

Florida, May 21st, 2014 – Electrical Products Group Conference

Positioned for profitable growth

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Chart 1

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.

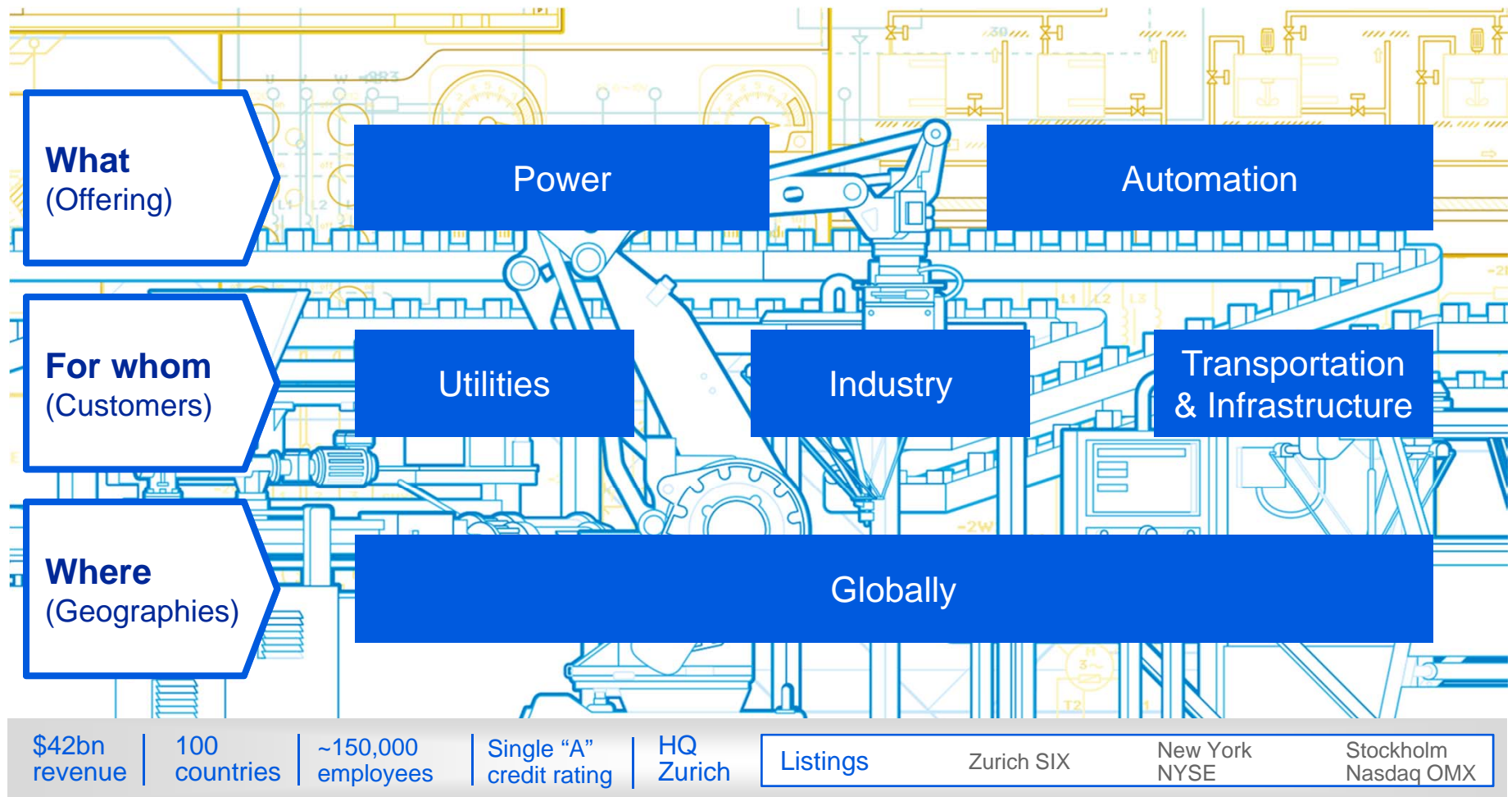
There are numerous risks and uncertainties, many of which are beyond our control, that could cause our actual results to differ materially from the forward-looking information and statements made in this presentation and which could affect our ability to achieve any or all of our stated targets. The 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 “Financial Results and presentations” – “Quarterly results and annual reports” on our website at www.abb.com/investorrelations

