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Solid progress on profitability

2016 Q2 Results

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Q2 2016: Solid progress on profitability

Double digit growth in operational earnings and cash flow

Orders	Base orders	Revenues
\$8.3 bn	\$7.7 bn	\$8.7 bn
-5% ¹	0% ¹	-2% ¹
Op. EBITA margin	Operational EPS	Cash flow from operating activities
12.7%	\$0.35	\$1.1 bn
+1.0 pts.	+18% ²	+80%

¹ On a comparable basis;

² Operational EPS growth is in constant currency (2014 foreign exchange rates)

Q2 2016: Solid progress on profitability

Next Level Strategy delivering results

Profitable Growth

Base orders steady¹ amid continued market headwinds
PIE³ continued to show positive results
NPS² increased 7 points to 57 points, an industry high
Power Grids strategic portfolio review on track

Relentless Execution

Operational EBITA margin up +100 bpts. to 12.7%
All divisions in target margin corridor
Operational earnings per share up +18%⁴ for Q2 and +10%⁴ for H1
White Collar productivity and working capital programs yielding results

Business-led Collaboration

New market focused organization drives performance culture and collaboration
Sami Atiya started as Head of Discrete Automation and Motion

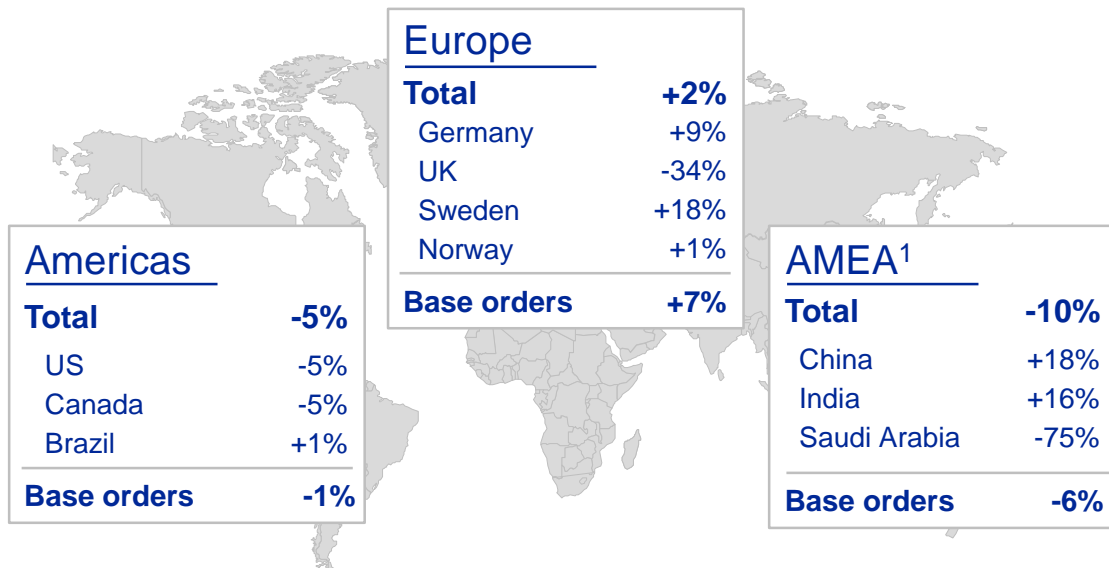
¹Changes in orders, revenues and order backlog are on a comparable basis; ²Net Promoter Score; ³PIE: Penetration, Innovation, Expansion; ⁴Operational EPS growth is in constant currency (2014 foreign exchange rates)

Q2 2016: Steady base orders

Europe continues growth pattern, China solid

2016 Q2 total order growth by region

Change on a comparable basis



2016 Q2 base order growth²

Change on a comparable basis

Brazil	+24%
Canada	+4%
China	0%
Germany	+13%
India	+15%
Italy	-1%
Norway	-6%
Russia	+31%
Saudi Arabia	-56%
Spain	+27%
Sweden	+21%
UK	-21%
US	-4%

¹AMEA: Asia, Middle East and Africa;

²Selected countries from among ABB's Top 20 countries by total order volume

Q2 2016: achievements by division

All divisions in target margin corridor

<i>\$ bn unless otherwise stated</i>	ABB Group	Electrification Products	Discrete Automation and Motion	Process Automation	Power Grids
Orders	8.3	2.5	2.2	1.4	2.7
△ Comparable	-5%	-2%	-8%	-20%	0%
Revenues	8.7	2.4	2.2	1.7	2.8
△ Comparable	-2%	-1%	-3%	-6%	+1%
Op. EBITA %	12.7%	17.3%	14.0%	12.2%	9.0%
△	+1.0 pts.	+0.8 pts.	-0.5 pts.	-0.1 pts.	+2.2 pts.

