ABB – Next Level
Shaping a global leader in power & automation
Important notices

Presentations made during Capital Markets Day 2014 include 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 these presentations 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
- raw materials availability and prices
- 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.

Presentations also contain non-GAAP measures of performance. Definitions of these measures and reconciliations between these measures and their US GAAP counterparts can be found in “Supplemental Financial Information” under “Capital Markets Day 2014” – “More information” on our website at www.abb.com/investorrelations
ABB – Next Level
Shaping a global leader in power & automation

Well positioned

Profitable growth
- Shifting the center of gravity
  - Strengthening competitiveness
  - Driving organic growth momentum
  - Lowering risk
- Incremental acquisitions and partnerships

Relentless execution
- Leading operating model
  - Driving change through 1’000 day programs
- Linked strategy, performance management and compensation

Business-led collaboration
- Simplifying how we work together
- Streamlining market focused organization
- Leadership development

Accelerating sustainable value creation

Delivering attractive shareholder returns
2014-2016
share buy-back
Well positioned in attractive markets
ABB today

<table>
<thead>
<tr>
<th>What (Offering)</th>
<th>Power &amp; Automation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Power ~ 40% of revenue</td>
<td>Automation ~ 60% of revenue</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>For whom (Customers)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Utilities</td>
</tr>
<tr>
<td>~35% of revenue</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Where (Geographies)</th>
</tr>
</thead>
<tbody>
<tr>
<td>AMEA¹ 37%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>$42 bn revenue</th>
<th>~100 countries</th>
<th>~145,000 employees</th>
<th>Single “A” credit rating</th>
<th>HQ Zurich</th>
</tr>
</thead>
</table>

¹Asia, Middle East, Africa
Well positioned in attractive markets
Power & automation demand drivers in three customer segments

Significant market opportunities – today: ~ $600 bn, 2020: ~ $750 bn
Well positioned in attractive markets
A leader in power & automation in all our segments – examples

Power & Automation

Utilities
- #1 in transmission and distribution
- Technology pioneer (FACTS\(^1\), HVDC\(^2\) breaker, etc.)
- Deepest and broadest portfolio of offering footprint
- Largest installed T&D\(^3\) base
- Leading service capabilities
- #2 in solar inverters
- Strong innovative software portfolio

Industry
- #1 in Distributed Control Systems
- #1 in gearless mill drives for mining
- #1 in industrial motion (motors and drives)
- A leading robotics player
- Strong innovative software portfolio
- Leading service capabilities

Transport & Infrastructure
- A leading player in infrastructure / building electrification
- #1 in electric propulsion for ships
- #1 in terminal automation for ports
- #1 for large industrial turbochargers
- A leading player in electric train traction systems
- A leading player in high-speed train retrofits and wayside power systems
- A market and technology leader in EV\(^4\) charging

Our aspiration: #1 or #2 in all segments

\(^1\)FACTS: Flexible Alternating Current Transmission System; \(^2\)HVDC: High Voltage Direct Current; \(^3\)T&D: Transmission & Distribution; \(^4\)EV: Electric Vehicles
Well positioned in attractive markets
Power & automation offering across all customer segments
Well positioned in attractive markets

Global trends – big shift in the electrical value chain

- Renewable share: ~40% of capacity by 2035
  - Greater volatility, less predictability
  - More feed-in nodes

- Increasing complexity
  - Control / information flow is key value driver
  - Transmission: longer distances, higher voltages

- On- and off-grid
  - Control / automation on “local” level
  - Energy storage is key

We are at the forefront of the change
Well positioned in attractive markets
Global trends – big shift in the electrical value chain

We are leading the transition to the digital grid
Well positioned in attractive markets

Breaking News – $800 million Scottish HVDC Light order

Caithness-Moray subsea power link, Scotland

Largest investment in North Scotland's electricity network since the hydro development era of the 1950s

Renewable integration in strengthened power networks

HVDC Light (VSC\(^1\)) transmission link, scope:

- Two 320 kV land-based HVDC Light converter stations
- Submarine and underground cables ~160 km

Up to 1200 MW capacity – enough to serve 2 million Scottish people

Customer:
Scottish Hydro Electric (SHE) Transmission
Commissioning: 2018

We commissioned 13 of the 14 similar HVDC links in the world

\(^1\)VSC: Voltage Source Conversion
Well positioned in attractive markets
Power: a leading partner in the “big shift”

Strong portfolio today

- Renewable power conversion
- Power generation: control and electrification
- Market, technology leader in power transmission
- Power distribution portfolio
- Broad software applications, incl. Ventyx
- Early mover in micro- / nano-grids, energy storage
- A leader in electric vehicle charging
- Marine electrification

Attractive strategic portfolio growth areas

- Interconnections, ultra high voltage
- Grid automation
  - Control solutions
  - Software
- New grid topologies
  - Micro- / nano-grids
  - Energy storage
- Power for industry and transport & infrastructure
- Advanced services
  - Engineering / consulting
  - Remote monitoring, analytics services
Well positioned in attractive markets
Global trends – 4th industrial revolution

Industry 1.0 – 1712
First practical steam engine

Industry 2.0 – 1870
First elevated conveyor belts

Industry 3.0 – 1969
Electronics / software based control

Industry 4.0 – today and tomorrow
Internet of …

People

Things

Services

We lead proactively with new connected offerings
Well positioned in attractive markets

Example – robotics remote service

People

Clients can access actionable information from smartphones and tablets
The information is available at any place, any time

Things

Intelligent and connected robots
Sending data to cloud servers for back-up, reporting, diagnostics, and benchmarking

Services

Central service unit remotely monitoring robots to support clients 24/7
Provides analytics to optimize robot usage and predict maintenance needs

Industry 4.0 in action
Well positioned in attractive markets
Automation: a leading partner in the 4th industrial revolution

**Strong portfolio today**

- #1 in industrial motion motors and drives
- #1 in process automation systems
- Embedded software and intuitive programming
- Application software for focus sectors, e.g., oil & gas, mining
- Broad offering and strong presence in key process industries
- A leading robotics player
- Innovative, value-adding services

**Attractive strategic portfolio growth areas**

- Next level of process automation
  - Oil & gas
  - Mining
- Broader sector presence
  - Discrete automation
  - Building automation
- Industrial motion solutions
- Software
- Advanced services
  - Consulting / engineering
  - Remote monitoring, analytics services
Well positioned in attractive markets
A true global player – team, culture, and presence

Revenue split 2013

- Mature markets (54%)
- Emerging markets (46%)

Americas
- $12.1 bn
- 29%

Europe
- $14.4 bn
- 34%

AMEA
- $15.3 bn
- 37%

Top 200 managers

- >3/4 from outside Switzerland and Sweden
- 27 nationalities from 6 continents
- 8 nationalities in the Executive Committee

We are a unique global team with local presence everywhere
ABB – Next Level
Accelerating sustainable value creation

Focus on EPS and CROI

Profitable growth

Relentless execution

Business-led collaboration

Growth momentum

Future

Today

Focus on EPS and CROI

Profit
Profitable growth

Well positioned

Attractive markets

Shifting the center of gravity
- Strengthening competitiveness
- Driving organic growth momentum
- Lowering risk

Incremental acquisitions and partnerships

Relentless execution

Business-led collaboration

Accelerating sustainable value creation

Delivering attractive shareholder returns

2014-2016 share buy-back
Shifting the center of gravity

- Lowering risk
- Strengthening competitiveness
- Driving organic growth

Solution offering
Services
Customer value proposition
Software-led differentiation
Technological leadership
High-growth segments
PIE

Economic cycle imbalance
Global imbalance
Intrinsic business risk

Future

Today

Lowering risk
Driving organic growth
Shifting the center of gravity
Expanding customer value proposition and relevance

Customer value chain penetration

Plan / design  ➔  Build  ➔  Operate

Tomorrow
Consulting
New software tools
e.g. RobotStudio
e.g. grid planning

Today

e.g. Asset Health
e.g. life-cycle services

New software-based services
Service mgmt.