ABB in simple terms



Note 2013 figures

Chart 3



Our scope – Power and Automation Products, Solutions, Systems, Services

What
(Offering)

Power

Conversion of
primary/renewable
energy
into electricity



Transmission and
distribution of power
from generation to
site of consumption



Electrification of
consumption site



Automation

Design
and planning



Production,
conversion
and transport



Optimization of
operations

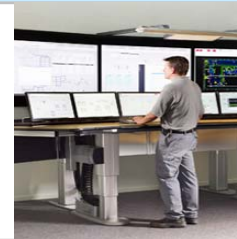


Chart 4

Our market - 600 billion

Attractive long-term growth drivers

**For whom
(Customers)**

Customer sectors

Utilities



Market size | **\$ ~200 billion**

Growth drivers

- Renewables
- More intelligent grids
- Different grid topologies (e.g. DC transmission, microgrids)
- New loads (e.g. electric transport)
- Power quality & reliability
- (Cyber) security
- Aging grids, new electrification
- Optimize operations & maintenance
- Changing regulations

Industry



Market size | **\$ ~250 billion**

- Productivity & energy efficiency
- Automation penetration
- Next level of automation (e.g. software based services)
- Ease of design and ease of use
- (Cyber) security
- Product & process quality
- Power quality & reliability
- Quality of work
- Health and safety

Transportation & Infrastructure



Market size | **\$ ~150 billion**

- Energy efficiency
- Urbanization and increasing living standards
- Electric mass transit
- E-mobility
- Building automation
- Growth of information and communication infrastructure
- Decentralized renewables
- Power quality and reliability

