



Jefferies 11th Annual Industrials Conference in New York on August 12-13, 2015

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

Agenda

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

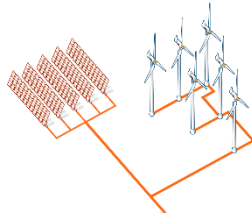
HQ Zurich

Attractive markets

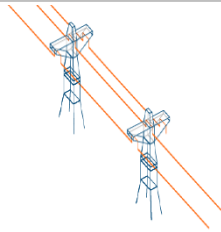
“Big shifts” in power & automation: shaping joint opportunities

“Big shift” in power

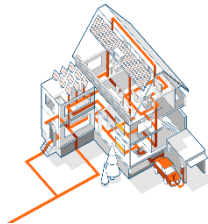
Generation mix



Power transmission and distribution

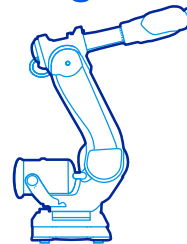


Micro- / Nano-grids

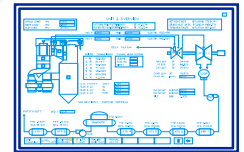


“Big shift” in automation

Things

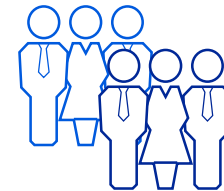


Services



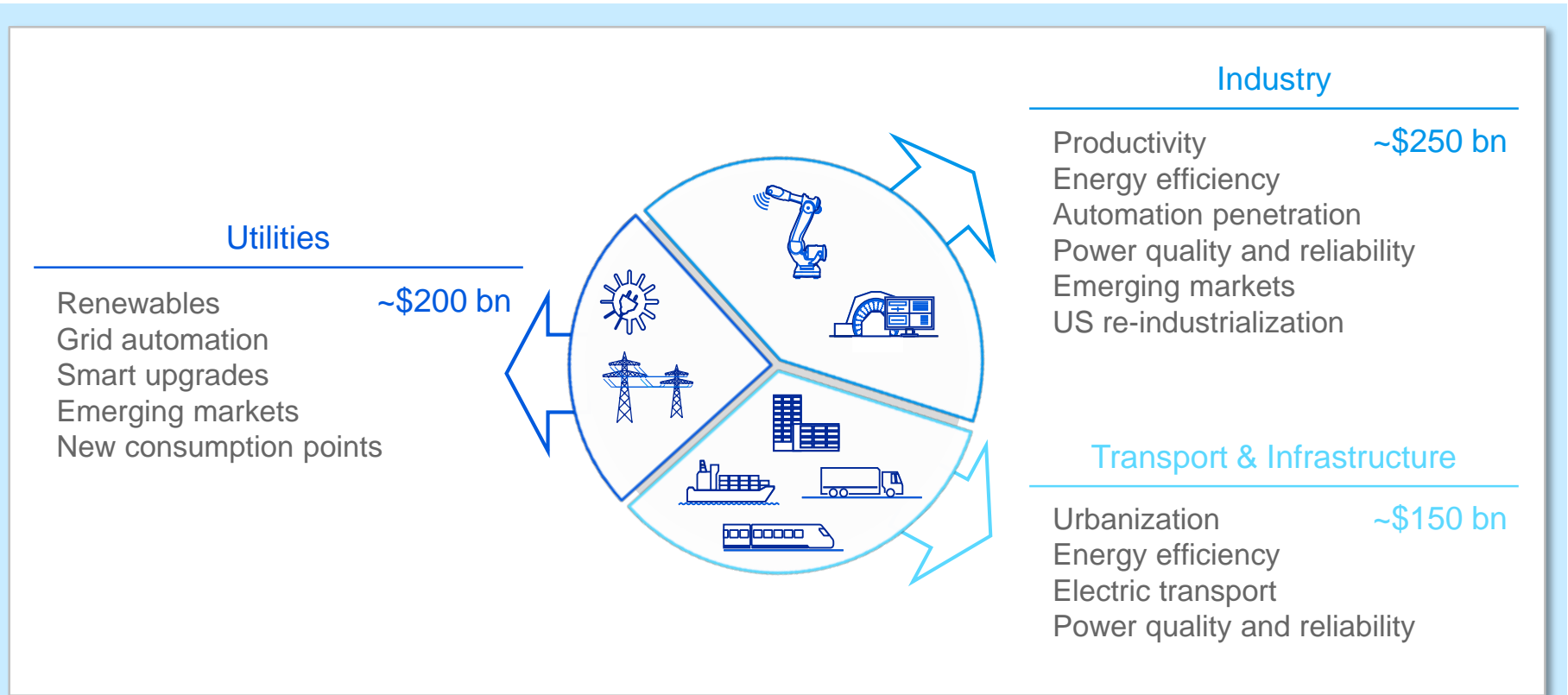
Internet
of

People



Attractive markets

Power & automation demand in three customer segments

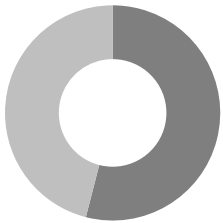


Significant market opportunities – today: ~ \$600 bn, 2020: ~ \$750 bn

Well positioned

A true global player – team, culture, and presence

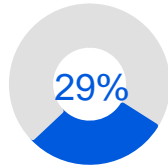
