



Ulrich Spiesshofer, CEO ABB Ltd., New York, May 28th, 2015 Bernstein Strategic Decisions Conference

ABB – Next Level

Shaping a global leader in power & automation

Status and direction

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
- 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.

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 for the relevant financial reporting period under “Financial results & presentations” – “Quarterly results & annual reports” on our website at www.abb.com/investorrelations

Agenda

ABB overview

Performance update

Next level implementation

Outlook and priorities

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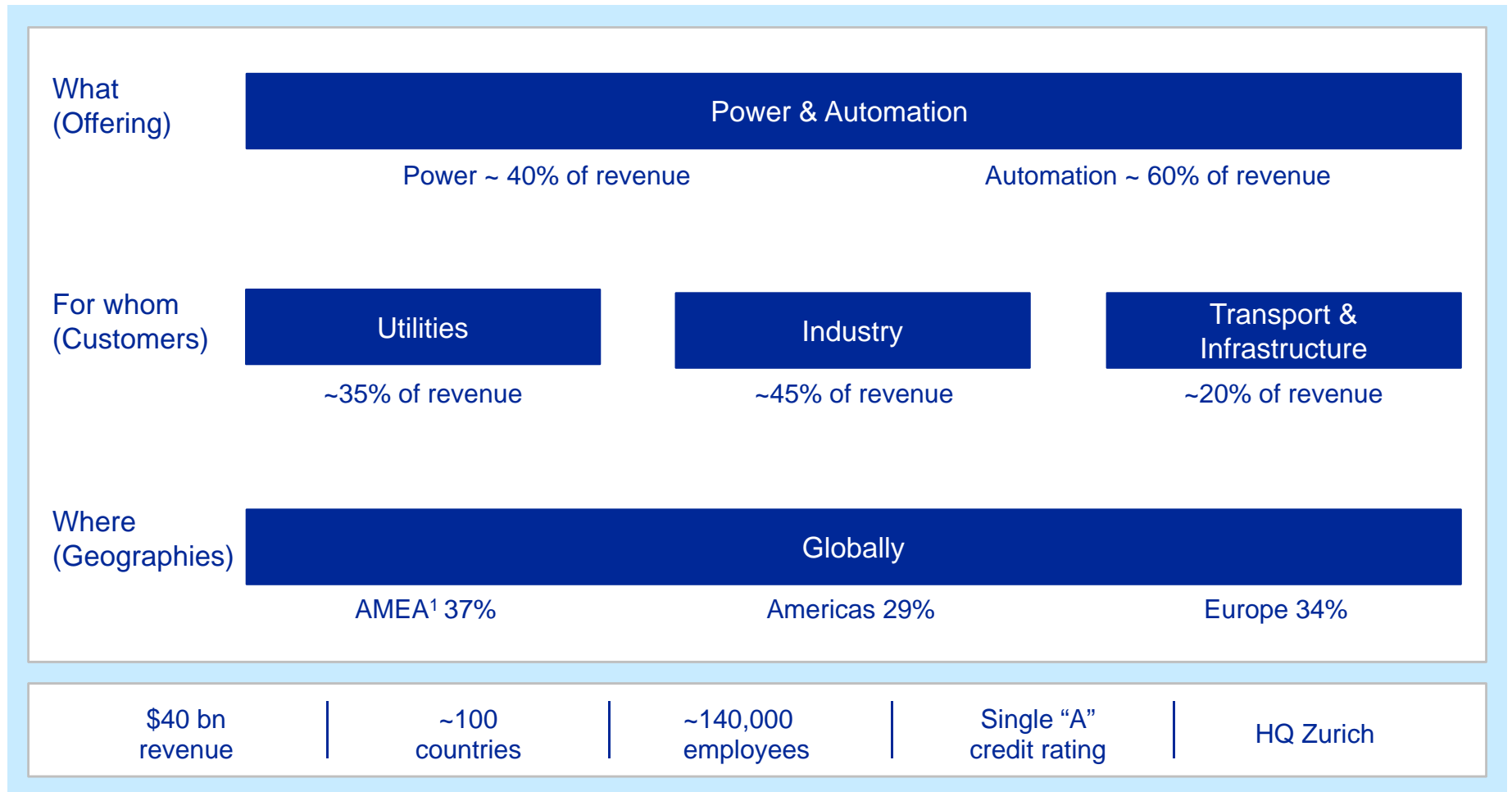
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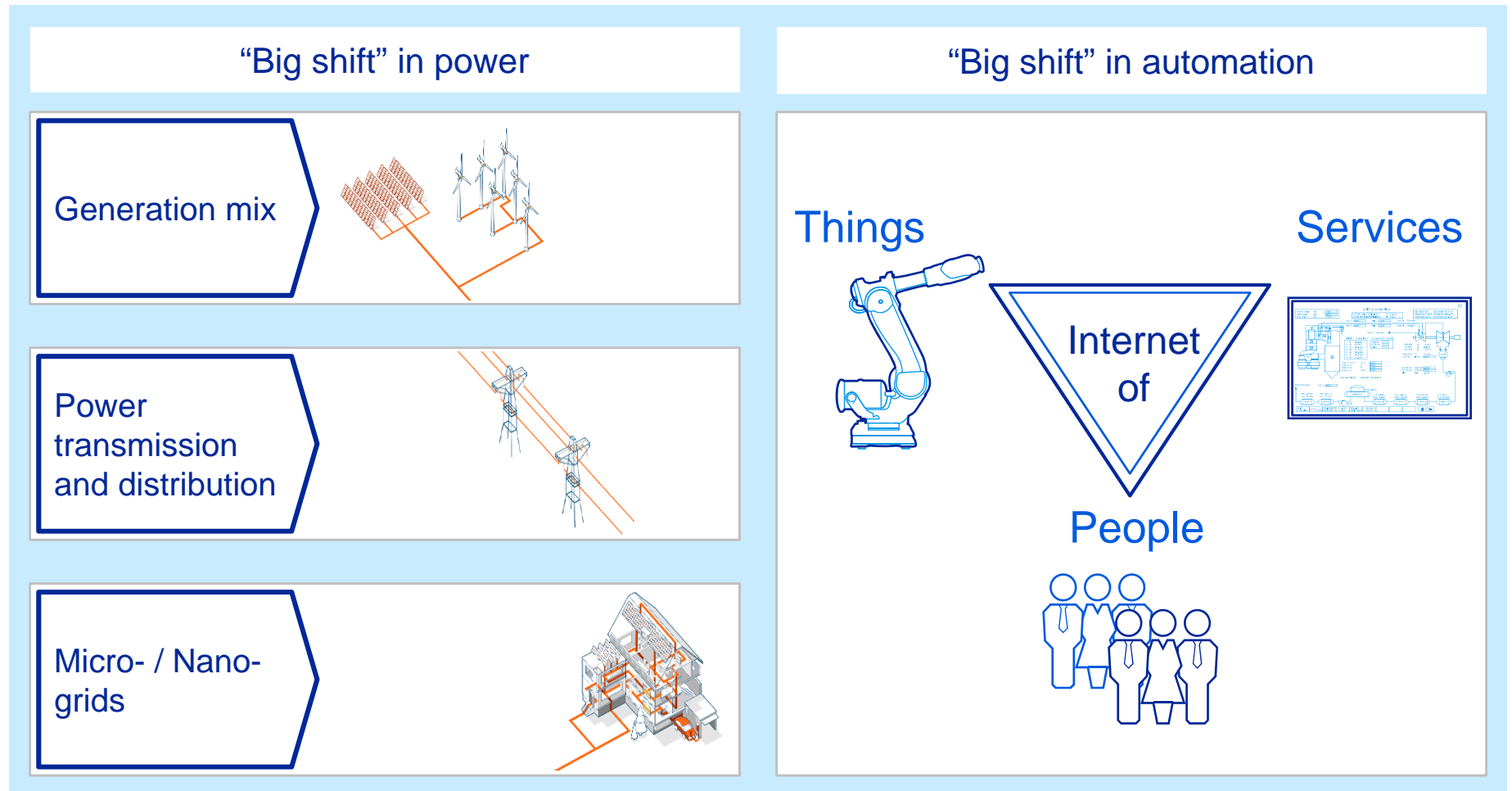
Outlook and priorities

