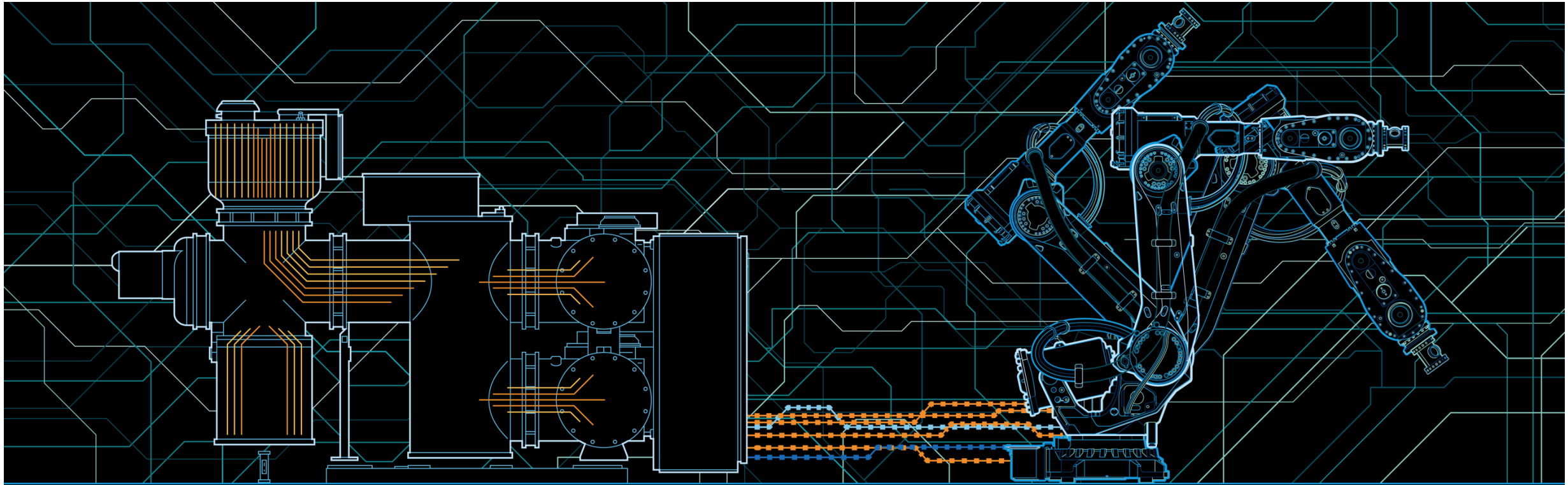




Eric Elzvik, CFO, ABB Ltd., Capital Markets Day, September 9, 2015

Next Level Stage 2

Accelerating transformation

Important notices

Presentations given during the Capital Markets Day 2015 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 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:

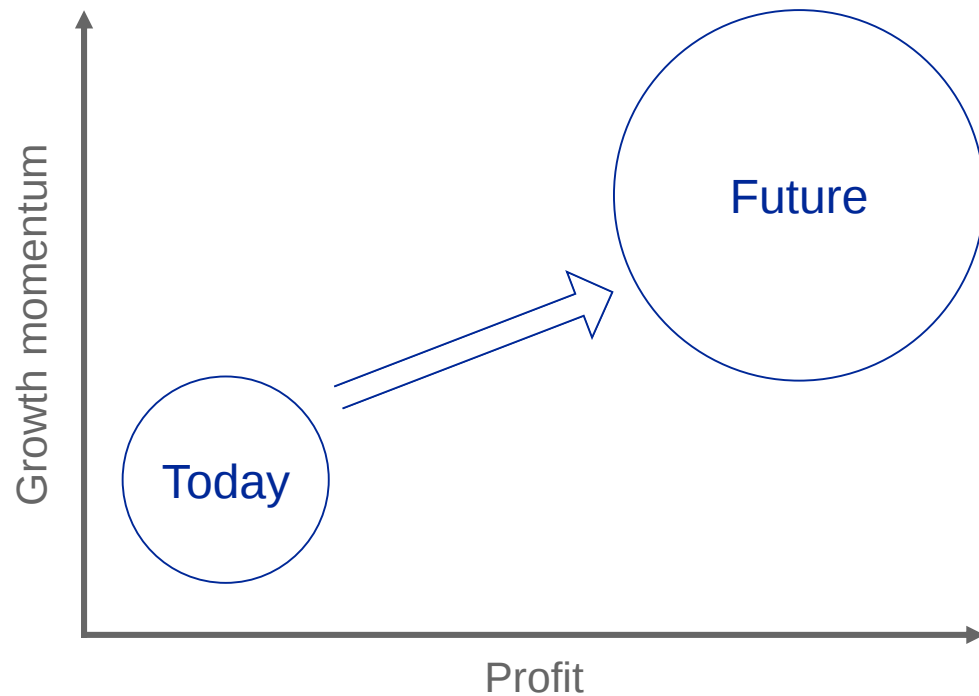
- business risks associated with the with the volatile global economic environment and political conditions
- costs associated with compliance activities
- raw materials availability and prices
- market acceptance of new products and services
- changes in governmental regulations and currency exchange 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.