Revenue split 2014



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

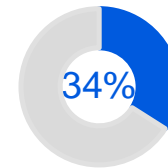
Americas

\$11.5 bn



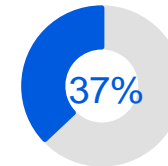
Europe

\$13.7 bn



AMEA

\$14.7 bn



Top 200 managers

>3/4

from outside
Switzerland and
Sweden

27

nationalities from
6 continents

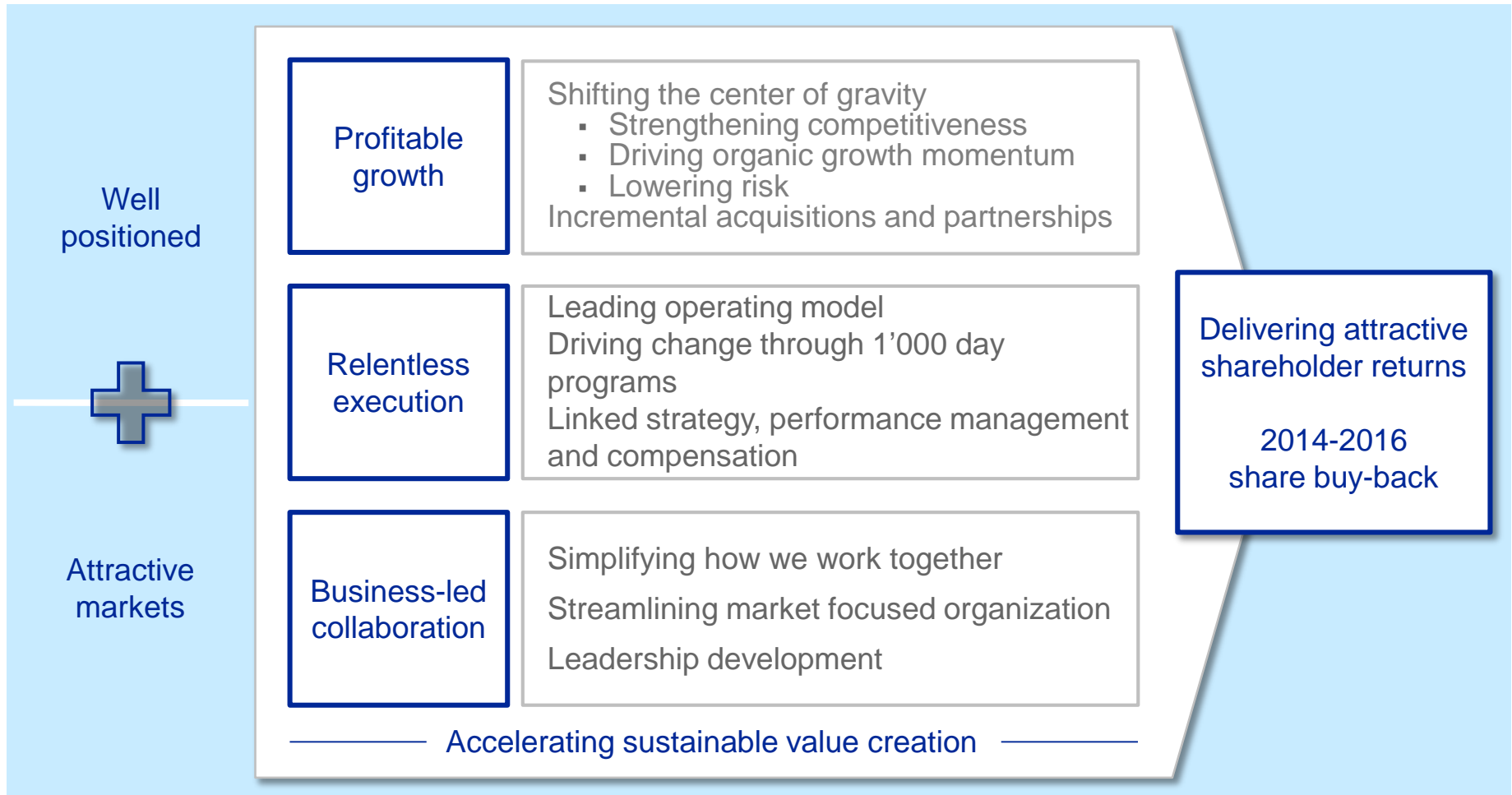
8

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

Q2 2015 – Steady execution in challenging markets

Delivering along our three focus areas

Profitable growth

Orders reflect challenging market dynamics (-4%)¹
Revenues continued to grow (+3%)
Book-to-bill for first 6 months 1.09x, >1.0x in every division
Growth initiatives mitigate market headwinds

Relentless execution

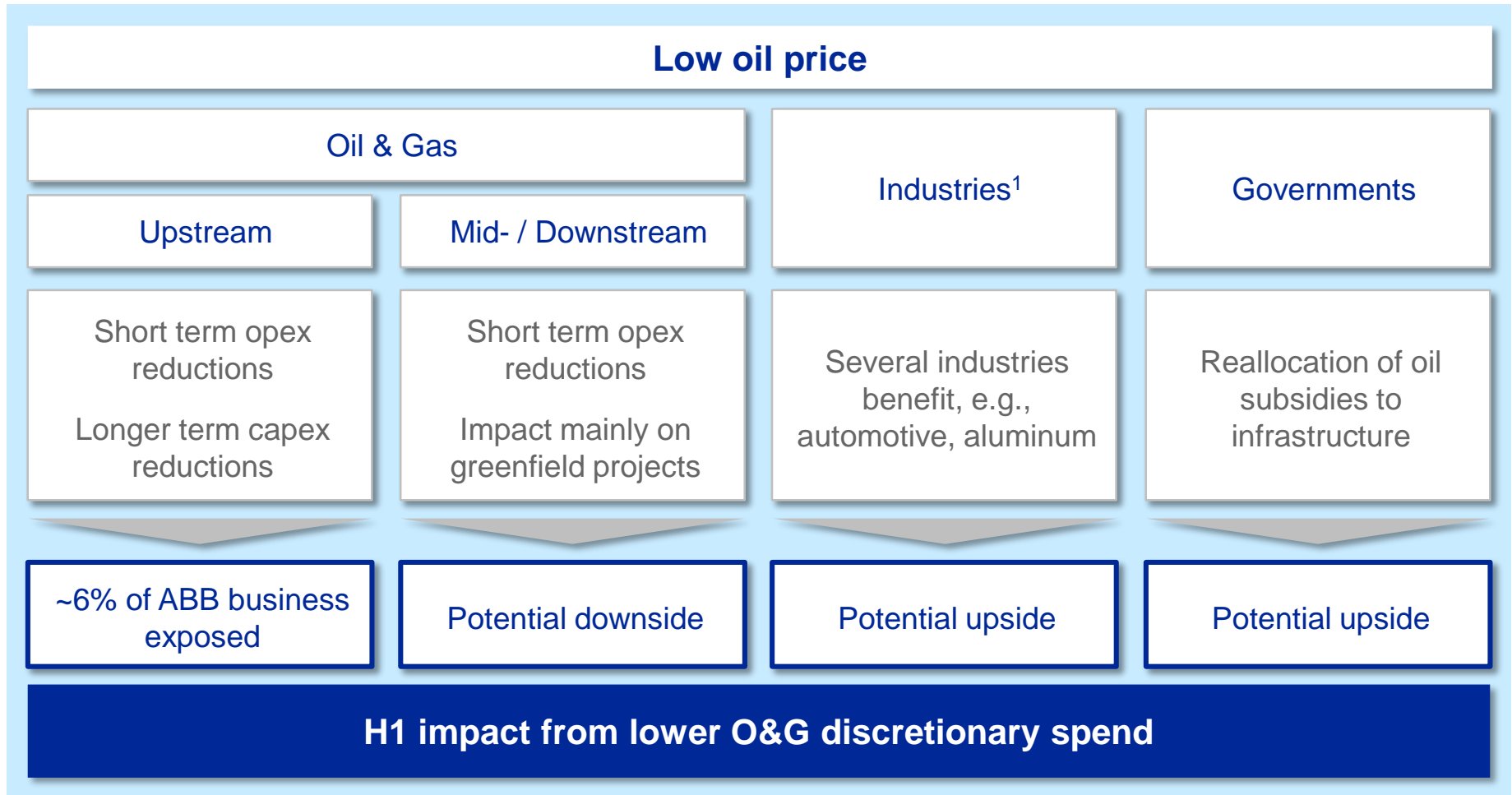
Group op. EBITA margin up 100 basis points at 11.7%
Power Systems “step change” delivers 2.7% op EBITA margin vs loss in 2014
Continued cost out and productivity measures safeguard profitability
9% higher operational EPS on a constant currency basis