ABB today



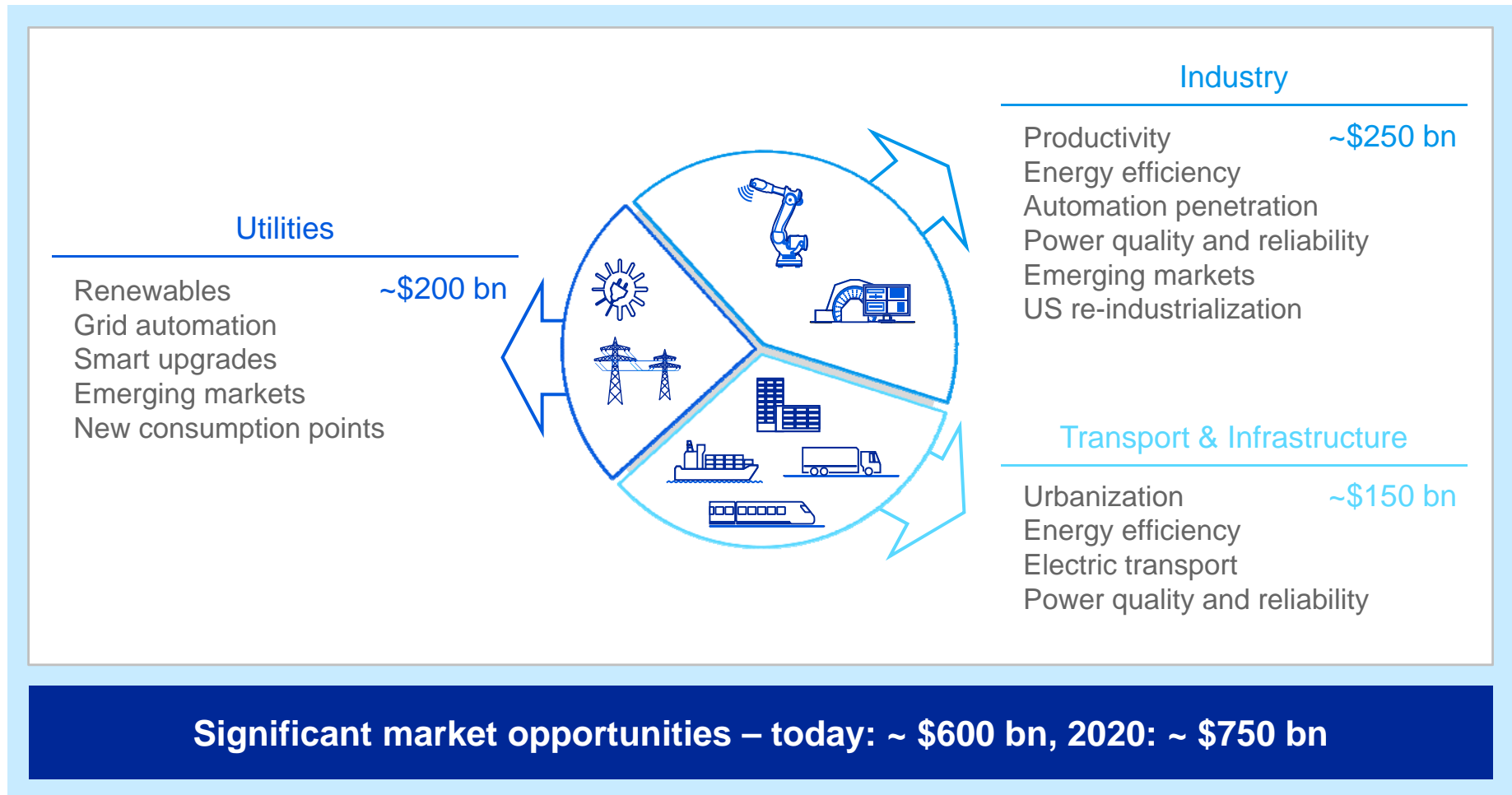
Attractive markets

“Big shifts” in power & automation: shaping joint opportunities



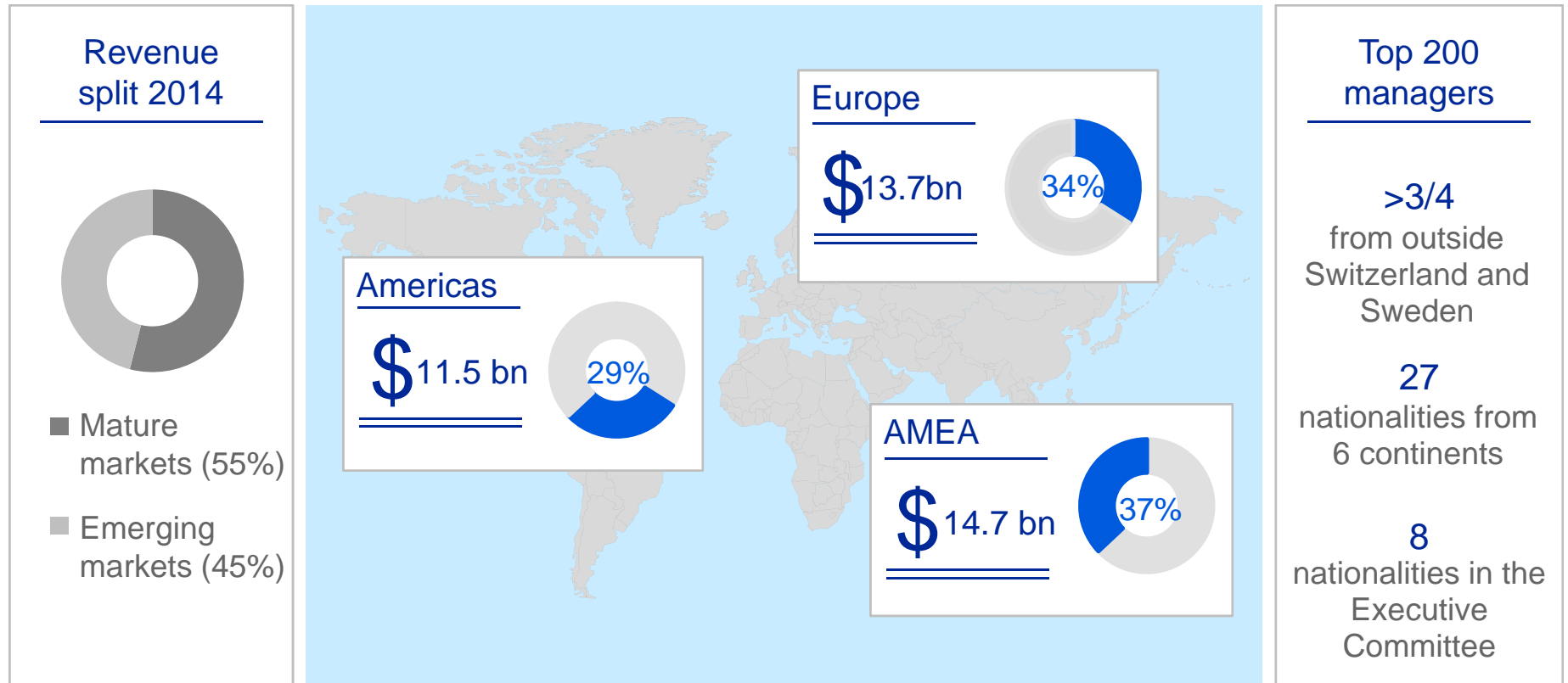
Attractive markets

Power & automation demand in three customer segments



Well positioned

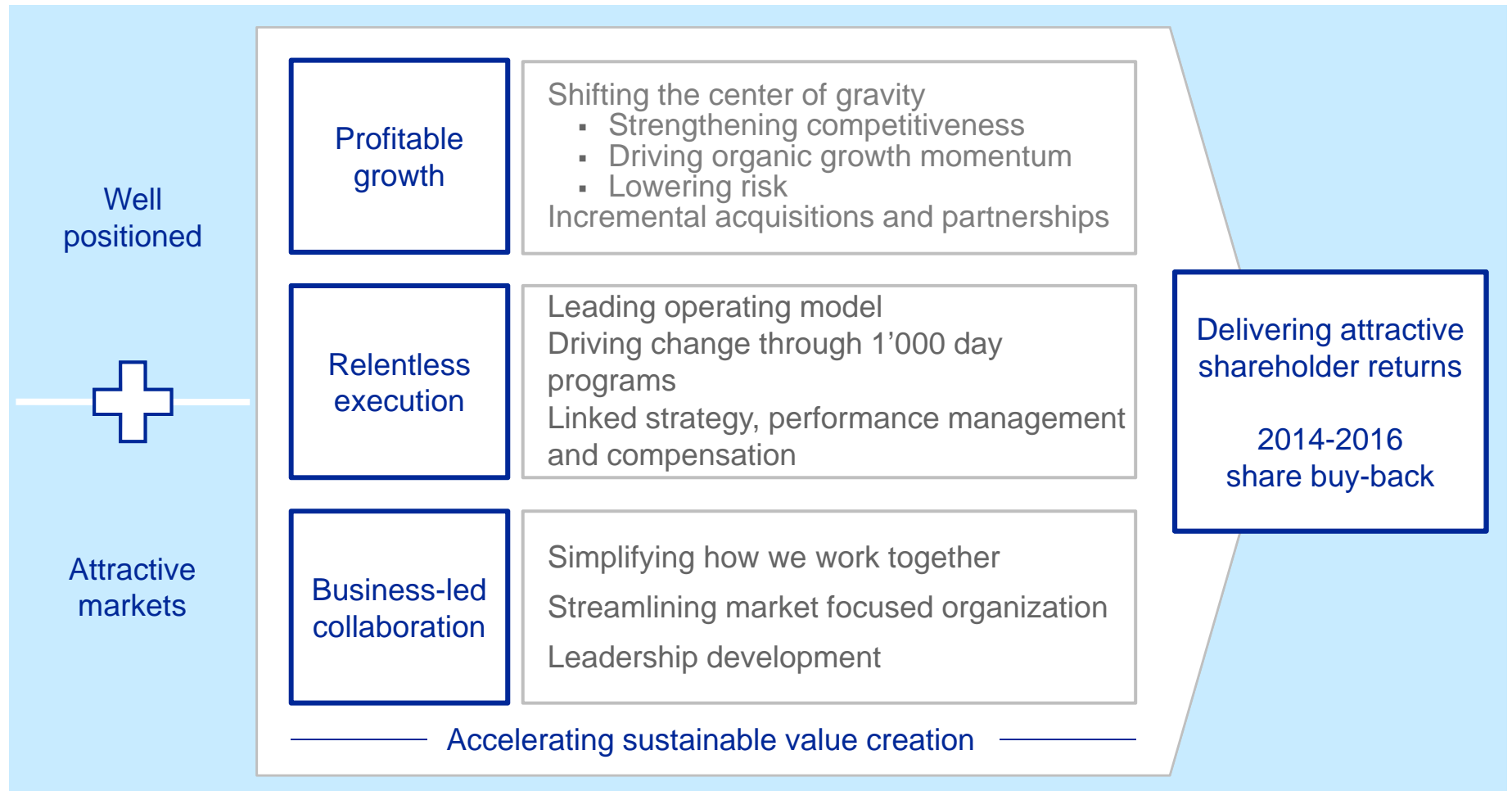
A true global player – team, culture, and presence



We are a unique global team with local presence everywhere

ABB – Next Level

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2014 – strong foundation, solid momentum

Robust order growth, PS break-even, increased dividend

Delivering along our three focus areas

Profitable growth

+10% orders growth¹, up in all regions and divisions
Base orders +5%¹, large orders +50%¹, book-to-bill 1.04x
Improved customer satisfaction, NPS² index at 44, up by 9 points
Strategic partnerships to expand market presence

Relentless execution

Power Systems full-year break-even³
\$1.1 bn cost savings, free cash flow +9%, conversion rate at 110%
Successful portfolio pruning
Launched 1'000 day programs
Performance-based compensation model finalized

Business-led collaboration

Market-focused organization implemented

- Undiluted global business line responsibilities established
- Customer-oriented, leaner regional organization

Top 1,000 positions filled

Dividend increase and share buyback show confidence in Next Level strategy

Q1 2015 – solid growth in a mixed market

Delivering along our three focus areas

Profitable growth

Growth initiatives drive solid top line development; PIE is working
