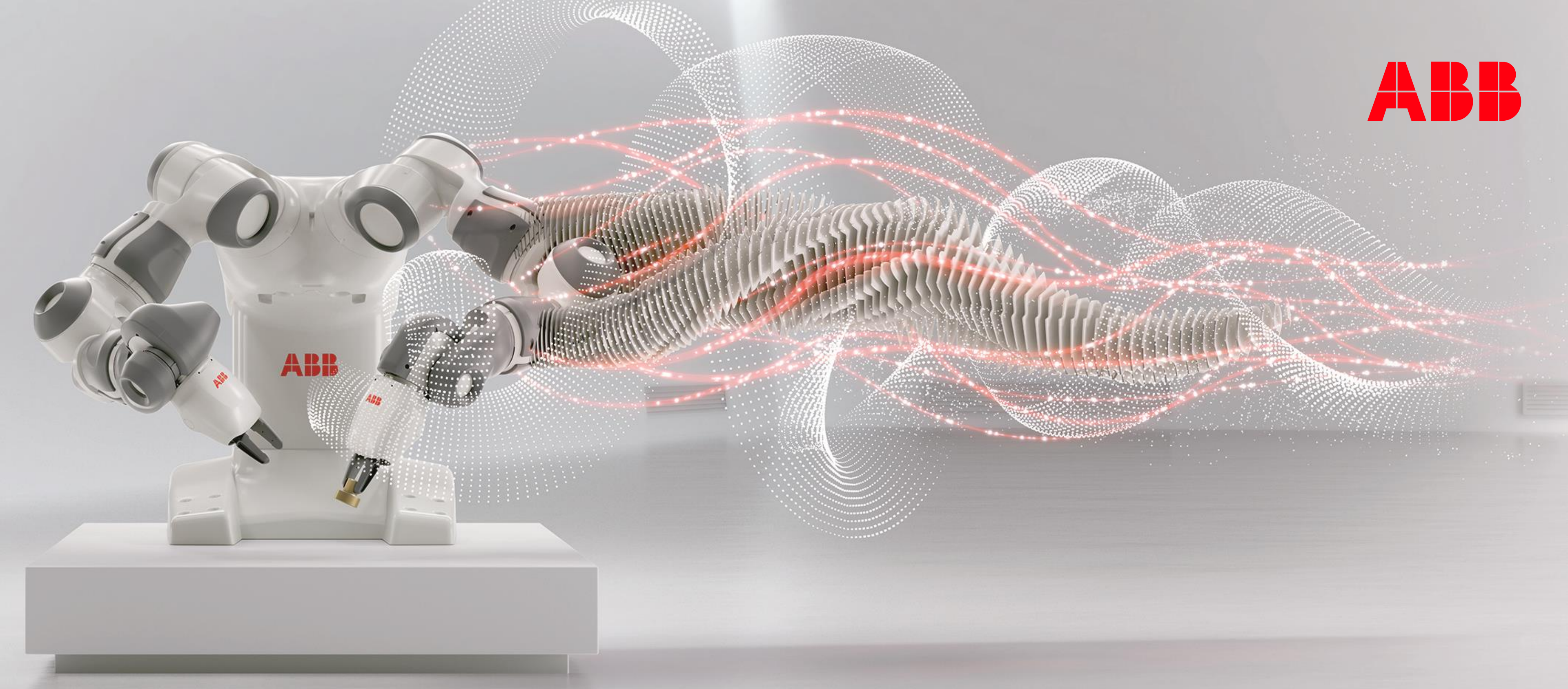


NEXT LEVEL STAGE 3, CAPITAL MARKETS DAY, OCTOBER 4, 2016

Committed to unlocking value

Eric Elzvik, CFO

Agenda

Next Level Stage 1 and 2 – delivered

Current market environment

Next Level Stage 3 – committed to unlocking value

Next Level transformation

Strong operational momentum

Next Level Stage 3

Next Level Stage 2

Next Level Stage 1

Productivity and cost savings programs delivering

Shifting focus from EBITDA to earnings per share

Improved capital efficiency; strong Free Cash Flow (FCF) conversion

Managing an efficient balance sheet

Returned $8.7 bn[1] to shareholders from 2014 to today

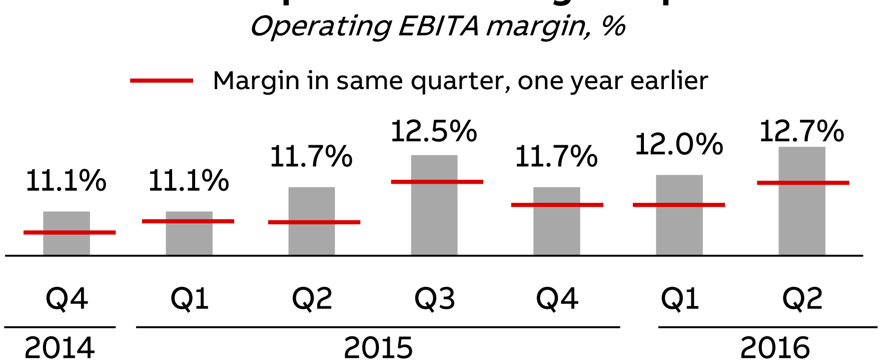
Committed to unlocking value

[1]Includes cash returns to shareholders as dividends and under the share buyback program

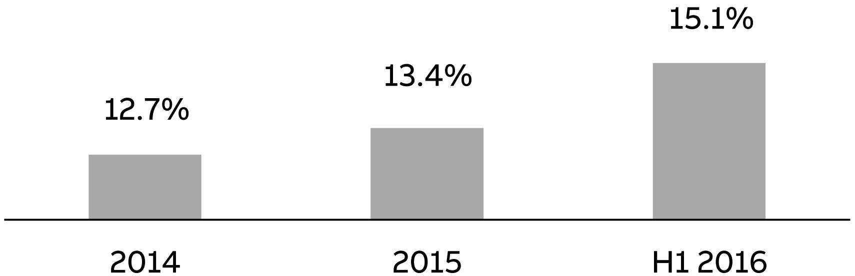
Business transformation delivering

Driving margin accretion and mid-teens cash return on investment

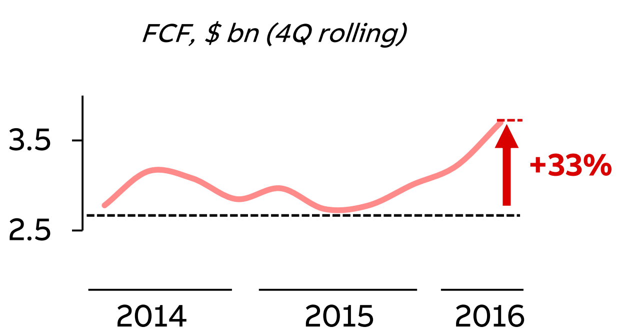
7 consecutive quarters of margin improvement



Cash return on invested capital (CROI)



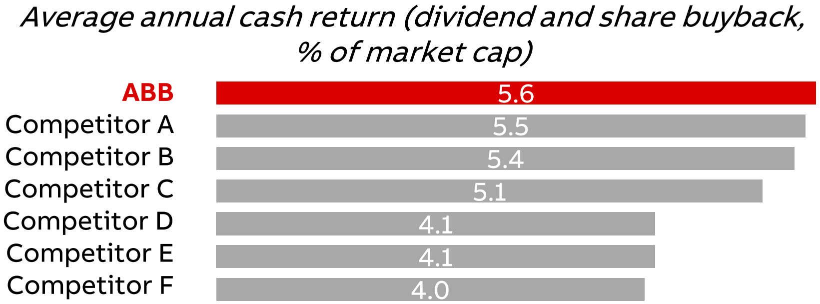
Leading and consistent FCF generation



FCF, % revenue (4Q rolling)

Competitor A	12%
ABB	**11%**
Competitor B	11%
Competitor C	7%

Leading cash return rate[1] to shareholders 2013-2016YTD



[1]Calculation: sum of cash dividends paid and share buyback in respective year divided by the market capitalization at the beginning of the year

Improving operational performance in a challenging market

Status 2015 – 2020 financial targets

Status as of June 2016 unless otherwise stated

	Group		
Revenue growth[1]	3 – 6%	0%	
Operational EBITA %[2] (H1 2016)	11 – 16%	12.3%	
Operational EPS growth CAGR[3]	10 – 15%	7%	
FCF conversion to net income	>90%	220%	
CROI %[4]	Mid-teens	15.1%	

[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

Short term market conditions

Pioneering technology

Utilities

- **T&D**: positive fundamental drivers, policy support intact
- **Solar and Wind:** 5%+ growth
- **Conventional Power:** fewer coal capacity additions, gas stable

Industry

- **Discrete & hybrid industries[1]:** investment remains positive
- **Oil & Gas:** decline in upstream capex, downstream stable
- **Mining & metals:** persistent overcapacity, bulk metal capacity clean-up