Business-led collaboration

Simpler, faster and more flexible customer-focused organization
Solid performance in Group accounts driven by combined power and automation offering

Steady execution of Next Level strategy supports results

Impact of low oil price



Q2 and first half 2015

Key figures

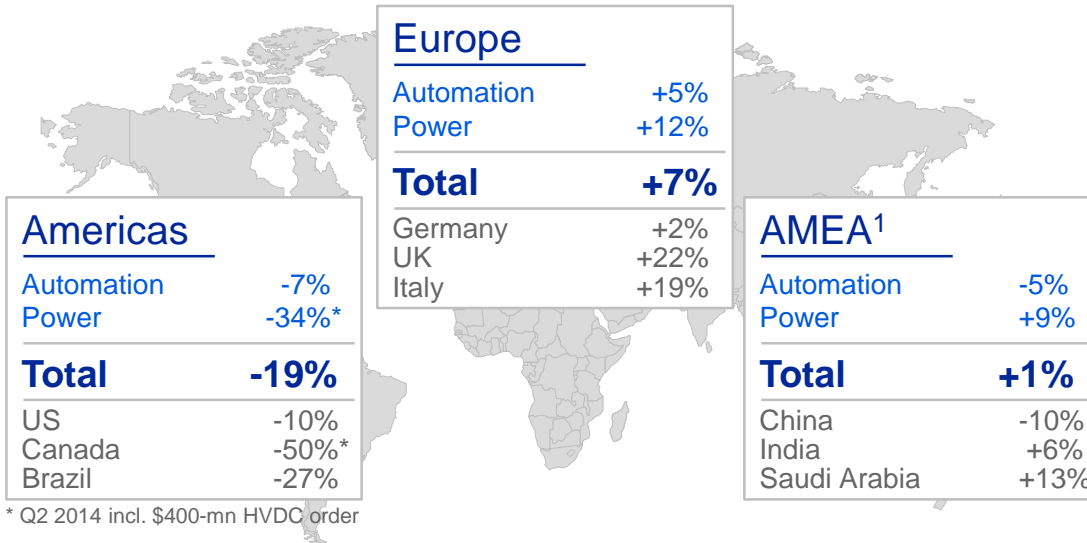
	Q2 15	Q2 14	Change	H1 15	H1 14	Change
\$ mn unless otherwise indicated						
Orders	8,996	10,567	-4% ¹	19,400	20,925	+6% ¹
Order backlog (end June)	26,028	27,089	+9% ¹			
Revenues	9,165	10,190	+3% ¹	17,720	19,661	+3% ¹
Operational EBITA	1,058	1,094	+8% ¹	2,007	2,133	+7% ¹
as % of operational revenues	11.7%	10.7%		11.4%	10.8%	
Net income	588	636	-8%	1,152	1,180	-2%
Basic earnings per share (\$)	0.26	0.28	-5% ²	0.51	0.51	0% ²
Operational earnings per share (\$) (constant currency basis)	0.33	0.30	+9% ^{2, 3}	0.64	0.60	+8% ^{2, 3}
Cash from operations	598	888	-33%	651	843	-23%

Focused growth initiatives bear fruit in key markets

Orders reflect market headwinds & challenging comparable

2015 Q2 total order growth by region

Change on a like-for-like basis



2015 Q2 base order growth²

Change on a like-for-like basis

Australia	+16%
Brazil	-29%
Canada	+1%
China	-14%
Germany	-3%
India	+6%
Italy	-2%
Norway	+8%
Sweden	+12%
UK	+12%
US	-6%

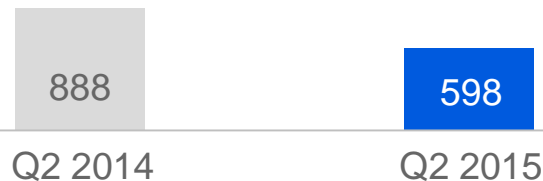
Driving growth initiatives in market headwinds

Capital management

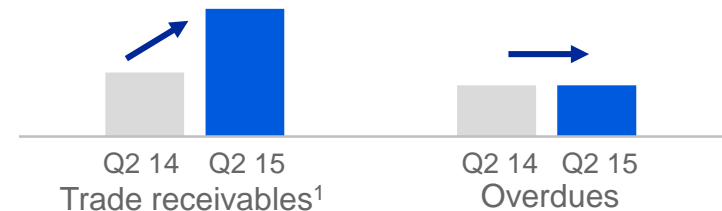
Cash from operations reflects Q2 revenue pattern