Orders up 15%¹, revenues grew 3%
Book to bill 1.2x, >1.0x in every division
Innovation: YuMi® robot, intelligent transformer sensors, production mgmt. software

Relentless execution

Progress in Power Systems “step change” program, 2.2% op EBITA margin
Group operational EBITA margin steady at 11.1%, cost reduction on track
5% higher operational EPS on a constant currency basis
New performance linked compensation system rolled out to 60,000 employees

Business-led collaboration

Key project wins driven by combined power and automation offering
Enhanced customer focus yields order momentum, speed and agility
Engagement with +7,000 customers at ABB Automation & Power World in Houston, TX

Next Level starts to create impact

Negative double digit translation impacts in Q1

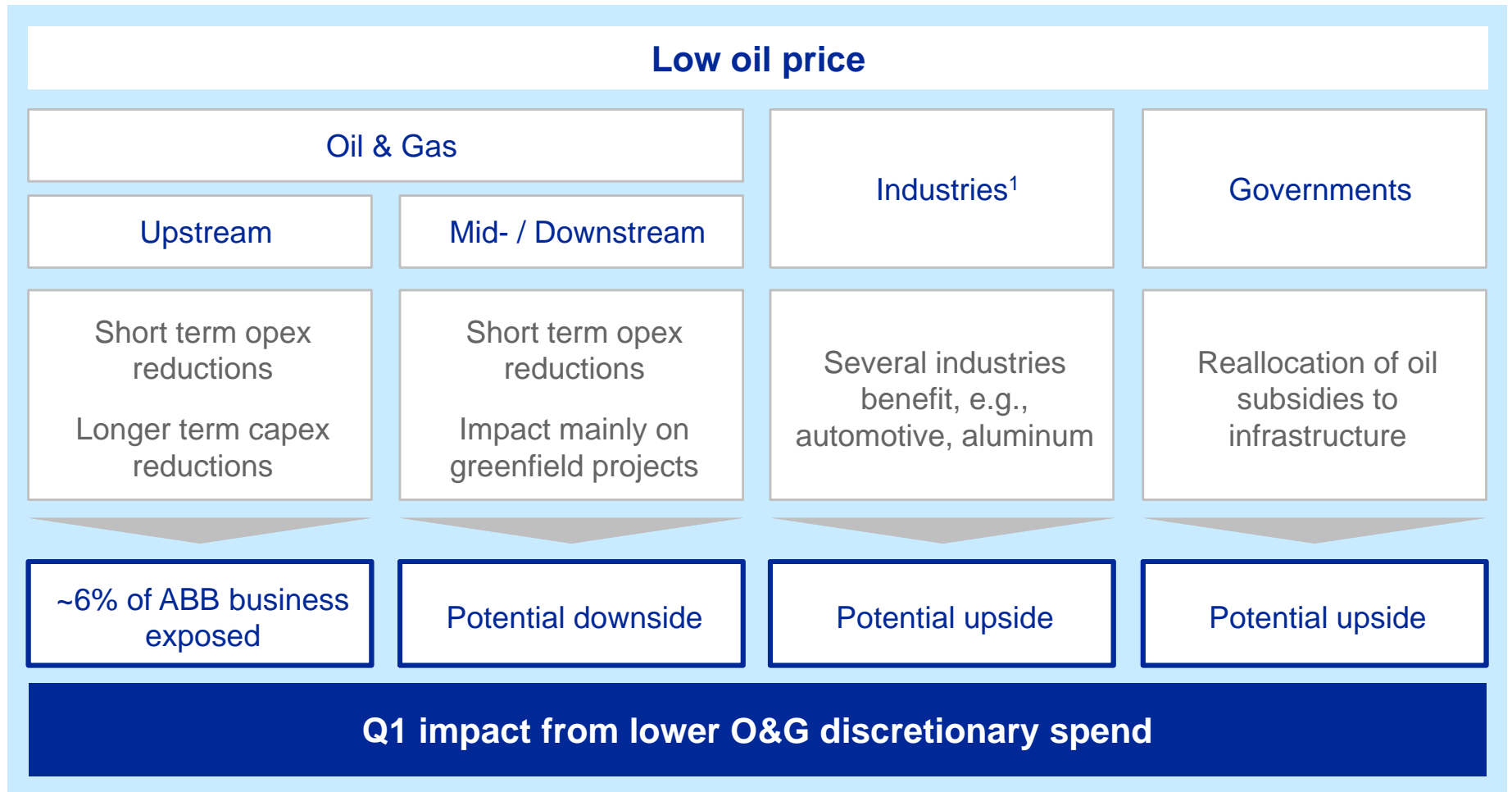
Foreign exchange exposures – overview

Example: 15% appreciation of USD
15% appreciation of CHF vs EUR

| | Timing | Estimated impact | Actions / Drivers |
|--|------------------|---|---|
| Structural effect <i>USD appreciation</i> | Medium-term | Inc. from op. ↑ ~\$200-400 mn Inc. from op.% ↑ ~0.5-1% point | Net exporter from EUR-zone to \$-zone |
| Structural effect <i>CHF appreciation</i> | Medium-term | Inc. from op. ↓ \$100-200 mn Inc. from op.% ↓ ~0.25-0.5% point | Mitigated by sourcing and cost optimization |
| Transaction | Immediate | Minor ~ fully hedged, but some valuation timing differences | Policy to hedge all exposures |
| Translation to USD | Immediate | Inc. from op./orders/revenues ↓ ~9% | > 50% of revenues from non-\$ zones |