Transport & Infrastructure

- **Transportation**: rail growing, specialty ships strong, cargo challenged
- **Construction:** solid, broad-based growth

Globally

Africa, Middle East and Asia

- **China:** growth in T&D, robotics and general industry, continued slowing in process
- **India:** strong growth across multiple sectors
- **Middle East:** persistent challenges, Saudi Arabia in particular

Americas

- **US:** considerable investment delay due to elections, consumer growing, industrials lagging
- **Canada:** infrastructure steady, mining and O&G difficult
- **Brazil:** O&G continues to decline, other industries bottoming

Europe

- **Northern & Central Europe:** moderate growth overall, uncertainty in UK
- **Southern Europe:** mixed, strong growth in Spain, Italy slow, Turkey affected by political events

[1]Including automotive, food & beverage, machinery

Mid-long term drivers remain intact

Driving investment into high growth markets

Utilities
- Conventional power generation
- Renew-ables
- Transmission & distribution grid

Industry
- O&G up-/mid-stream
- O&G down-stream, chemicals
- Mining
- Metal
- Other process
- Hybrid & discrete

Transport & Infrastructure
- Buildings
- Data centers
- Marine
- Rail

Aligning with market outlook

Growth

Driving PIE[1] and growth initiatives

1,000 day programs, e.g. F&B

(Re-) allocation of resources

Expansion in digital

Decline

Expansion of strongholds

Adjustment of capacity

Aligning footprint

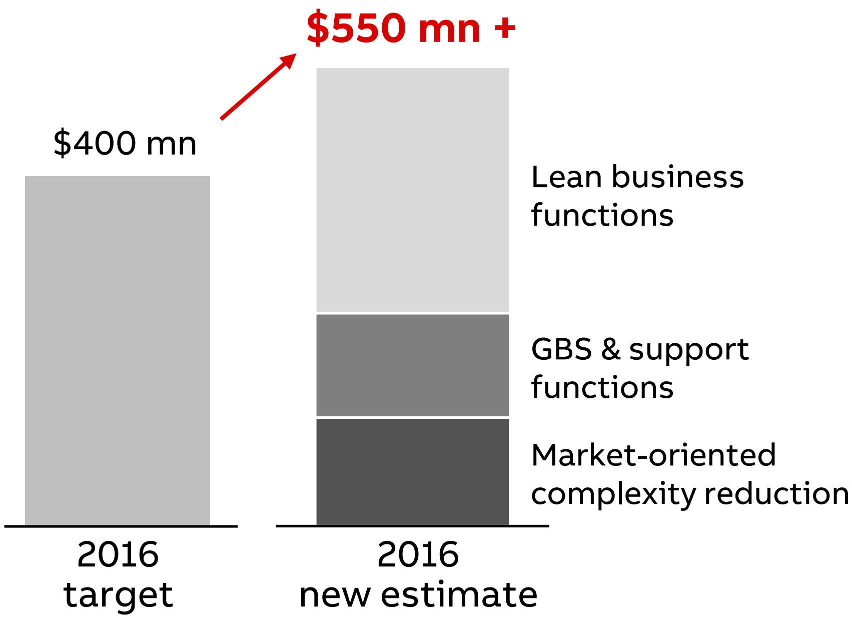
[1]PIE: Penetration, Innovation, Expansion; Note: 2016 – 2020 forecast; Source: Bloomberg, Rystad, IMS, AME and others

Building momentum to achieve double digit operational earnings per share growth

		On track
Proven cost-out programs (OpEx, SCM)	→ **Safeguard profitability**	✓
White Collar Productivity program	→ **Drive margin accretion**	✓
Net Working Capital program	→ **Enhance capital efficiency**	✓
Active portfolio management	→ **Transform business portfolio**	✓

2016 White Collar Productivity savings ahead of plan

2016 WCP program savings[1]



Major achievements, *examples*

Sales: process simplification in 16 countries

GBS already servicing 24 countries

Simplified organization: 30% reduction of managerial layers

White collar employees reduced by 8%[2] (White Collar Productivity & capacity adjustments)