Planning partner  Product, solutions, systems provider  Operations partner

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September 9, 2014  |  Slide 19
Shifting the center of gravity
Continuously increasing services / intensity and share

Rigorous implementation of existing strategy

- Dedicated service sales
- Service business development
- Quantitative performance tracking
  - Safety record
  - Net Promoter Score
  - Installed base penetration
  - Orders share
  - Profitability
- Dedicated service product management

Next level of services growth

Today
- Installed base penetration
- Service portfolio expansion

Additional levers
- Engineering, consulting expansion for target segments
- Software-based services
  - Remote monitoring
  - Analytics
- Partnerships and acquisitions

Increasing service share of revenue by 1%-point annually
Shifting the center of gravity
Continuously increasing services – example: expansion in mining

Expanded services offering

- Reactive
  - Repair
  - Maintenance
  - Remote monitoring
  - Condition analytics
  - Asset management

- Proactive

From focus on fixing… …to focus on uptime

Example: remote monitoring for mining

- Remote, real time monitoring
- Maximization of Overall Equipment Efficiency (OEE), asset optimization

Global mining customers, e.g., Vale, Anglo American

We constantly expand high value-adding services
Shifting the center of gravity
Majority of offering with software content today

**ABB software business – some facts**

**Embedded software:** core of our electronics offering

**Automation system software:** a leading DCS\(^1\) player

**Application software:** for design, operations, and services

> 50% of offering is software-related

> 2'600 software developers

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**Smallest software application**

3-pole contactor

~100 lines of software code

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**Large software application**

Network Manager

>5 mn lines of software code

Same size as avionics and control system of Boeing 787

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A leading industrial software player

\(^1\)Distributed Control System
# Shifting the center of gravity

## Accelerating software-led differentiation

Software is a key element of our value proposition – today and tomorrow

<table>
<thead>
<tr>
<th>Software type</th>
<th>Strategic direction</th>
<th>Customer value examples</th>
</tr>
</thead>
<tbody>
<tr>
<td>Embedded software e.g. drives</td>
<td>Enhance intelligence of products</td>
<td>Ease of installation / integration</td>
</tr>
<tr>
<td></td>
<td>Increase product value</td>
<td>Condition monitoring</td>
</tr>
<tr>
<td>Automation system software e.g. SCADA, 800xA DCS</td>
<td>Continue to expand functionality (e.g., mobile interfaces, security)</td>
<td>Leaner operations</td>
</tr>
<tr>
<td></td>
<td>Keep architecture leadership</td>
<td>Energy efficiency</td>
</tr>
<tr>
<td>Application software e.g. Asset Health, RobotStudio</td>
<td>Focused expansion of value-adding applications</td>
<td>Faster response time</td>
</tr>
<tr>
<td></td>
<td>Complementing strong presence and offering</td>
<td>Faster, easier design</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Constant optimization</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Service efficiency</td>
</tr>
</tbody>
</table>

**Software is a key element of our value proposition – today and tomorrow**
Shifting the center of gravity
Expanding technology leadership – innovations for customer value

“Big shift” in electrical value chain

Solar off-grid application
Solar power solution for rural power pumping

Efficient long-distance power transmission
525 kV HVDC cable

4th industrial revolution

Advanced maintenance-free sensor technology
Wireless, energy harvesting temperature, pressure sensors

Increased uptime, service efficiency
Remote robotics service

+$1.5 bn investment in R&D annually, 8,500 R&D staff in +30 countries
Shifting the center of gravity
Focusing on high-growth segments – examples

| Utilities       | Large micro-grids (on- / off-grid) | Network control          |
|                | Digital substations                | Asset upgrade / retrofit |
|                | Software for grid automation and services |                        |
|                | Solar                               |                        |
| Industry       | Oil & gas: facility of the future   | New robotics applications (e.g. electronics) |
|                | Oil & gas: disruptive subsea offering | Food & beverage: packaging |
|                | Mining 2.0                          |                        |
| Transport & Infrastructure | Data center electrification | E-mobility: fast charging |
|                | Rail retrofit projects and geographic penetration | Micro- / nano-grids including energy storage |
|                | Distribution channel penetration    | Marine automation and electrification |

