



ANALYST CALL, MAR 01, 2019

# ABB India Ltd.

Q4 2018 & CY2018



# 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.**

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# Agenda

Changing Landscape

Key Highlights

Financials

# 2018 earnings: Digitalization across businesses drives superior growth

## Profitable Growth

Growth across divisions and majority business lines  
Improved Op EBITDA, driven by Product and services leadership  
Increase both in base & large orders

## Relentless Execution

Revenue step-up aided by quick conversion  
Order backlog margins hold strong  
Net cash at INR 1,468 crores  
Digitalization a key enabler

## Business-led Collaboration

Strategic partnerships with IIT Roorkee and NITI Aayog,  
EV thought leadership at MOVE  
Shaping AI policy with think tanks

## Transformation

Shaping a leader through:  
1. Focus on digitalization, divestment of Power Grids  
2. Simplify business model, structure  
3. Secular drivers for four businesses

FY 2018

Orders

INR 6,729 cr

↑ 16% yoy

Revenue

INR 6,690 cr

↑ 10% yoy

Service - orders

INR 1,394 cr

↑ 27% yoy

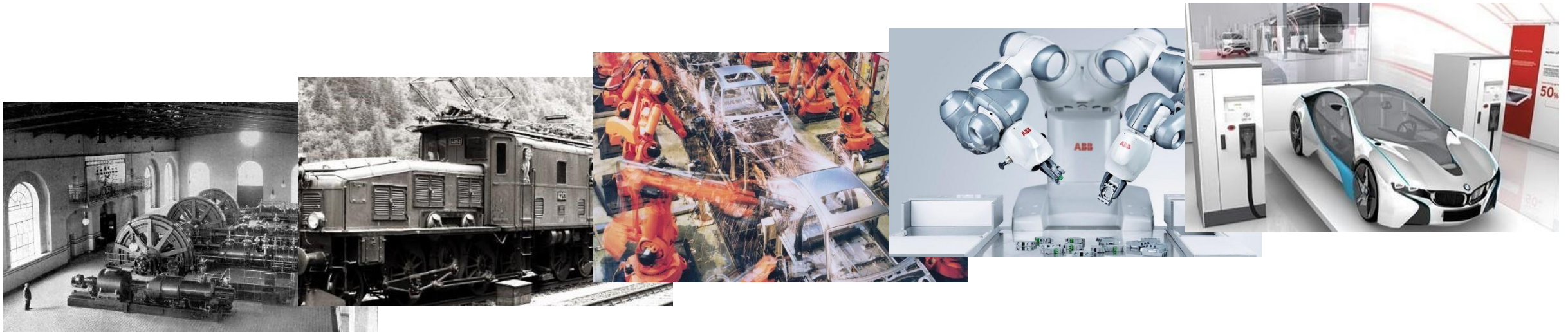
Export - orders

INR 960 cr

↑ 50% yoy



# ABB: writing the future of industries in a changing world



## 2<sup>nd</sup> industrial revolution

(19<sup>th</sup> century)

- + Electrification
- + Motion

## 3<sup>rd</sup> industrial revolution

(20<sup>th</sup> century)