The 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 2015” on our website at <http://new.abb.com/investorrelations/>

Next Level Stage 2

Accelerating transformation



Returned to growth, positive margin expansion

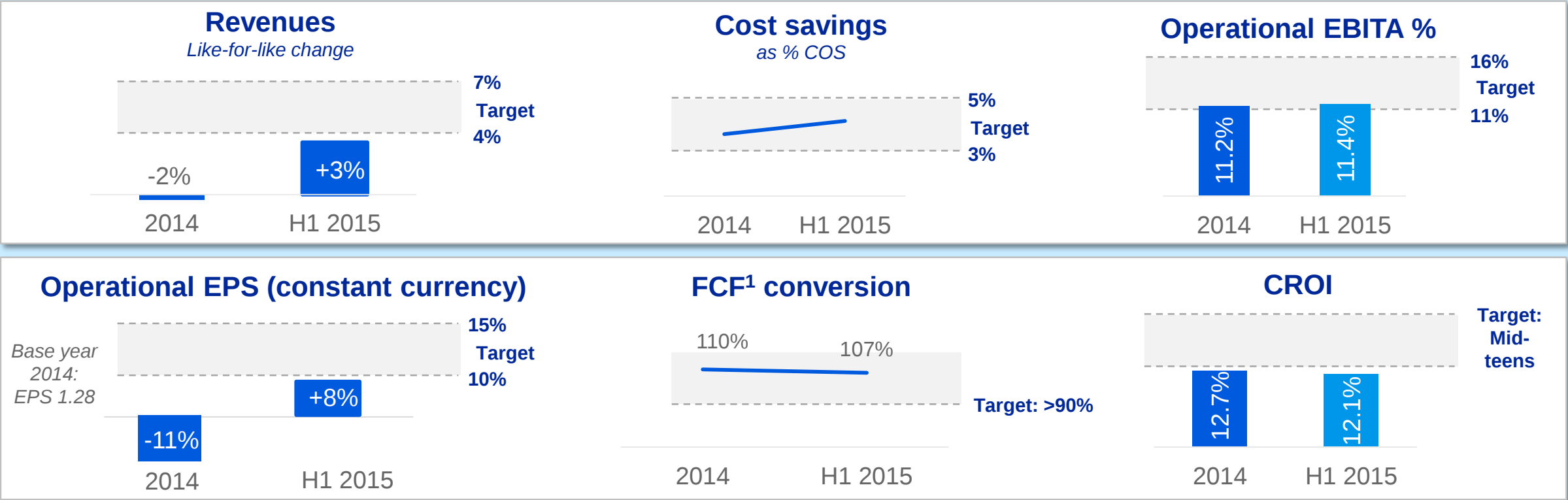
Drive margin, Operational EPS and CROI¹ with accelerated actions on cost and cash

Priority remains to outgrow market – revenue target aligned to new macro outlook

Driving efficient capital allocation incl. \$3.5 bn returned to shareholders in last 12 months

