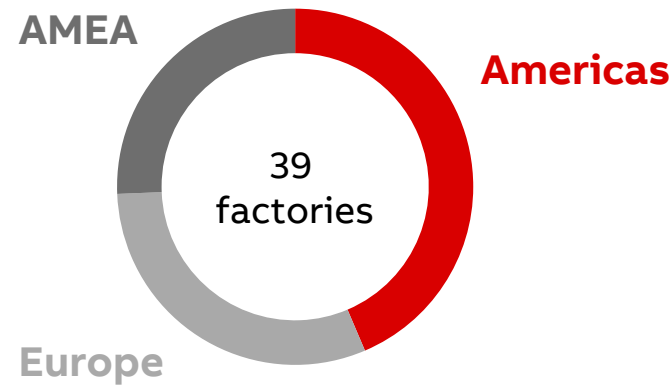
# Global coverage, always close to our customers and partners

## Balanced demand



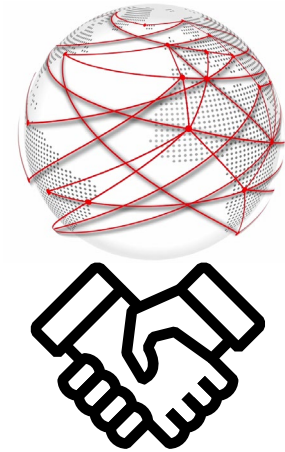
Business in  
**100+** countries

## Balanced supply



Factories in  
**10** countries

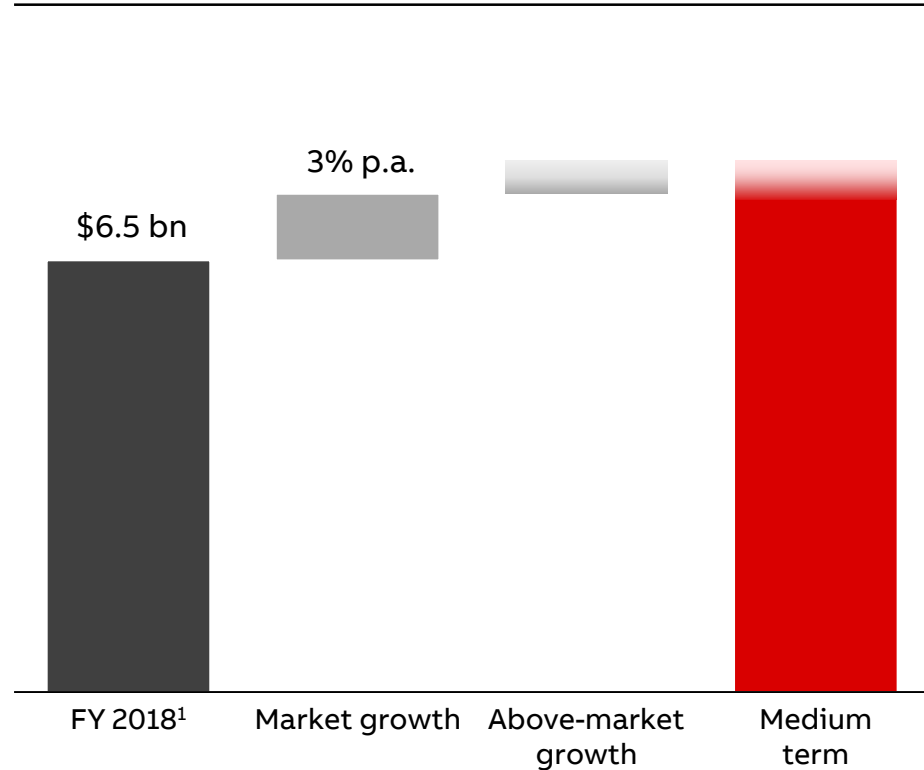
## Customer coverage everywhere



**300+** authorized value providers  
**6,000+** channel partners

# Driving above-market growth going forward

## Medium-term revenue development



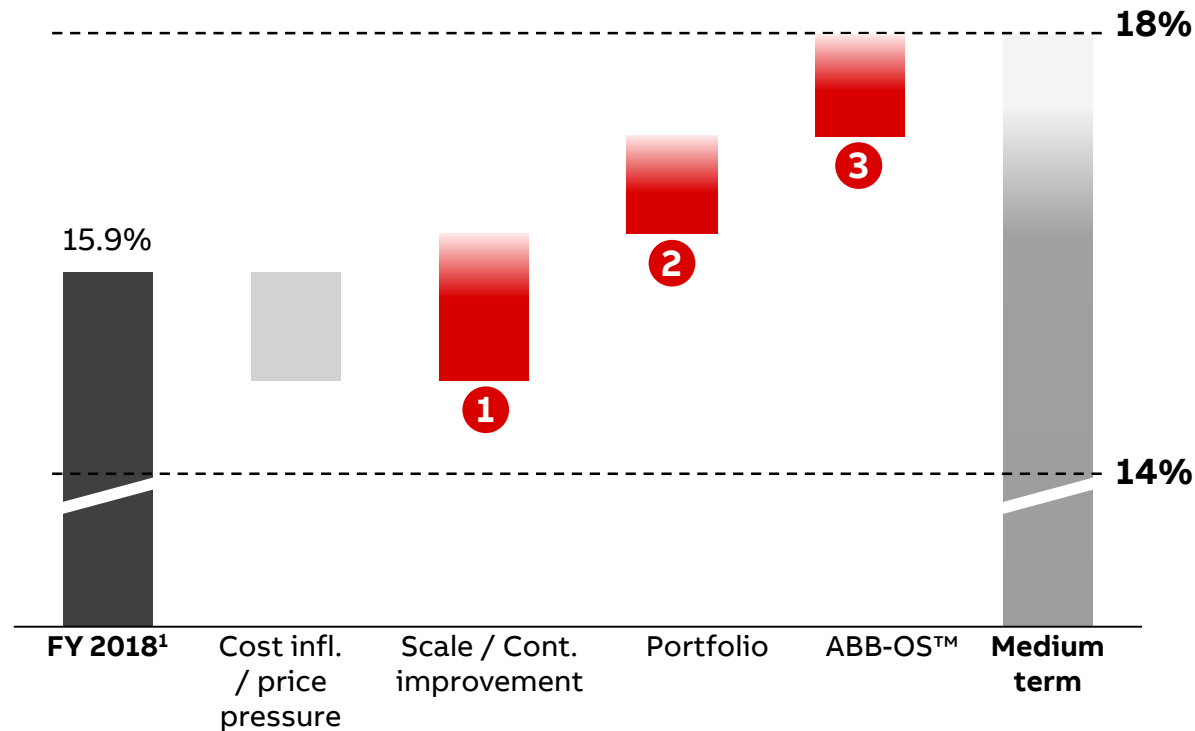
## Drivers for above market revenue growth

Penetration	Build on local leading positions of motors or drives Focused initiatives in all local markets
Innovation	Bring pioneering technologies to customers Modular platforms for fast customization ABB Ability™ Digital Powertrain
Expansion	Expansion of segment specific portfolio Strengthen and enlarge partner network Motion as a service



# Driving operating EBITA margin

## Operating EBITA margin



## Details on key drivers

- 1 Scale / operational efficiency**
  - Industry leading volume
  - Unmatched scale in R&D, G&A and our service network
- 2 Portfolio / mix**
  - ABB Ability™ and innovation
  - Connected drives and motors
  - Efficiency and uptime services
- 3 ABB-OS™**
  - Simplified organization and business model
  - More focus and speed in decision making

# Creating value for customers and ABB

Writing the future of smart motion

## Attractive growth

The world goes electric – attractive growth pockets across industries  
High demand for energy efficiency solutions  
ABB Ability™ services will deliver the future of smart motion

## Stronger margins

Invest in our leading portfolio, passionate people and partners  
Unmatched scale in volume, R&D, G&A and service network  
ABB-OS™: focus and simplification

## Optimizing capital

Software differentiated products and increasing service share  
Modularization across motor and drive product ranges

**Medium-term  
operational EBITA margin**

**14 – 18%**



# Writing the future of smart motion.

**ABB**