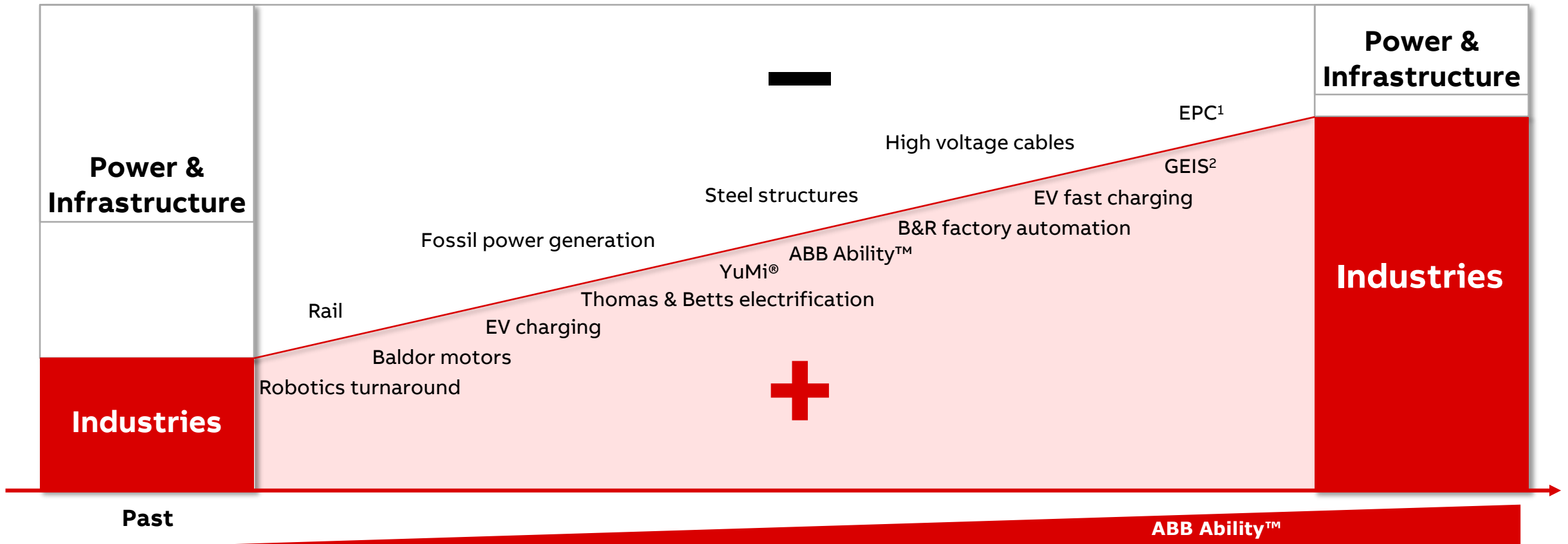
- + Industrial automation
- + Robotics

## 4<sup>th</sup> industrial revolution

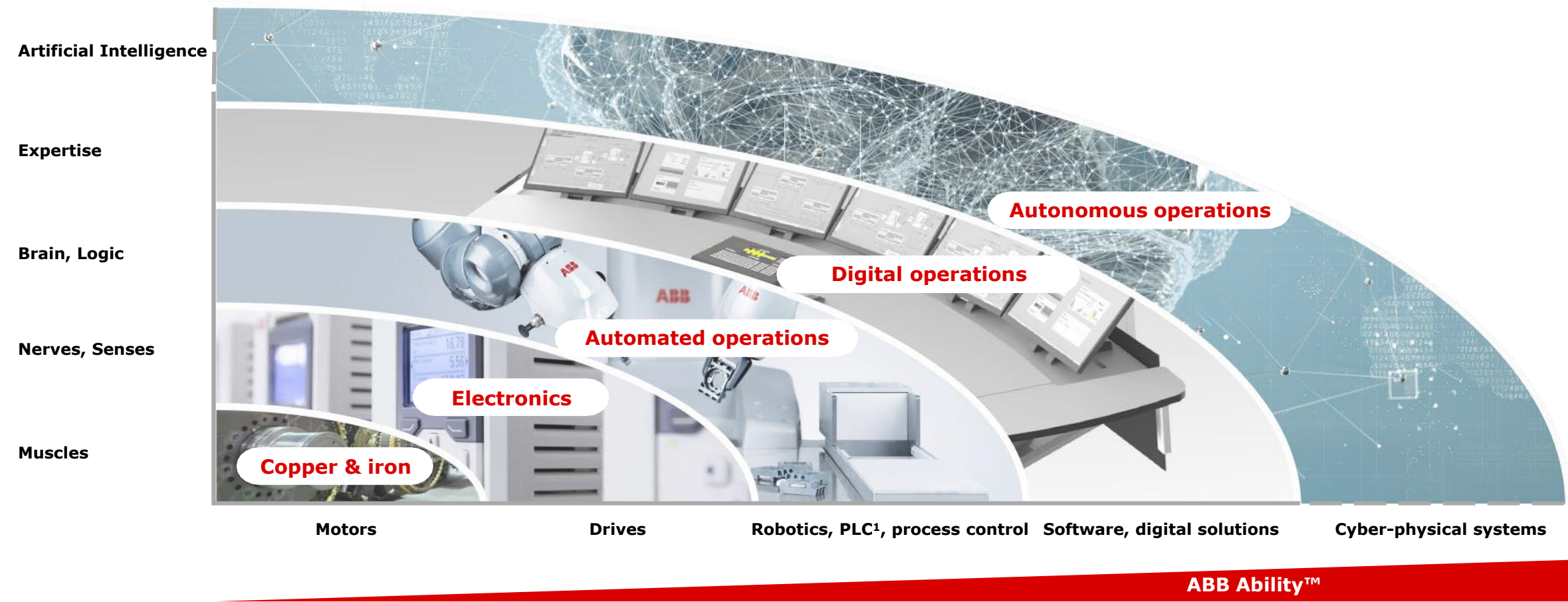
(21<sup>st</sup> century)