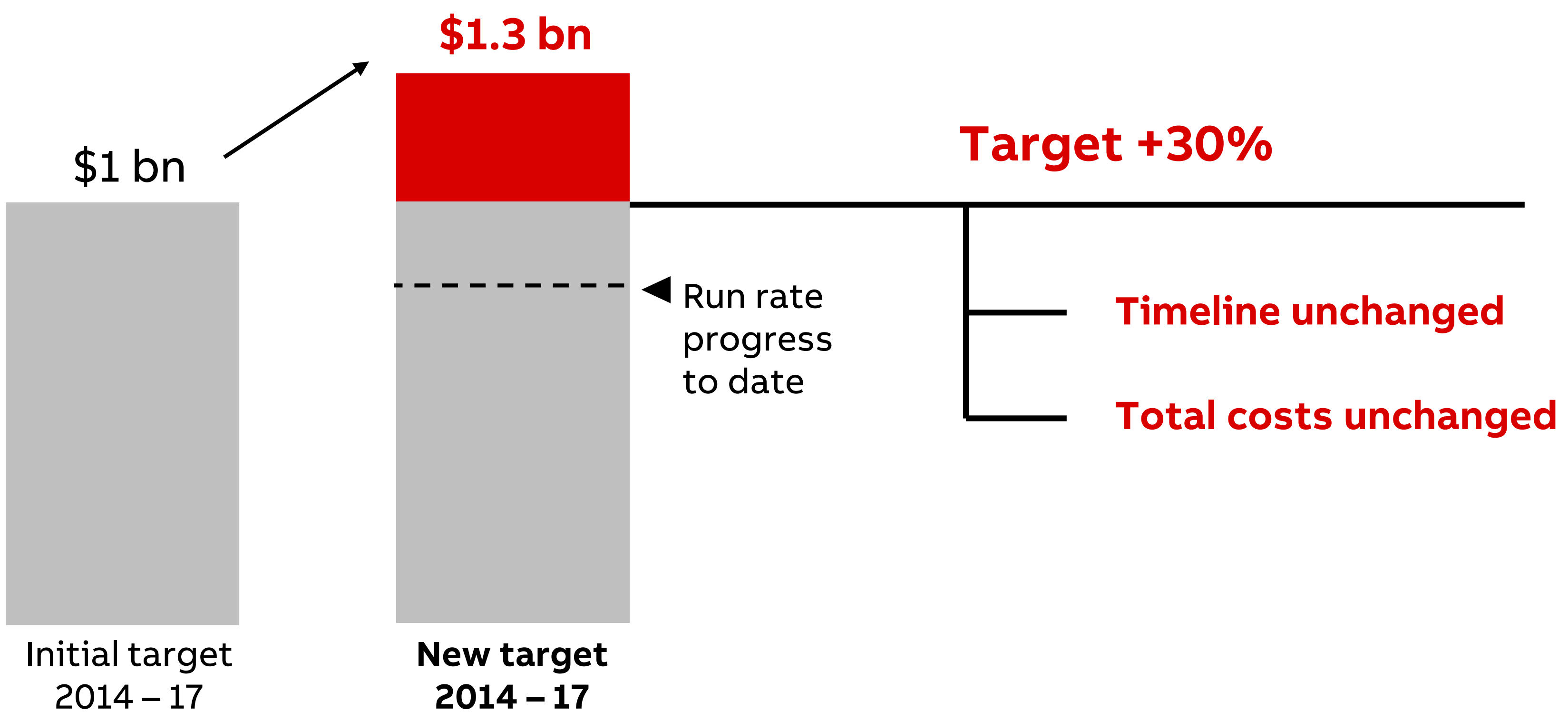
Greater than 50% bottom-line impact

[1]Gross cost savings; [2]Since 2014

White Collar Productivity commitment increased by 30% to $1.3 bn

Targeting more for the same cost[1] over the same period

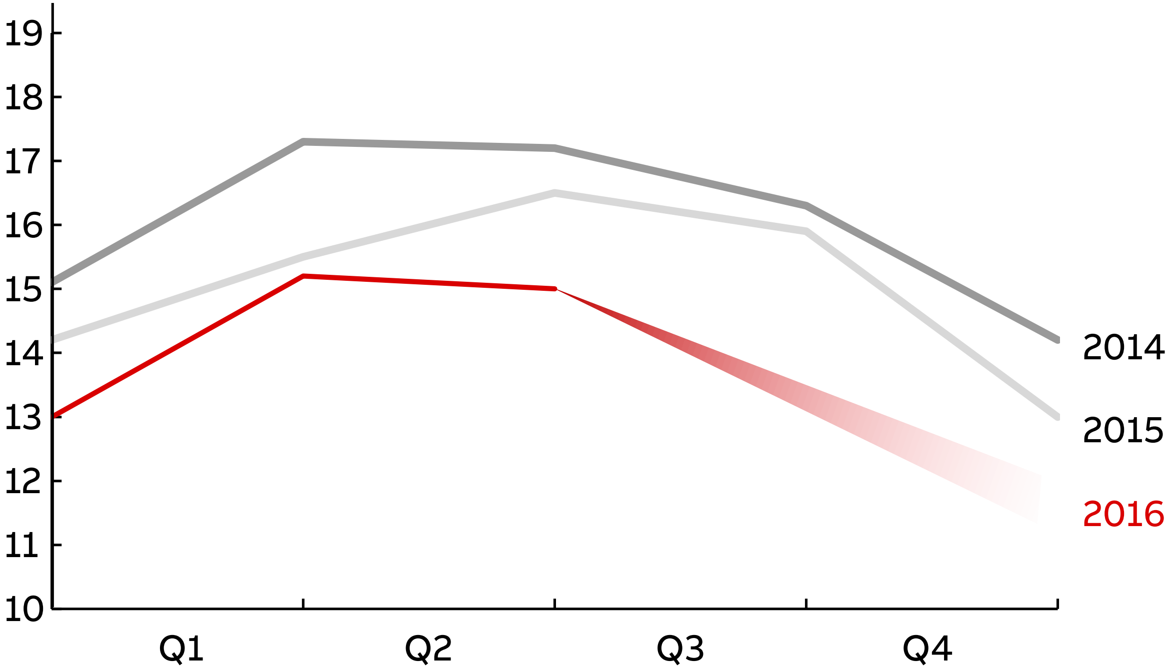
White Collar Productivity target gross cost savings



[1]Combined total restructuring and White Collar Productivity implementation costs