Cash from operations

\$ mn



Late quarter revenue drives receivables build-up



2015 dividend

~\$1.4 bn (0.55CHF/share)
in May from capital contribution

~\$400 mn (0.17CHF/share)
in July/August from nominal reduction

Status of share buyback

~\$500 mn (23 mn shares) purchased in Q2

~\$1 bn (44 mn shares) purchased YTD

~\$1.7 bn (77 mn shares) purchased since start of program

~\$3 bn cash return year-to-date committed to shareholders

Agenda

ABB overview

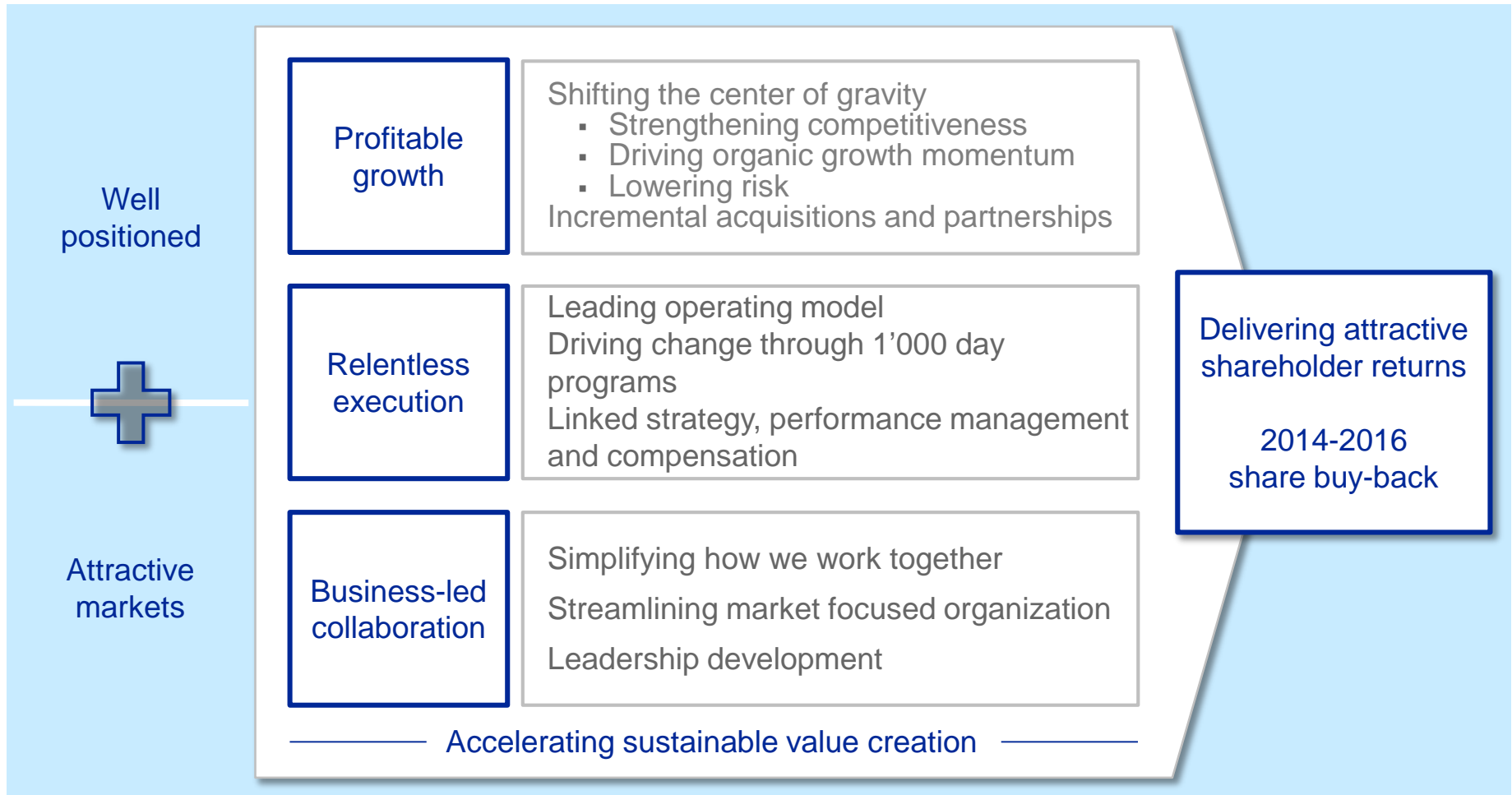
Performance update

Next level implementation

Outlook and priorities

ABB – Next Level

Shaping a global leader in power & automation



Profitable growth

Driving organic growth momentum

Examples

Well
positioned



Attractive
markets

Profitable
growth

Penetration

OEMS:

Tap European machinery channels, e.g., YTD orders >10% in key sectors



Relentless
execution

Innovation

Marine:

Azipod D propulsion
“Innovation of the Year,”
boosts fuel efficiency 10-15%



Business-led
collaboration

Expansion

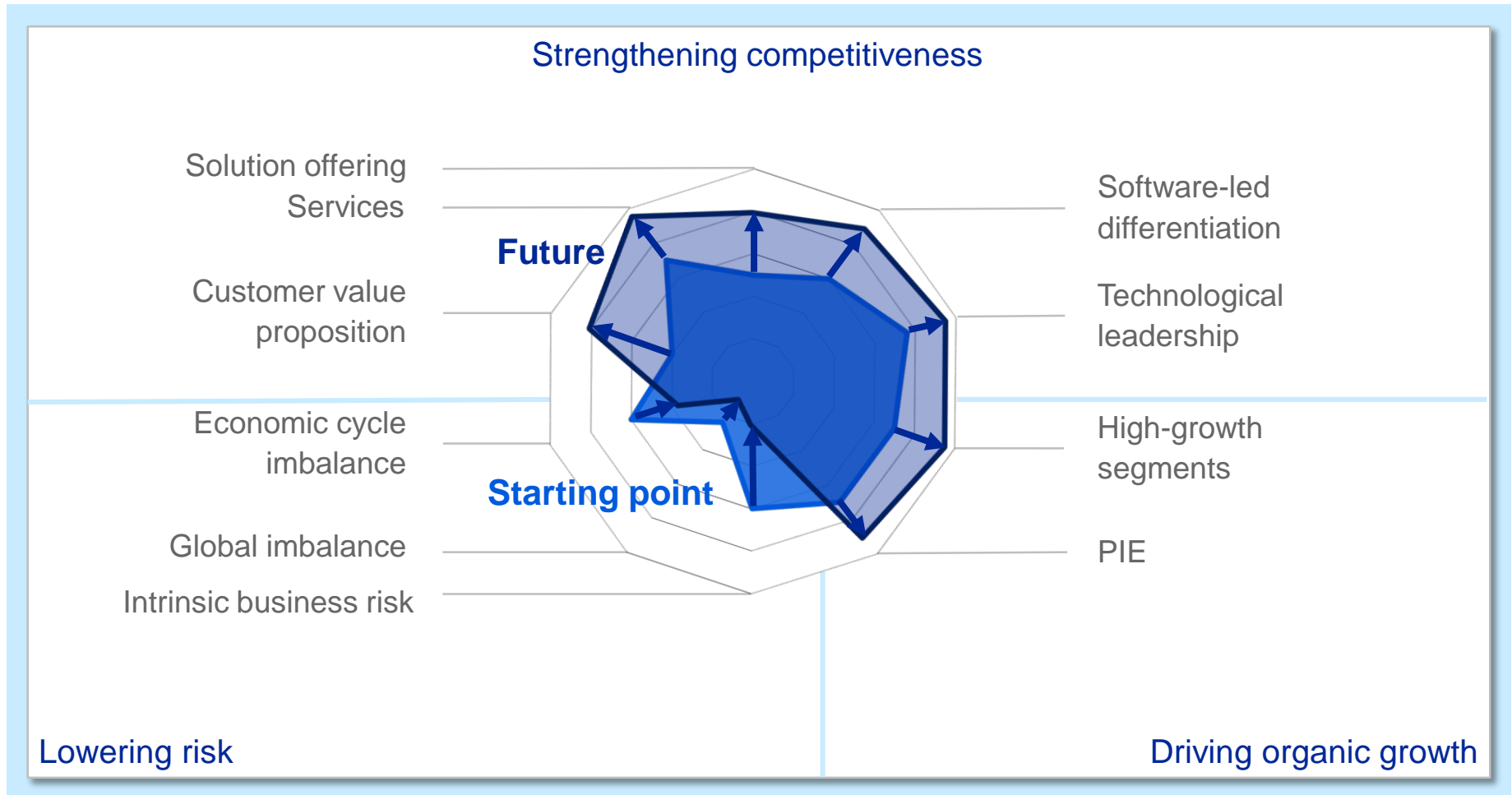
Food & beverage:

Target solutions for F&B customers, YTD orders up >10%



Profitable growth

Shifting the center of gravity



Profitable growth

Q2 actions – shifting the center of gravity

Example

Well positioned



Attractive markets

Profitable growth

Relentless execution

Business-led collaboration

Strengthening competitiveness

- New service suite for solar customers
- Grid consulting for utility and industry customers

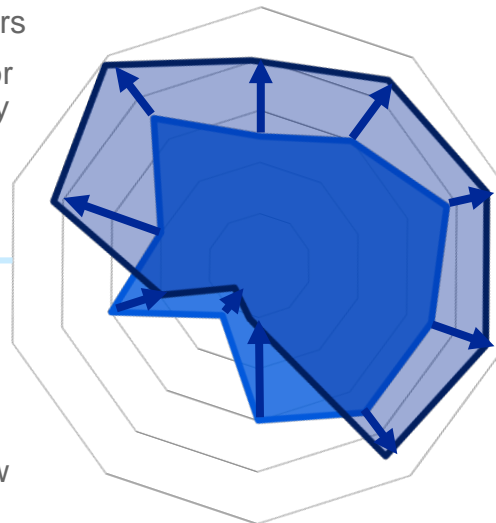
- Divestiture of US cable factory
- Continued investment in Low Voltage Products

Lowering risk

- Expansion of robot studio for general industry
- Industry 4.0 turbocharger

- Opened new US robotics factory
- LV/MV channel collaboration for industrial electrification

Driving organic growth



Shifting the center of gravity – competitiveness

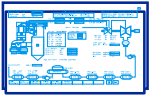
YuMi® : man – machine collaboration



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



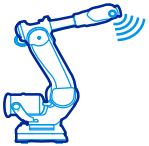
YuMi® – designed for a new era of human friendly automation

