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ABB – Next Level

Shaping a global leader in power & automation

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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

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Agenda

ABB overview

Performance update

Next level implementation

Outlook and priorities

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ABB overview

Performance update

Next level implementation

Outlook and priorities

ABB today

What
(Offering)

Power & Automation

Power ~ 40% of revenue

Automation ~ 60% of revenue

For whom
(Customers)

Utilities

~35% of revenue

Industry

~45% of revenue

Transport &
Infrastructure

~20% of revenue

Where
(Geographies)

Globally

AMEA¹ 37%

Americas 29%

Europe 34%

\$40 bn
revenue

~100
countries

~140,000
employees

Single "A"
credit rating

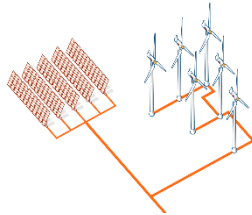
HQ Zurich

Attractive markets

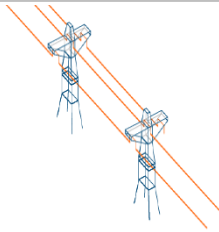
“Big shifts” in power & automation: shaping joint opportunities

“Big shift” in power

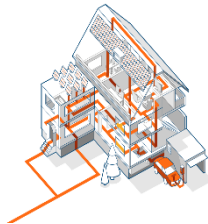
Generation mix



Power transmission and distribution

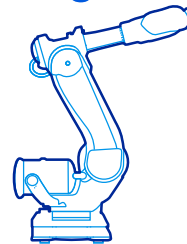


Micro- / Nano-grids

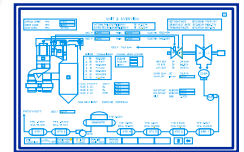


“Big shift” in automation

Things

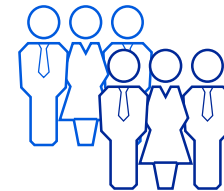


Services



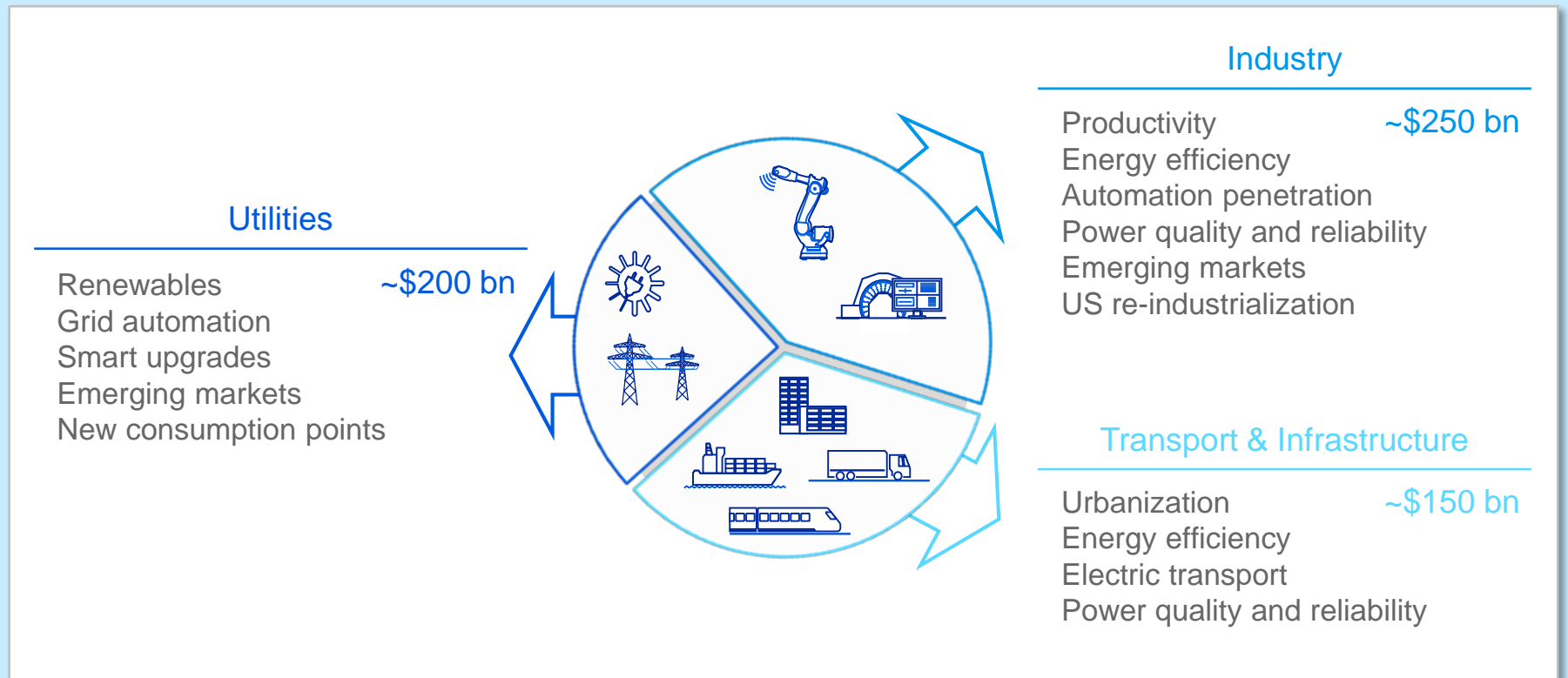
Internet
of

People



Attractive markets

Power & automation demand in three customer segments

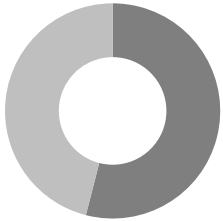


Significant market opportunities – today: ~ \$600 bn, 2020: ~ \$750 bn

Well positioned

A true global player – team, culture, and presence

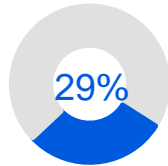
Revenue split 2014



- Mature markets (55%)
- Emerging markets (45%)

