



FEBRUARY 12, 2020

ABB India – Analyst Call

CY 2019 and Q4 2019



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” 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 India Ltd’s filings with the Securities and Exchange Board of India (SEBI), including its Annual Report.

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.

Further, Information shared herein inter-alia contains some key financials pertaining to ABB India. ABB India being a listed entity is obliged by law not to share the said information to any one (other than those who are involved in the process and who are bound by Insider Trading Regulation) unless and until the financials are considered and approved by ABB India Board and thereafter announced to stock exchanges as per the listing obligations entrusted upon ABB India. Therefore, privy to this presentation should kindly ensure strict confidentiality of the information shared and discussed herein.

Agenda

Business highlights

Financials highlights

Resilient, Profitable & Consistent

Continuing growth momentum in 2019



Full-year 2019 results

Resilient and diversified business model supports performance

ORDERS

INR 6,970 Cr

+4%

PBT before exceptional

INR 514 Cr

+30%

REVENUES

INR 7,315 Cr

+9%

PAT

INR 302 Cr

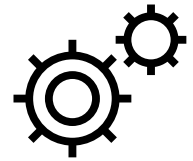
+39%*

Delivering growth

- Sustained running of the business while undertaking transformation
- Ongoing systematic portfolio management by localizing best in class global technology
- Revenue growth across emerging segments
- Solid cash position