Driving strong Operational EPS growth at attractive CROI

Next Level performance overview



Solid start in a challenging market

Retaining relative growth in a slowing global economy

Facing slower economic growth

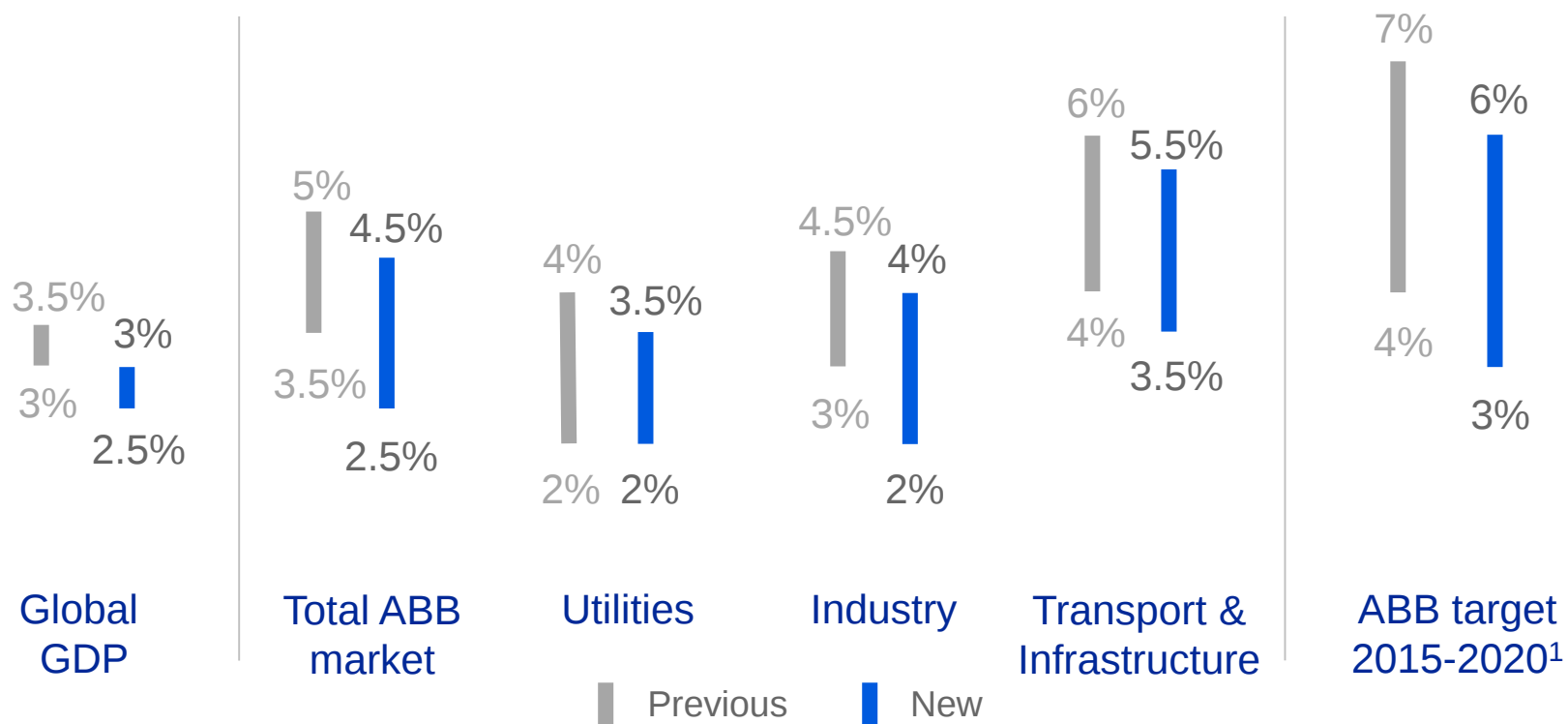
	Forecast at CMD 2014 for 2015-20	Current 2015-20 outlook
GDP growth	3-3.5%	2.5-3%
Oil price	\$100	Uncertain
Utility	2-4%	2-3.5%
Industry	3-4.5%	2-4%
Transport & Infrastructure	4-6%	3.5-5.5%
Emerging markets growth	~6%	4-5%
China growth	~7%	5-6%