Solid execution of Net Working Capital management

Accelerated Net Working Capital reduction as a % of revenues



Major achievements to date

~200 bps reduction in net working capital as % of revenues

~$800 mn cash generation from working capital improvement since Q2 2015[1] with highest reduction in inventories and unbilled receivables

Sustainable value chain optimization

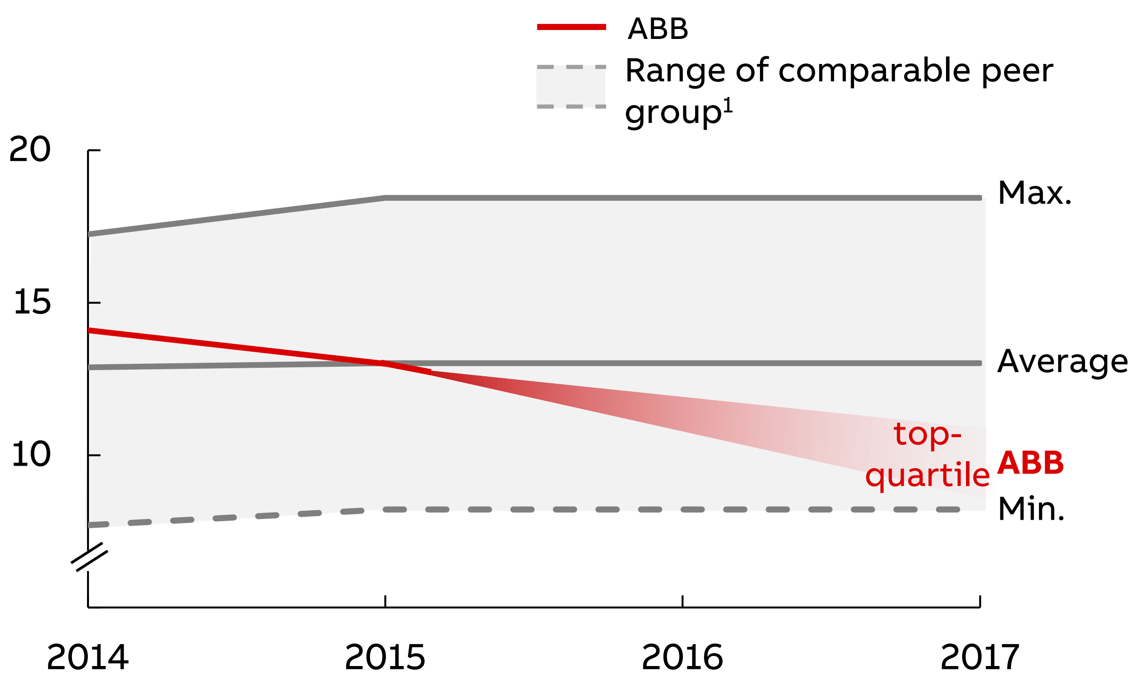
Improvement in all divisions[2]