Translation impacts from strong USD will continue

Impact of low oil price starting in Q1

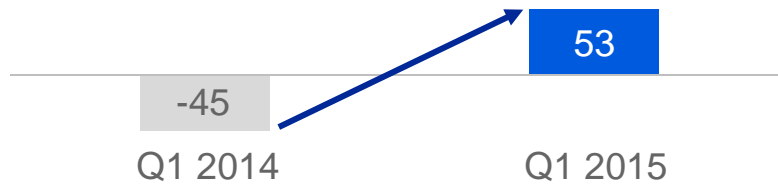


Stringent capital management

Freeing up cash for growth and value creation in Q1

A solid, more balanced, cash generator

Cash from operations, \$ mn



2015 Total cash distribution

Dividend from capital contribution to be paid early May (0.55CHF/ share)

Dividend distribution from nominal reduction to be paid late July/ early August (0.17CHF/share)

Actions in place

Net working capital focused efforts:

- Stronger operational execution on lead times, on-time delivery, payables/receivables
 - Focus on driving inventory turns
- NWC¹ at 15% of revenues; aim long term 11-13%

Status of share buyback

Q1 purchased 21.5 mn shares with a buyback value of ~\$450 million

In total: 54 mn shares purchase with an approx. value of \$1.2 billion

Continued focus on driving sustainable value creation

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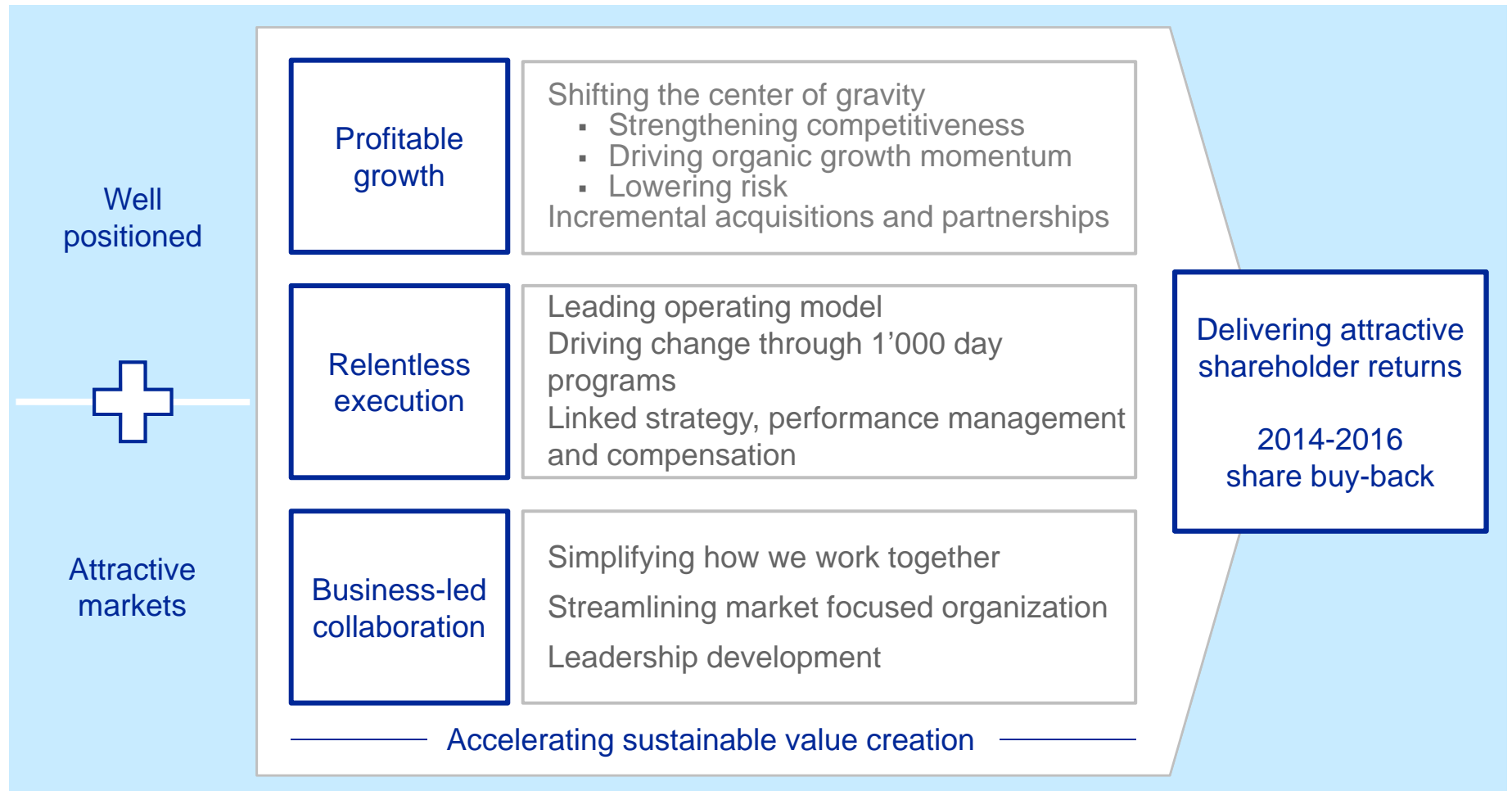
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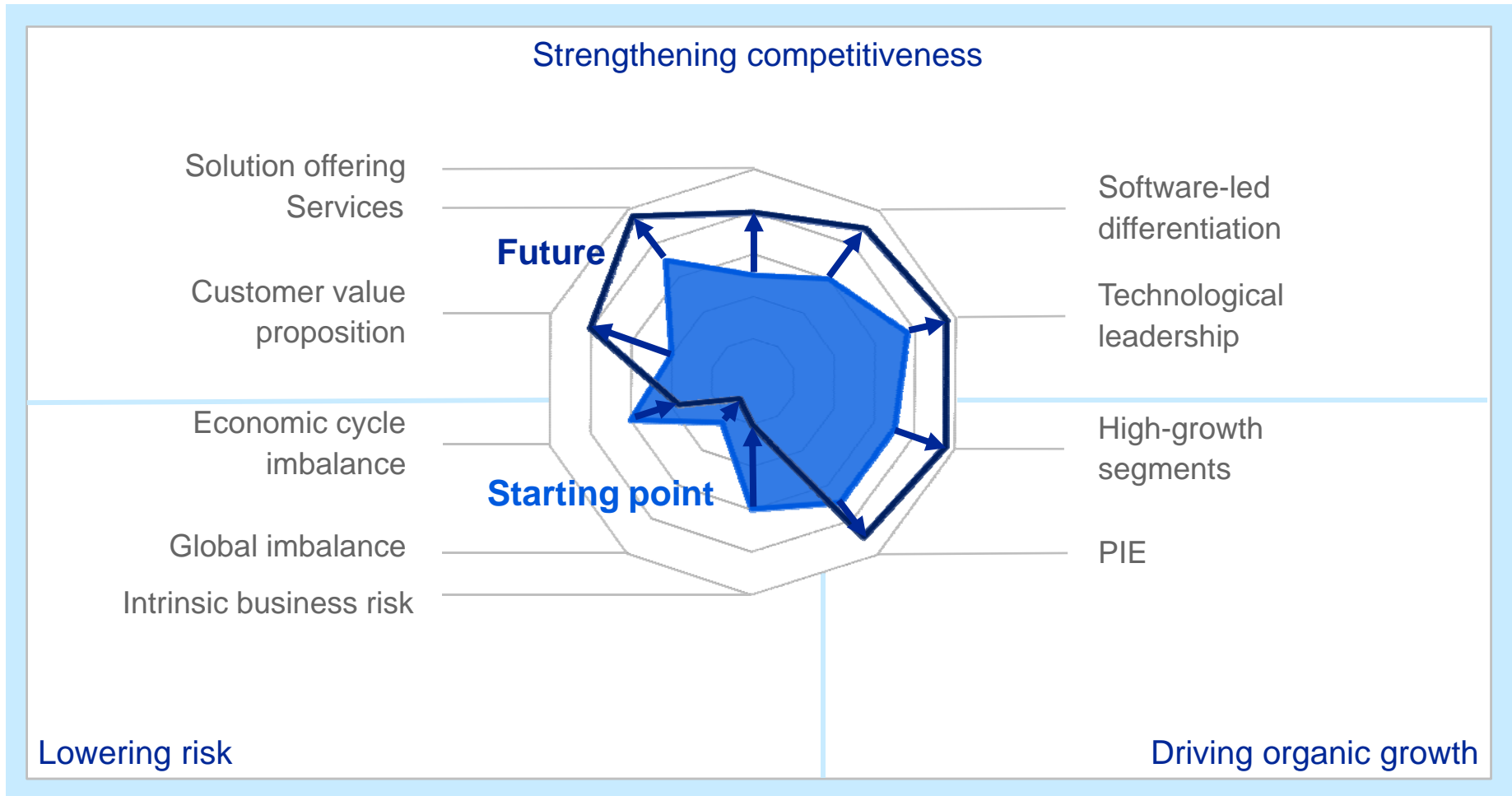
ABB – Next Level

