



February 13, 2014

ABB FY and Q4 Presentation Outlook and targets

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 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 in “Supplemental Financial Information” under “Reports and Presentations” – “Quarterly Financial Releases” on our website at www.abb.com/investorrelations

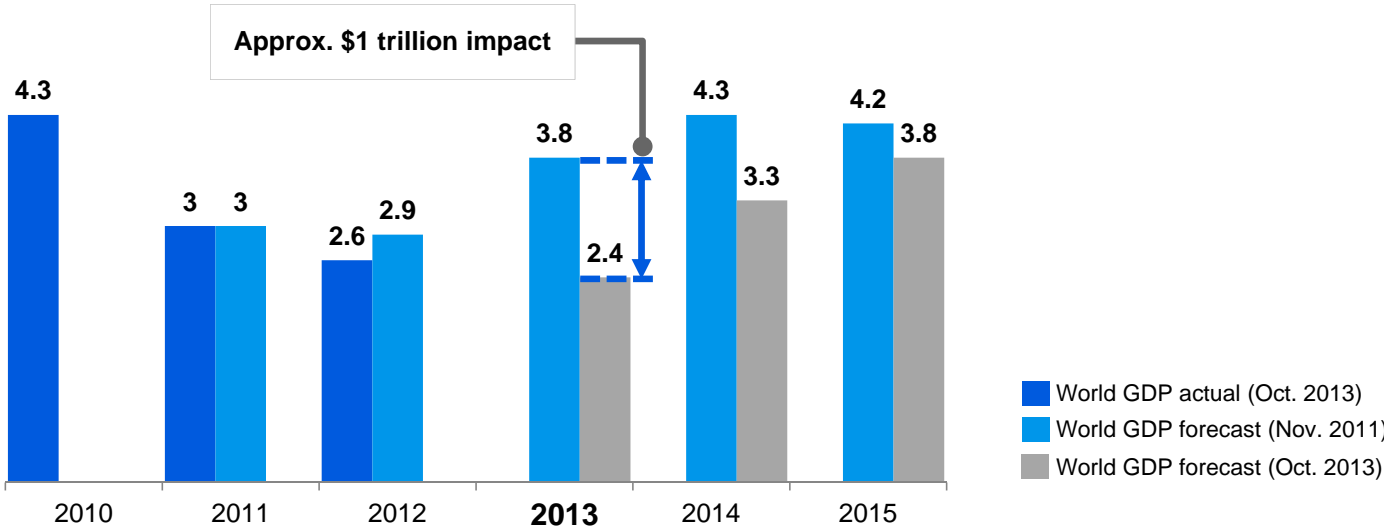
Development of world economies

2011-15 plan assumptions: GDP forecasts vs actuals

- Global economic growth slower than originally assumed, widest gap in 2013
- Actual 2013 industrial capex growth almost 50% below original expectations
- ABB market growth currently 40% below assumptions

World GDP growth assumptions from Nov. 2011

Real yoy GDP growth %



Source: Global Insight



Performance against 2011-2015 targets

Group perspective

	Group Targets	Status	Comments
Organic ¹ revenue growth (CAGR ²)	5.5-8.5% ³	5.3%	Like-for-like comparison Slower economic recovery
Op EBITDA margin corridor	13-19%	14.5%	2011: 15.8% 2012: 14.2%
EPS ⁴ growth (CAGR ²)	10-15%	3%	Operational EPS: 6% CAGR
Free cash flow conversion	Annual avg. >90%	90%	2011: 82% 2012: 94% 2013: 94%
Cash return on invested capital	>20% by 2015	11.6% ⁵	Reflects acquisition pattern

¹ Organic excludes all acquisitions greater than \$50 million revenues closed after 2011 as well as Baldor, Ventyx and Mincom

² CAGR = Compound annual growth rate, base year 2010.

³ If Baldor, Ventyx and Mincom are included then CAGR is 7-10%

⁴ Basic EPS

⁵ Estimated to account for Power One annualized cash flow

Performance against 2011-2015 targets

Divisional perspective

	Organic ¹ revenue growth (CAGR) ²		Operational EBITDA margin	
	Target	Status	Target	Status
Discrete Automation and Motion	7-10% ³	11%	16-21%	18.0%
Low Voltage Products	8-11%	5%	16-22%	19.0%
Process Automation	6-9%	5%	11-15%	12.9%
Power Products	5-7%	2%	14-20%	14.8%
Power Systems	6-10% ⁴	7%	9-12%	5.0%
ABB	5.5-8.5%⁵	5.3%	13-19%	14.5%

¹ Organic excludes all acquisitions greater than \$50 million revenues closed after 2011 as well as Baldor, Ventyx and Mincom

² CAGR = Compound annual growth rate, base year 2010.

³ If Baldor is included 12-15% CAGR

⁴ If Ventyx and Mincom are included then CAGR is 7-10%

⁵ If Baldor, Ventyx and Mincom are included 7-10% CAGR

Market outlook

Long-term outlook positive

- Increasing need for efficient, reliable electricity transmission and distribution
- Growing automation demand, focus on productivity, efficiency, quality, safety
- ABB well positioned to tap these opportunities

Short-term outlook mixed

- Macroeconomic indicators show some positive early-cycle signs: US shows growing strength, Europe bottoming
- Near-term market uncertainty, e.g., quantitative easing, emerging markets and China growth, strength of economic recovery in key markets

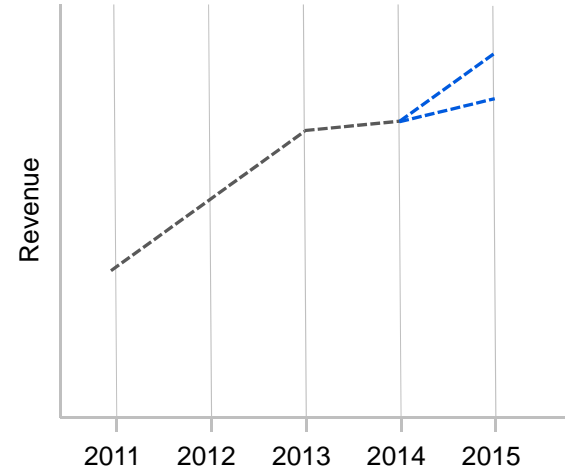
2011-15 plan: Revenue trend

2013/14 changes the expected growth trajectory

- Slower macroeconomic development
- Lower end-2013 order backlog
- Delays in large project awards
- Power Systems reset and selectivity

Drive growth through PIE¹ approach
Back to growth trajectory in 2015

Continue the growth trajectory in 2015
Schematic



¹ Penetration, Innovation and Expansion

Our expectations moving forward

Group 2011-2015 Targets		Expectation
Organic ¹ revenue growth (CAGR ²)	5.5-8.5% ³	2014 a challenging year; continue growth trajectory in 2015, CAGR ² 4-5% over current planning cycle due to slower economic recovery and PS
Op EBITDA margin corridor	13-19%	Continue to deliver within the range Power Systems to move towards target corridor
EPS ⁴ growth (CAGR ²)	10-15%	Drive towards 10% CAGR ²
Free cash flow conversion	Annual avg. >90%	Sustain within the target range
Cash return on invested capital	>20% by 2015	Aim for mid-teens CROI by 2015

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² CAGR = Compound annual growth rate, base year 2010.

³ If Baldor, Ventyx and Mincom are included then CAGR is 7-10%

⁴ Basic EPS

Delivering through a systematic and robust approach along three focus areas



Power and productivity
for a better world™