[1]Q2 2015 to Q2 2016; [2]NWC as percentage of revenues improved for all divisions between Q2 2014 and Q2 2016

Confirming Net Working Capital target of $2 bn reduction by 2017

ABB moving swiftly towards top-quartile performance

Net Working Capital, *% of revenue at December 31*



Further potential

Improve front-end sales and service inventory

Enhance sales and operations planning

Optimize receivables and payables management

Applying advanced applications and analytics

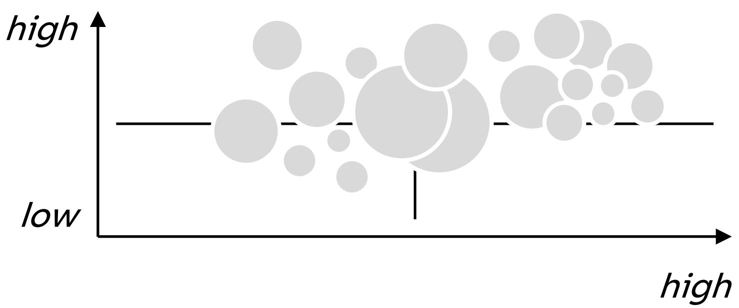
[1]Peer group of 9 companies

Continuing to drive active portfolio management

Illustrative

Portfolio relevance

- Market attractiveness
- Competitive position
- Offering
- Portfolio relevance
- Center of gravity
- Gap in current portfolio



Financial performance

- Revenue growth
- Op. EBITA margin
- CROI

Outcome

Strengthen

Fix / restructure

Refocus / divest

Partner / acquire

Target: higher growth, better margins, lower risk, better cash returns

Delivery set to continue

Concrete plan in place

Accelerating growth	→	**Position business to move into target range**
Proven cost-out programs 3 – 5% White Collar Productivity program Active portfolio management	→	**Drive 40 – 60 bps of op. EBITA margin accretion p.a.**
Net Working Capital program	→	**Enhance business efficiencies** **Improve cash returns**

Double digit earnings growth

ABB

Confirming Group targets 2015 – 2020

Increased operational EBITA margin corridor for Power Grids

Group

Revenue growth[1]	3 – 6%
Operational EBITA %[2]	11 – 16%
Operational EPS CAGR[3]	10 – 15%
FCF conversion to net income	>90%
CROI %[4]	Mid-teens

Divisions

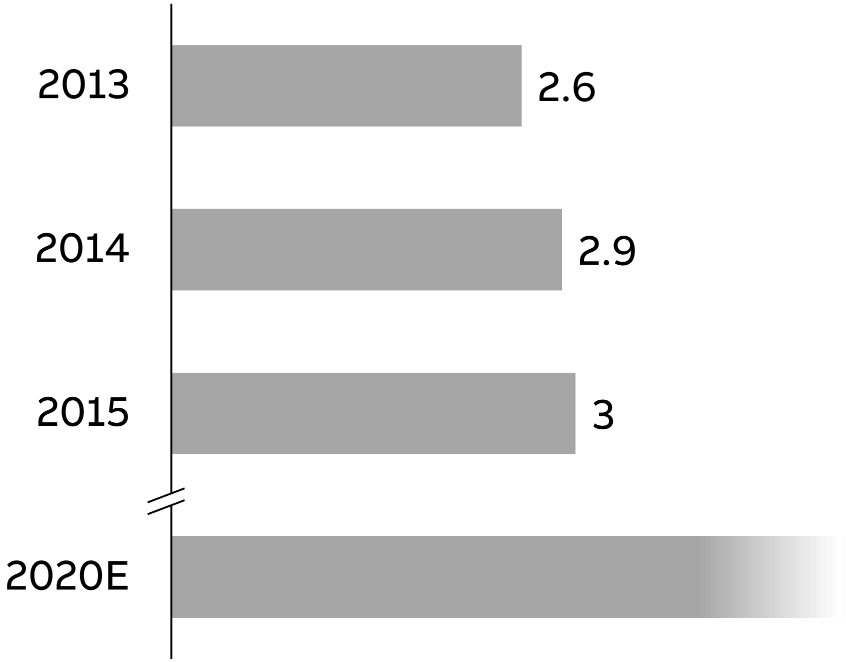
Electrification Products		15 – 19%
Robotics and Motion		14 – 19%
Industrial Automation		11 – 15%
Power Grids	**New**	**10 – 14%[5]**