We are well positioned to access high-growth segments
### Shifting the center of gravity
Driving organic growth momentum through PIE

<table>
<thead>
<tr>
<th>Penetration</th>
<th>Selling more of our existing offering to accessible customers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Innovation</td>
<td>New offerings / value propositions – focused resource allocation</td>
</tr>
<tr>
<td>Expansion</td>
<td>Expansion into high-growth segments</td>
</tr>
</tbody>
</table>

- **Distribution channel cooperation between ABB, Thomas & Betts, Baldor**
- **Emax2 – the world’s first smart circuit breaker that saves energy**
- **New robotics packaging solutions hub in Singapore**

**NPS**\(^1\) of 46%\(^2\) (+30%-points since 2010) and order momentum up (+13% in Q2)\(^3\)

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\(^1\)Net Promoter Score; \(^2\)Mid-year 2014; \(^3\)Like-for-like
Shifting the center of gravity
Driving organic growth momentum

We operationalize growth in an engineering culture

<table>
<thead>
<tr>
<th>Initiation</th>
<th>Region</th>
<th>Initiative</th>
<th>Description</th>
<th>Sponsor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Initiative A</td>
<td>Region A</td>
<td>xxx</td>
<td>xxx</td>
<td>xxx</td>
</tr>
<tr>
<td>Initiative B</td>
<td>Region B</td>
<td>xxx</td>
<td>xxx</td>
<td>xxx</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Country</th>
<th>Initiative</th>
<th>Description</th>
<th>Sponsor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Region A</td>
<td>xxx</td>
<td>xxx</td>
<td>xxx</td>
</tr>
<tr>
<td>Region B</td>
<td>xxx</td>
<td>xxx</td>
<td>xxx</td>
</tr>
<tr>
<td>Region C</td>
<td>xxx</td>
<td>xxx</td>
<td>xxx</td>
</tr>
</tbody>
</table>

Navigation check by geographies, sectors

- Leadership position (top 2)
- Strong position (top 3 to 5)
- Weak position (outside of top 5)
- Not present

Clear action plans

- Navigation check by geographies, sectors
- Clear action plans
- Targets
Shifting the center of gravity
Reducing intrinsic business risk

We will deliver lower volatility, higher predictability, higher margins
Shifting the center of gravity

Summary

- Accelerated organic growth momentum
- Reduced risk
- Improved margins

Strengthening competitiveness

Lowering risk

Driving organic growth

Today

Future
Profitable growth
Incremental acquisitions

~30 acquisitions since 2010, $6 bn of revenues¹

<table>
<thead>
<tr>
<th>Expansion</th>
<th>Value</th>
<th>Discipline</th>
</tr>
</thead>
<tbody>
<tr>
<td>More than doubled presence in largest economy of the world – US</td>
<td>Solid integration track record</td>
<td>Successful portfolio pruning of non-core assets</td>
</tr>
<tr>
<td>A leading position in solar</td>
<td>Delivered synergies</td>
<td>Stopped pursuits in line with our criteria</td>
</tr>
<tr>
<td></td>
<td>Maintained strengths and teams</td>
<td>Integration score card as basis to link</td>
</tr>
<tr>
<td></td>
<td></td>
<td>performance with compensation</td>
</tr>
</tbody>
</table>

Most recent transaction: Spirit IT

ABB
Gas flow computers and measurement control software

Spirit IT
Liquid flow computers and measurement control software

Portfolio completion
Enables to capture high-growth unconventional oil & gas exploration opportunities

Proven track record of value enhancing M&A

¹Based on annual revenues of acquired companies at their respective acquisition dates
Profitable growth
Clear strategic direction, proven criteria for acquisitions