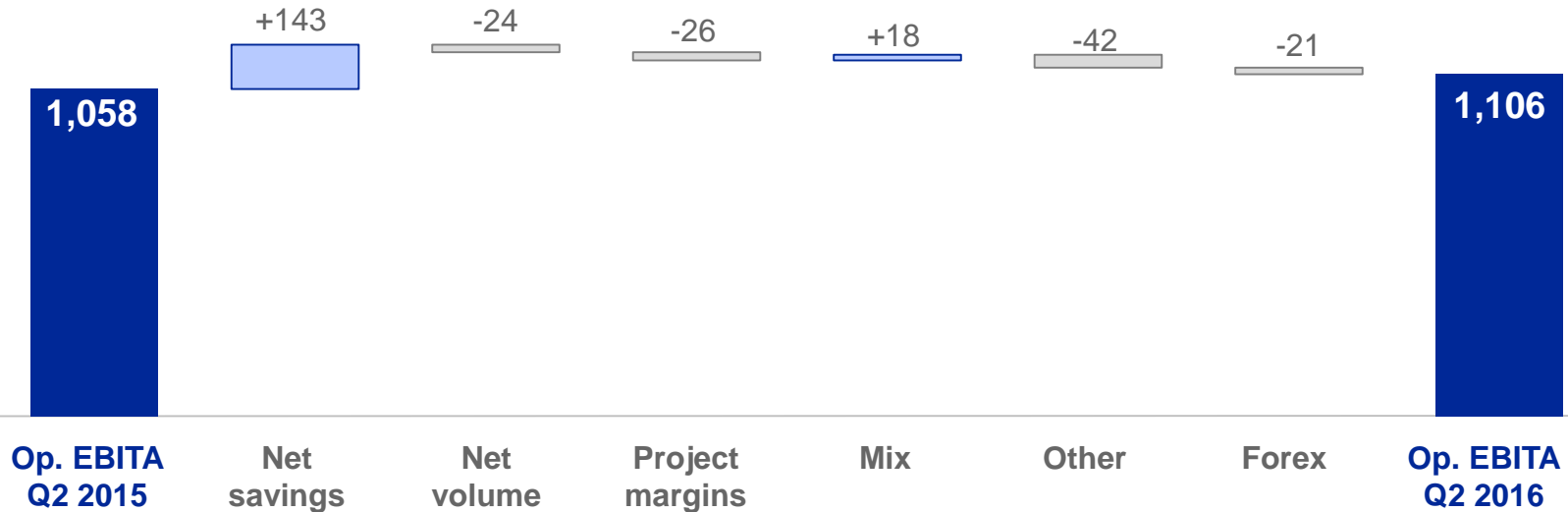
Operational EBITA margin up 100 bpts. Net savings hitting bottom line