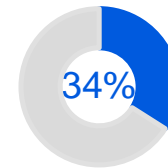
Americas

\$11.5 bn



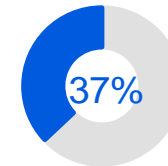
Europe

\$13.7bn



AMEA

\$14.7 bn



Top 200 managers

>3/4

from outside
Switzerland and
Sweden

27

nationalities from
6 continents

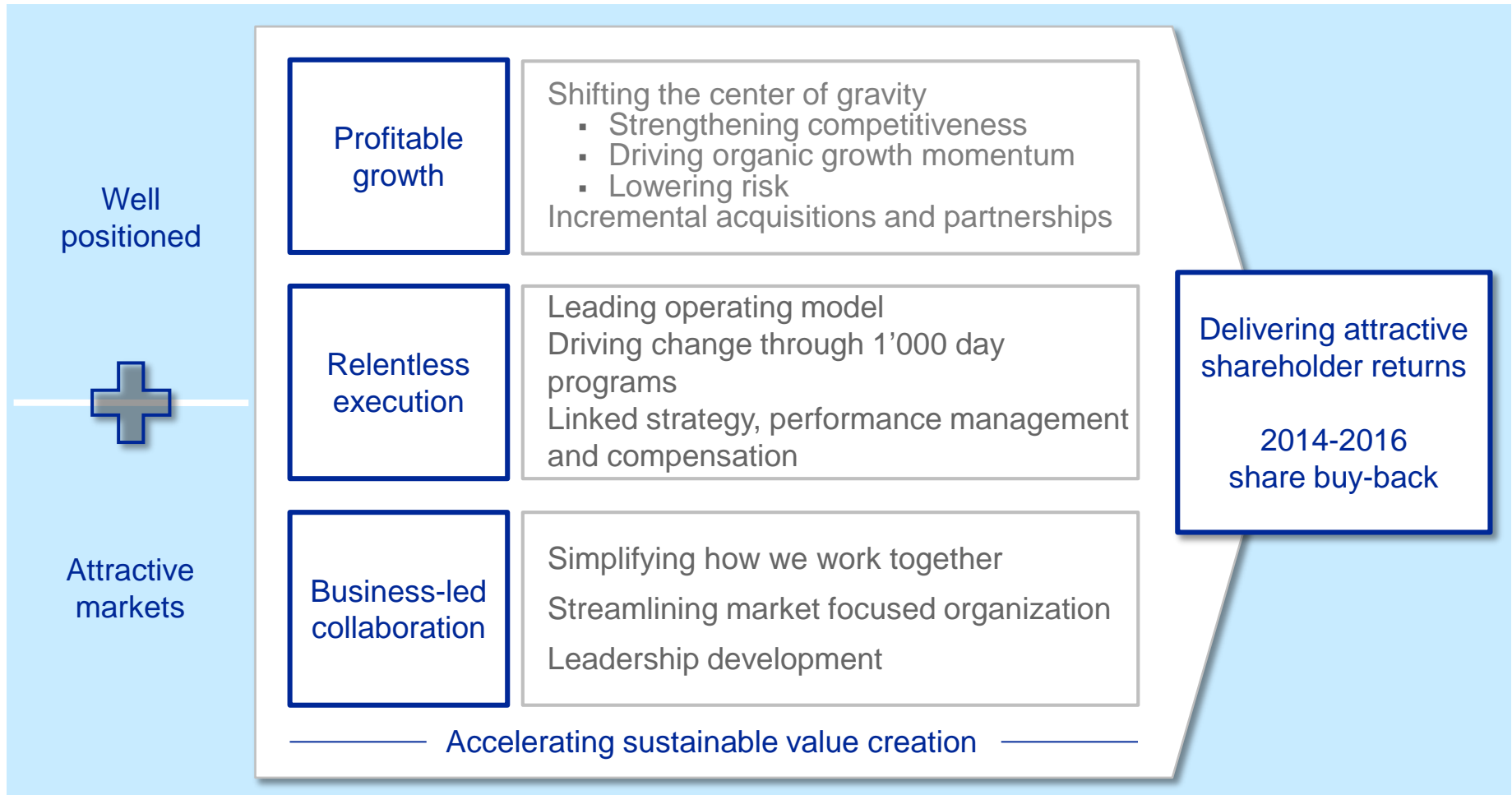
8

nationalities in the
Executive
Committee

We are a unique global team with local presence everywhere

ABB – Next Level

Shaping a global leader in power & automation



Agenda

ABB overview

Performance update

Next level implementation

Outlook and priorities

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





2014 Full-year results

Strengthening the order backlog for 2015 and beyond

	FY 14	FY 13	Change
\$ mn unless otherwise indicated			
Orders	41'515	38'896	+10% ¹
Order backlog (end December)	24'900	26'046	+5% ²
Revenues	39'830	41'848	-2% ¹
Operational EBITDA	5'400	6'075	-11%
Op. EBITDA as % of operational revenues	13.5%	14.5%	
Operational EBITA	4'475	5'147	-13%
Op. EBITA as % of operational revenues	11.2%	12.3%	
Net income	2'594	2'787	-7%
Basic earnings per share (\$)	1.13	1.21	
Cash flow from op. activities	3'845	3'653	+5%
Free cash flow	2'857	2'632	+9%
as % of net income	110%	94%	
Dividend per share (CHF)	0.72	0.70	
CROI %	12.7%	11.6%	

2014 Full-year performance by division

Key figures

<i>\$ mn unless otherwise stated</i>	Orders	 Like-for-like	Revenues	 Like-for-like	Operational EBITDA%		Cash flow from operations	
Discrete Automation and Motion	10'559	+8%	10'142	+2%	17.4%	-0.6 pts	1'564	+74
Low Voltage Products	7'550	+3%	7'532	+3%	18.9%	-0.1 pts	997	-154
Process Automation	8'577	+13%	7'948	-1%	12.9%	0 pts	945	+184
Power Products	10'764	+5%	10'333	-4%	14.7%	-0.1 pts	1'091	-175
Power Systems	6'871	+20%	7'020	-13%	0.1%	-4.9 pts	(138)	+69
Corp. and consolidation	(2'806)		(3'145)				(614)	+194
ABB Group	41'515	+10%	39'830	-2%	13.5%	-1.0 pts	3'845	+192

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





Q1 2015

Key figures

	Q1 15	Q1 14	Change
\$ mn unless otherwise indicated			
Orders	10'404	10'358	+15% ¹
Order backlog (end March)	25'491	26'924	+10% ¹
Revenues	8'555	9'471	+3% ¹
Operational EBITA	949	1'039	+5% ¹
as % of operational revenues	11.1%	11.0%	+0.1 pts
Net income	564	544	+4%
Basic earnings per share (\$)	0.25	0.24	+6% ²
Operational earnings per share (\$) (constant currency basis)	0.31	0.29	+5% ³
Cash from operations	53	(45)	n/a