Shaping a global leader in power & automation



Profitable growth

Shifting the center of gravity



Profitable growth – shifting the center of gravity

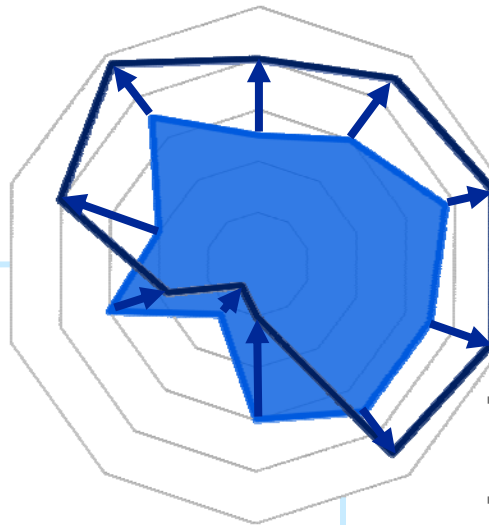
Actions to date (selected examples)



Strengthening competitiveness

- Combined power and automation solutions for industrial customers
- New service suite for solar customers
- Grid consulting for utility and industrial customers

- Expand leading position in enterprise asset management software
- Launch of YuMi® robot: man – machine collaboration
- “Speaking products”
Sensor technology in electric motors



- New business model Power Systems
- Investment in organic growth in Low Voltage Products
- Managing risk through partnerships (e.g. Hitachi/Japan)

- Double digit orders growth¹ in 2014 & Q1 2015 through PIE
- Opened new robotics factory in USA
- Expansion of storage based solutions
- Penetrating US distribution channel with broad ABB offering

Lowering risk

Driving organic growth

Shifting the center of gravity – competitiveness

YuMi®: man – machine collaboration



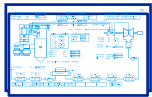
Things



Dual-arm small parts assembly robot

- Flexible hands
- Parts feeding systems
- Camera-based part location
- State-of-the-art robot control

Services



Cage-less, safe operation

Machine learning through artificial intelligence

Addressing needs of small parts assembly
e.g. in 3C industries

People



YuMi® – ‘you and me’ working together



YuMi® – designed for a new era of human friendly automation

Shifting the center of gravity – competitiveness

Services: – remote service of factories



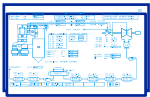
Things



“Speaking machines” – real time sensing data from product

Intelligent and connected robots - sending data to cloud servers for reporting, diagnostics, and benchmarking

Services



Central service unit monitors robots remotely 24/7

Provides analytics to optimize robot usage and predict maintenance needs

People



Customers access information from smartphones/ tablets

Actionable Information available at any place, any time



Industry 4.0 in action

Shifting the center of gravity – driving organic growth

High-growth segments – Energy storage



Residential PV storage



4.6kW/2kWh Li-ion
(up to 6kWh)

Marble Bar micro grid



500kW/5kWh PowerStore

EKZ, Switzerland



Turn-key, 1MW/500kWh Li-ion

Ausnet microgrid Australia



Hybrid power storage- diesel generation &
grid stabilization system 1 MW/1 MWh

Warsaw Metro



ENVILINE, 3.3MW/12s (S-cap)

Hydro storage PHS, Grimsel 2



100MVA PCS8000 frequency converter

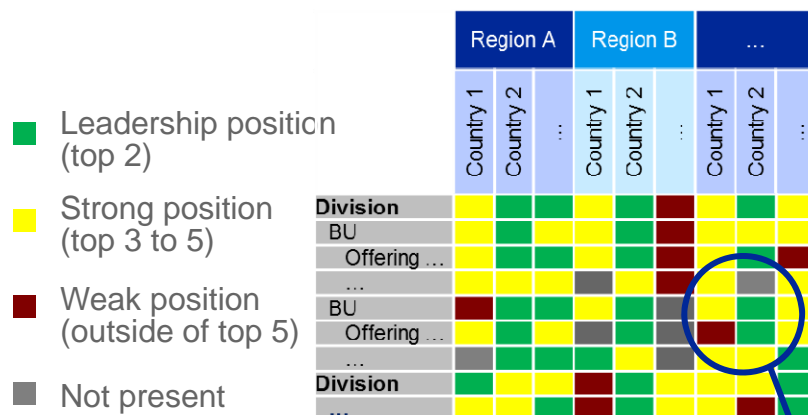
Unmatched offering range of storage based solutions

Shifting the center of gravity – driving organic growth

Driving organic growth momentum through PIE



Navigation check: heat maps



Growth levers: “PIE”

Penetration: Selling more of our existing offering to accessible customers e.g. Japan

Innovation: New offerings / value propositions – focused resource allocation e.g. Yumi

Expansion: Move into high-growth segments e.g. Samsung partnership

Clear action plans:

| Country | Initiative | Description | Sponsor | ... |
|---------|------------|-------------|---------|-----|
| xxx | Xxx | xxx | xxx | ... |
| ... | ... | ... | ... | ... |