- + Digitalization
- + ABB Ability™

# Shaping pioneering technology leadership through active portfolio management



# Long-term committed to driving pioneering innovation



# Differentiation through ABB Ability™ digital solutions in the businesses

## Electrification



### Differentiation through ABB Ability™

Remote services for asset performance & energy efficiency  
Software-configured hardware (via apps)

### Examples

Electrical distr. control system  
**Asset health & condition monitoring**  
**EV<sup>2</sup> charging digital services**

Number of ABB Ability™ solutions<sup>1</sup>

**30**

## Industrial Automation



Software and SW-services  
Remote services and optimization  
Analytics and AI

**800xA DCS**  
**Collaborative operations**  
Cybersecurity services

**120**

## Motion



Software-configured hardware (apps)  
Plug & play connectivity  
Performance optimization and predictive maintenance

Connected powertrain  
**Smart sensing**  
**Remote condition monitoring**

**10**

## Robotics & Discrete Automation



SW-configured solutions (apps)  
Simulation and digital twins  
Remote optimization  
Analytics & AI

Connected Services  
**RobotStudio** Mapps  
Asset performance monitor

**20**



# Customer feedback on New ABB announcement

## Customer Reactions



“PG **divestment logic** understood: different customers, different project cycle, different margin”

“Merger with **Japanese** as well as JV with supply agreement appreciated”

“More engagement in **automation & digitalization** with ABB”

## Expectations



“ABB needs to become much easier to work with – understand & leverage entire **ABB portfolio, single sales channel, large projects**”

“ABB stepping up in **automation & digitalization**: strong investments on ABB side are expected”

“**New business models** to be developed (eg. pay per use/utilization)”

**Announcement was well received. Customers have very high expectations from ABB**

# Press reaction to the new ABB announcement

Indian press focused on future business prospects & minority shareholder interests; international press focused on business rationale

## International



ABB relents to activist shareholder and unloads Power Grids unit  
BRIEF-ABB Shareholder Cevian Says  
"Convinced This Is The Right Way Forward"

**Bloomberg**  
Swiss Giant ABB Finally Does What the Hedge Fund Wants



Lex  
ABB/Cevian: steampunked



ABB Bets Simplified Structure Will Cut Costs, Boost Profit



ABB: Endlich Klarheit

## India



ABB's global business rejig will benefit Indian operations



Opinion | Hitachi's ABB deal isn't just an escape hatch



Here's how ABB's global exit from power grid business will benefit Indian investors



ABB India left with little after power grid unit sale



Hitachi to Buy ABB's Power Grids Business for \$6.4 Billion



ABB INDIA RATING: HOLD  
Higher multiple likely for India PG business



Why ABB's power grid biz sale didn't go down well with Indian investors



ABB plans to demerge power grid business

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# ABB India – Recent Highlights

Strategic Partnerships and key order wins to accelerate India's growth

ABB returns power to Kerala after floods take out generator



Electrification of India's first multi model terminal on river Ganga



ABB powers the new Lucknow stadium



ABB – Compact Power Substations for Bogibeel bridge



IIT Roorkee, ABB India start smart microgrid project



ABB's variable speed drive deployed at the world's tallest statue





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From Move Summit to NASSCOM Technology Leadership Forum. From WEF to Niti Aayog

## Writing the future of digital India. Together.



Collaboration with think tanks



Engaging with policy makers



Recognition by IT/Digital Leader

# The new ABB



**Pioneering technology leader in digital industries**

Influencing the future of how we...

**...power**



**...produce**



**...work**



**...live**



**...move**



**ABB Ability™**

# Influencing the future of how we Power

## Digitalization of power distribution technologies

### IPDS, Ujjwal Discom Assurance Yojna (UDAY)

ABB's proven smart distribution technology complimented by digital offerings are well aligned with DISCOM focus on strengthening distribution networks. Projects include deploying to forecast and manage loads.

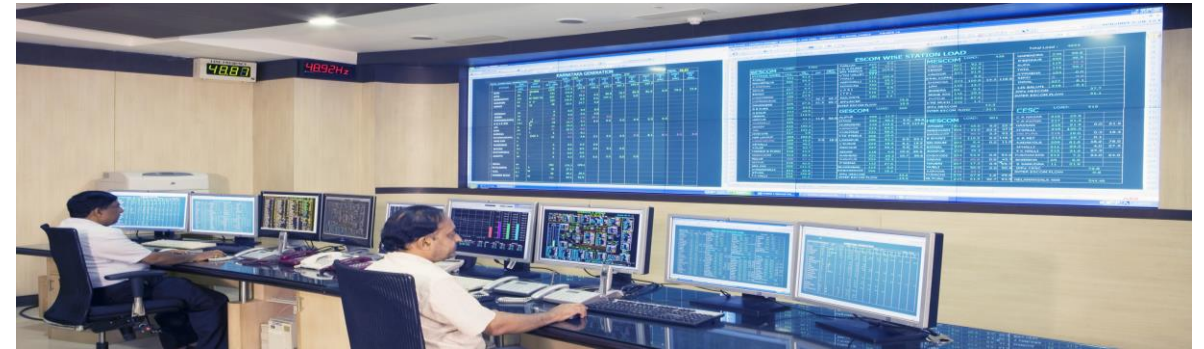
### EV adoption by 2040

ABB solutions are powering smart mobility by automating and balancing the distribution grid, and ensuring safe and reliable