Chart 5

Power and automation across our customer sectors

Highlights

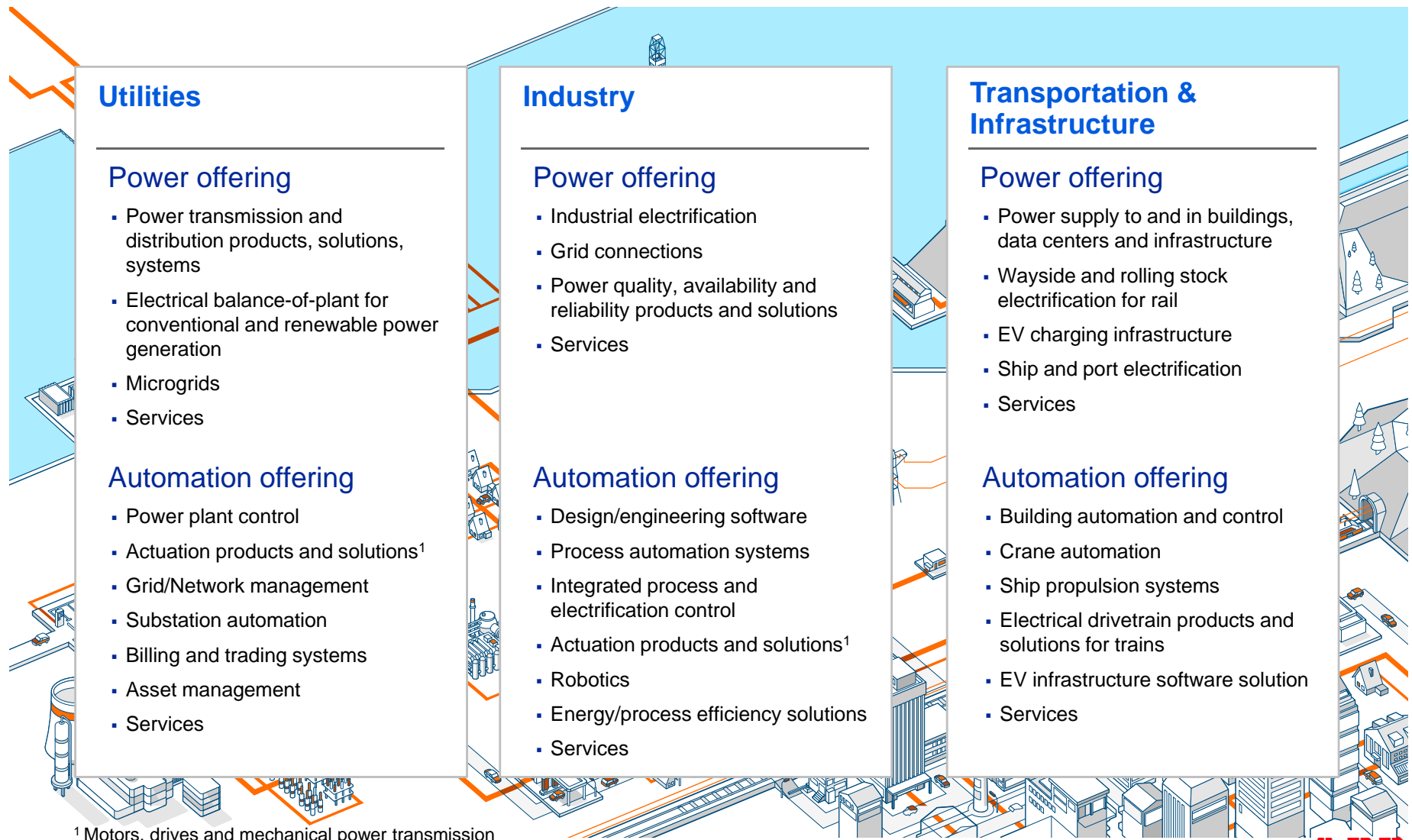


Chart 6

Power and automation across all divisions

Offering examples

	Utilities		Industry		Transportation & Infrastructure	
	Power	Automation	Power	Automation	Power	Automation
Power Products	 Gas Insulated Switchgear	 Remote transformer monitoring	 Smart grid enabled MV switchgear	 MV Distribution Relays	 Traction transformers (rail)	 Intelligent MV switchgear (marine)
Power Systems	 HVDC	 Power plant automation (S+)	 Industrial substation	 Software solutions (Ventyx)	 Railway Substation	 Substation automation
Low Voltage Products	 Low-voltage power distribution equipment	 Fieldbus controls for utility applications	 Low-voltage power distribution systems	 Intelligent switches for industrial control	 Open-source, intelligent LV switches	 Building automation products and solutions
Discrete Automation and Motion	 Generators for wind power applications	 Automatic voltage regulators and static excitation systems	 High power rectifiers for industrial power quality	 Robot for consumer goods packaging	 EV charging infrastructure	 ACS drives for marine applications
Process Automation	 Turbocharging for diesel power plants	 Measurement Products	 Subsea electrification	 800xA DCS	 Electric propulsion Azipod	 Crane Control

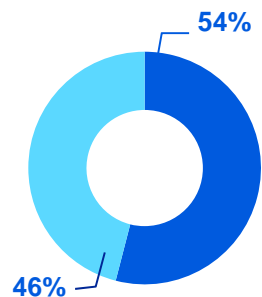
Chart 7

Our footprint: well-balanced across all regions

At home everywhere

Where (Geographies)