Operationalizing growth in an engineering culture

Profitable growth – incremental partnerships

Solid momentum – strong complementary partners



Smart home
technology



Grid energy storage
and EV charging



Cloud – datacenter
technology



HVDC technology for
Japan



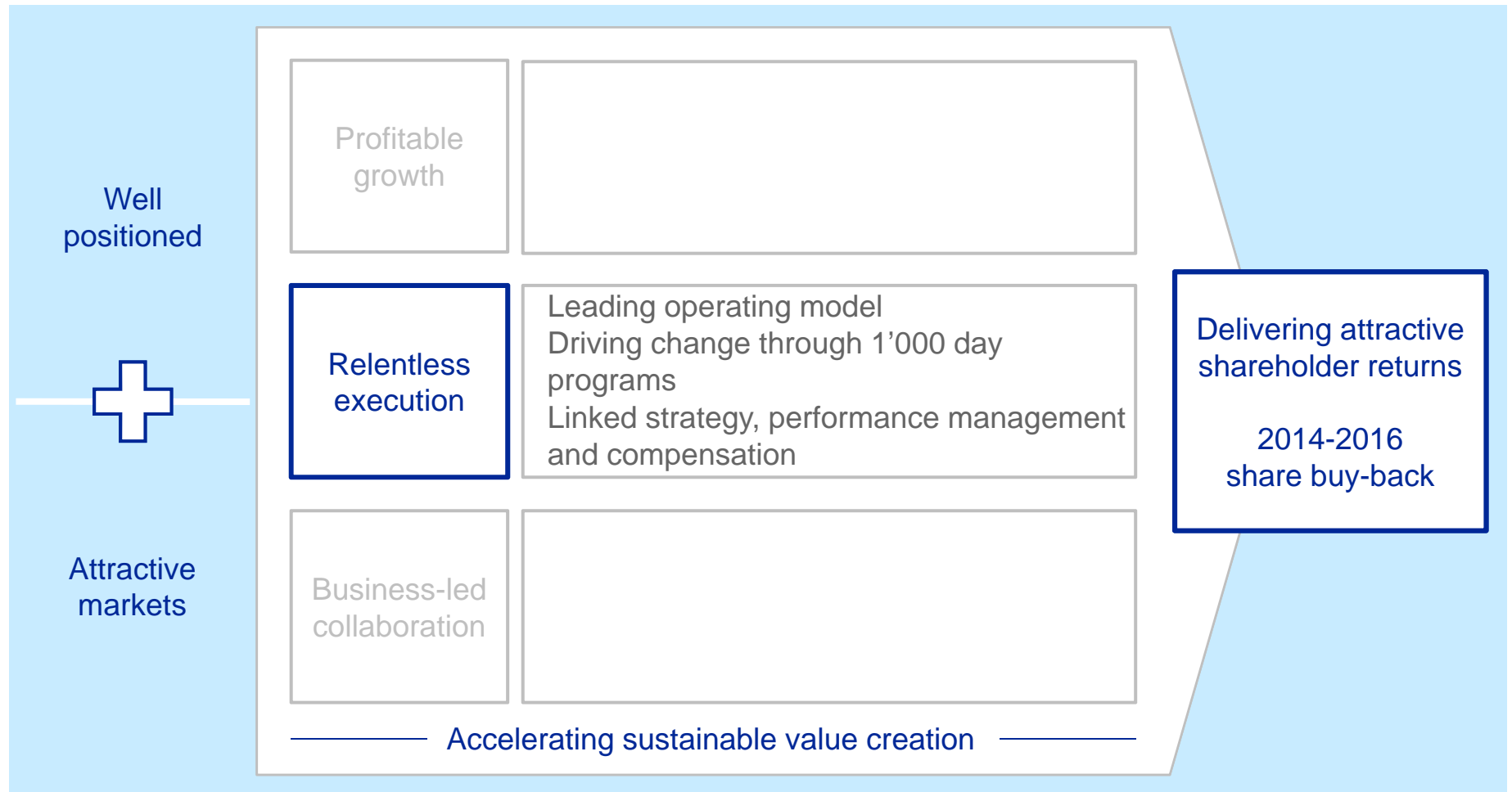
Building automation



Global microgrids and
energy storage

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Relentless execution



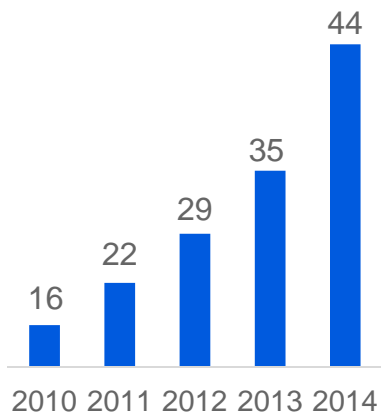
Relentless execution: leading operating model

Continued focus on customer, cost and cash



Drive increased customer satisfaction

Customer satisfaction – NPS¹ in %



Actions to date

Net Promoter Score

- Improved simplicity, quality, & on time delivery

Structural cost savings

- New global business model/partnerships for IT infrastructure – sustainably lower annual costs

White Collar Productivity

- Focus on sales productivity:
Salesforce.com pilots in major countries
- Consolidation of shared services (regional shared service in Estonia & Bangalore, India)
- 8'000 workforce reductions via productivity & portfolio measures

Drive cost savings 3-5% of COS²

Cost savings \$ billions p.a.



Delivering sustainable momentum

Relentless execution: Power Systems “step change”

Delivering on commitment to cure division



| What we said | What we did |
|--|---|
| Progress on profitability in 2015 | 3 rd consecutive profitable quarter ¹ |
| Strengthen leadership team | Division line & project mgmt. strengthened |
| Complete off-shore wind projects | Milestone progress on track |
| Exit solar EPC | + 98% completed |
| New partnerships | HVDC partnership with Hitachi for Japan |
| Grow base business | Steady base orders and service |
| De-risk business model, improved risk mgmt. | New business model reflected in order bookings |
| Solid “step change” progress, key wins with new business model | |