Strategic direction (examples)

<table>
<thead>
<tr>
<th>Power &amp; Automation</th>
<th>Criteria</th>
</tr>
</thead>
<tbody>
<tr>
<td>Functional hardware</td>
<td>Accelerating profitable growth</td>
</tr>
<tr>
<td>Electronics</td>
<td>Impactful and value creating</td>
</tr>
<tr>
<td>Software</td>
<td>Complementary strengths</td>
</tr>
<tr>
<td>Service</td>
<td>Cultural fit</td>
</tr>
<tr>
<td></td>
<td>Integration capabilities available</td>
</tr>
<tr>
<td></td>
<td>Financial criteria</td>
</tr>
<tr>
<td></td>
<td>• Return &gt; WACC by end of year 3</td>
</tr>
<tr>
<td></td>
<td>• IRR &gt; WACC plus specific hurdles</td>
</tr>
<tr>
<td></td>
<td>• Financing designed to retain “A” credit rating</td>
</tr>
<tr>
<td></td>
<td>• EPS-accretive</td>
</tr>
</tbody>
</table>

- Backward integration of strategic components
- Electrification product gaps
- Process automation product gaps
- Design / engineering
- Analytics / optimization
- Engineering / consulting
- Regional coverage
- Financing designed to retain “A” credit rating
- EPS-accretive
### Profitable growth
Partnerships for increased customer value

<table>
<thead>
<tr>
<th>Partnership for energy storage</th>
<th>Partnership for commercial building automation</th>
</tr>
</thead>
<tbody>
<tr>
<td><img src="" alt="ABB" /></td>
<td><img src="" alt="BYD" /></td>
</tr>
<tr>
<td><img src="" alt="PHILIPS" /></td>
<td><img src="" alt="ABB" /></td>
</tr>
<tr>
<td>ABB</td>
<td>BYD</td>
</tr>
<tr>
<td>Packaged energy storage solutions and grid connection capabilities</td>
<td>Scale in batteries from automotive and electronics Battery integration and mgmt. system knowledge</td>
</tr>
<tr>
<td>Global market access</td>
<td>Leading grid energy storage solutions</td>
</tr>
<tr>
<td><img src="" alt="ABB" /></td>
<td><img src="" alt="PHILIPS" /></td>
</tr>
<tr>
<td>ABB</td>
<td>PHILIPS</td>
</tr>
<tr>
<td>Building automation expertise</td>
<td>LED lighting expertise</td>
</tr>
<tr>
<td>Seamless integration of LED lighting systems and building device control</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Spirit</th>
<th>Complementing partners</th>
<th>Customer value</th>
<th>Incremental growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Criteria</td>
<td>Fit of offering and capabilities</td>
<td>Leading players in their fields</td>
<td>Good cultural fit</td>
</tr>
</tbody>
</table>
Relentless execution

Well positioned

Profitable growth

Leading operating model
Driving change through 1'000 day programs
Linked strategy, performance management and compensation

Business-led collaboration

Accelerating sustainable value creation

Attractive markets

Delivering attractive shareholder returns

2014-2016 share buy-back
Leading operating model
Broadening success in customer satisfaction and cost / SCM

Results

Customer satisfaction – NPS\(^1\) in %

<table>
<thead>
<tr>
<th>Year</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014(^2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>16</td>
<td>22</td>
<td>29</td>
<td>38</td>
<td>46</td>
</tr>
</tbody>
</table>

Cost savings $ billions p.a.

<table>
<thead>
<tr>
<th>Year</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>1.1</td>
<td>1.1</td>
<td>1.3</td>
</tr>
</tbody>
</table>

Focus

Keep momentum in NPS and cost Δ
Drive white collar productivity, shared services
- Enhance customer service
- Free up resources for growth
- Speed, quality, service, cost
Push capital efficiency
- Disciplined investments
- Inventory reduction
Reflected in performance management and compensation

We deliver sustainable momentum

\(^1\)Net Promoter Score; \(^2\)Mid-year
Leading operating model
Broadening success: wider scope, Next Level results

Staged implementation of comprehensive operating model
Leading operating model
Relentless execution dashboard – simple, powerful performance mgmt.