11.7% op.
EBITA margin

12.7% op.
EBITA margin

Operational EBITA bridge Q2 2015 to Q2 2016

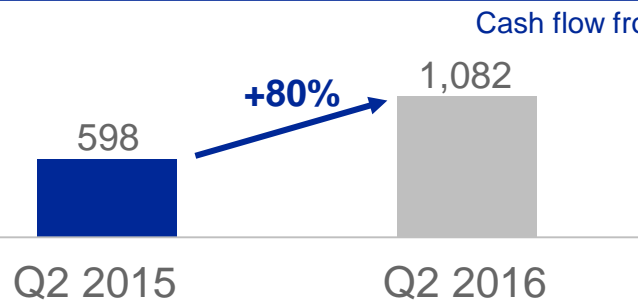
\$ mn



Strong capital management

Working capital initiative yielding results

A solid cash generator



Strong working capital management

Timing of tax payments

Status of share buyback

Q2: 37.6 mn shares, buyback value of ~\$780 mn

Total: ~170 mn shares, buyback value of \$3.5 bn

Cancelled 100 mn shares in July

2016 dividend distribution

7th consecutive dividend increase

Dividend payment of 0.74 CHF per share

\$1.6 bn dividend distribution from NVR¹ paid in July

Capital allocation priorities remain unchanged

ABB – Next Level Stage 2

Accelerating transformation

Presented September 9th, 2015



Q2 2016: Profitable Growth

Shifting the Center of Gravity – driving organic growth

Examples

Profitable Growth

Relentless Execution

Business-led Collaboration

PIE

Penetration: BRIC

Orders up in Brazil, Russia, India, China
Base orders up overall, steady in China
Framework for growth working



Innovation: Robotics

IoTSP¹ Connected Services and SafeMove2
YuMi[®] winning global industry award



Expansion: Hitachi JV

First orders for Japanese grid
New partnership business model for Power Grids operational



Q2 2016: Relentless Execution

White Collar Productivity on track

Profitable Growth

Relentless Execution

Business-led Collaboration



Today

Lean business functions

World wide roll-out of transport mgmt. centers
~90 factories in 13 countries addressed

Global shared services

2 global service centers (IN, PL) operational

Finance (shared accounting services) of >20 countries transitioned
HR Germany & Australia transitioned

Complexity reduction

HQ size reduced by +20%¹
Streamlined 4 to 1 locations

Confirm \$400 mn white collar productivity savings for 2016

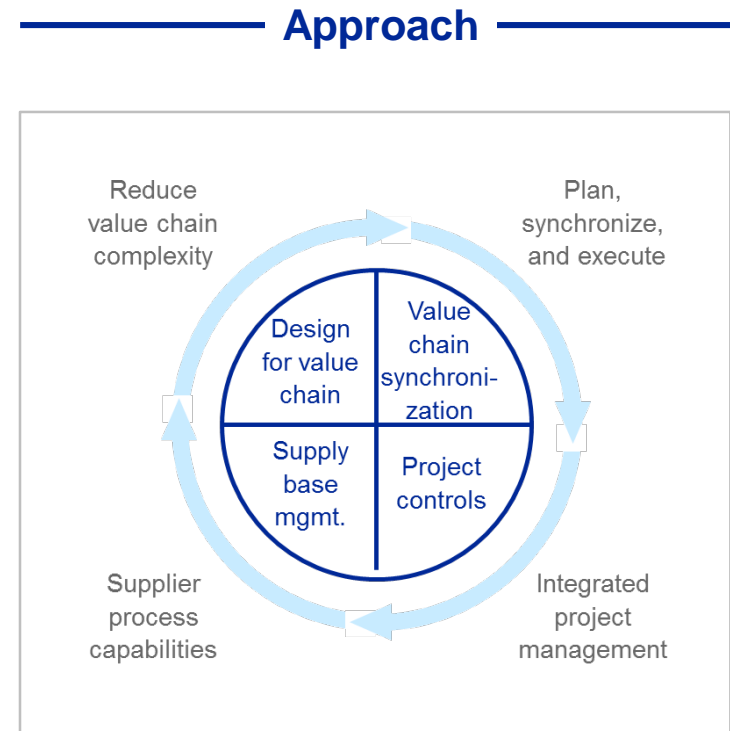
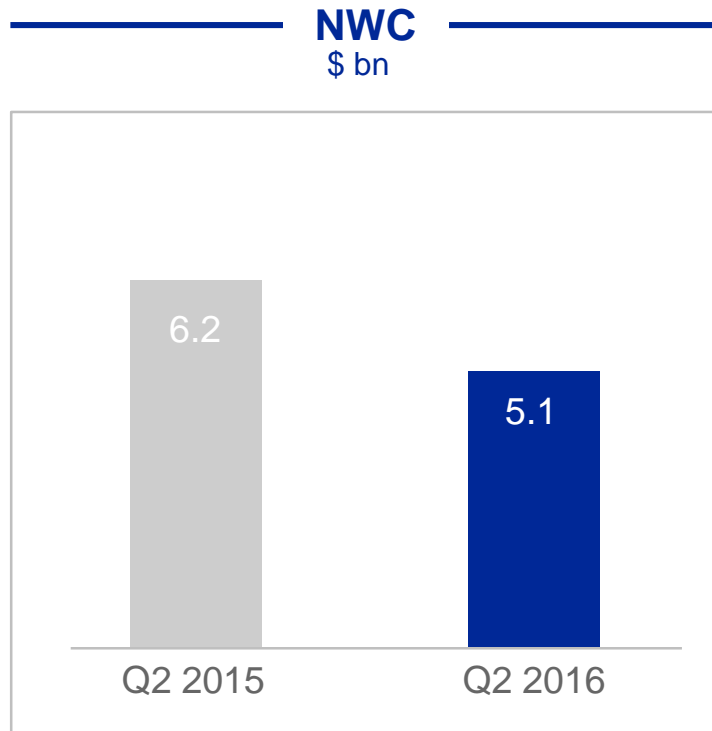
Q2 2016: Relentless Execution