Structural reforms making way for long term growth

Economy bottomed out; Govt. continues fiscal stimulus to boost growth



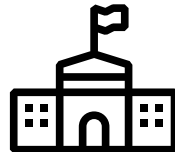
Macro



Changing
Landscape



Drivers &
Risk



Government
Reforms

Long term growth drivers



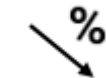
Stable central government



Demographic Dividend



FDI, Govt stimulus & reforms



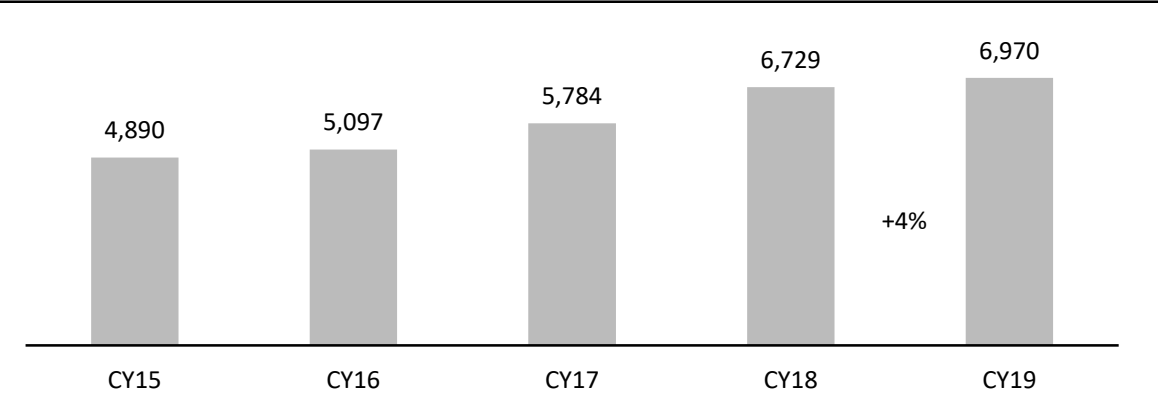
Interest rates, tax rates



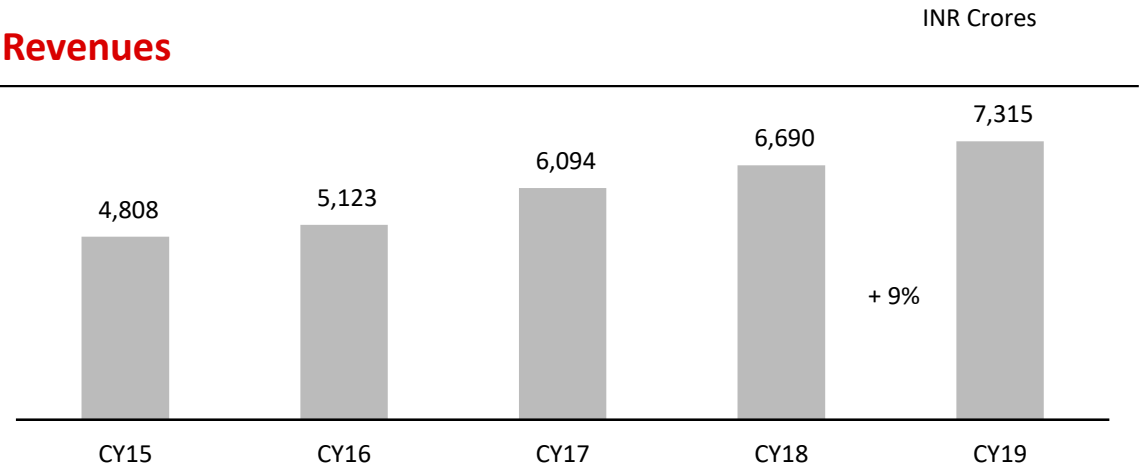
\$3 Tn → \$5 Tn Economy

Building a strong foundation of growth in brownfield markets

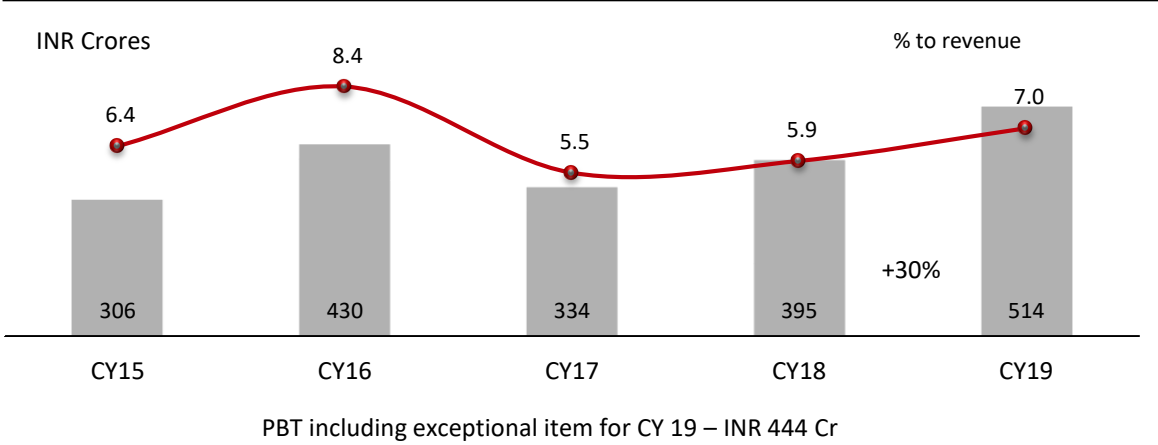
Orders



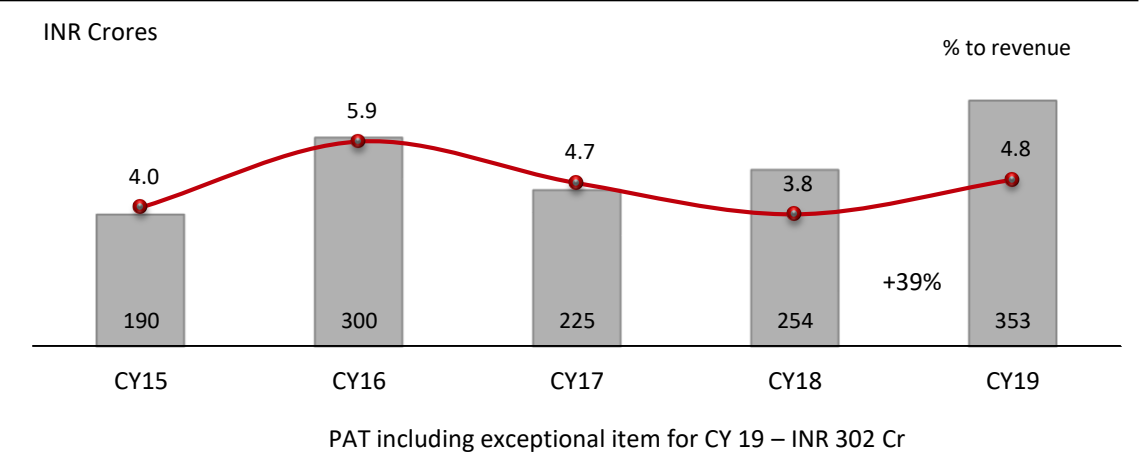
Revenues



PBT & PBT % (Excluding exceptional item)



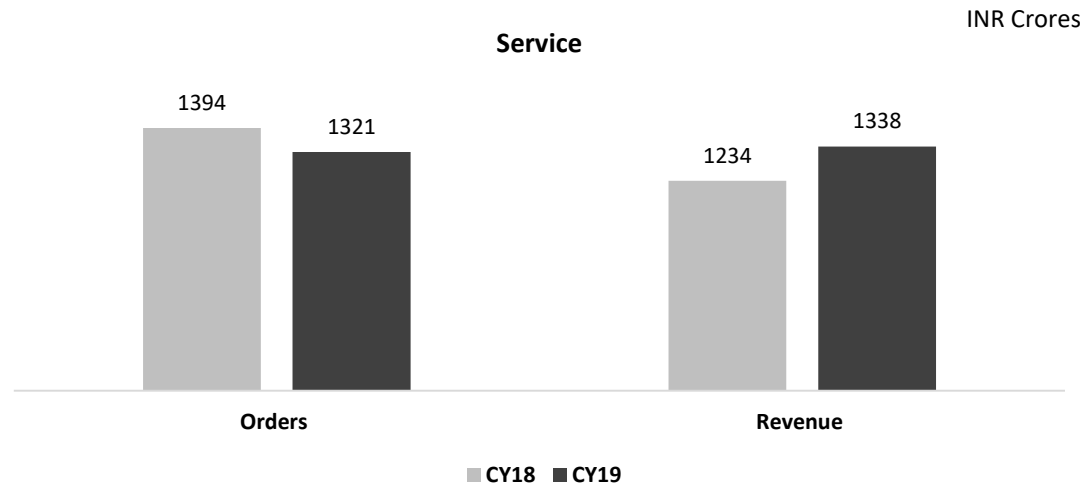
PAT & PAT % (Excluding exceptional item)