### Smart cities

ABB modular compact power distribution technology solutions with digital value adds, to ensure safe and reliable power to support rapid urbanization in India

## Using AI & ML for load forecasting for private utilities



### CSS for Bogibeel Bridge



### 33kV GIS for Ahmedabad





# Influencing the future of how we **Produce**

Deploy digital solutions to drive safety, productivity & competitiveness

## **Emission norms**

ABB automation solutions to maximize efficiency and decouple economic growth from environmental impact

## **Pradhan Mantri Awas Yojana, Highway development**

ABB's efficiency solutions and digital services to enable incremental impact from increase demand for cement and steel

## **Govt push for digital and AI**

ABB partners and mentors application of next generation digital technologies to Indian industries – from large process industries to start-ups and MSMEs

ABB Optimax to optimize power plants of energy intensive cement major



Largest global order for ABB Ability MyRemoteCare by biggest tyre co



Barge optimization and ladle monitoring for steel industry leaders





# Influencing the future of how we **Work**

Adopt robotics and advanced automation to augment human capabilities

**India as an emerging hub for AI:** ABB's solutions that provide visibility and mobility of critical data on connected devices with a large installed base

**25% growth in Datacenters:** Increasing data security and privacy rules will necessitate the need for ABB's datacenter management Decathlon software in addition to LV/MV portfolio

**Warehousing:** ABB's automation and robotics applications will complement the growth spurred by new tax regulations and surging ecommerce businesses, and need for Indian businesses to be globally competitive

Energy management for government datacenters



Extended Operator Workplace for Asia's largest paint manufacturer



Expansion of smart factory manufacturing line



# Influencing the future of how we **Live**

Create a digital backbone for smart cities to manage urban growth

**Automation for real estate:** ABB's comprehensive digital offering is well positioned to tap into home automation market's expected growth to INR 30,000 cr by 2022; and commercial real estate is expected to contribute 13% of India's GDP by 2025

**Green buildings:** India's green building market is estimated to double to U\$35-50 bn by 2022; ABB is driving conversations to increase awareness, partner government initiatives and developing digital technologies to reduce environmental footprint

Power safety management products for hospitals (Orissa & Nepal)



Lightning arrestors for 20 police office across Orissa



KNX solution for luxury hotel chain across India





# Influencing the future of how we **Move**

## Cloud connected sustainable mobility solutions

**Metro rail connectivity in 15 cities:** ABB's wide range of offering from traction to temperature control

**31% increase in rail budget:** ABB's made in India best in class electrification and propulsion systems for electric locos and diesel converted locos

**Extension of air and port connectivity:** Electrification, automation and solutions to manage renewable power by ABB.

Barge optimization software for moving steel and iron ore; Electrification of India's first inland waterway container terminal



Tunnel ventilation for Chennai; HVAC drives for temperature control for Kolkata and traction transformer for Mumbai