Working Capital improvements increased cash flow

Profitable Growth

Relentless Execution

Business-led Collaboration



NWC as a percentage of revenues down 150 basis points

Q2 2016: Business-led Collaboration

Profitable
Growth

Relentless
Execution

Business-
led
Collabo-
ration

Customers

Cross-divisional

Greenfield Mexican
car factory

Combined solutions LV, MV, and robotics

Productivity and energy efficiency



Leadership

New EC appointment

New DM Head: Sami Atiya

Brings extensive industrial experience
in Europe, MEA & US

Strong background in automation,
software and service



Q2 2016 summary and outlook

Q2 results

Op. EBITA margin up +100 bpts. to 12.7%

All divisions in target margin corridor

White collar productivity delivering results

Op. earnings per share up +18%¹

Base orders steady; continued market headwinds reflected in total orders -5%

Revenues -2% on lower short cycle volumes and timing of order backlog

Cash flow from operating activities up +80%

Outlook

Mixed short-term picture

Modest growth and increased uncertainties in Europe e.g. Brexit; slower growth in China; continued market growth in US

Oil price effects to continue

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

ABB Capital Markets Day October 4, 2016

ABB Next Level

Pioneering technology leader with strong positions in attractive markets

Clear transformation agenda driving EPS and CROI

Strong balance sheet; committed to attractive returns to shareholders

Next Level Strategy: accelerating sustainable value creation

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Key figures Q2 2016

	Q2 16	Q2 15	Change		
<i>\$ mn unless otherwise indicated</i>			\$	Local currency	Comparable
Orders	8,316	8,996	-8%	-5%	-5%
Order backlog (end June)	25,338	26,028	-3%	0%	+2%
Revenues	8,677	9,165	-5%	-3%	-2%
Operational EBITA	1,106	1,058	+5%	+7%	
as % of operational revenues	12.7%	11.7%	+1.0 pts		
Income from operations	647	961	-33%		
as % of revenues	7.5%	10.5%	-3.0 pts		
Net income	406	588	-31%		
Basic earnings per share (\$)	0.19	0.26	-28%		
Cash flow from operating activities	1,082	598	+484		

Key figures first half 2016

	H1 16	H1 15	Change		
<i>\$ mn unless otherwise indicated</i>			\$	Local currency	Comparable
Orders	17,569	19,400	-9%	-6%	-6%
Order backlog (end June)	25,338	26,028	-3%	0%	+2%
Revenues	16,580	17,720	-6%	-3%	-2%
Operational EBITA	2,049	2,007	+2%	+5%	
as % of operational revenues	12.3%	11.4%	+0.9 pts		
Income from operations	1,431	1,820	-21%		
as % of revenues	8.6%	10.3%	-1.7 pts		
Net income	906	1,152	-21%		
Basic earnings per share (\$)	0.42	0.51	-19%		
Cash flow from operating activities	1,334	651	+683		

Order backlog by division

	Q2 2016	Q2 2015	Change %	
<i>Order backlog (end June)</i> <i>\$ mn</i>			\$	Comparable
Electrification Products	3,164	3,120	+1%	+6%
Discrete Automation and Motion	4,532	4,761	-5%	-1%
Process Automation	5,985	6,677	-10%	-7%
Power Grids	13,310	13,239	+1%	+7%
Corporate and Other (incl. Inter-division eliminations)	-1,653	-1,769		
Total Group	25,338	26,028	-3%	+2%