Service and export portfolio

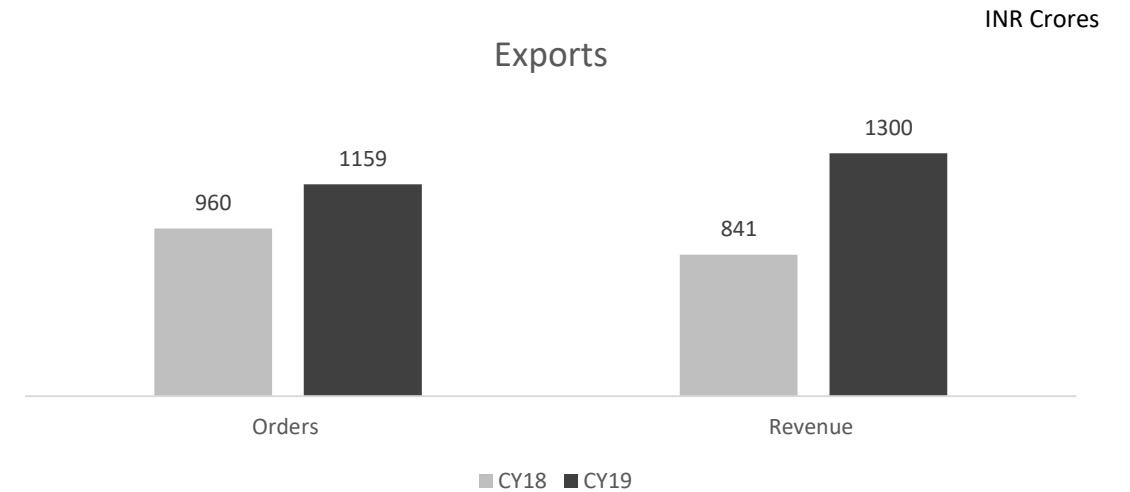
Enhancing growth by expanding into external markets and leveraging our strong installed base

Service



- Smart factory, remote monitoring, frame agreements, life-cycle management

Exports



- Step up growth for Robotics and Motion exports
- Success in the Indian Subcontinent, Middle East and Africa continues

ABB India – 2019 highlights

Smart power distribution to water automation & gas transportation for smart cities of Ranchi, Ujjain, etc.



Industry leading products with digitalization launched from IE4 motors to Emax2



Commissioning of largest single location lift irrigation project with ABB mega motors, drives, relays, etc.



First of its kind digitalization orders in cement, mining, marine & data storage cos applications



Orders for drives propulsion for railways and power distribution equipment GIS for metros



Emerging businesses gain traction from data centers to F&B and building automation



Delivering another world-class company for shareholders

Transformation on track

Successful achievement of Power Grids carve-out

- NCLT approval for demerger received on Dec 1, 2019
- New legal entity APPSIL is now operational as a self-sufficient unit

ABB Organization Structure simplification program

- Large country operating model in place for strategic markets (India)
- Businesses fully empowered and accountable



Driving momentum and navigating headwinds in businesses

Electrification



- Orders grew in double digit
- Better product mix enhances margin significantly
- Effective coordination with panel builders and distributors through outreach initiatives

Motion



- Double digit growth in products and service businesses
- Execution of mega scale lift irrigation projects to propulsion equipment for railways
- Focus on digitalization - Drives care contract & Smart Sensor sales

Industrial Automation



- Revenues remain flat
- Growth in gas transportation and distribution, hydropower and water automation segments
- Margin impact for legacy projects

Robotics and Discrete Automation



- Proven offerings, deeper customer engagements add to delivery and execution
- Diversification of applications in consumer electronics and F&B yielding results
- Export focus

Next level growth opportunities with digitalization

Transportation



- The government has allocated \$24.2B for transport sector for 2020-21
- 6 million electric/ hybrid vehicle by 2020
- Railways plans to privatize 100 routes and make railway coaches and wagons RFID tagged by 2021

Buildings and Airports



- \$180 billion by 2020
- Housing for all by 2022, requiring constructing of 30 million low cost houses
- 100 new airports to be developed by 2024 under the UDAN scheme