[1]Average annual revenue growth on a comparable 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; [5]Margin target of Power Grids will be in effect as of January 1, 2018; previous target 8 – 12%

Strong cash generation allows for significant deployment

Capital allocation priorities unchanged

ABB's strong cash generation, *Free Cash Flow, $ bn*



Capital allocation priorities

Fund organic growth, R&D, capex at attractive CROI

Steadily rising sustainable dividend

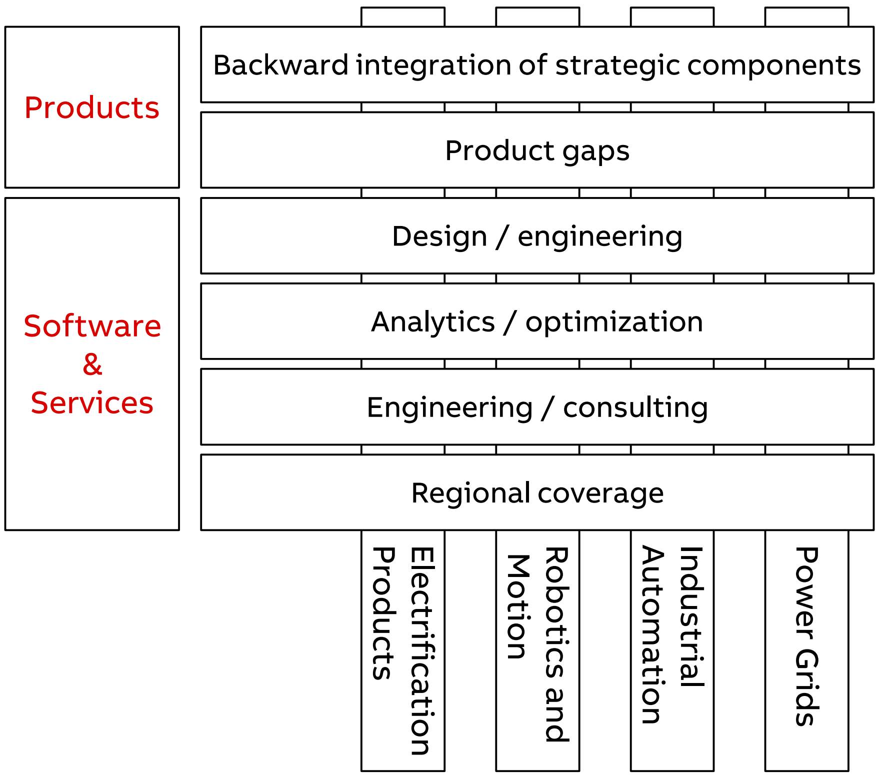
Value-creating acquisitions

Returning additional cash to shareholders

Capturing additional opportunities through acquisitions

Disciplined, clear strategic direction, proven criteria

Logic



Criteria

Accelerating profitable growth

Impactful and value creating

Complementary strengths

Cultural fit

Integration capabilities available

Financial criteria

- Return > WACC by end of year 3
- IRR > WACC plus specific hurdles
- Retain "A" credit rating
- EPS-accretive