Revenue split



- Mature markets
- Emerging markets

Revenues and employees by region 2013

share of total revenues in percent , employees

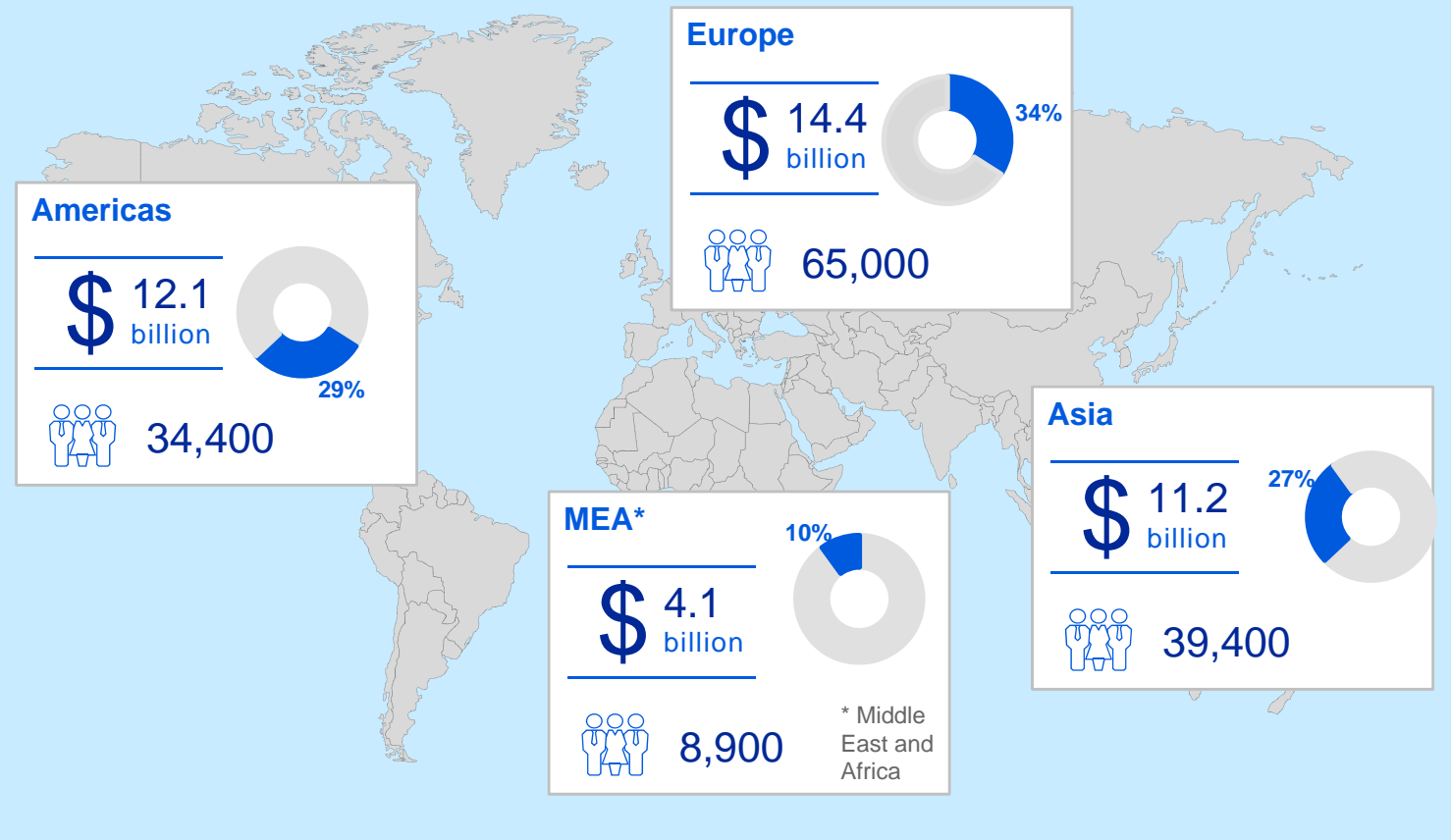







Chart 8

Strong businesses, positioned for profitable growth

Four divisions on track

				
Discrete Automation and Motion	Low Voltage Products	Process Automation	Power Products	Power Systems
\$ 9.9 billion 18.0%	\$ 7.7 billion 19.0%	\$ 8.5 billion 12.9%	\$ 11.0 billion 14.8%	\$ 8.4 billion 5.0%
<ul style="list-style-type: none"> Discrete automation: robotics leader Market leader for industrial motion Generators, converters for renewables (#2 in solar) Power quality & control Transport: EV charging, Rail 	<ul style="list-style-type: none"> Broad and innovative electrification portfolio Strong partner for distributors, installers Expanding in building automation through new offering & partnerships 	<ul style="list-style-type: none"> DCS leader Automation systems for process industry Energy efficient electrification & propulsion solutions for marine Electrification & automation integration Large installed base, ~30% service revenues 	<ul style="list-style-type: none"> Market & technology leader in transformers, HV, MV equipment Global footprint, strong in emerging markets Serving all 3 sectors Fast growing service business Industry benchmark profitability 	<ul style="list-style-type: none"> Leading grid integration and T&D solution provider Power plant optimization & automation Renewable integration Asset optimization software Channel to market for ABB products