Q1 2015 performance by division

Key figures quarter on quarter

<i>\$ mn unless otherwise stated</i>								
	Orders	Like-for-like	Revenues	Like-for-like	Operational EBITA%		Cash flow from operations	
Discrete Automation and Motion	2'569	-1%	2'271	+4%	14.2%	-0.6 pts	223	(71)
Low Voltage Products	1'703	+2%	1'555	-1%	15.6%	-0.3 pts	(10)	+17
Process Automation	1'921	+16%	1'579	-4%	12.2%	-0.4 pts	64	(31)
Power Products	2'656	+7%	2'275	+4%	11.2%	-1.5 pts	80	+21
Power Systems	2'394	+90%	1'472	+4%	2.2%	+5.5 pts	(147)	+156
Corporate & consolidation	(839)		(597)				(157)	+6
ABB Group	10'404	+15%	8'555	+3%	11.1%	+0.1 pts	53	+98

Negative double digit translation impacts in Q1

Foreign exchange exposures – overview

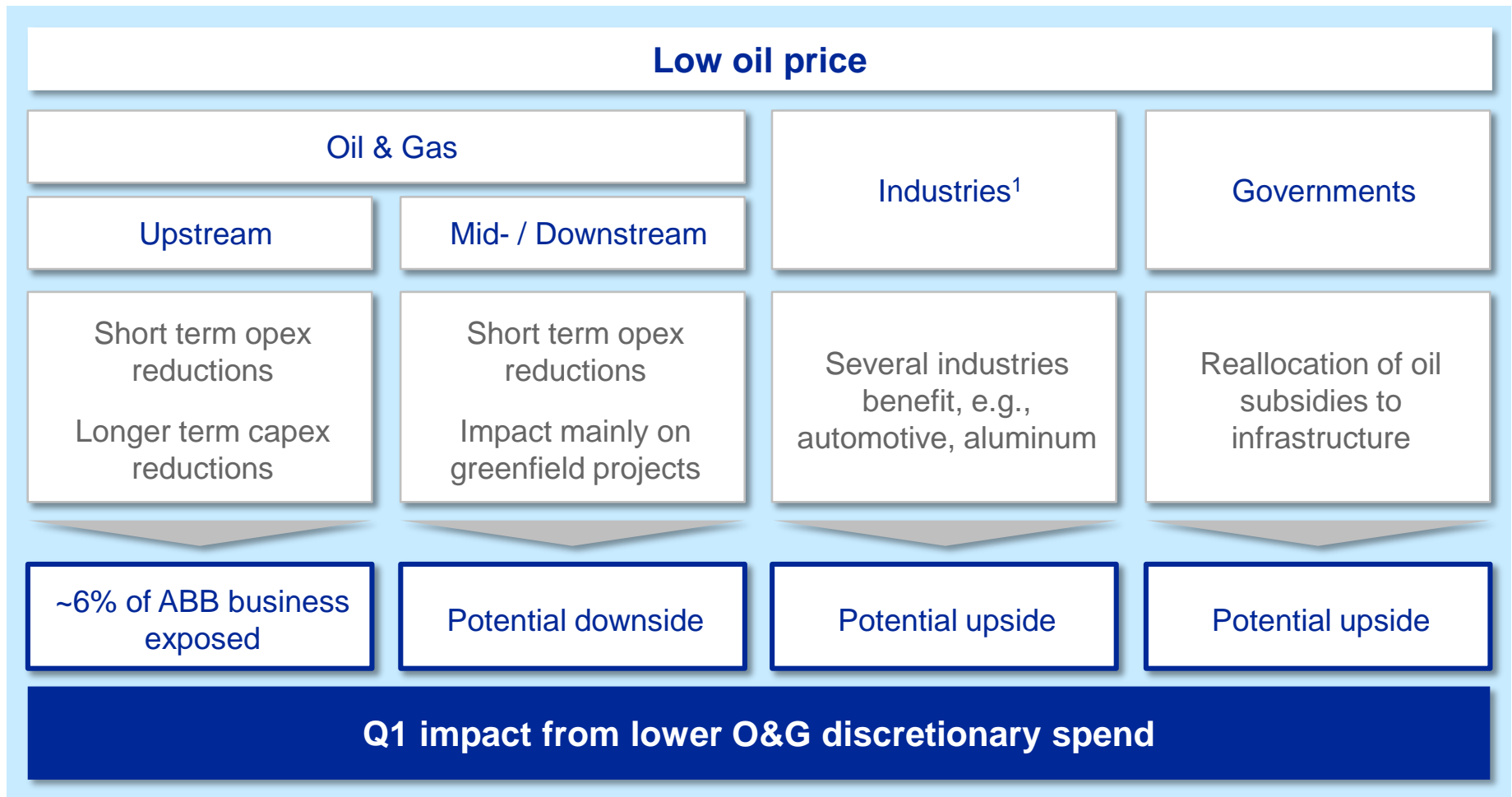
Example:

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

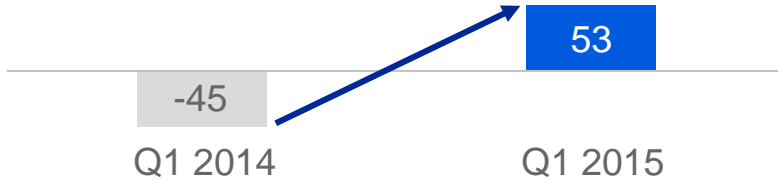


Stringent capital management

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

Agenda

ABB overview

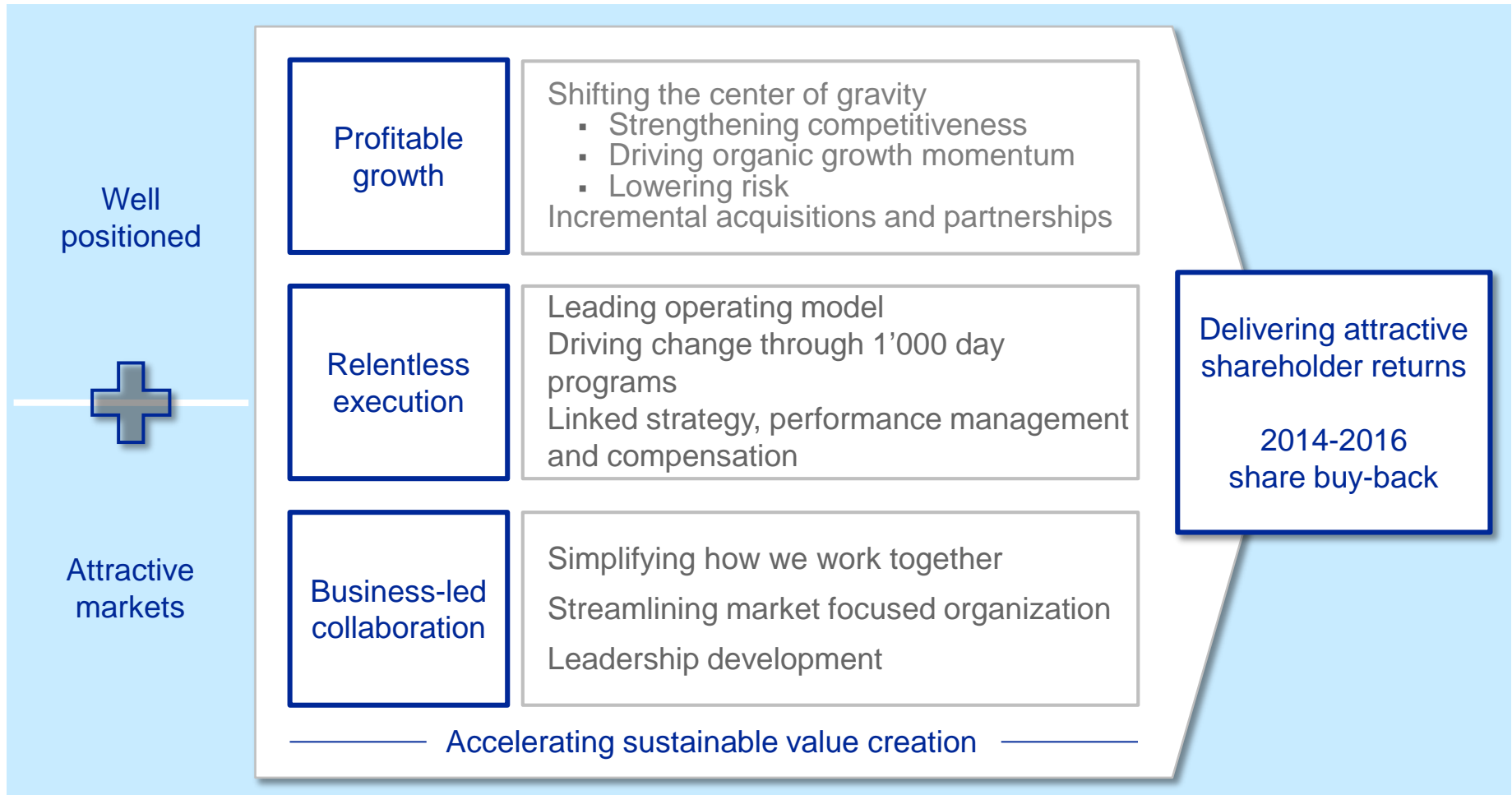
Performance update

Next level implementation

Outlook and priorities

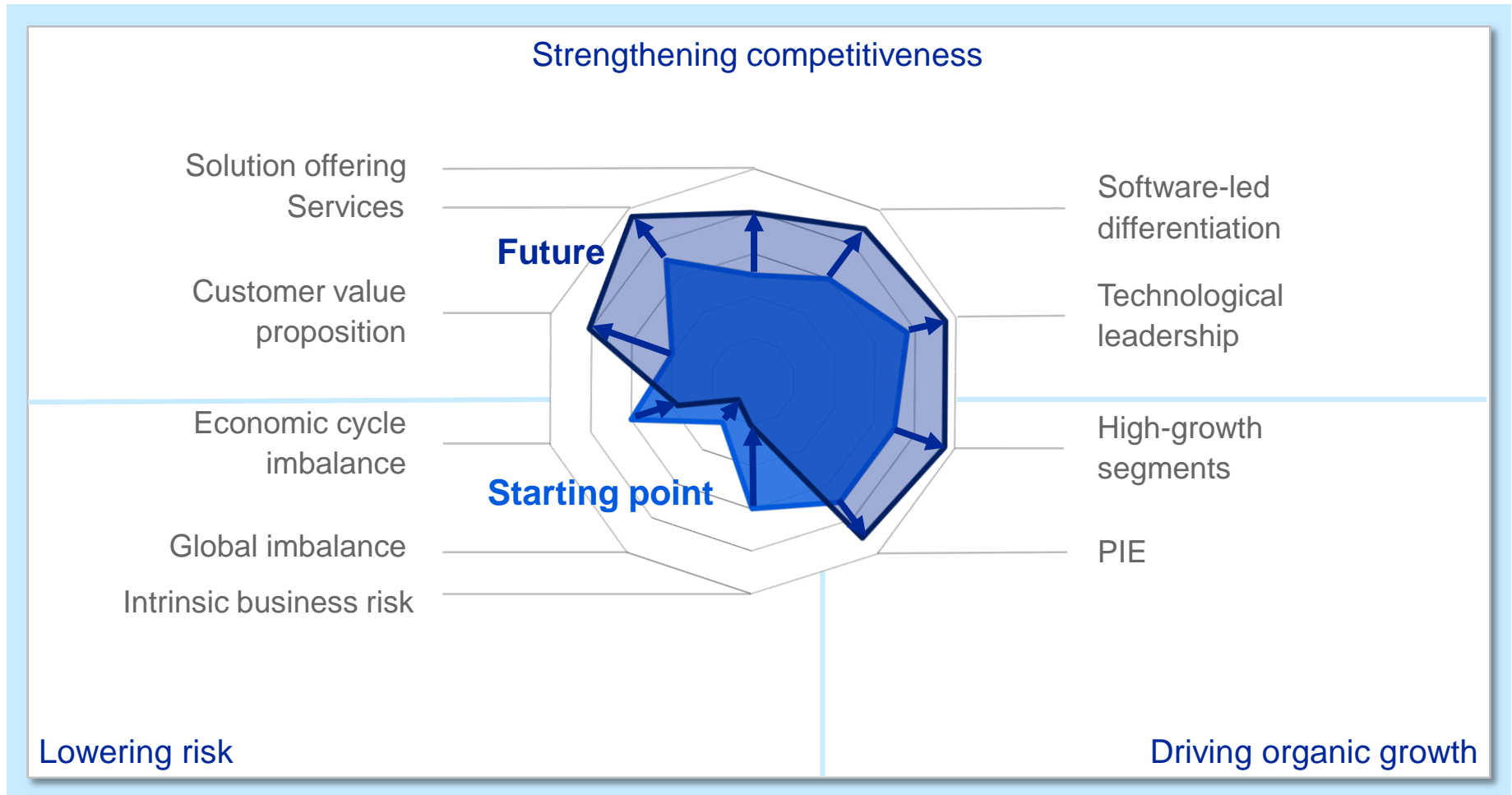
ABB – Next Level

Shaping a global leader in power & automation



Profitable growth

Shifting the center of gravity



Profitable growth – shifting the center of gravity

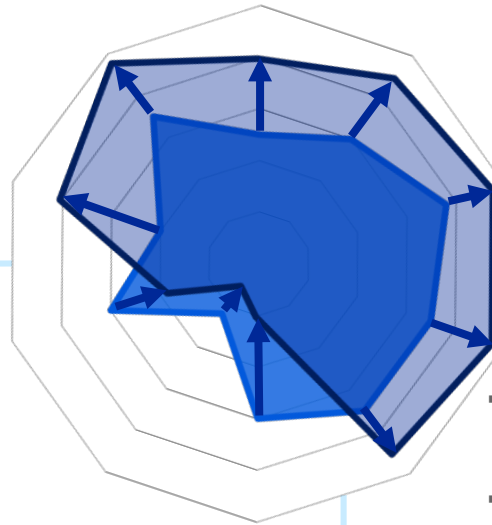
Actions to date (selected examples)