Shifting the center of gravity – competitiveness

Services: – remote service of factories



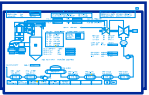
Things



“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



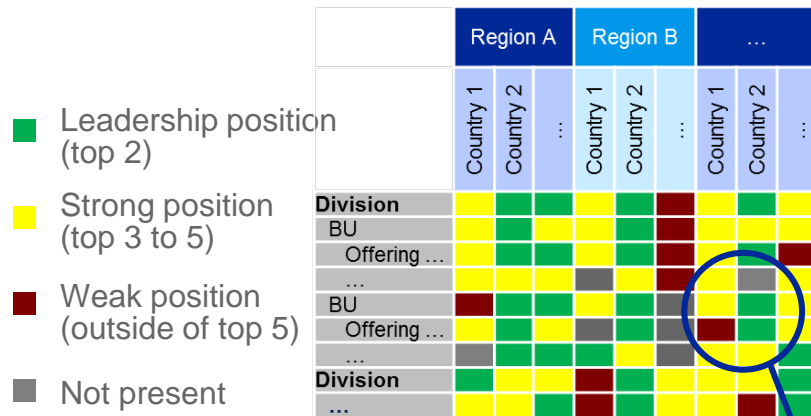
Industry 4.0 in action

Shifting the center of gravity – driving organic growth

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



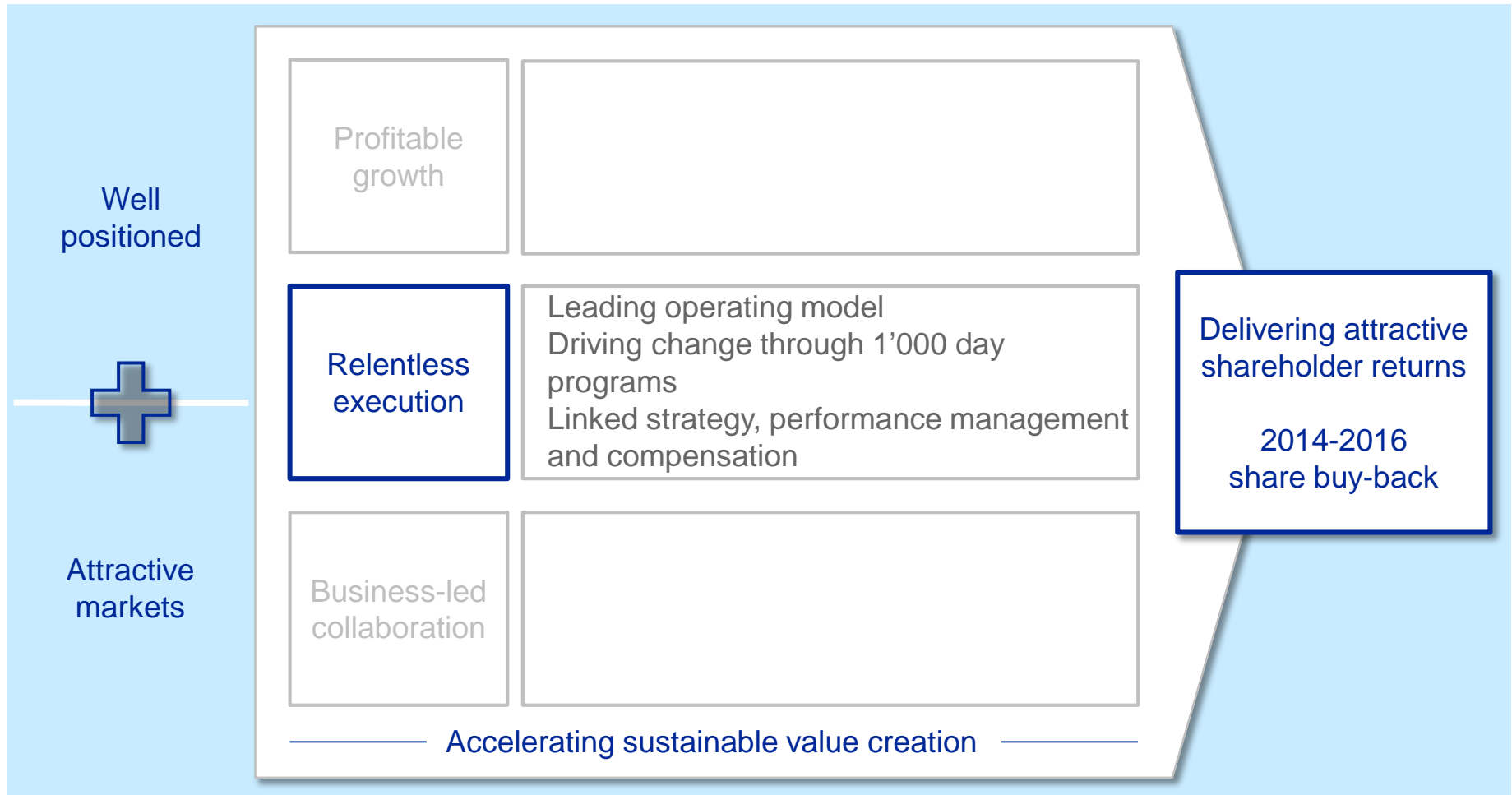
Building automation



Global microgrids and
energy storage

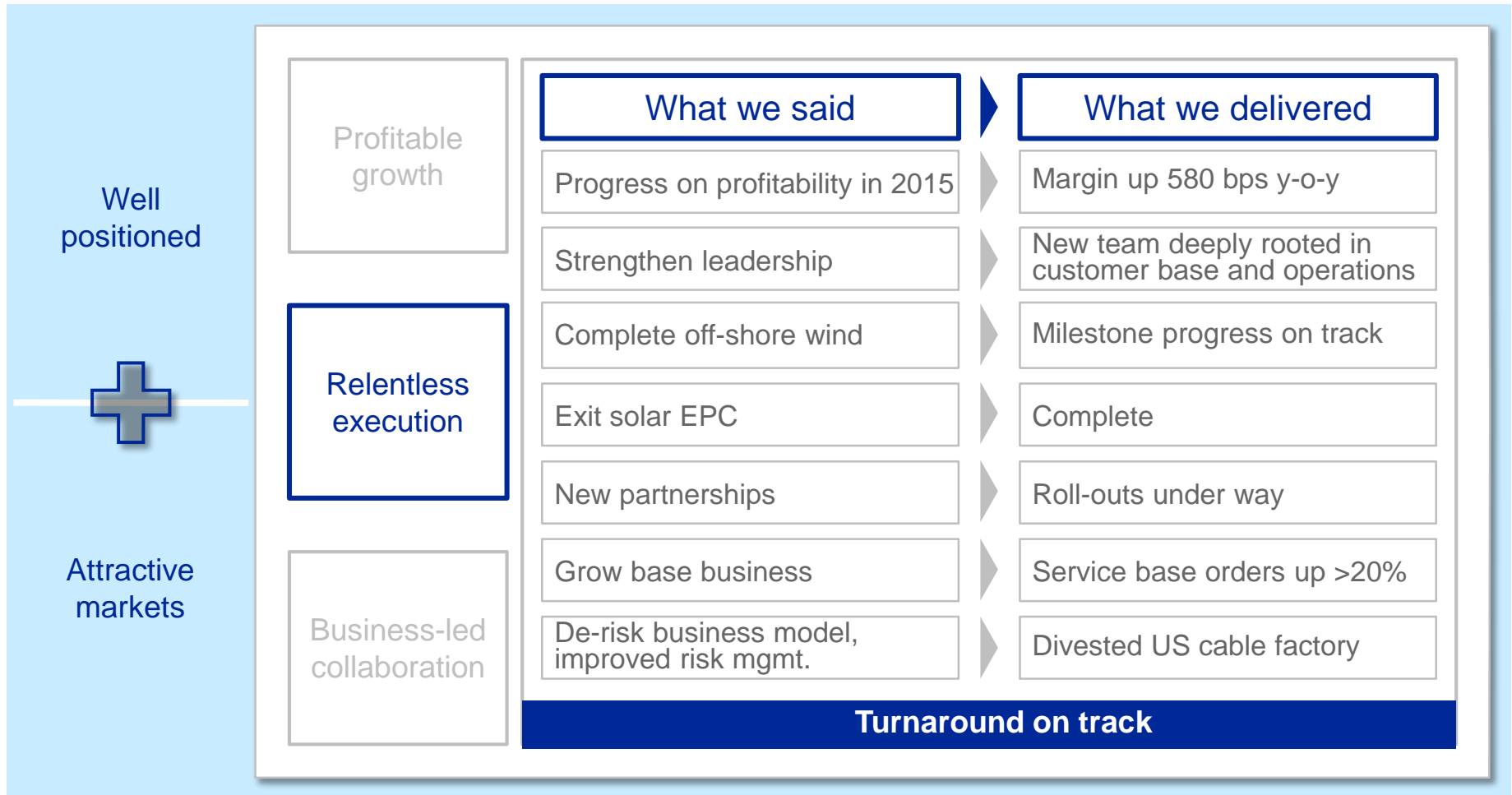
ABB – Next Level

Relentless execution



Relentless execution

Power Systems delivering on 'step change'