Digital and Smart cities



- First wave – 100 cities selected, spent of US\$ 32 billion by 2021 formalized
- Next wave: 400+ additional cities already seeing urbanization splurge
- \$7.5B investment in Data centers by 2020
- AMRUT, ~\$56.2 billion capex by 2020
- 100 cold chains & 40 food parks

Tier II and III cities



- Affordable real estate, favorable govt. regulations and SEZ schemes facilitating high growth in Tier II/III Cities
- Over US\$25 billion FDI investments till date
- Logistics & Warehousing Market size to be \$215 billion by 2020 to reach \$500 billion by 2025

Sustainability is embedded in our business

Economic success, environmental stewardship, social progress



Safety

98.1% “of hazards resolved
Don’t look the other way”



Health & wellbeing

88.4% employees participated in Global Health Challenge



Society

17 community projects in 2019
impacting over 1 lakh lives



Waste

~90% Of all wastes
generated were recycled in
2019



Green power

26% of total energy is sourced
from green Power in 2019



Water

8.4% Reduction in
consumption since the last year



2410 - training so far since the
program initiation

25 - in-depth supplier sustainability
assessments in 2019

Creating sustainable value for all stakeholders

Agenda

Business highlights

Financials highlights

ABB India Ltd

Resilient performance in CY19

INR Crores

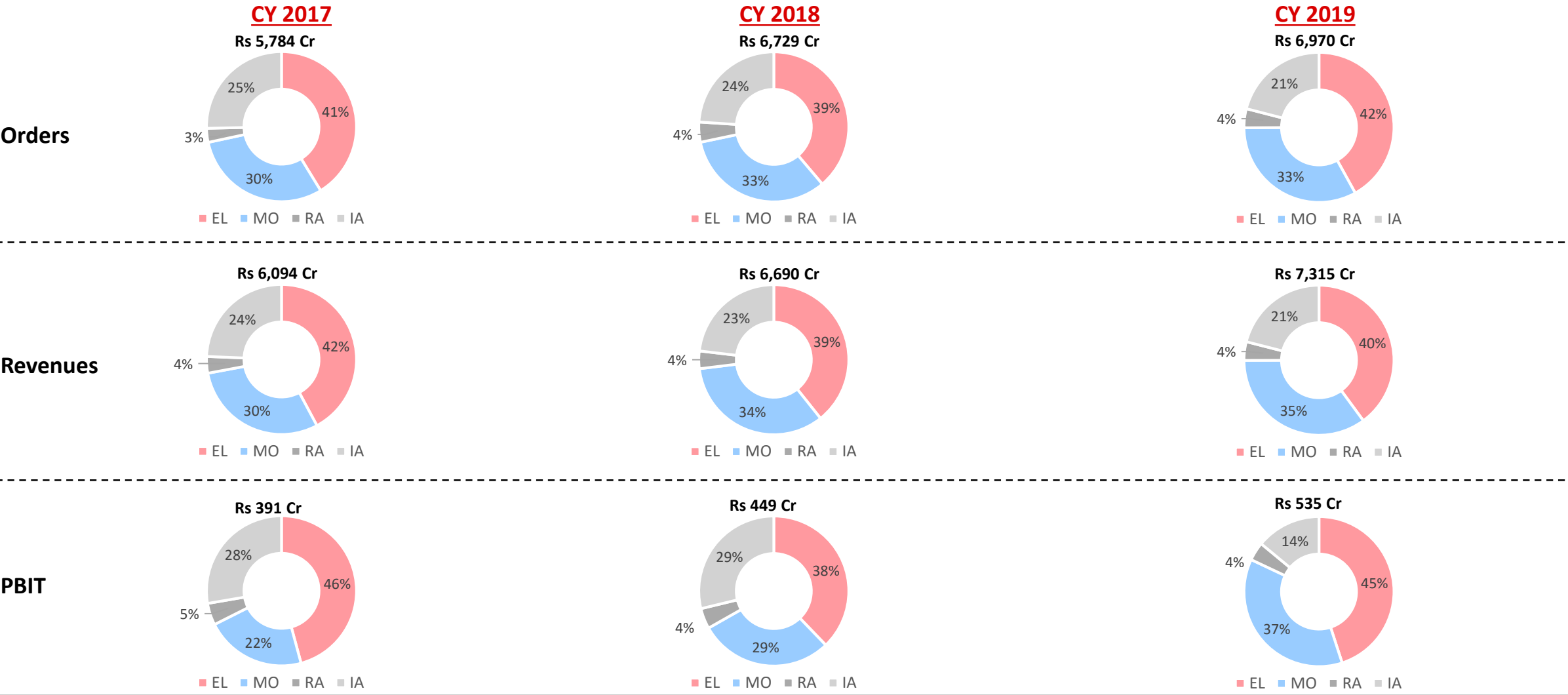
Q4 Performance

Q3, 2019	Performance Indicator	Q4, 2019	Q4, 2018	Change	CY 2019	CY 2018	Change
1,606	Base Orders Received	1,596	1,630	-2%	6,854	6,292	+9%
-	Large Orders Received	-	269		116	437	
1,606	Total Orders Received	1,596	1,899	-16%	6,970	6,729	+4%
4,372	Order Backlog (end of period)	4,123	4,227		4,123	4,227	