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

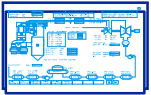
YuMi® : man – machine collaboration



Things



Services



People



Dual-arm small parts assembly robot

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

Cage-less, safe operation

Machine learning through artificial intelligence

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

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



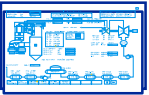
Things



“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

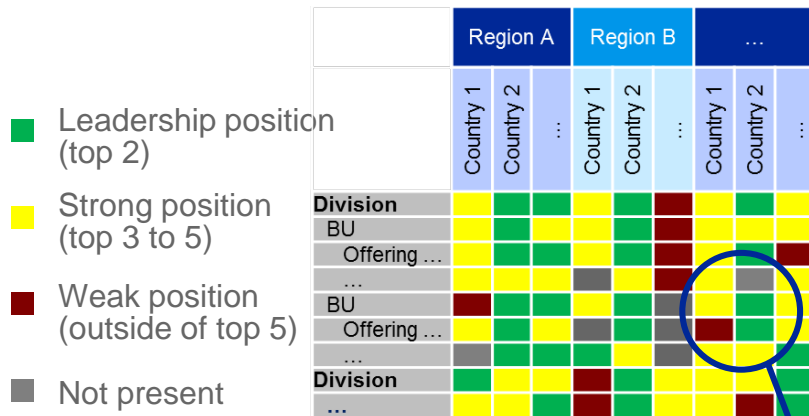
Unmatched offering range of storage based solutions