A glance at Power Systems

Why we like it	Current issues	Actions
<ul style="list-style-type: none">▪ Long-term growth opportunities<ul style="list-style-type: none">▪ Aging grids in developed markets▪ New grids in emerging markets▪ Industrial grid connections▪ Renewables integration▪ Increasing grid complexity equals need for automation and control▪ Longer transmission distances▪ Higher power quality & predictability▪ Technology leadership in key areas▪ Large installed base, good service opportunity▪ Channel to market for ABB products	<ul style="list-style-type: none">▪ Handful of complex project situations with operational issues▪ Low-margin projects in the backlog to weigh on profits▪ Potential for additional charges▪ Need to improve operational and risk management	<ul style="list-style-type: none">▪ “Step change” program launched▪ Focused resources on “high risk” areas special action teams for critical projects▪ Management changes▪ Engaged Alix Partners: proven skills and hands-on experience▪ Supplementing expertise in critical areas, targeted partnerships▪ Business model, resource & capacity calibration underway▪ Exit from specific businesses - risk/return perspective▪ Accelerated growth of profitable base business

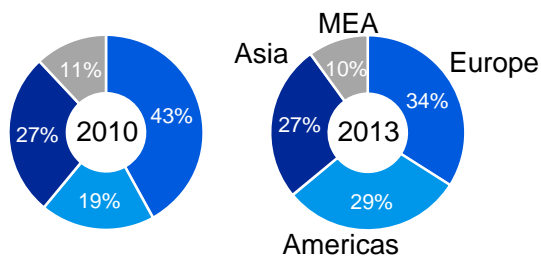
Fundamentally an attractive business. Issues identified – actions under way

ABB – resilient shareholder returns through the cycle

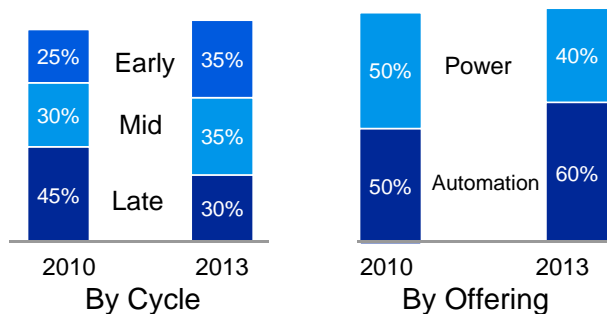
Improved portfolio balance and business execution

Well balanced

Share of orders by region *Percent of total orders*



Share of orders *Percent of total orders, approximate*

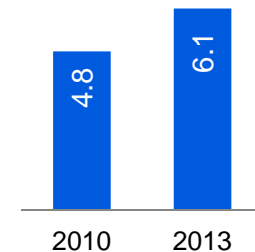


Good execution

	Target	2010	2013
Cost savings	3-5% of COS	✓	✓
Free cash flow conversion	> 90%	✓	✓