Relentless execution: 1'000 day programs

Focus, phased actions, clear ownership and accountability



Relentless execution: link performance & compensation

New performance based compensation model rolled out in Q1

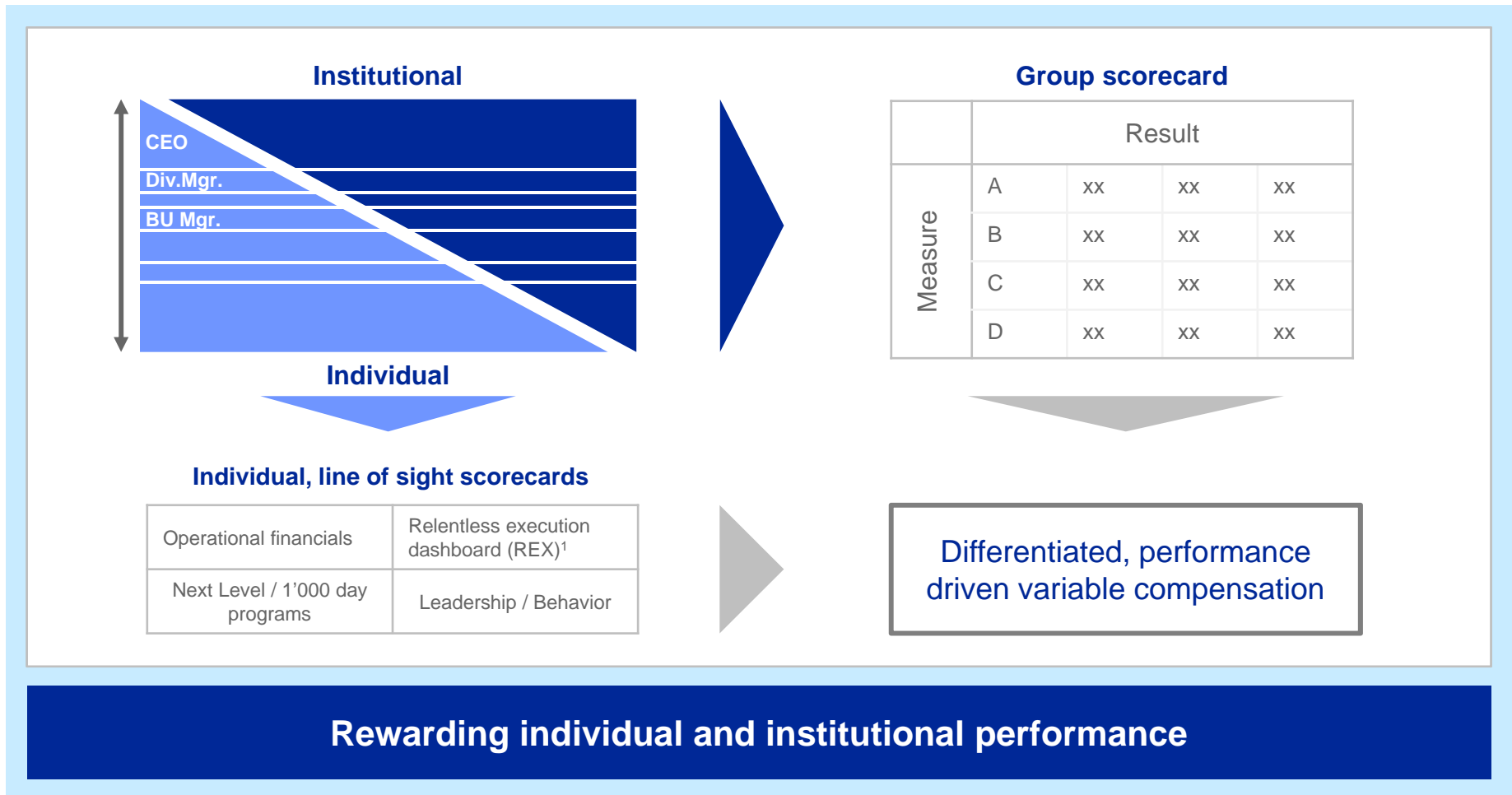
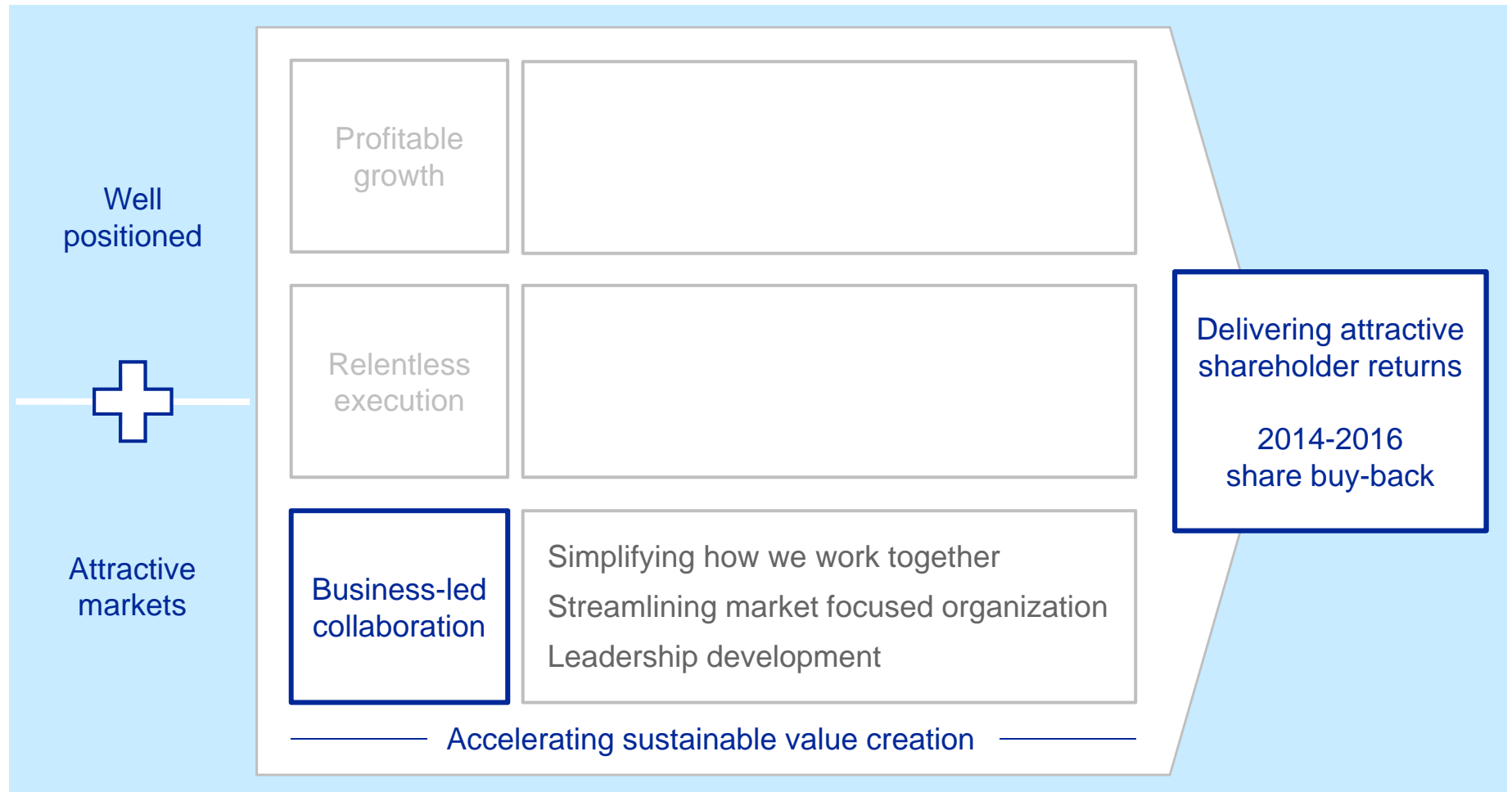
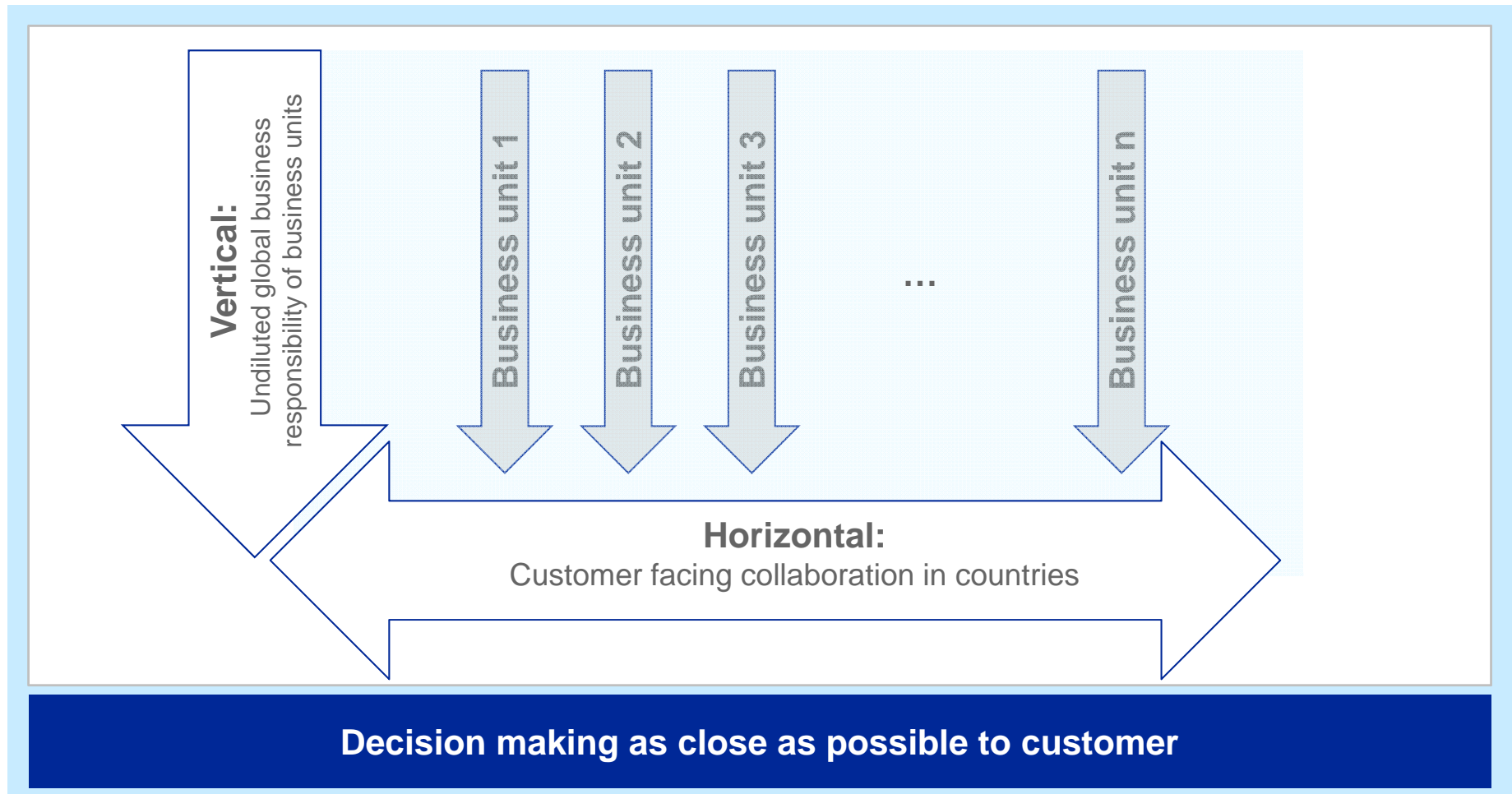


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Business-led collaboration



Business-led collaboration: Streamlined market focused organization



Business-led collaboration

Profitable growth from combined power & automation offering



Utilities

Eskom, South Africa

~\$170 mn

- Power plant control, software, instrumentation



Industry

Statoil, Norway

~\$120 mn

- 200-km subsea power link – ABB expertise in HVDC plus offshore O&G



Transportation & Infrastructure

Stadler rail

~\$60 mn combined

- Integrate power & automation to increase efficiency, lower environmental impact



Cross-division collaboration delivers greater customer value in Q1

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Outlook

Continued volatility and uncertainty

Short-term

Mixed short-term picture, uncertainty remains

Continued market growth in US; slowing growth in China; modest growth in Europe

Oil price & forex translation effects to continue

Long-term

Long-term demand outlook remains positive – growth drivers in place for utility, industry,
transportation & infrastructure

Priorities for 2015

Summary

Profitable growth

Drive shift in center of gravity
Maintain / accelerate organic growth momentum relative to market
Deliver value from \$6bn annual R&D & Sales investment, partnerships, past acquisitions

Relentless execution

Deliver 3-5% of COS cost reduction, expand focus on white collar productivity
Complete PS “step change”
Continue and accelerate working capital efforts
Drive change through our 1'000 day programs for growth and competitiveness