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



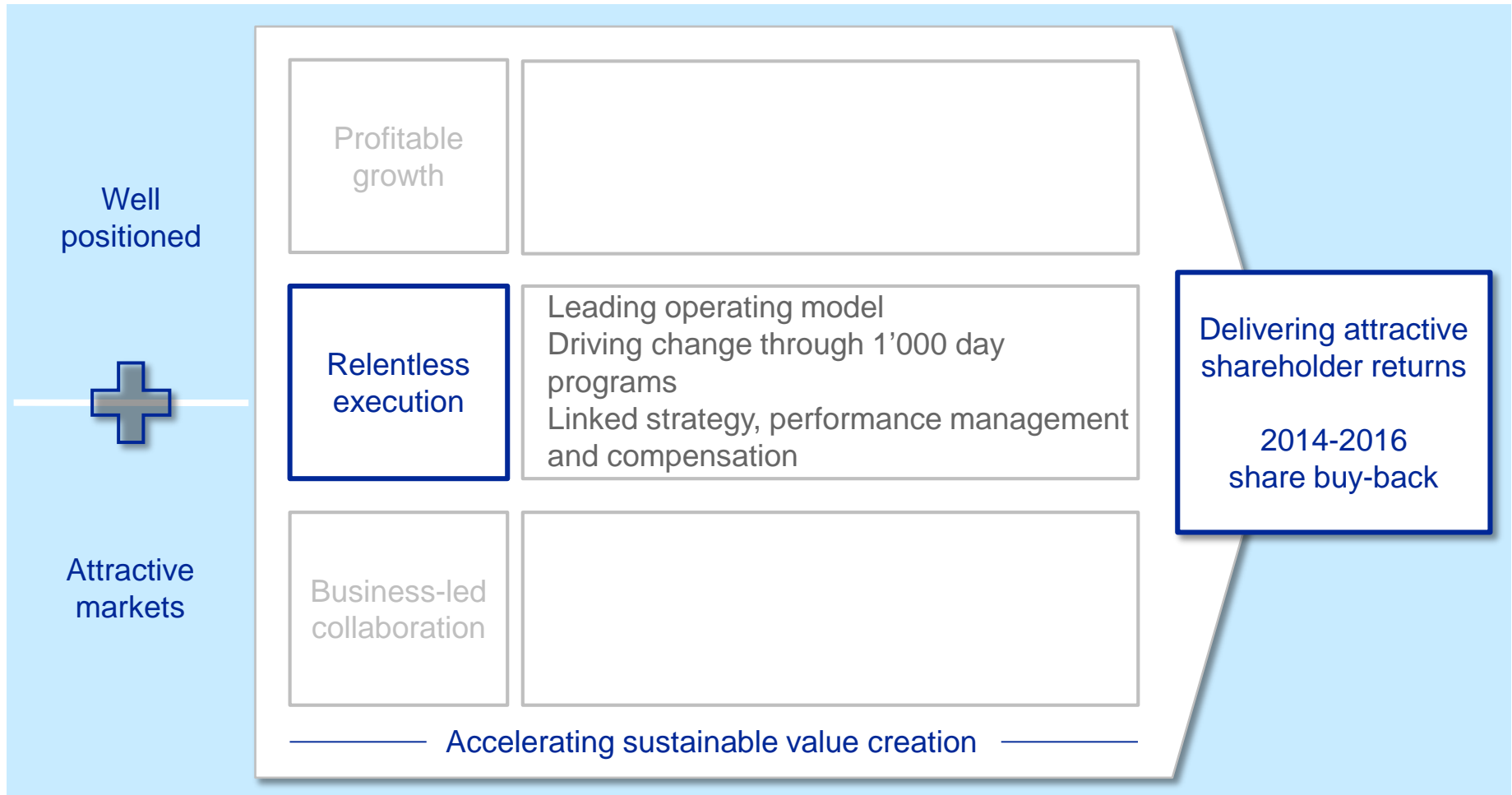
Building automation



Global microgrids and
energy storage

ABB – Next Level

Relentless execution



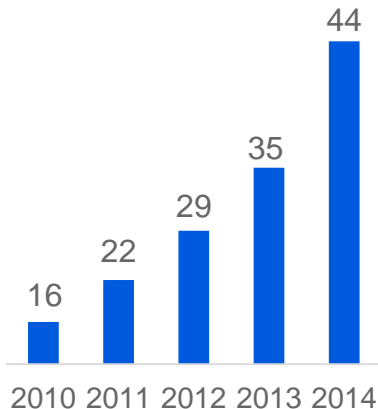
Relentless execution: leading operating model

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

Progress on profitability in 2015

Strengthen leadership team

Complete off-shore wind projects

Exit solar EPC

New partnerships

Grow base business

De-risk business model, improved risk mgmt.

What we did

3rd consecutive profitable quarter ¹

Division line & project mgmt. strengthened

Milestone progress on track

+ 98% completed

HVDC partnership with Hitachi for Japan

Steady base orders and service

New business model reflected in order bookings

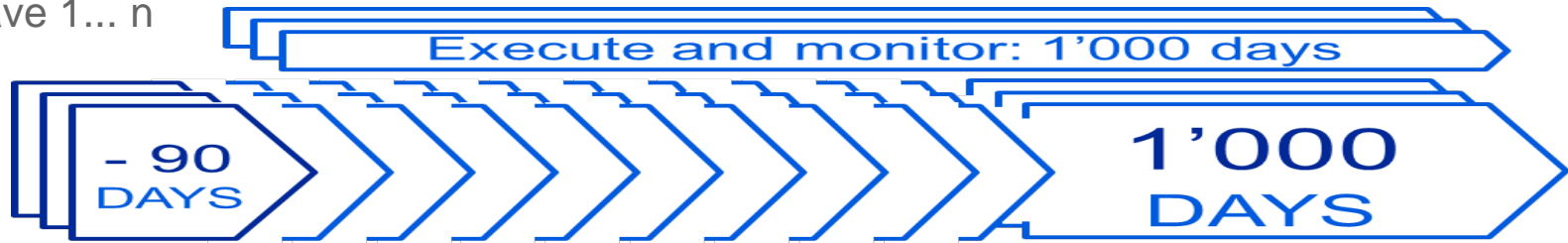
Solid “step change” progress, key wins with new business model

Relentless execution: 1'000 day programs

Focus, phased actions, clear ownership and accountability



Wave 1... n



Objective

Focus on high-impact strategic priorities

- Growth (segments, markets, offering)
- Competitiveness

Mobilize and align whole organization

Approach: Implementation in waves

Executive sponsor, dedicated teams

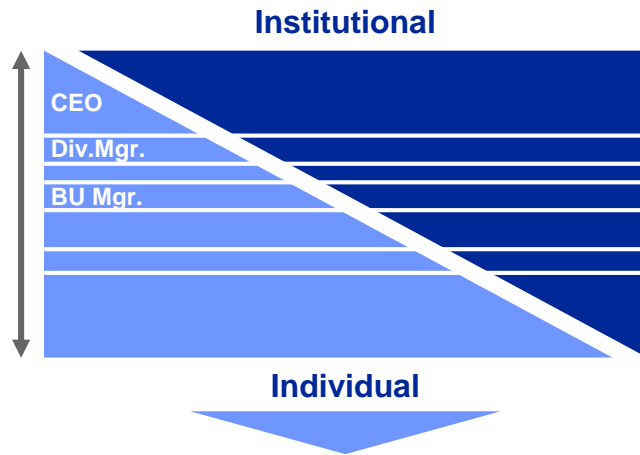
Project office reporting to CEO

High quality implementation plans – linked to performance management and compensation

“Say – Do” in transformational change

Relentless execution: link performance & compensation

New performance based compensation model rolled out in Q1



Individual, line of sight scorecards

Operational financials	Relentless execution dashboard (REX) ¹
Next Level / 1'000 day programs	Leadership / Behavior