Superior returns

Operational EBITDA *US\$ billions,*



Steadily raising dividends *CHF per share*

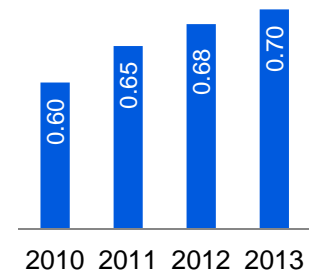


Chart 11

The way forward

Three focus areas

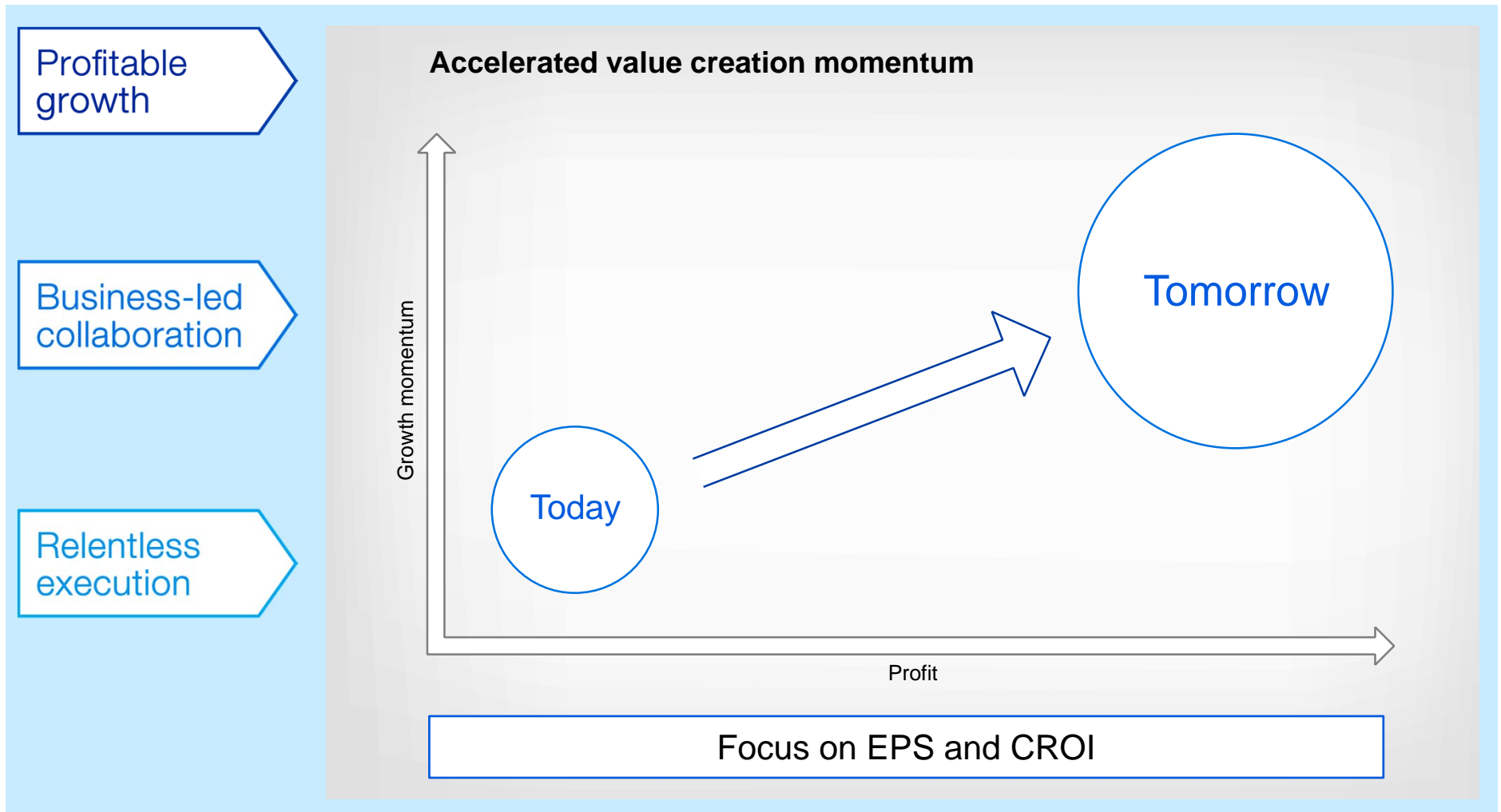
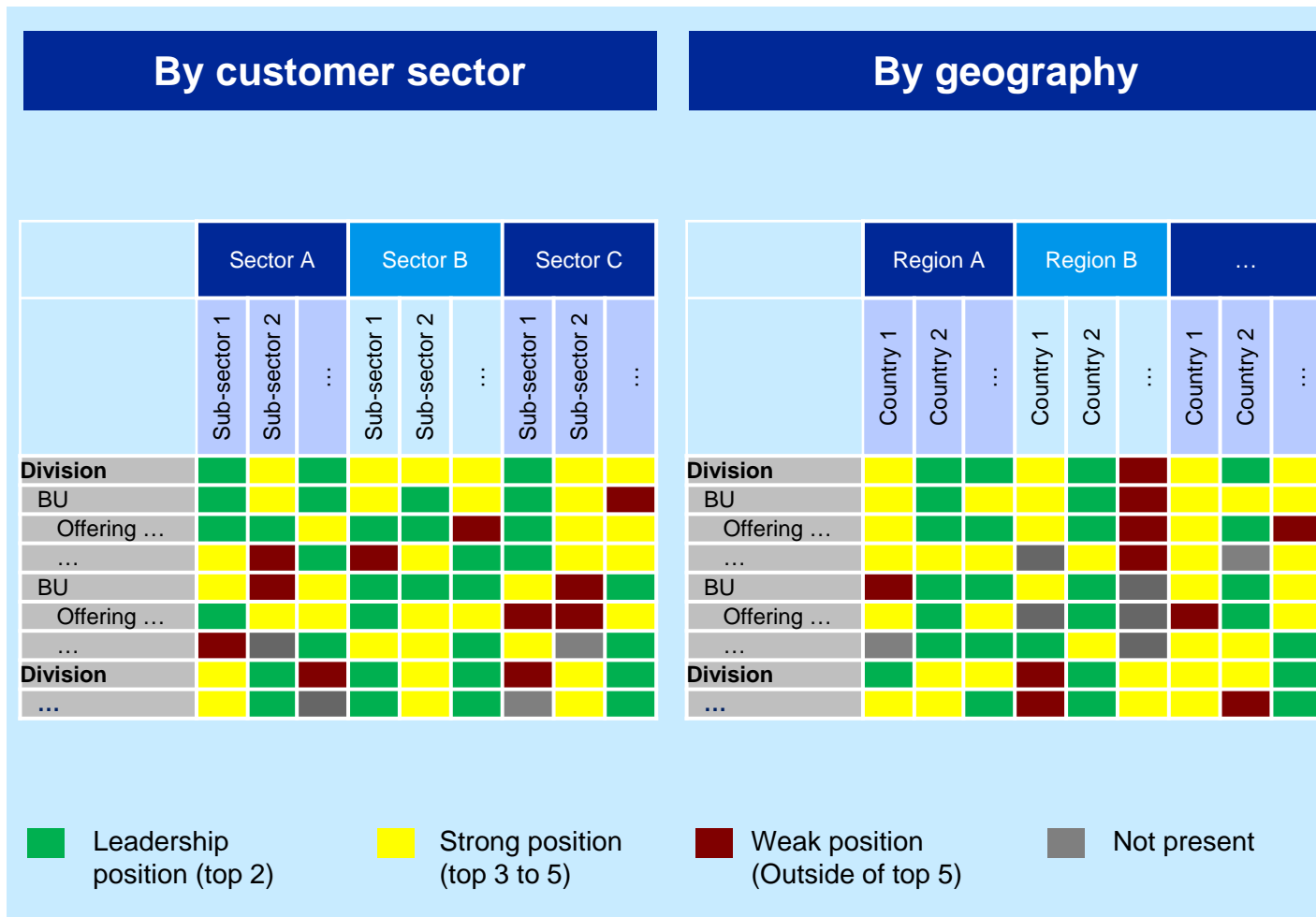