Breakthrough traction converter order from DLW

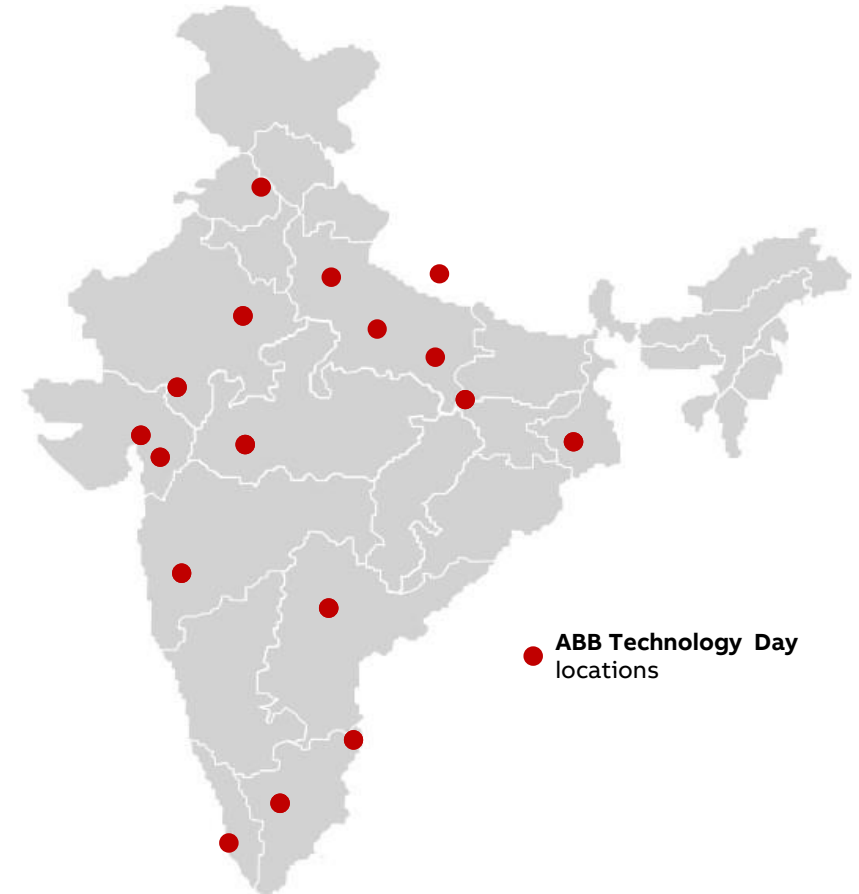


# ABB Technology Day 2018

Taking Industry 4.0 to tier-2 cities across India

## Customer outreach of **22000+** across 17 cities

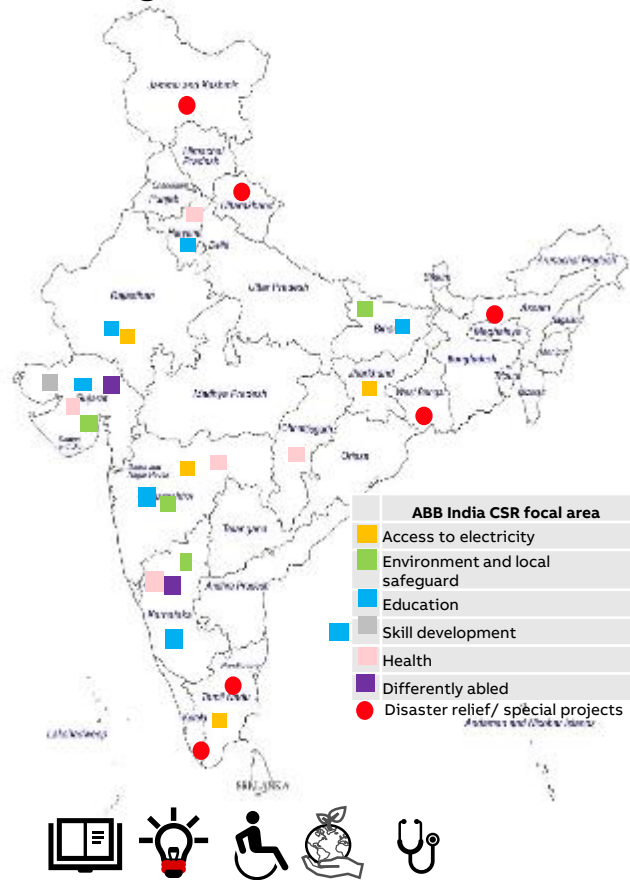
- Round table with industry leaders and thought leadership sessions
- Showcasing ABB capabilities, including digital, across infrastructure, utilities, industry and transportation





# Deep Commitment to Communities

Achieved 100% of allocated CSR spend for the year totaling to 107.4MINR



Village micro grid at remote village communities Maharashtra



R&D in the area of renewables and battery storage



Building automation solution for an first of its kind integrated sports facility, Vijayanagar, Karnataka



Education for girls and skill development for girls and women in Patan district, Gujarat



Water management in drought prone villages, Nashik



Mid day meal program at 120 schools impacting around 25000 students in Bangalore, Mysore and Manjeja



Improving the quality of education for ~ 9000 children form100 primary and middle schools in Nelamangala, Karnataka



Operative & post-operative care for 250 children with cleft lip and palate



Mobile health care and medical camps for communities in Chhattisgarh, Karnataka and Gujarat



Mobile science on wheels for select schools across 4 regions covering 98 schools and 60000 exposure along with hub science center s at 4 locations



Kerala Flood relief contribution



Mainstream education for 200 children with physical disabilities, cerebral palsy Bangalore.