Third party base orders by division

	Q2 2016	Q2 2015	Change %
<i>Third-party base orders</i> <i>\$ mn</i>			Comparable
Electrification Products	2,330	2,428	-1%
Discrete Automation and Motion	2,037	2,080	0%
Process Automation	1,277	1,422	-8%
Power Grids	2,000	1,924	7%
Corporate and other	13	20	
Total Group	7,657	7,874	0%

Cash flow from operating activities by division

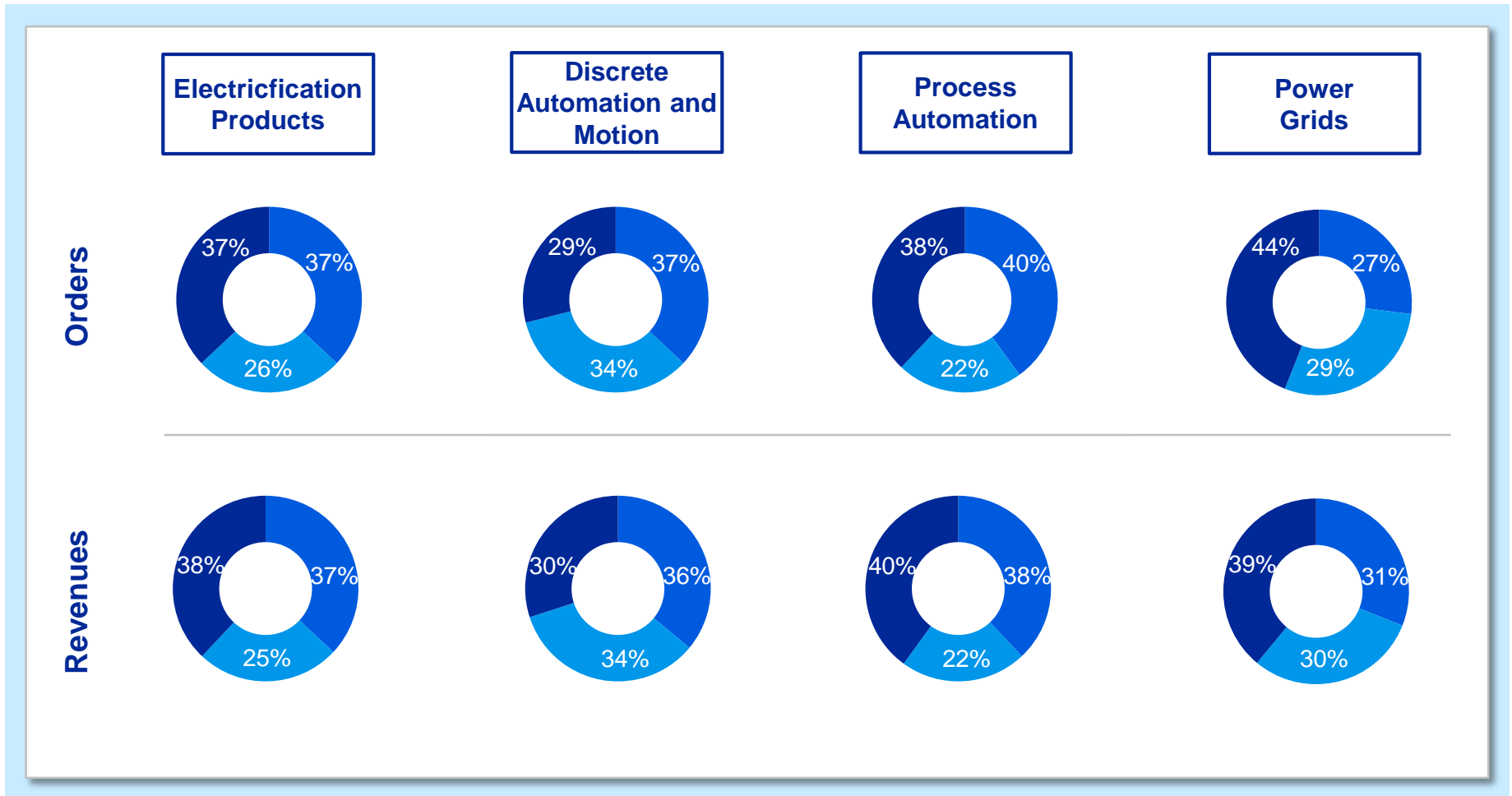
	Q2 2016	Q2 2015	Change %
<i>Cash flow from operating activities</i> <i>\$ mn</i>			
Electrification Products	364	346	+5%
Discrete Automation and Motion	258	266	-3%
Process Automation	260	98	+165%
Power Grids	289	68	+325%
Corporate and other	-89	-180	
Total Group	1,082	598	+81%