Rigorous measurement driving continuous improvement

<table>
<thead>
<tr>
<th>KPI</th>
<th>Details</th>
<th>Customer</th>
<th>Cost</th>
<th>Cash</th>
<th>Total points</th>
</tr>
</thead>
<tbody>
<tr>
<td>OTD Request in Place</td>
<td>CCRP's Resolved on Time</td>
<td>Field Failure Rate Metric in Place</td>
<td>Cost reductions as % cost</td>
<td>OPQ as % COS</td>
<td>Productivity Coefficient</td>
</tr>
</tbody>
</table>

Δ*: Delta improvement from prior year end
Leading operating model
Completing Power Systems “step change”

<table>
<thead>
<tr>
<th>Situation</th>
<th>Status</th>
<th>Strategy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Small number of complex project situations with operational issues</td>
<td>Base business growth on track</td>
<td>Adapt the business model</td>
</tr>
<tr>
<td>Low-margin projects in the backlog weigh on profits</td>
<td>Leadership strengthened</td>
<td>▪ Derisk EPC, change business model</td>
</tr>
<tr>
<td>Need to improve operational and risk management</td>
<td>Off-shore wind situation improving</td>
<td>▪ Remain turnkey provider with right risk-return profile</td>
</tr>
<tr>
<td>Much better grip on situation compared to beginning of year</td>
<td>▪ New business model implemented</td>
<td>▪ New model: system integrator</td>
</tr>
<tr>
<td></td>
<td>▪ Capabilities enhanced</td>
<td>Grow the profitable base business</td>
</tr>
<tr>
<td></td>
<td>▪ Key project milestones achieved</td>
<td>▪ Leverage market visibility and channels, strong global presence</td>
</tr>
<tr>
<td></td>
<td>Solar EPC: on track to close 90% by end of 2014</td>
<td>▪ Consulting and services</td>
</tr>
<tr>
<td></td>
<td>Cost out plans on target</td>
<td>▪ High-growth opportunities</td>
</tr>
</tbody>
</table>

Good progress made, solid grip on risks for 2014 / 2015, actions underway
Driving change through 1’000 day programs
Clearly defined objectives, milestones,accountabilities

Wave 1
- Execute and monitor: 1000 days
- - 90 DAYS
- 1000 DAYS

Wave 2
- Execute and monitor: 1000 days
- - 90 DAYS
- 1000 DAYS

Examples
Geographies: e.g. Africa
Operations: e.g. Net Working Capital

Objective: “say-do”
Focus on high-impact strategic priorities
Align whole organization behind these priorities
Develop and execute clear plans towards success
Dedicate appropriate management resources

Approach: focused waves
Focused implementation in waves
Executive sponsor, business owner, allocated teams
Coordinated by project office reporting to CEO
High quality implementation plans
Progress tracking on Executive Committee level, linked to performance management and compensation

Jill Lee newly appointed Head of Next Level program, reporting to CEO
Linking strategy, performance management, and compensation
Balanced scorecard, robust targets

Financials
- Financial KPIs

Operations
- Relentless execution dashboard

Change
- 1’000 day programs

Leadership
- Behavioral / leadership targets

Aligned incentives with institutional and individual performance
ABB – Next Level
Business-led collaboration

Well positioned

Profitable growth

Relentless execution

Attractive markets

Business-led collaboration
Simplifying how we work together
Streamlining market focused organization
Leadership development

Accelerating sustainable value creation

Delivering attractive shareholder returns
2014-2016 share buy-back
Simplifying how we work together
Key principles

**Customer-focused**
- Next level of external focus in daily operations
- Strengthened cross-business customer collaboration
- Effective empowerment closest to the customer