1,746	Revenue	1,953	1,966	-1%	7,315	6,690	+9%
113	Profit Before Exceptional and Tax (PBT)*	150	202	-26%	514	395	+30%
6.5	PBT Before Exceptional %	7.7	10.3		7.0	5.9	
-	Exceptional item	70	-		70	-	
79	Profit After Tax (PAT)	65	129	-50%	302	254	+19%
4.5	PAT %	3.4	6.5		4.1	3.8	
119	Operational EBITA	109	187	-42%	497	377	+32%
6.8	Operational EBITA%	5.6	9.5		6.8	5.6	

Performance Summary by Segment 2019

In Crores	Orders		Order backlog		Revenues		PBIT		PBIT %	
	CY19	△	CY19	△	CY19	△	CY19	△	CY19	△
Electrification	2,969	7.8%	1,302	-3%	3,019	15.4%	297	18.8%	9.8	2.1%
Motion	2,338	0.3%	1,462	-15%	2,618	16.4%	242	26.0%	9.2	8.2%
Industrial Automation	1,574	-7.5%	1,284	-4%	1,563	1.5%	96	-49.5%	6.2	-49.6%
Robotics	269	-12.4%	144	+6%	272	7.9%	24	-17.2%	8.8	-23.5%
Unallocated and Internal	(180)				(157)		(124)			
Total	6,970	4%	4,123	(2%)	7,315	9.3%	535	19.2%	7.3	9%

Share of total orders, revenues & PBIT by division



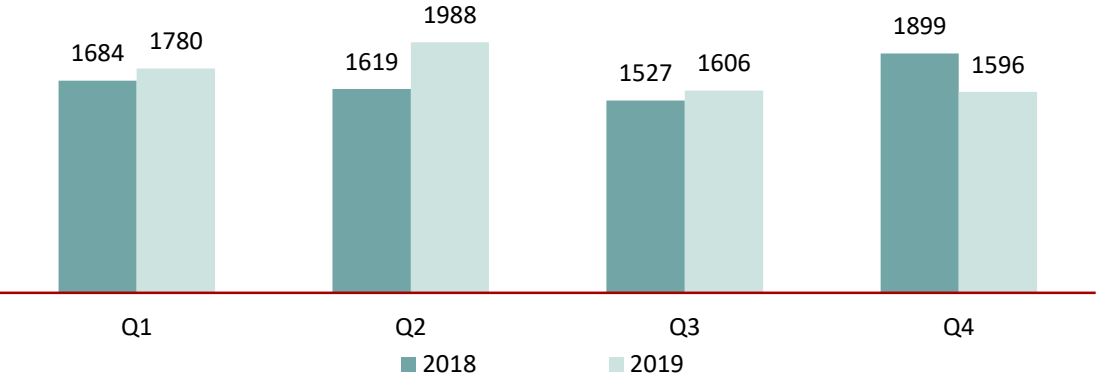
Q4 2019 and CY 2019 financial summary

Rs/Crores	Q4, 2019	Q4, 2018	Q3, 2019	CY 2019	CY 2018
Sales	1,953.3	1,966.3	1,785.5	7315.1	6,690.1
Other Income	38.4	16	16.4	94.3	84.0
Material Cost	1,294.6	1325.3	1,175.1	4,861.1	4,513.7
% to sales	66.3	67.4	65.8	66.3	67.5
PeX	146.5	100.5	139.5	579.6	529.5
% to sales	7.5	5.1	7.8	7.9	7.9
Other Opr. Expenses	373.9	325.1	347.5	1343.1	1,189.2
% to sales	19.1	16.5	19.5	18.3	17.8
Depreciation	22.4	23.9	22.7	90.4	92.8
% to sales	1.1	1.2	1.3	1.2	1.4
Interest	4.7	5.3	4.4	21.4	53.9
% to sales	0.2	0.3	0.2	0.3	0.8
PBT before exceptional	149.7	202.3	112.7	513.7	395.1
% to sales	7.7	10.3	6.3	7.0	5.9
Exceptional	70	-	-	70	-
Tax	15.3	73.6	33.9	141.8	141.0
PAT	64.6	128.6	78.8	302.2	254.2
% to sales	3.4	6.5	4.4	4.1	3.8