Group scorecard

Measure	Result			
	A	xx	xx	xx
	B	xx	xx	xx
	C	xx	xx	xx
	D	xx	xx	xx

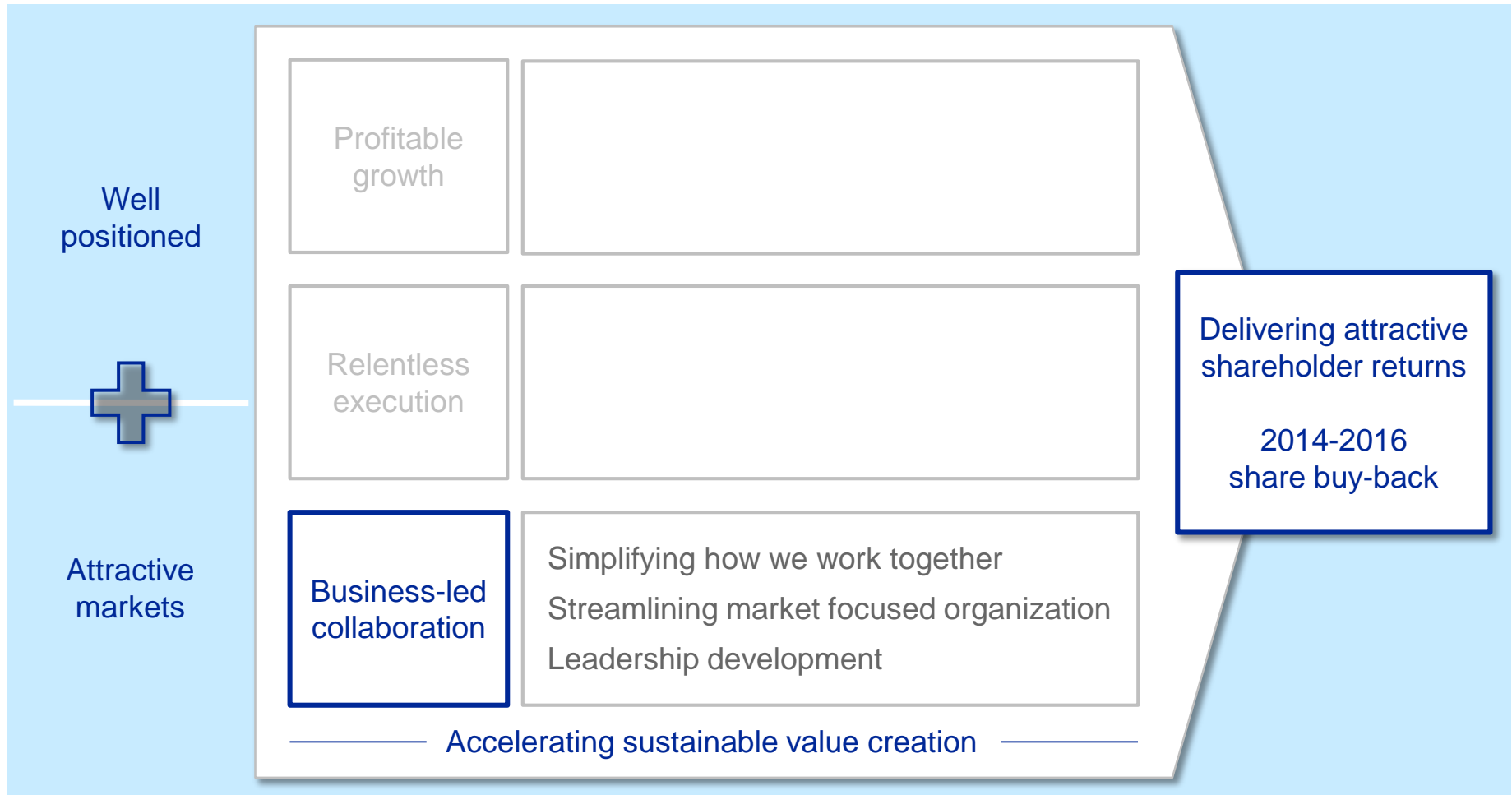


Differentiated, performance driven variable compensation

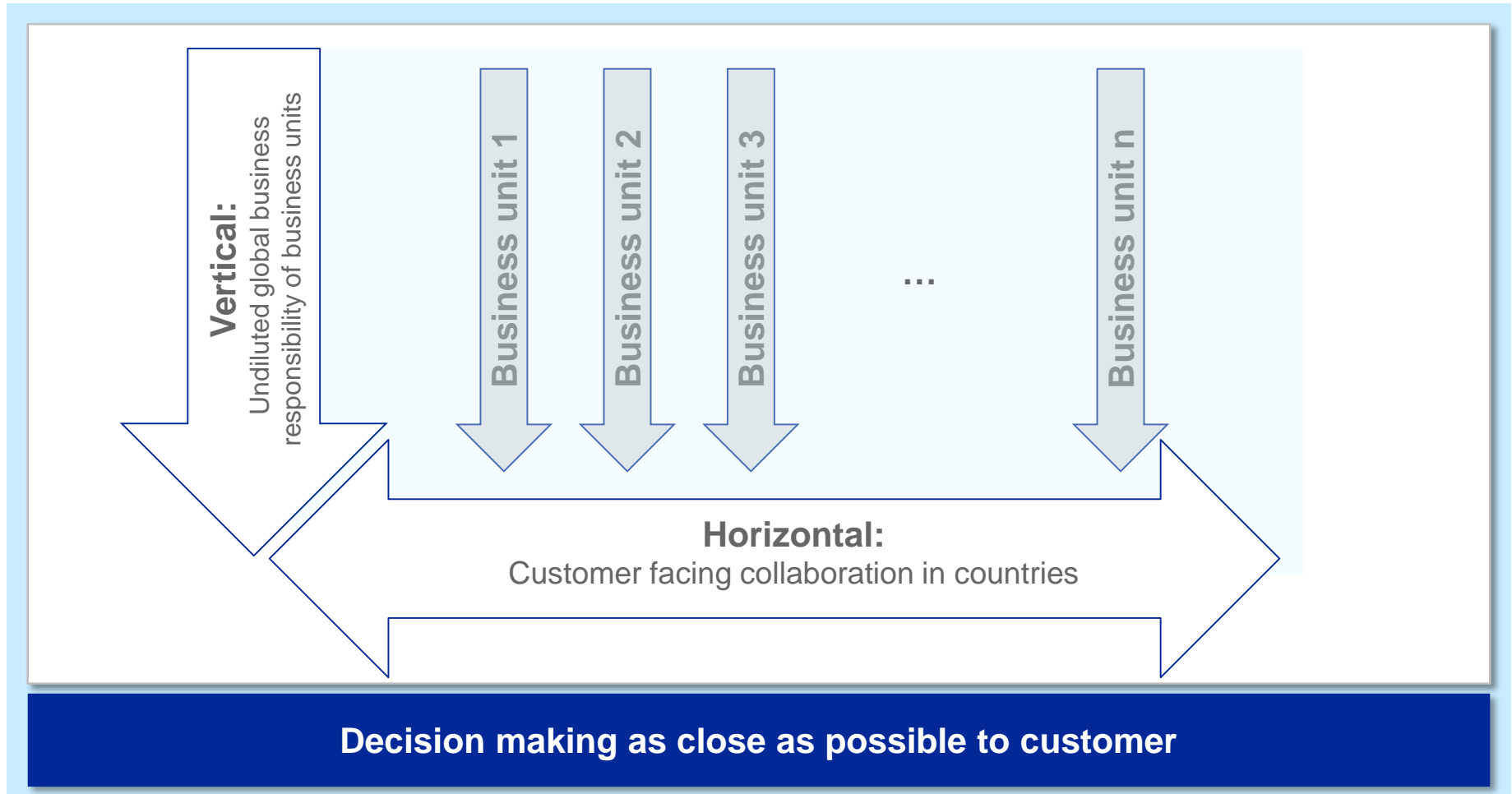
Rewarding individual and institutional performance