Continued commitment to deliver shareholder returns

$3 bn share buyback program planned 2017 – 2019

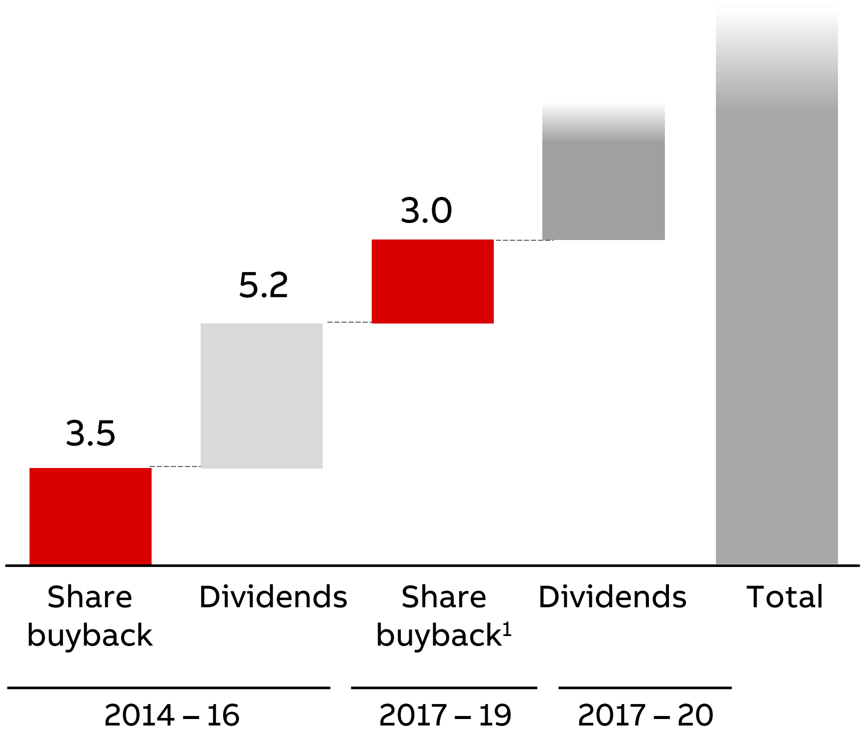
Second buyback program

Solid future performance and cash generation

In line with capital allocation priorities and cash flow generation

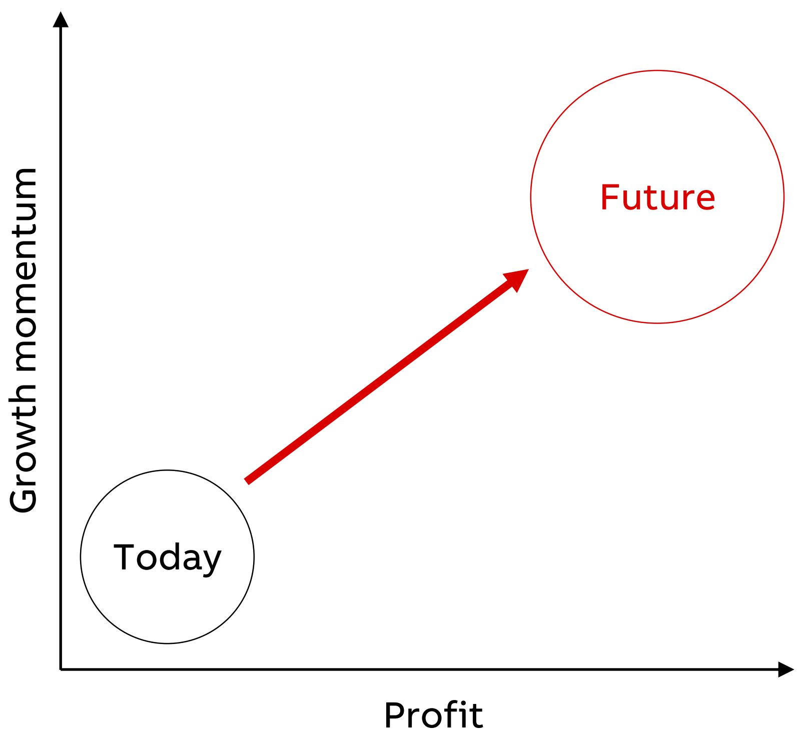
Managing ABB with an efficient balance sheet and retain “A” credit rating

Shareholders participate in strong cash generation, *$ bn*



[1]Planned

Next Level stage 3 – committed to unlocking value



10 – 15% p.a. operational EPS growth

- Accelerate growth including digital
- Margin accretion through cost savings
- Actively manage portfolio
- Performance management in line with entrepreneurship

Mid-teen cash return on invested capital

- Maintain strong free cash flow conversion
- Deliver on working capital program

Attractive shareholder returns

Why own ABB

Strong positions in attractive markets

Pioneering technology leader

Clear transformation agenda driving operational EPS and CROI

Efficient balance sheet; generating attractive returns for shareholders

Committed to unlocking value

ABB

2015 key figures for the new divisions

Pro-forma

	Electrification Products	Robotics and Motion	Industrial Automation	Power Grids
Orders *($ bn)*	10.5	8.3	7.5	12.2
Revenues *($ bn)*	10.2	8.3	7.4	11.6
Operational EBITA *($ bn)*	1.5	1.3	0.9	0.9
Operational EBITA margin *(%)*	14.7	15.7	12.0	7.5

1’000 day program White Collar Productivity

Financial impacts of program

$ mn unless otherwise stated	Run-rate at the end of 2017	2015	2016	2017	2018
Gross savings (run rate)	~1,300				
Gross savings (incremental y-o-y)		~25	>550	450	300

$ mn unless otherwise stated	Total	2015	2016	2017
Cost				
Restructuring and related expenses + program implementation[1]	1,200-1,250	420	450-490	290-330

[1]Non-operational; [2]Restructuring and implementation

ABB