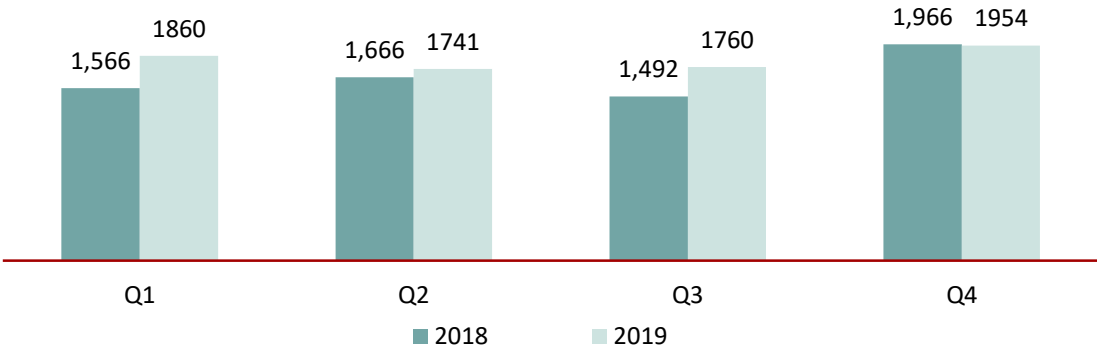
Improved Quarterly Distribution in 2019

INR Crores

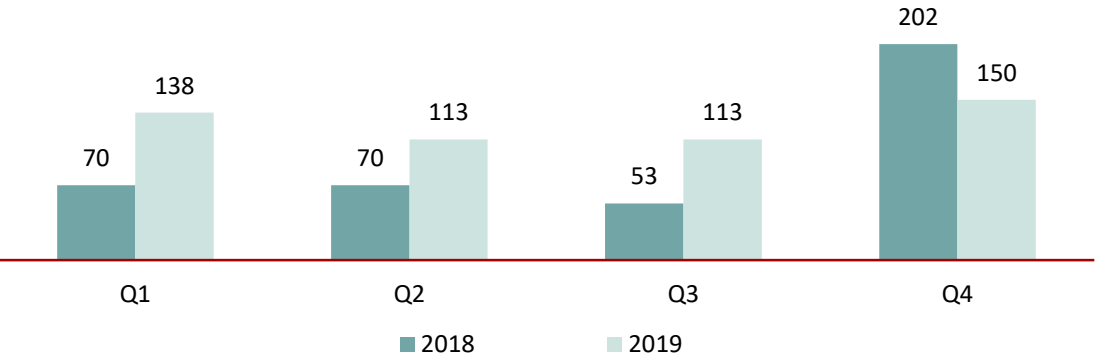
Orders 2019 : 6,970 Crs vs 2018 : 6,729 Crs)



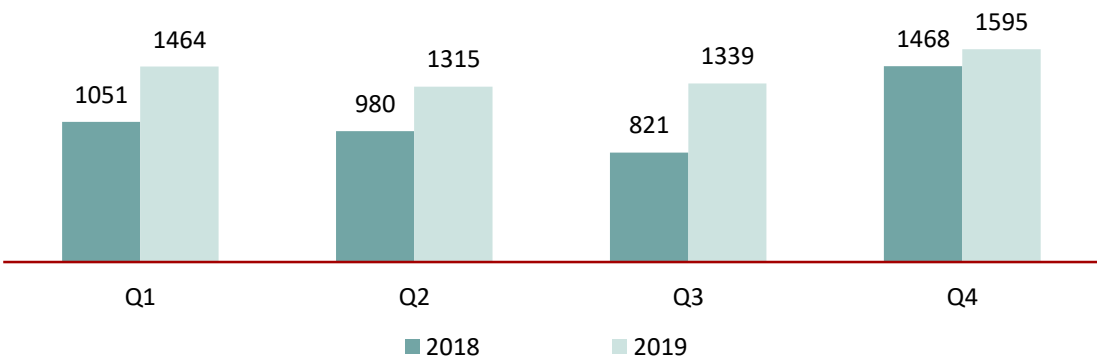
Revenues 2019 : 7,315 Crs vs 2018 : 6,690 Crs