Facing the new reality – proactively addressed in Next Level Stage 2

Attractive long-term market

Revenue growth corridor aligned to new macro reality

Align expected growth rates



Growth drivers

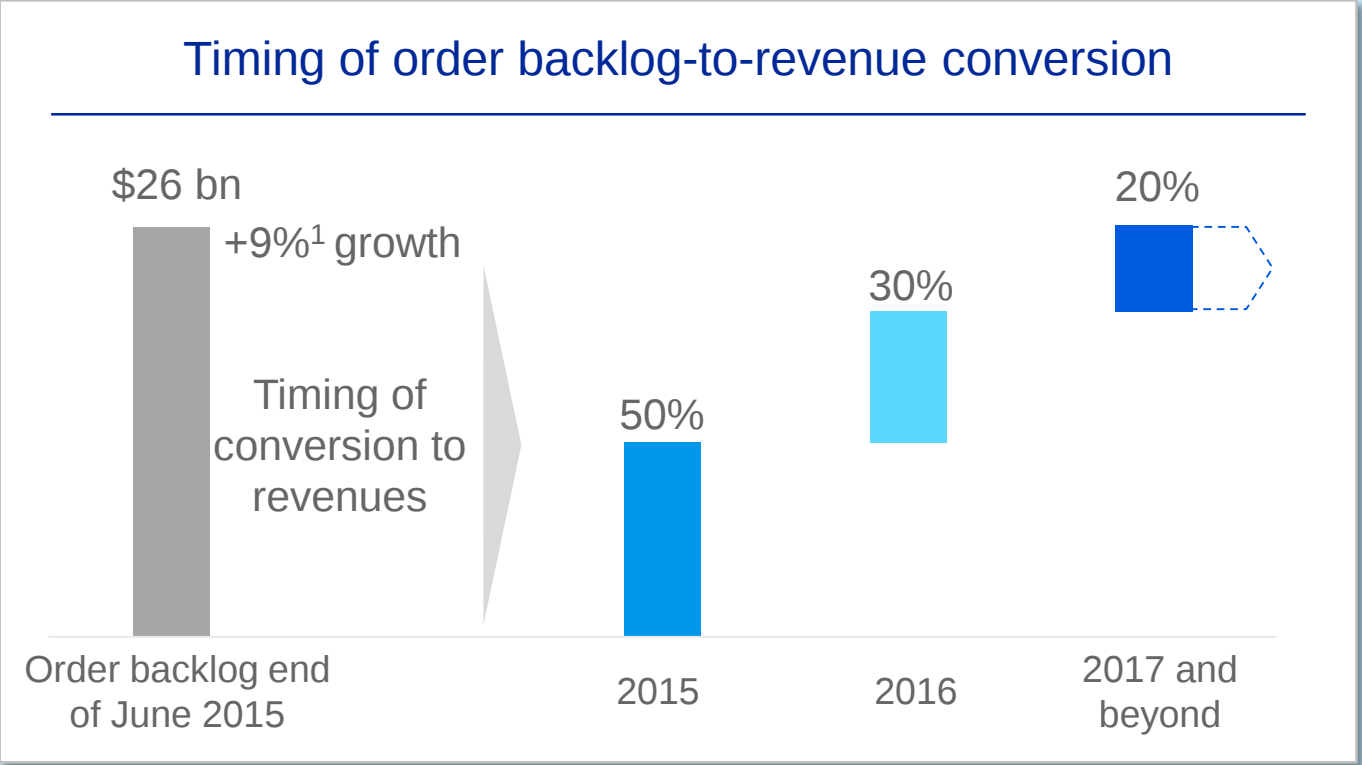
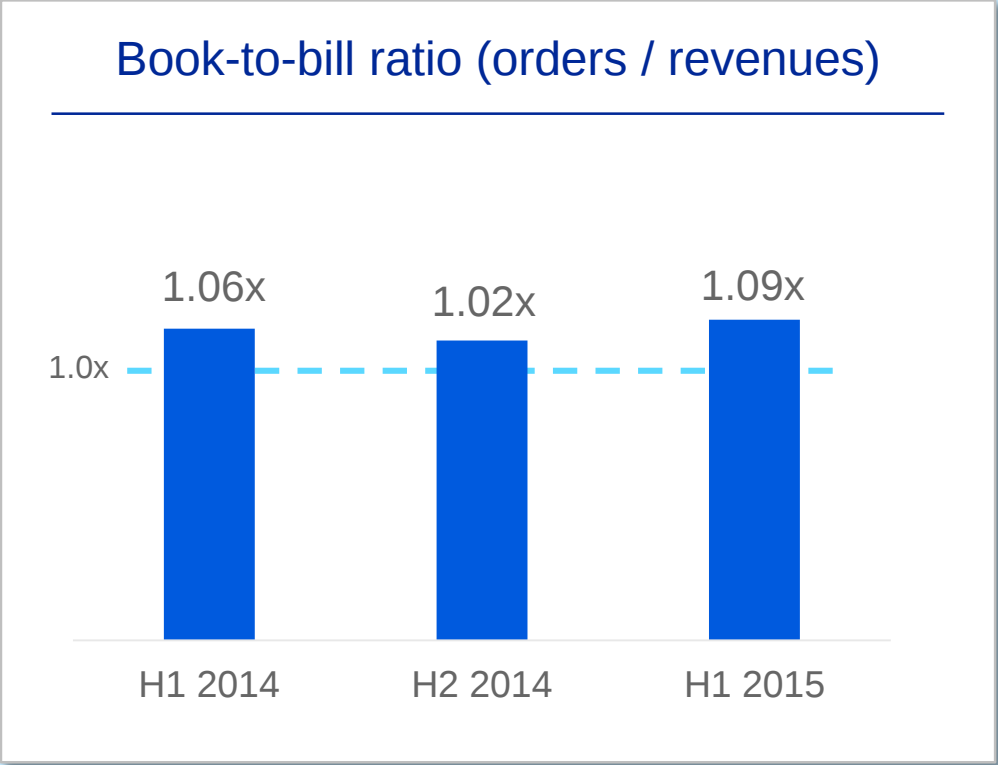
Strong positions in attractive markets

Aligning business focus with market dynamics

Continue organic growth initiatives through PIE

Realize benefits from partnerships

Growth and margin supported by solid order backlog momentum

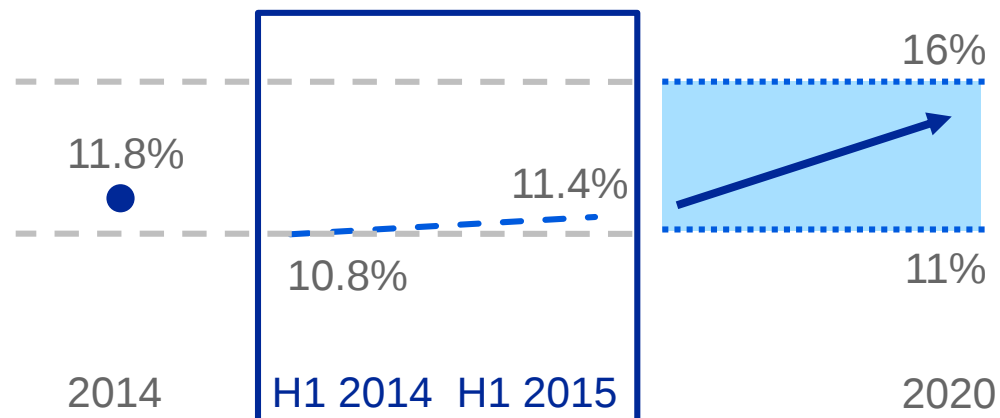


Backlog gross margins increasing as legacy projects executed, new business model implemented