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# Agenda





Key highlights

Market overview & ABB project wins





Financials

# Performance highlights

## Oct-Dec 2018 quarter

Orders <b>INR 1,900 cr</b>  17% yoy	Revenue <b>INR 1,966 cr</b>  15% yoy
Service - orders <b>INR 380 cr</b>  7% yoy	Export - orders <b>INR 170 cr</b>  11% yoy

## FY 2018

Orders <b>INR 6,729 cr</b>  16% yoy	Revenue <b>INR 6,690 cr</b>  10% yoy
Service - orders <b>INR 1,394 cr</b>  27% yoy	Export - orders <b>INR 960 cr</b>  50% yoy

## A strong performance in a relatively tepid quarter

Orders <b>INR 1,900 cr</b> ↑ 17% yoy		Order backlog <b>INR 4,227 cr</b> ↑ 10% yoy		Revenue <b>INR 1,966 cr</b> ↑ 15% yoy	
PBT <b>INR 202 cr</b> ↑ 67% yoy	PBT margin <b>10.3%</b>	PAT <b>INR 129 cr</b> ↑ 58% yoy	PAT margin <b>6.5%</b>	Op. EBITA <b>INR 180 cr</b> ↑ 37% yoy	Op. EBITA margin <b>9.1%</b>



# Financial summary

58% growth in profit after tax

(INR crore)

Q3 2018	Performance Indicators	Q4 2018	Q4 2017	Change	FY 2018	FY 2017	Change
1,545	Orders	1,900	1,618	17%	6,729	5,784	16%
5,077	Order Backlog (end of period)	4,227	3,835		4,227	3,835	
1,492	Revenue	1,966	1,709	15%	6,690	6,094	10%
55	Profit Before Tax (PBT)	202	121	67%	395	334	18%
3.7	PBT %	10.3	7.1		5.9	5.5	
36	Profit After Tax (PAT)	129	82	58%	254	225	13%
2.4	PAT %	6.5	4.8		3.8	3.7	
48	Operational EBITA	180	131	37%	377	337	12%
3.2	Operational EBITA%	9.1	7.7		5.6	5.5	

# P&L Statement

(INR crore)

	Quarter ended on 31.12.2018		Quarter ended on 31.12.2017		Quarter ended on 30.09.2018		Year ended 31.12.2017		Year ended 31.12.2018	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
<b>INCOME</b>										
Revenue from Operations	1,966.3	100.0	1,708.8	100.0	1,491.6	100.0	6,093.7	100.0	6,690.1	100.0
Other Income	16.0	0.8	16.7	1.0	26.9	1.8	77.7	1.3	84.0	1.3
Total Income	1,982.3	100.8	1,725.5	101.0	1,518.5	101.8	6,171.5	101.3	6,774.1	101.3
<b>EXPENDITURE</b>										
Material cost	1,325.3	67.4	1,187.8	69.5	975.8	65.4	4,103.0	67.3	4,513.7	67.5
Personnel Expenses	100.5	5.1	111.3	6.5	136.5	9.1	518.7	8.5	529.5	7.9
Other Expenses	325.1	16.5	264.1	15.5	314.0	21.1	1,057.5	17.4	1,189.2	17.8
Depreciation	23.9	1.2	27.7	1.6	23.6	1.6	101.2	1.7	92.8	1.4
Interest	5.3	0.3	13.6	0.8	13.7	0.9	57.2	0.9	53.9	0.8
Total Expenditure	1,780.0	90.5	1,604.4	93.9	1,463.6	98.1	5,837.6	95.8	6,379.0	95.3
<b>Profit Before Tax</b>	202.3	10.3	121.1	7.1	54.9	3.7	333.8	5.5	395.1	5.9
Current tax	60.8	3.1	47.3	2.8	26.8	1.8	96.4	1.6	139.7	2.1
Deferred Tax	12.8	0.7	(7.8)	(0.5)	(7.9)	(0.5)	11.9	0.2	1.3	0.0
<b>Profit After Tax</b>	128.6	6.5	81.6	4.8	36.0	2.4	225.5	3.7	254.2	3.8