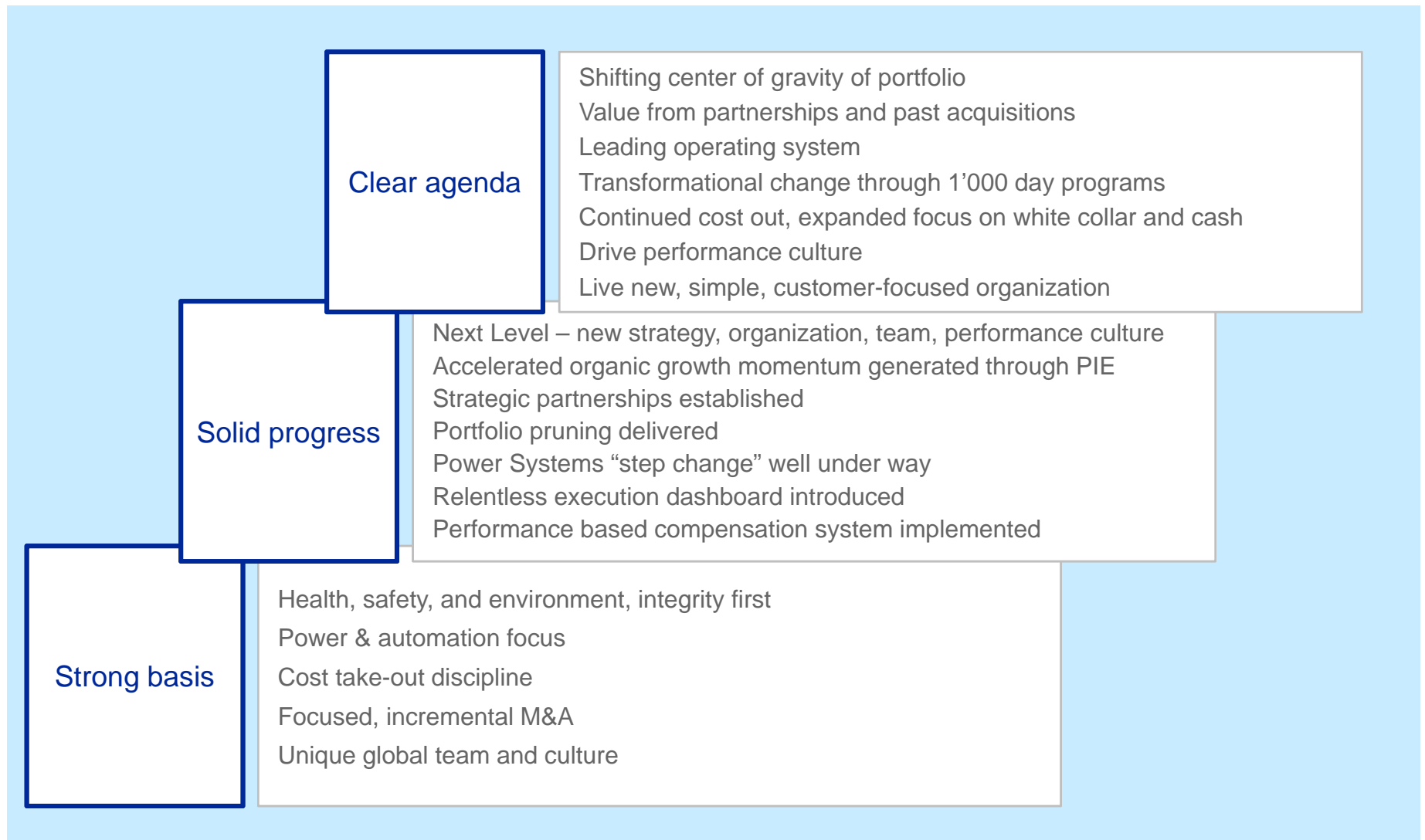
Business-led collaboration

Energize new organization and aligned team
Tap growth and cost opportunities together
Ramp up shared services

Accelerate sustainable value creation, deliver double digit EPS growth

Shaping a global leader in power & automation

Strong basis, solid progress, clear agenda



Power and productivity
for a better world™



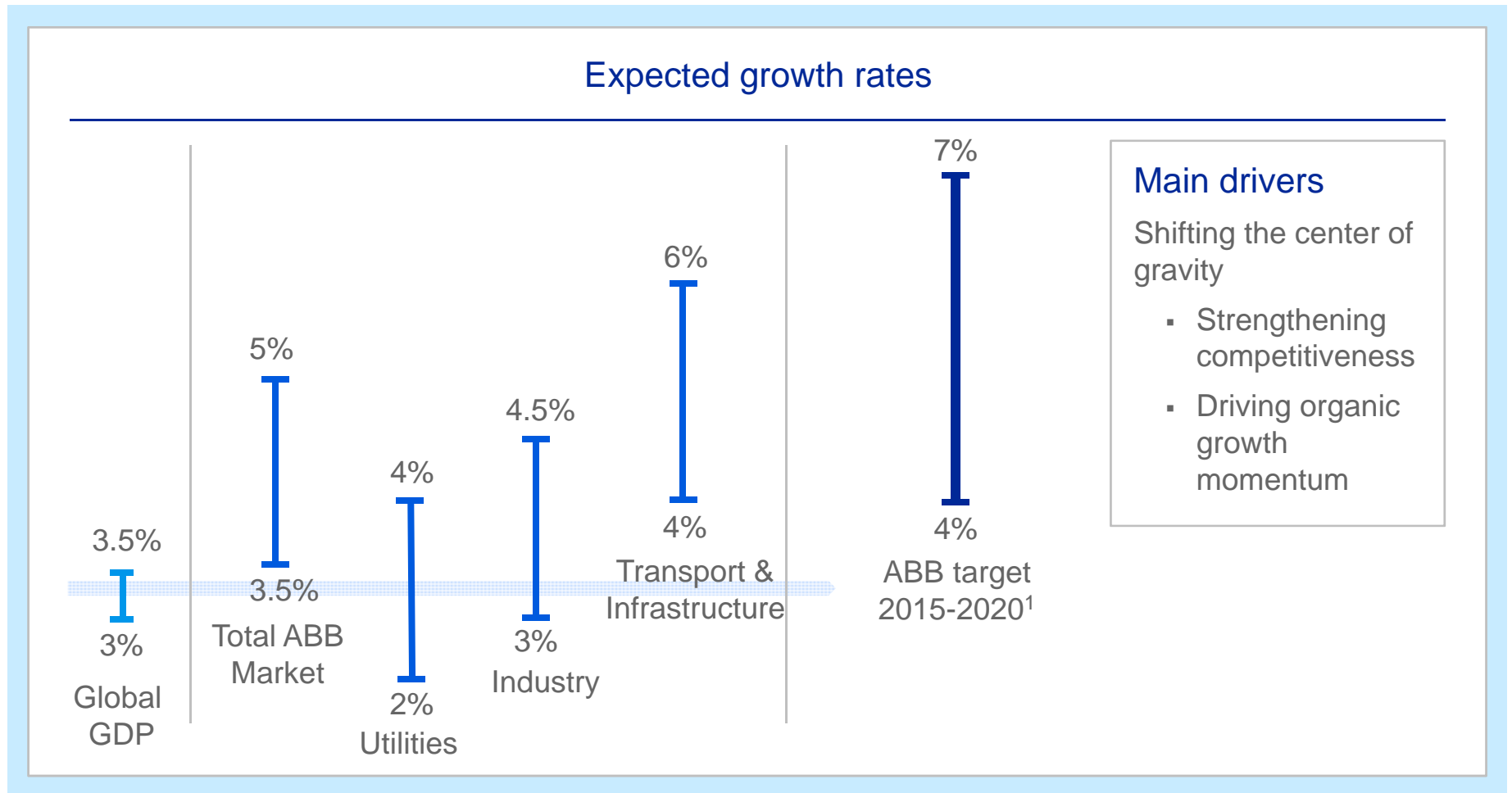
Overview of 2015-2020 targets

Group targets and divisional operational EBITA margin targets

| Group | | Divisions | |
|--|-----------|--------------------------------|--------------------|
| Revenue growth ¹ | 4-7% | Discrete Automation and Motion | 14-19% |
| Operational EBITA % ² | 11-16% | Low Voltage Products | 15-19% |
| Operational EPS growth CAGR ³ | 10-15% | Process Automation | 11-15% |
| FCF conversion to net income | >90% | Power Products | 12-16% |
| | | Power Systems | 7-11% ⁵ |
| CROI % ⁴ | Mid-teens | | |

ABB organic revenue growth target in context

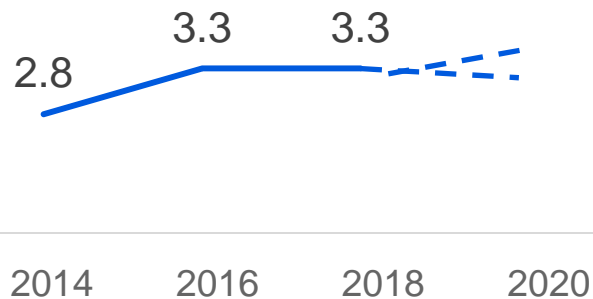
Targeting above-market growth



Assumptions for 2015-2020 Group financial targets

GDP and industrial capex to grow at ~3-3.5%

Global GDP growth in %



2/3 from emerging markets (growing ~6%)
US stronger than Eurozone with modest recovery

Industrial production in %



Industrial capex recovery
Utility capex ~2-3% CAGR
Oil prices expected to remain >\$100/bbl
Mining recovery after 2016

More information available at ABB Investor Relations

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