**Business-oriented**
- Undiluted global business line responsibility as core of ABB
- Efficiency and effectiveness through shared service centers

**Clear, simple, efficient**
- Simple and fast internal processes
- Clear roles and responsibilities for everyone
New organization as of January 2015

Asia, Middle East, Africa; Other functions reporting to the CEO

1. Asia, Middle East, Africa; 2. Other functions reporting to the CEO
Leadership development
Executive Committee as of January 2015

Ulrich Spiesshofer
CEO

Bernhard Jucker
Power Products

Claudio Facchin
Power Systems

Pekka Tiitinen
Discrete Automation and Motion

Peter Terwiesch
Process Automation

Tarak Mehta
Low Voltage Products

Eric Elzvik
CFO

Jean-Christophe Deslarzes
Human Resources

Diane de Saint Victor
Legal & Integrity

Frank Duggan
AMEA

Greg Scheu
Americas

Veli-Matti Reinikkala
Europe
David Constable proposed for election as new member of the Board of Directors

David Constable
President and CEO of Sasol, a leading integrated energy and chemicals company based in South Africa
Former Group President of Operations of Fluor (29 years in leadership positions)
52 years old
Canadian national

A wealth of industrial experience
Solid track record in change programs, reset operating models and processes
Strong experience in EPC and process industries
First hand world-class project execution experience
Broad international background (North / South America, Africa)

A strong complementary addition to the Board of Directors
Strengthening Board experience in process industries, EPC and Africa, a growth region for ABB

ABB shareholders will vote on the nomination of David Constable as new Board member at the April 30, 2015 Annual General Meeting
ABB – Next Level
Shaping a global leader in power & automation

Well positioned

Profitable growth

Relentless execution

Business-led collaboration

——— Accelerating sustainable value creation ———

Attractive markets

Delivering attractive shareholder returns

2014-2016 share buy-back
Delivering attractive shareholder returns
Group financial targets 2015-2020

<table>
<thead>
<tr>
<th>Target Description</th>
<th>Target Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue growth(^1)</td>
<td>4-7%</td>
</tr>
<tr>
<td>Operational EBITA %(^2)</td>
<td>11-16%</td>
</tr>
<tr>
<td>Operational EPS growth CAGR(^3)</td>
<td>10-15%</td>
</tr>
<tr>
<td>FCF conversion to net income</td>
<td>&gt;90%</td>
</tr>
<tr>
<td>CROI %(^4)</td>
<td>Mid-teens</td>
</tr>
</tbody>
</table>

Shareholders participate in strong cash generation through $4 bn share buy-back

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\(^1\)Average annual revenue growth on a like-for-like basis over 6 years, base year 2014; \(^2\)Target is on a full-year basis; \(^3\)CAGR = Compound annual growth rate, base year is 2014 and assuming constant exchange rates; \(^4\)Temporary reduction possible in the event of larger acquisitions
Shaping a global leader in power & automation
How we will deliver

**What stays**
- Health, safety, and environment, integrity first
- Power & automation focus
- Cost take-out discipline
- Focused, incremental M&A
- Unique global team and culture

**Recently added**
- Accelerated organic growth momentum through PIE
- White collar productivity
- NWC management
- Power Systems “step change”
- Relentless execution dashboard

**New**
- Shifting center of gravity of portfolio
- Comprehensive operating system
- 1’000 day programs
- Performance management stronger linked to strategy
- Simple, customer-focused organization, leadership appointments
ABB – Next Level
Shaping a global leader in power & automation

Well positioned

Profitable growth
Shifting the center of gravity
- Strengthening competitiveness
- Driving organic growth momentum
- Lowering risk
Incremental acquisitions and partnerships

Relentless execution
Leading operating model
Driving change through 1’000 day programs
Linked strategy, performance management and compensation

Business-led collaboration
Simplifying how we work together
Streamlining market focused organization
Leadership development

Accelerating sustainable value creation

Delivering attractive shareholder returns
2014-2016 share buy-back
Power and productivity for a better world™