# Division performance

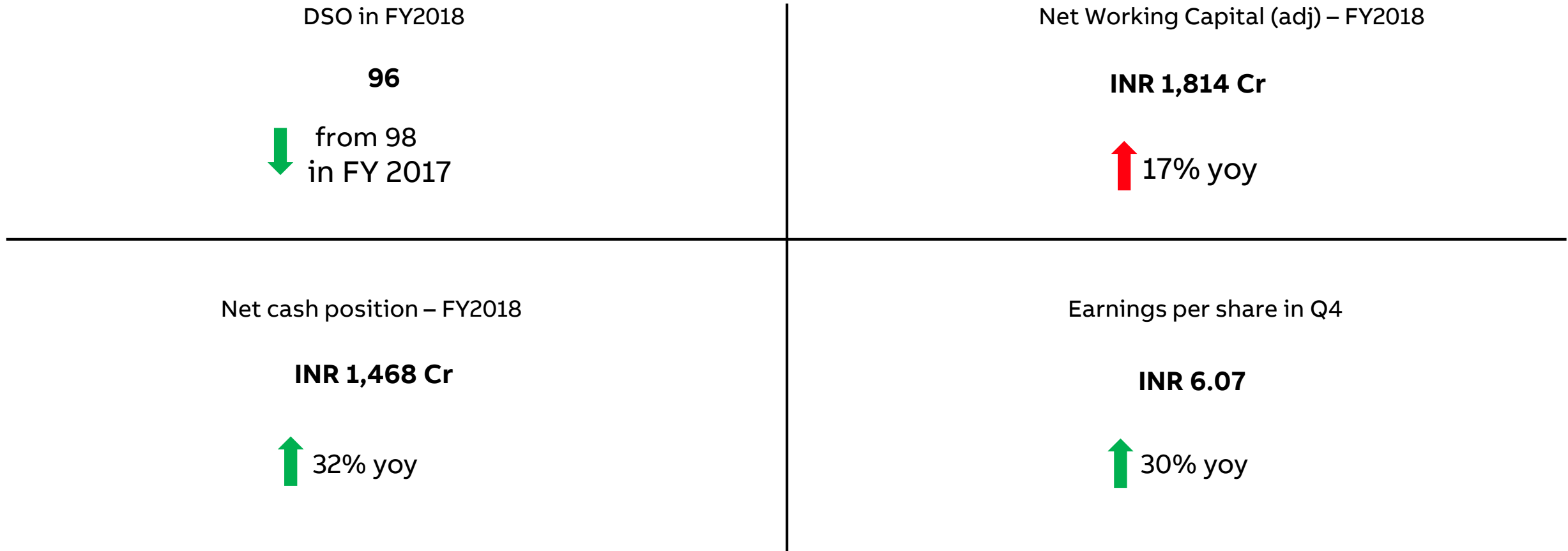
INR Crores

	For Q4, 2018			For Q4, 2017		
Divisions	Sales	PBIT	PBIT %	Sales	PBIT	PBIT %
EP	748	76	10.2	633	92	14.5
IA	515	72	14.2	469	88	18.8
RM	698	75	10.7	532	54	10.2
<b>Total</b>	<b>1,966</b>	<b>208</b>	<b>10.5</b>	<b>1,708</b>	<b>135</b>	<b>7.8</b>

	For FY, 2018			For FY, 2017		
Divisions	Sales	PBIT	PBIT %	Sales	PBIT	PBIT %
EP	2,616	250	9.6	2,348	281	12.0
IA	1,540	190	12.3	1,377	170	12.3
RM	2,502	221	8.8	1,865	163	8.7
<b>Total</b>	<b>6,690</b>	<b>449</b>	<b>6.6</b>	<b>6,288</b>	<b>391</b>	<b>6.1</b>

Sales is net of excise duty. Sum of all the segments will not match to total due to unallocated and inter segment sales.

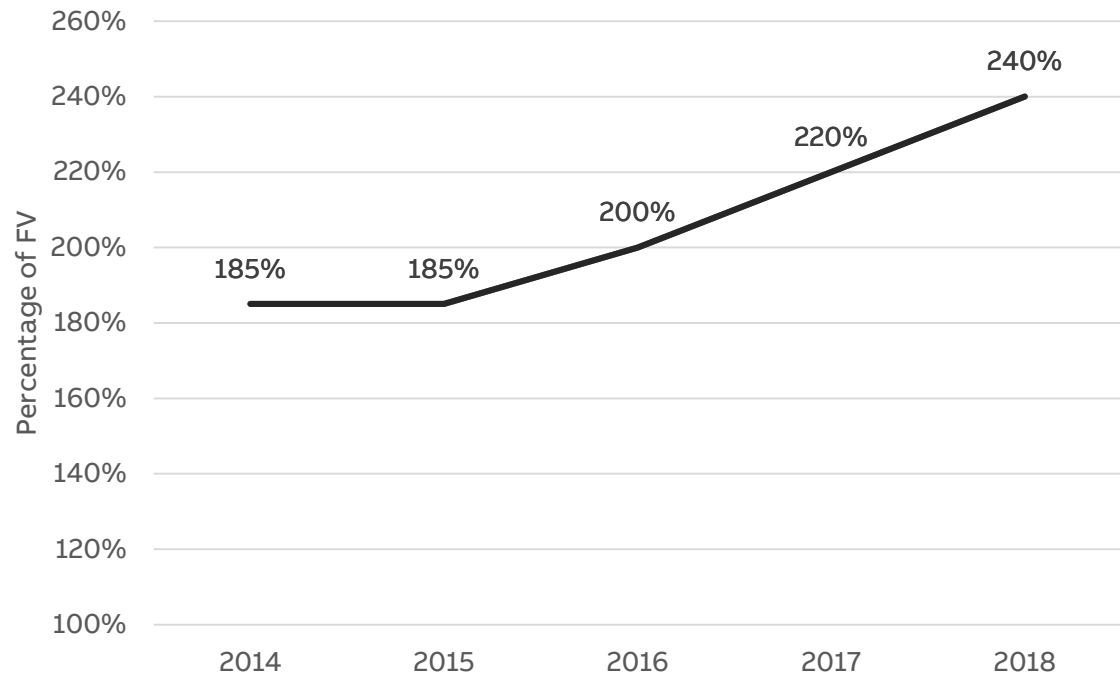
## Strong cash balance while supporting revenue growth