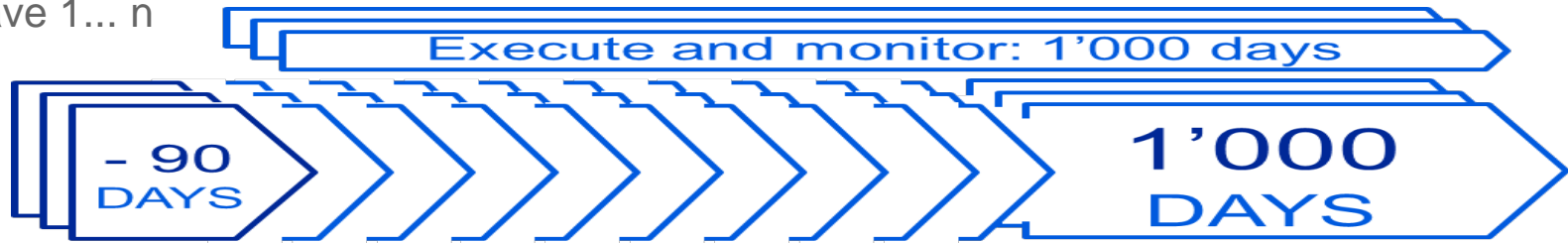


Relentless execution: 1'000 day programs

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

Stronger focus on operational performance management

Examples

Well positioned



Attractive markets

Profitable growth

Relentless execution

Business-led collaboration

Relentless Execution Dashboard

Care	Customer			Cost			Cash		
Hazard Ratio	OTD	NPS	Field Failure Rate	Cost out as % cost	OPQ as % COS	Product Coeffic Δ	DPO Δ* Actual	Invent Turns Δ*	DSO Δ* Actual

- Rewarding attention to health and safety
- Improving customer service
- Driving cost and cash
- Focus on common operational KPIs on all levels