Chart 12

Navigation check as basis for priority setting

Systematic assessment of position and opportunities



- Transparency on key strategic segments
- Prioritization on penetration, expansion and innovation
- Ambition to be #1 or #2 in selected segments
- Solid base for collaboration
- Basis for portfolio pruning

Chart 13

Executing along the three focus areas

A systematic and robust approach for value creation


 Profitable growth	Strategic levers		Recent examples
	Penetration	<ul style="list-style-type: none"> Selling more of our existing offering to accessible customers 	<ul style="list-style-type: none"> Power sales for industry and infrastructure Automation penetration in emerging markets, e.g. assembly, food & beverage Further penetrating oil & gas
	Innovation	<ul style="list-style-type: none"> New offering/value propositions – focused resource allocation 	<ul style="list-style-type: none"> Energy efficiency: IEC5 motors for Europe Smart grid: 3D grid planning and simulation DC ship electrification
	Expansion	<ul style="list-style-type: none"> Expansion into new segments 	<ul style="list-style-type: none"> Partnerships: with Philips in building automation Specific offering for new segments in emerging markets: solar powered pump drivetrain solution EV charging: partnership with BYD and Daimler

Chart 14

Executing along the three focus areas

A systematic and robust approach for value creation

Business-led collaboration	Strategic levers		Recent examples
	Packaged solutions	<ul style="list-style-type: none"> Integrated product offering, combined marketing 	<ul style="list-style-type: none"> Swedish rail \$200 million upgrade order Robotics-based automation solutions
	Channel and account management	<ul style="list-style-type: none"> Joint development/ deepening of customer & channel relationship, cross-selling 	<ul style="list-style-type: none"> Combined power and automation channels to Tier 1, 2, and 3 cities in China Exploit Baldor and T&B market access
	Service	<ul style="list-style-type: none"> Collaboration to expand service offering and improve penetration 	<ul style="list-style-type: none"> Joint product-service sales “How to win” initiatives across 5 divisions and 100+ countries
	Shared platforms and operations	<ul style="list-style-type: none"> Shared services and infrastructure across different units 	<ul style="list-style-type: none"> Multi-division footprint expansion: e.g. \$300 million in China, \$200 million in Brazil Common Front-end tools

Chart 15

Executing along the three focus areas

A systematic and robust approach for value creation

Relentless execution	Strategic levers		Recent examples
	Costs	<ul style="list-style-type: none"> Continued cost reductions, adding white collar productivity focus 	<ul style="list-style-type: none"> Cost reduction on track in Q1 Sales productivity pilots started
	Cash	<ul style="list-style-type: none"> Improved cash management, e.g. inventory reduction, integrated business planning 	<ul style="list-style-type: none"> Inventory management improvements in Discrete Automation and Motion
	Integration	<ul style="list-style-type: none"> Thorough execution of integration plans, systematic best practice sharing 	<ul style="list-style-type: none"> Baldor, T&B, Power-One progressing in line with overall plan
	Portfolio optimization	<ul style="list-style-type: none"> Disciplined pruning of our portfolio in line with strategy 	<ul style="list-style-type: none"> Baldor gen-sets, T&B HVAC, Power-One Power Solutions
	PS “step change” program	<ul style="list-style-type: none"> Address immediate issues and ensure longer-term profitable growth 	<ul style="list-style-type: none"> Improved expertise and resources in critical areas No new solar EPC projects

Chart 16

What you can expect at our Capital Markets Day in September

Capital Markets Day: comprehensive “Next level” strategy

- Finalizing our in depth strategic review
 - Aims at superior EPS growth momentum and CROI across the portfolio
- In September, we will communicate:
 - “Next level” strategy
 - Implementation plan along our three focus areas
 - Longer-term targets

Summary

Status

- 4 divisions on track
- Challenges in PS addressed through “Step change” program
- Established systematic approach to accelerate organic growth, strengthen collaboration and further enhance execution
- Continued cost savings and cash focus
- Strong management team in place

Outlook

- Early cycle businesses trending positively, but some uncertainty remains; lower large orders weigh on 2014 revenues
- Long-term drivers for profitable growth remain in tact
- Balance sheet provides great flexibility to support profitable growth

2014 priorities

- Profitable organic growth (penetration, innovation, expansion)
- Business-led collaboration (packaged solutions, channel and account management, service, shared platforms)
- Relentless execution (cost, cash, integration, portfolio optimization, PS “step change”,)
- Define the “Next level” strategy and start implementation

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