Accelerating margin accretion

Building on strong track record of cost savings adding White Collar Productivity

Operational EBITA margin



Driving Relentless Execution on cost

Annual cost savings equivalent to 3-5% of COS

- > \$1 bn cost take-out six years consecutively

Continued Power Systems “step change” program in 2015



~\$1 bn¹ savings through White Collar Productivity program

Margin acceleration through 2017 driving towards upper half of the target range

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
Savings				
Gross savings	~1'000	~25	~400	~800
\$ mn unless otherwise stated	Total	2015	2016	2017
Cost				
Restructuring and related expenses	~850-900	~300-600	~150-300	~50-250
Program implementation costs ¹	~350	~75	~200	~75
Cash out ²		~250-300	~500-700	~300-400

EPS and CROI targets unchanged

Key drivers

Operational EPS growth CAGR 10-15%



Other

Taxes, finance net and \$4 bn share buy-back

Cost of sales + SG&A

Annual cost savings ≈3-5% COS
+ White Collar Productivity savings

Revenue growth

PIE, 1'000 day growth programs

CROI in mid-teens



Lower capital invested

Working Capital management

Focus on inventory (\$2 bn reduction by end of 2017)

Cash from operations

Higher cash-effective earnings

2015-2020 targets

Group targets and divisional Operational EBITA margin targets effective January 2016

Group		Divisions	
Revenue growth ¹	3-6%	Electrification Products	15-19%
Operational EBITA % ²	11-16%	Discrete Automation and Motion	14-19%
Operational EPS CAGR ³	10-15%	Process Automation	11-15%
FCF conversion to net income	>90%	Power Grids	8-12%
CROI % ⁴	Mid-teens		

¹Average annual revenue growth on a like-for-like basis over 6 years, base year 2014; ²Target is on a full-year basis; ³CAGR = Compound annual growth rate, base year is 2014 and assuming constant exchange rates; ⁴Temporary reduction possible in the event of larger acquisitions

2014 key figures for the new divisions

Pro-forma

	Electrification Products	Discrete Automation and Motion	Process Automation	Power Grids
Orders (\$ bn)	10.9	10.5	9.2	12.8
Revenues (\$ bn)	10.6	10.1	8.6	12.6
Operational EBITA (\$ bn)	1.7	1.6	1.0	0.6
Operational EBITA margin (%)	16.3	15.8	11.9	4.7

\$2 bn Working Capital program

1'000 day program to accelerate improvement of Working Capital

Strong
cash
record

Consistent, solid cash generation
>90% FCF conversion to net income

Opportunity

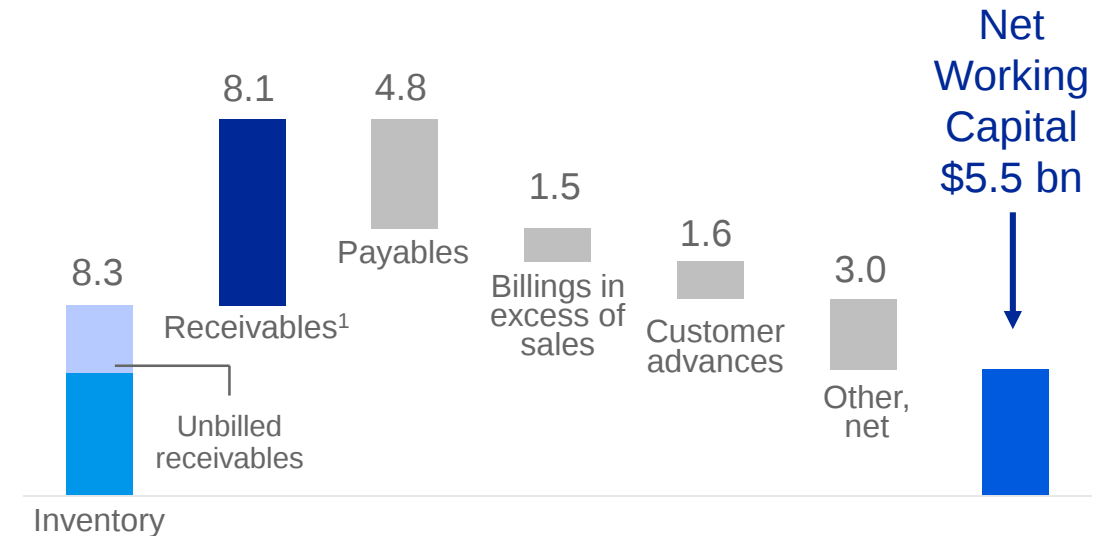
Inventory turns and NWC % well behind
benchmarks

Initial focus on \$8 bn in inventory
(incl. unbilled receivables)