PBT 2019 : 514 Crs vs 2018 : 395 Crs



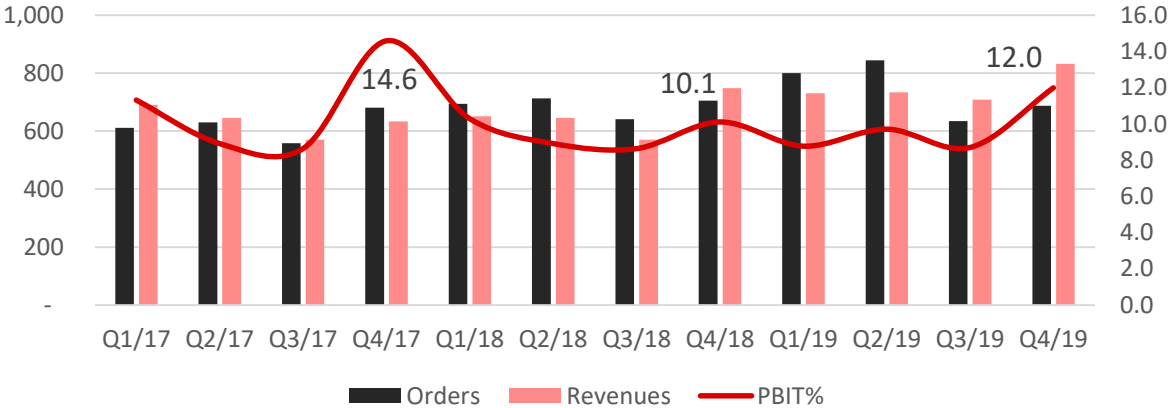
Cash Balance



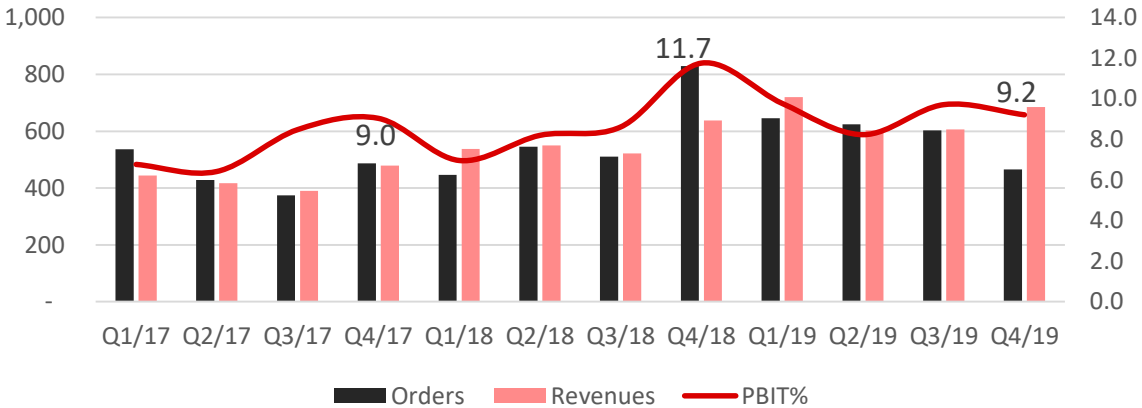


Quarterly Trend

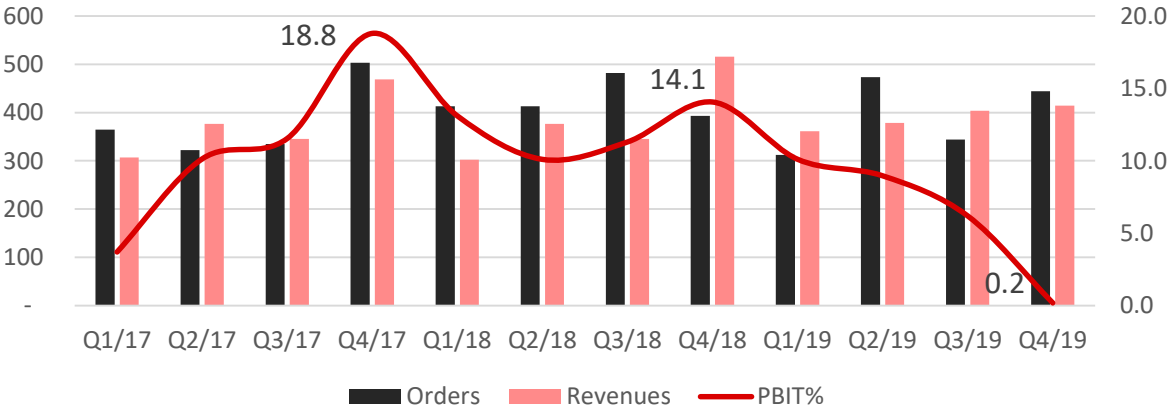
Electrification Products



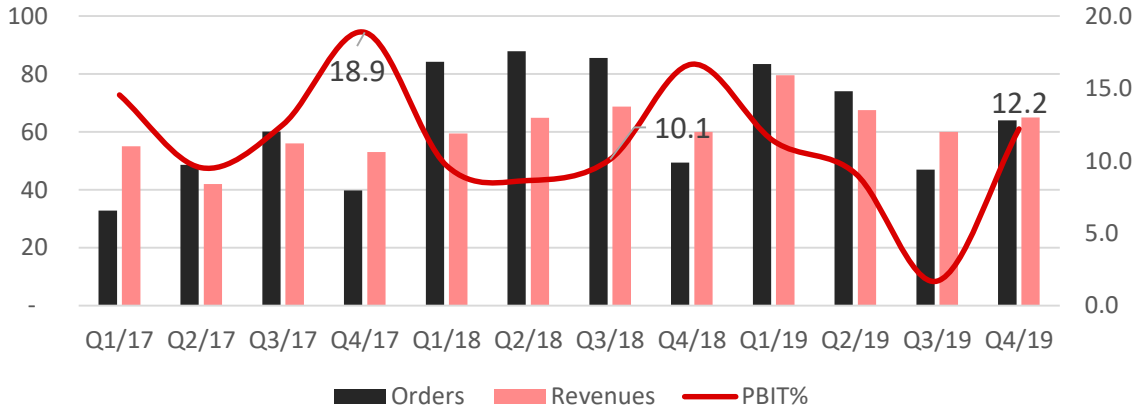
Motion



Industrial Automation



Robot Automation

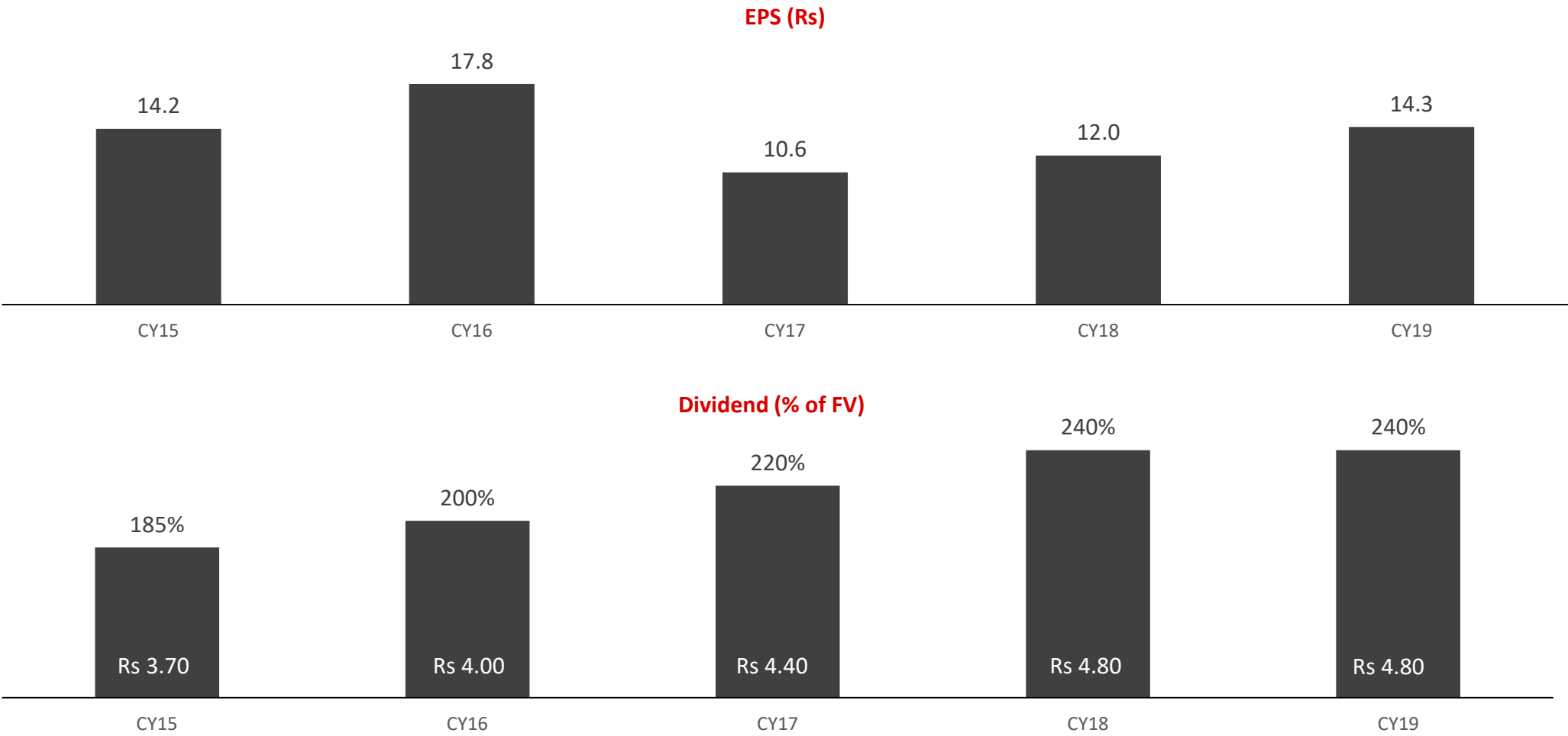


Actual vs. Consensus

Rs. Crores	Actual	Consensus Estimates	Variation to consensus	Commentary
Revenue	1,953	2,162	(209)	Even distribution of revenues during each quarter of the current year; consistent approach to match revenues with schedules and availability of cash
PBT before exceptional	150	216	(66)	Shortfall in contribution translated from Estimated Volumes
PBT Margin (%)	7.7	10.0		
PAT	65	146	(81)	Exceptional item and Shortfall in contribution translated from Estimated Volumes



Creating superior shareholder value and distributing it consistently



ABB