ABB – Next Level

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

Agenda

ABB overview

Performance update

Next level implementation

Outlook and priorities

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

Clear agenda

- Shifting center of gravity of portfolio
- Value from partnerships and past acquisitions
- Leading operating system
- Transformational change through 1'000 day programs
- Continued cost out, expanded focus on white collar and cash
- Drive performance culture
- Live new, simple, customer-focused organization

Solid progress

- Next Level – new strategy, organization, team, performance culture
- Accelerated organic growth momentum generated through PIE
- Strategic partnerships established
- Portfolio pruning delivered
- Power Systems “step change” well under way
- Relentless execution dashboard introduced
- Performance based compensation system implemented

Strong basis

- Health, safety, and environment, integrity first
- Power & automation focus
- Cost take-out discipline
- Focused, incremental M&A
- Unique global team and culture

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		

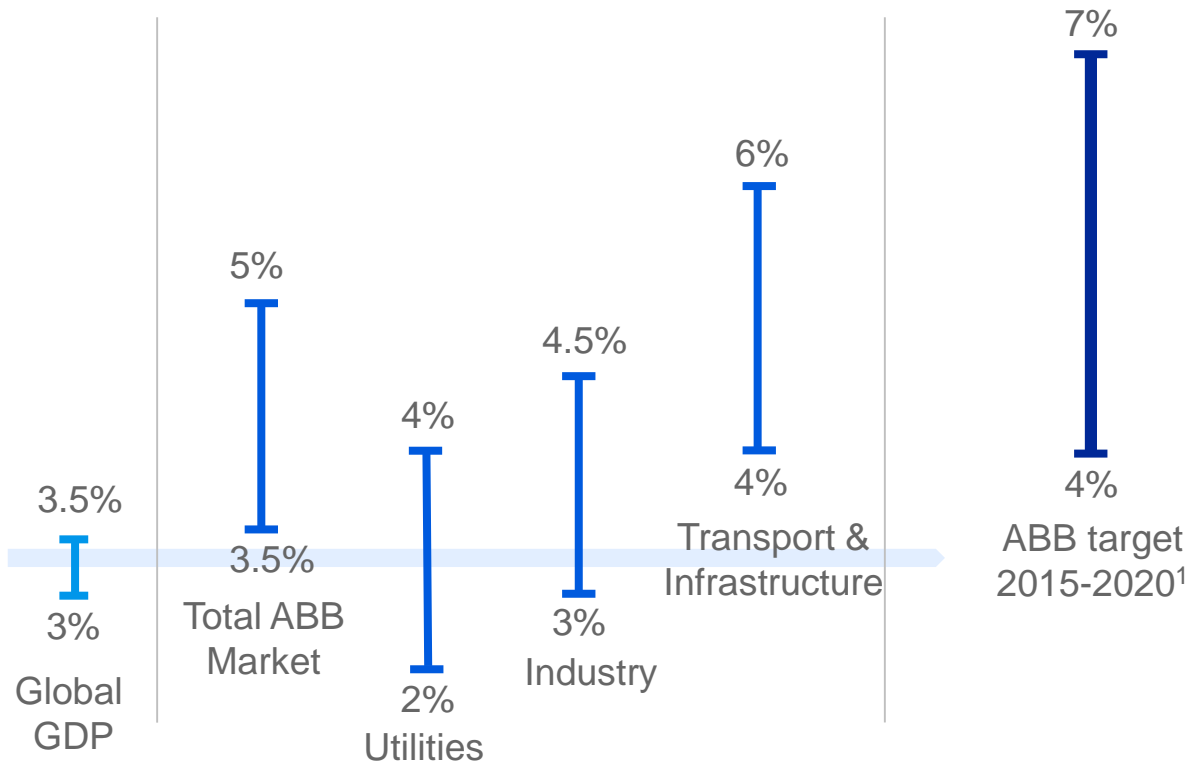
¹Average annual revenue growth on a like-for-like basis over 6 years, base year 2014; ²Target is on a full-year basis;

³CAGR = Compound annual growth rate, base year is 2014 and assuming constant exchange rates; ⁴Temporary reduction possible in the event of larger acquisitions; ⁵The margin target for Power Systems will be in effect as of January 1, 2016 after concluding the "step change" program

ABB organic revenue growth target in context

Targeting above-market growth

Expected growth rates



Main drivers

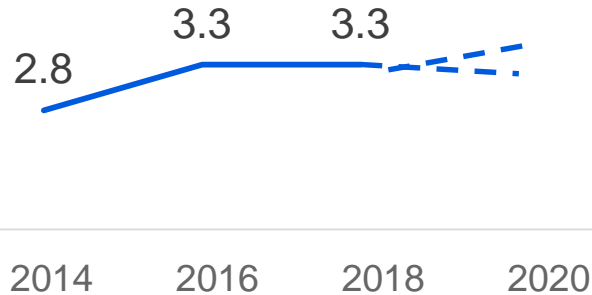
Shifting the center of gravity

- Strengthening competitiveness
- Driving organic growth momentum

Assumptions for 2015-2020 Group financial targets

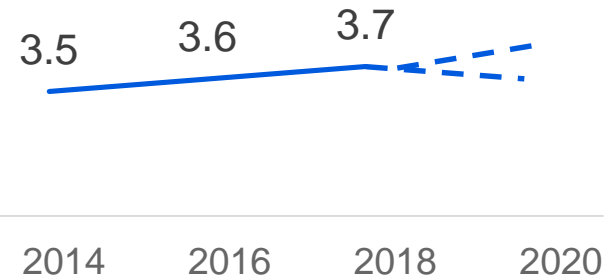
GDP and industrial capex to grow at ~3-3.5%

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

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