Excess inventory in legacy projects

Working Capital structure, Dec. 31, 2014

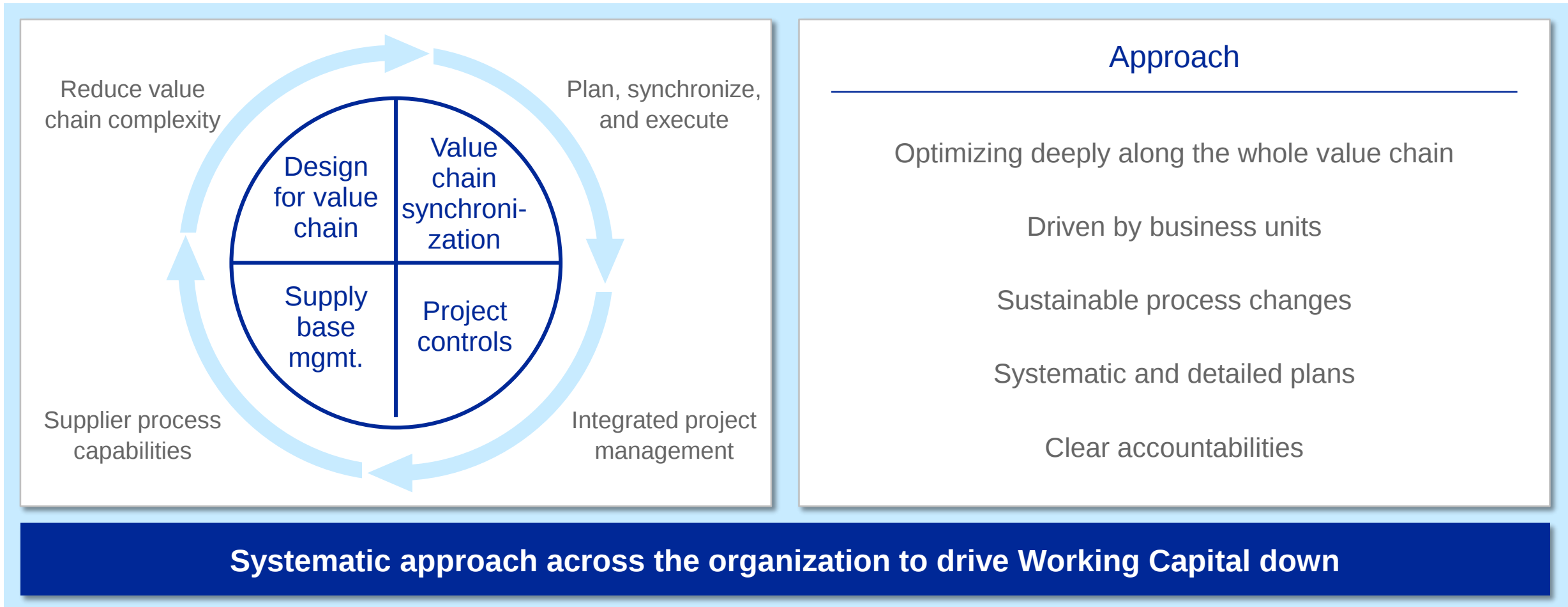
\$ bn



Significant potential to release additional cash

\$2 bn Working Capital program

1'000 day program to accelerate improvement of Working Capital



\$2 bn Working Capital program to provide cash for growth

Framework to drive success

Rigorous follow-up

Quarterly targets and milestones
Monthly follow-ups and corrective measures
Performance tied to compensation

Benefits

For customers: shorter lead times, faster delivery
For ABB: lower inventories, faster payment

Early successes

16 of 23 BUs improved working capital in H1 2015
More than 300 inventory managers trained and certified
Further roll-out to systems businesses in H2 2015

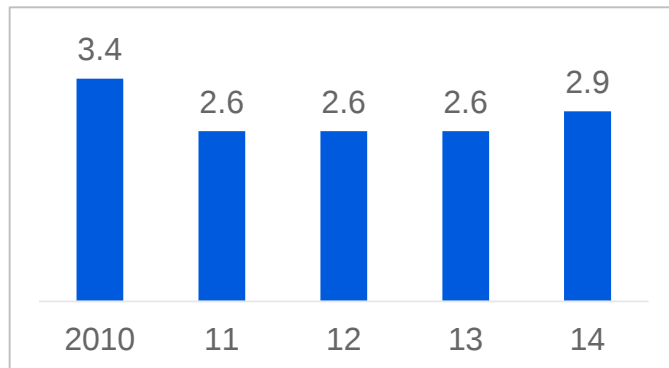
Freeing up ~\$2 bn in Working Capital by end of 2017