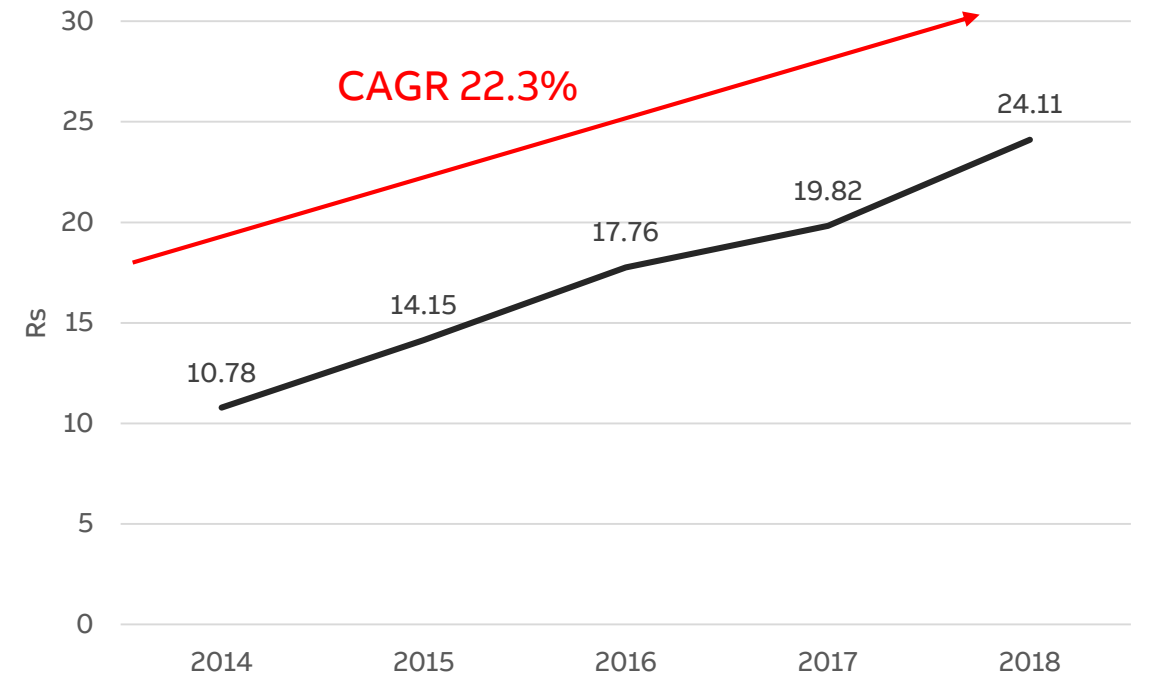


# Creating superior shareholder value consistently

## Dividend



## EPS



# The best of ABB portfolio in India is yet to come..

An unprecedented opportunity to digitalize India's economy to drive rapidly productivity, growth, wealth and prosperity

## ABB for India and the world

ABB is a strong example for making and developing global technology in India, for India and the world. We continue to expand, localize and invest in India

## ABB India as Global Engineering Hub

Strategic partner in engineering global projects that will continue to shape the new ABB

## ABB India global business services

A key lever for new ABB from India driving efficiency and innovation in internal processes for ABB around the world

## ABB India as a Digitalization Hub

More than 5,000 connected robots and 200 cement plants across the globe remotely monitored from ABB Ability Innovation Center. Pilots with leaders on emerging technologies like AI, ML, digital twin



**ABB**