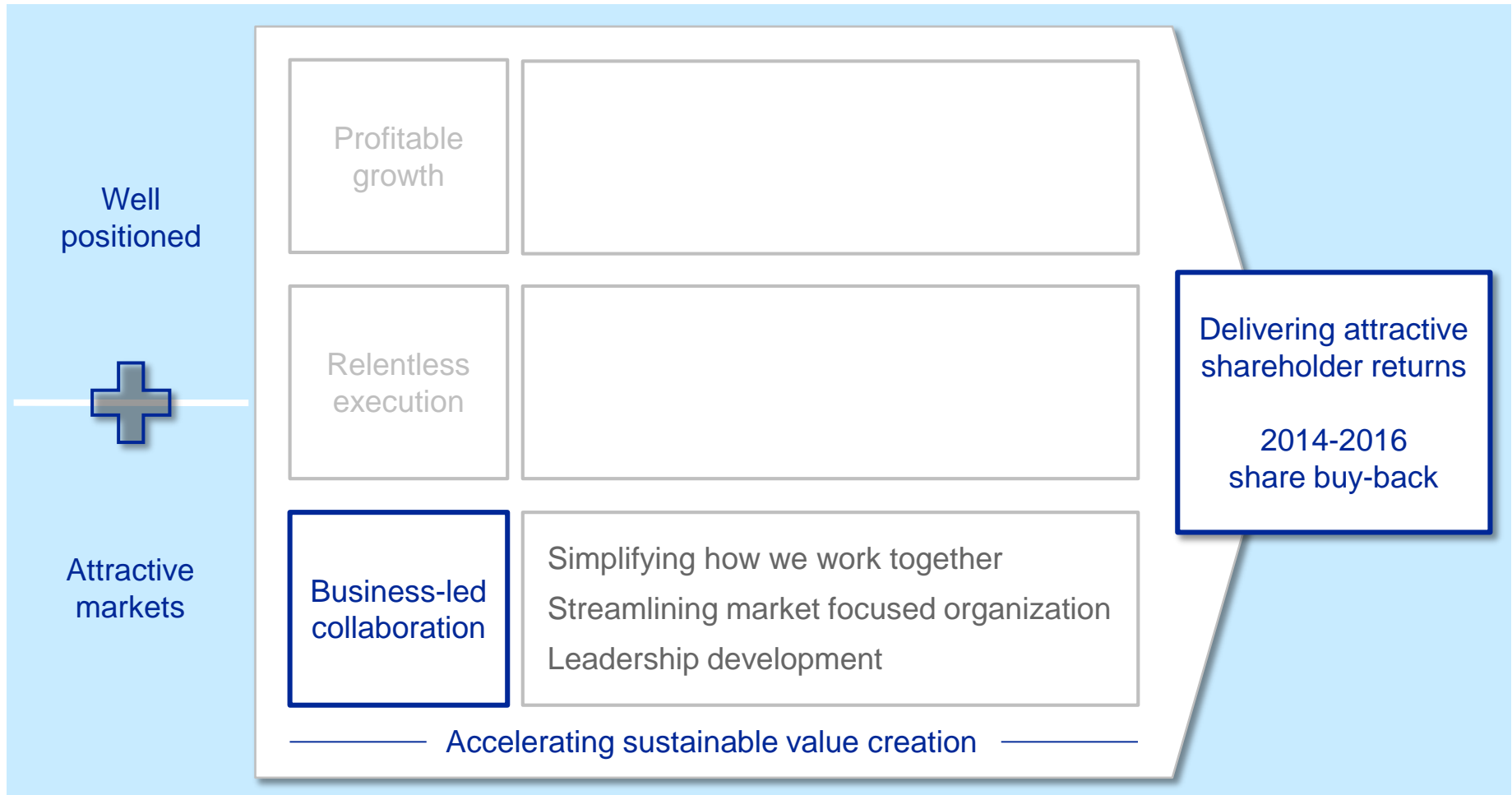
Cost savings
≈3-5% COS

Structural cost
7%¹ lower G&A YTD

Productivity²
+4% run rate YTD

ABB – Next Level

Business-led collaboration



Business-led collaboration

Delivering greater customer value

Examples

Well positioned



Attractive markets

Profitable growth

Relentless execution

Business-led collaboration

Organization

New Country Manager role

Focus on customer collaboration

Clear responsibility

Shared services



Processes & tools

Salesforce.com

Common sales tools

More time with customers

Easier collaboration, coordinated reach



Go-to-market

Common channel strategy

Key channel penetration
(distributors, OEMs, system integrators)

Increase share of wallet



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 H1

Agenda

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Outlook and priorities

Q2 summary and outlook

Q2 results

Orders reflect challenging market dynamics (-4%)

Continued revenue growth (+3%)

Operational EBITA margin 11.7%, up 100 basis points, led by progress in Power Systems turnaround and cost and productivity measures

9% growth in operational EPS (constant currency)

Financials impacted by currency translation due to strong US dollar

Outlook

Hard-weather sailing: Mixed short-term picture, uncertainty remains

Continued growth in US; slower growth in China; modest growth in Europe

Oil price & forex translation effects to continue

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

Steady execution of Next Level strategy supports results

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		

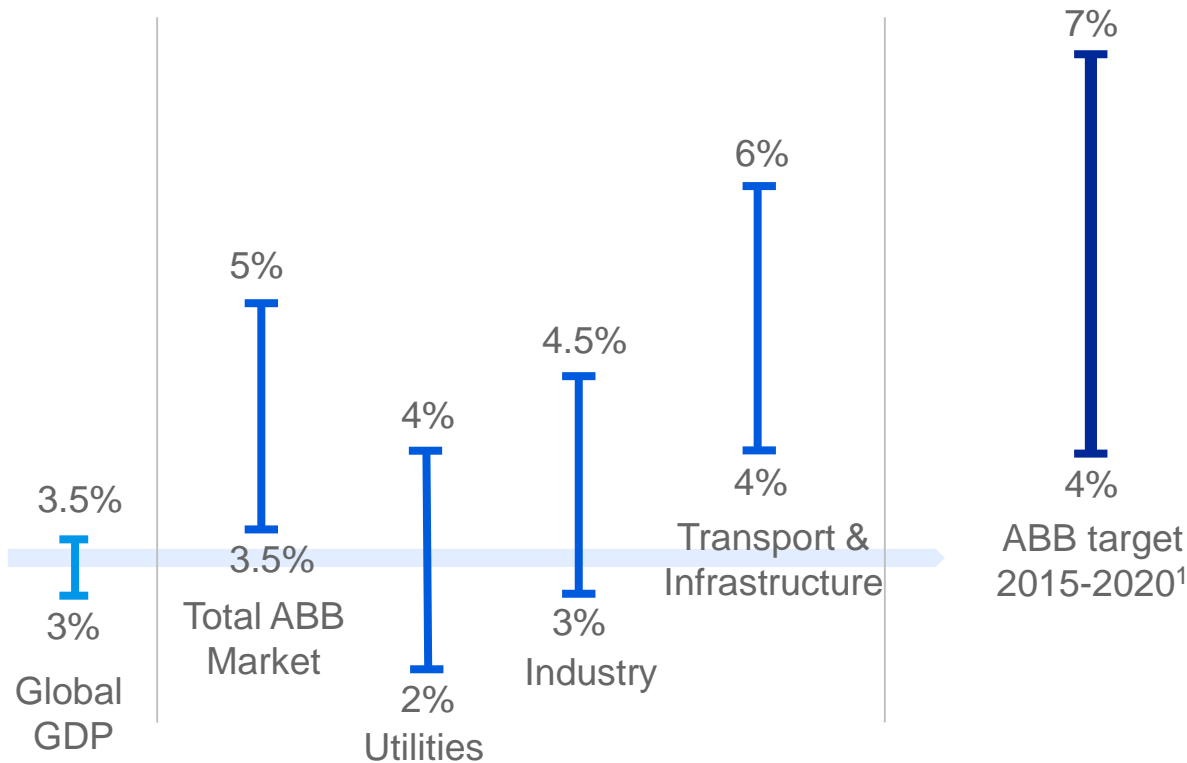
¹Average annual revenue growth on a like-for-like basis over 6 years, base year 2014; ²Target is on a full-year basis;

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

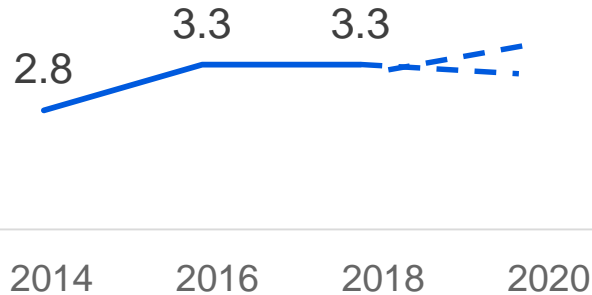
Shifting the center of gravity

- Strengthening competitiveness
- Driving organic growth momentum

Assumptions for 2015-2020 Group financial targets

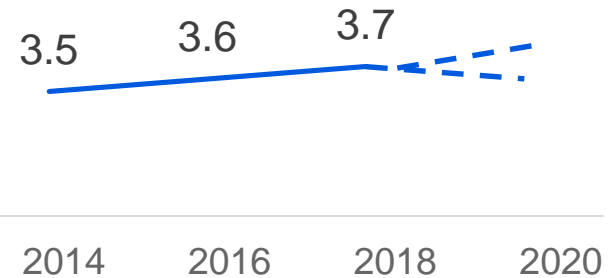
GDP and industrial capex to grow at ~3-3.5%

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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