Strong financial foundation supports strategy execution

Efficient balance sheet and financing flexibility

A consistent cash generator

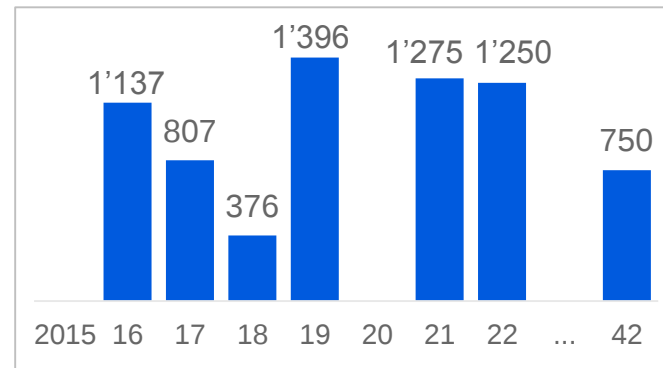
Free cash flow
US\$ billions



Cash available to fund growth and pay growing dividends

Long-term debt at attractive rates

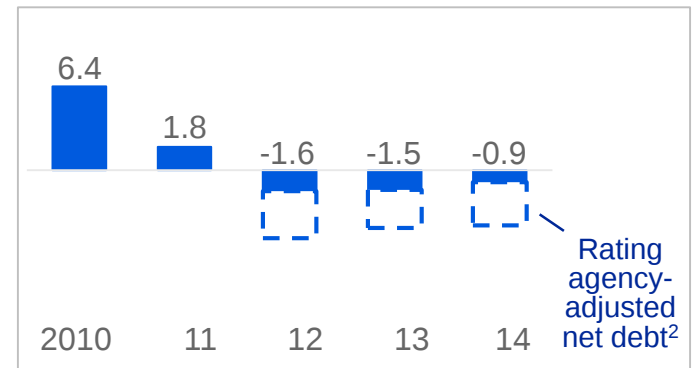
Bond maturity profile¹
US\$ millions



Balanced maturity structure

Targeting efficient balance sheet

Net cash / debt
US\$ billions



Single "A" rating, solid base for funding

Rating agency average end-2014
net-debt-to-EBITDA 0.9x

Solid balance sheet supports Next Level Stage 2 implementation

Capital allocation priorities

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

Steadily rising sustainable dividend

Value-creating acquisitions

Returning additional cash to shareholders

Capital allocation to profitably grow the business

Capex and M&A priorities driven by Shifting Center of Gravity

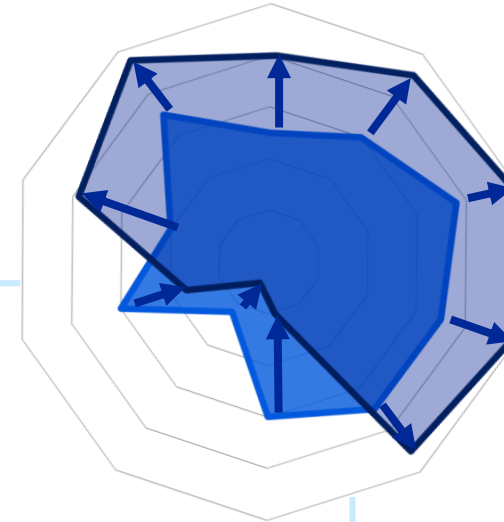
Fund organic growth, R&D, capex at attractive CROI

Steadily rising sustainable dividend

Value-creating acquisitions

Returning additional cash to shareholders

Strengthening competitiveness



Lowering risk

Driving organic growth

Funding organic growth, R&D and capex at attractive CROI

1'000 day programs and high-return R&D in focus

Research & Development

Driving innovation leadership
Disciplined CROI-based decisions
Focus on R&D productivity

R&D investment and as share of revenues, \$ mn and %

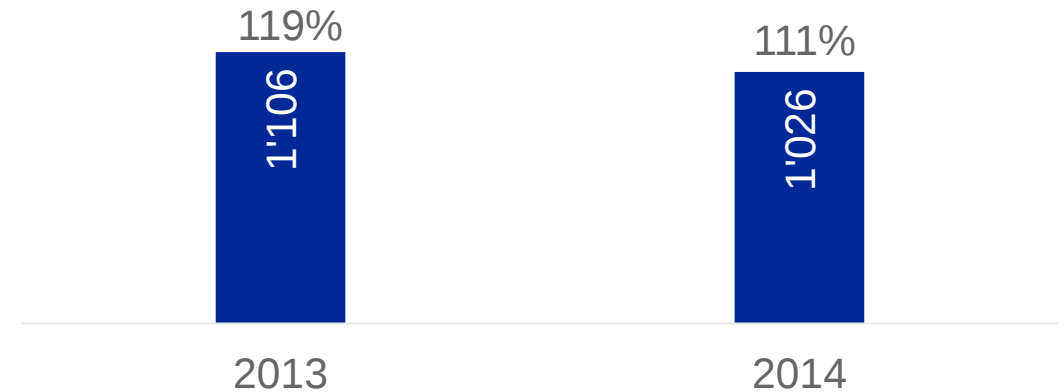


Capital expenditure

High CROI investments

- Fund the Shift in Center of Gravity
- Drive productivity
- Priority on 1'000 day programs

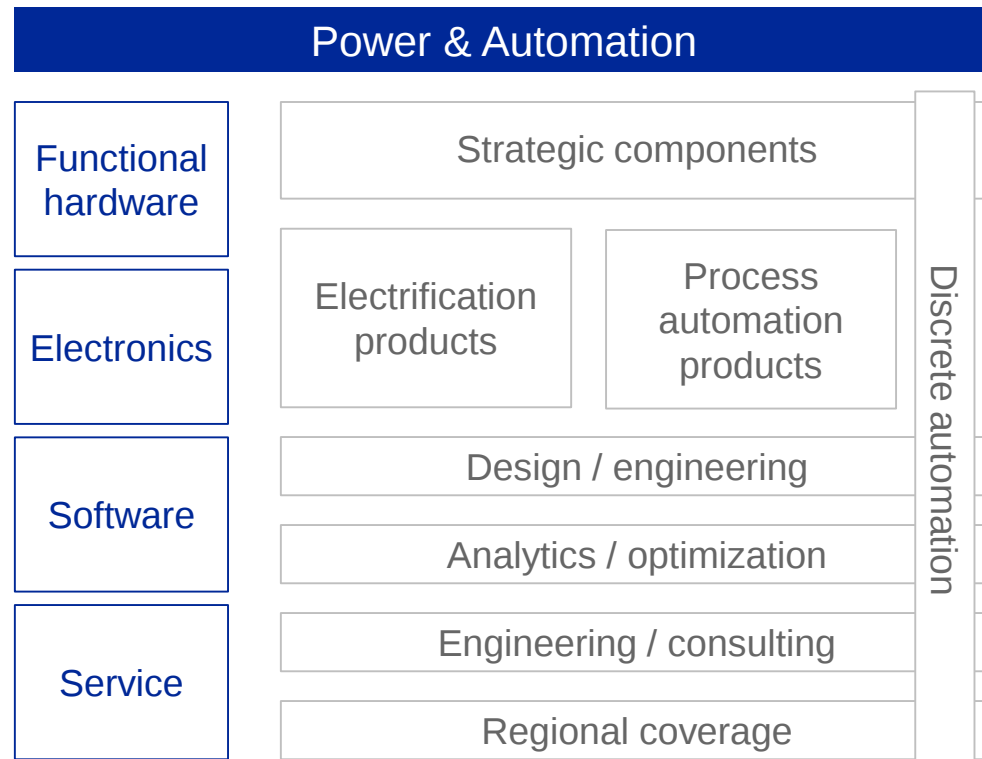
Capex and capex-to-D&A¹ ratio, \$ mn and %



Shifting the Center of Gravity through active portfolio management

Strategic acquisitions

Value creation (examples)



Proven criteria

Focus on Shifting the Center of Gravity

Complementary strengths

Good cultural fit

Value-creating

Financial criteria

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

Committed to returning cash to shareholders

Progressive dividend policy and share repurchase

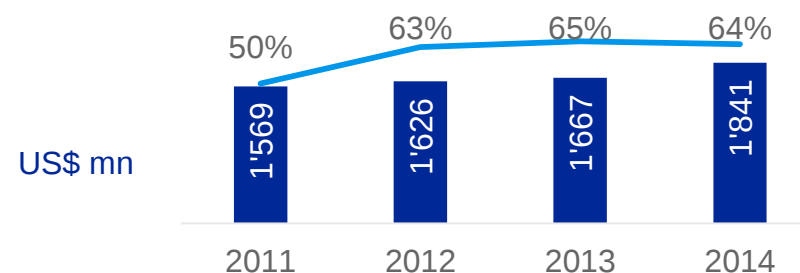
Fund organic growth, R&D, capex at attractive CROI

Steadily rising sustainable dividend

Value-creating acquisitions

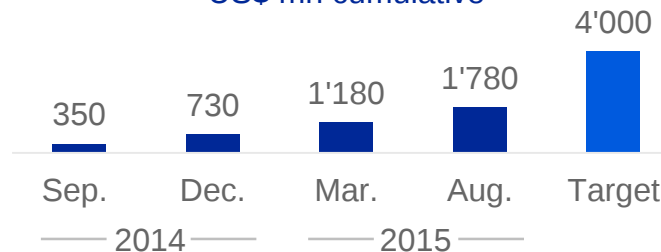
Returning additional cash to shareholders

Dividend paid and payout ratio¹



Share repurchase volume

US\$ mn cumulative



Returned ~\$3.5 bn to shareholders since Capital Markets Day 2014

Summary: accelerating sustainable value creation

Delivering attractive shareholder returns

We remain committed to deliver 10-15% Operational EPS growth

- Clear plans to grow faster than the market
- White Collar Productivity actions will support margin accretion

Focus on cash and asset efficiency to drive CROI higher

- Accelerated operational improvements to free up ~\$2 bn from Working Capital

Capital allocation priorities remain unchanged, driving value creation and enabling the Shift in the Center of Gravity

- Reinvest in the businesses with high-CROI R&D, capex and disciplined M&A
- Return cash to shareholders

Power and productivity
for a better world™