Operational EPS analysis

	Q2 2016		Q2 2015		
<i>mn \$, except per share data in \$</i>		<i>EPS</i>		<i>EPS</i>	Δ^1
Net income (attributable to ABB)	406	0.19	588	0.26	-28%
<i>Operational adjustments:</i>					
Acquisition-related amortization	71		80		
Restructuring and restructuring-related expenses (including WCP implementation costs)	367		58		
Gains and losses on sale of businesses, acquisition-related expenses and certain non-operational items	9		39		
FX/commodity timing differences in income from operations	12		-80		
Tax on operational adjustments ²	-119		-17		
Operational net income / Operational EPS	746	0.35	668	0.30	18%³

¹Calculated on earnings per share before rounding; ² Tax amount is computed by applying the Adjusted Group effective tax rate to the operational adjustments, except for gains and losses from sale of businesses for which the actual provision for taxes resulting from the gain or loss has been computed; ³Operational EPS growth rate is in constant currency (2014 foreign exchange rates)

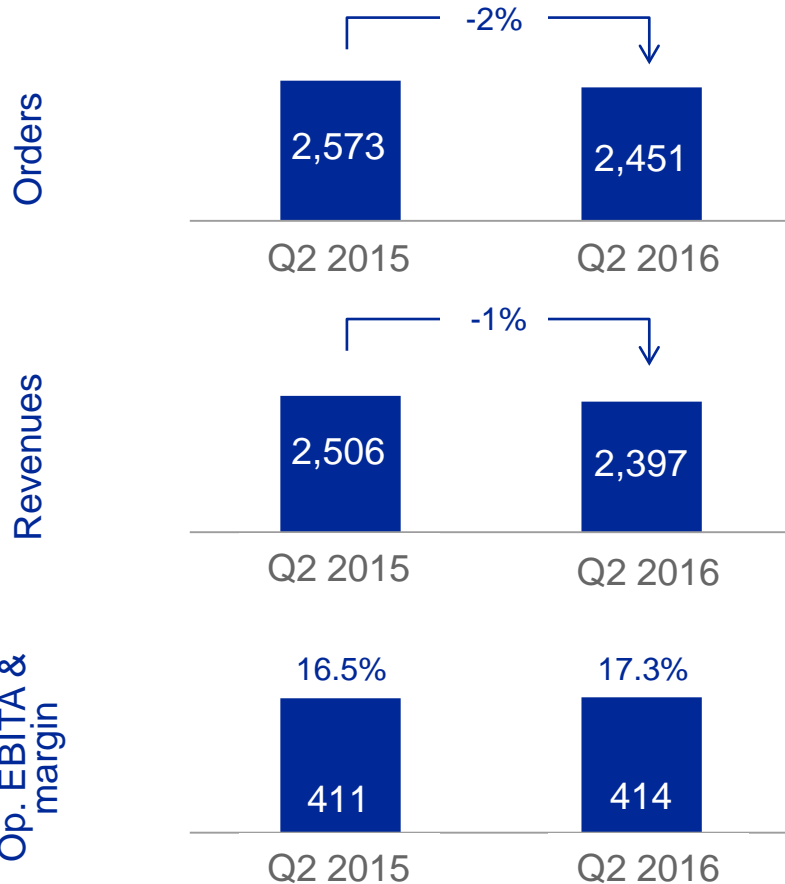
Regional share of total orders and revenues by division Q2 2016



Electrification Products

Q2 2016

In \$ mn, y-o-y change comparable



Orders mixed as growth in Europe could not offset declines in the Americas and AMEA. Product orders were stronger in Germany and Russia but softer in China, Saudi Arabia, and the US.

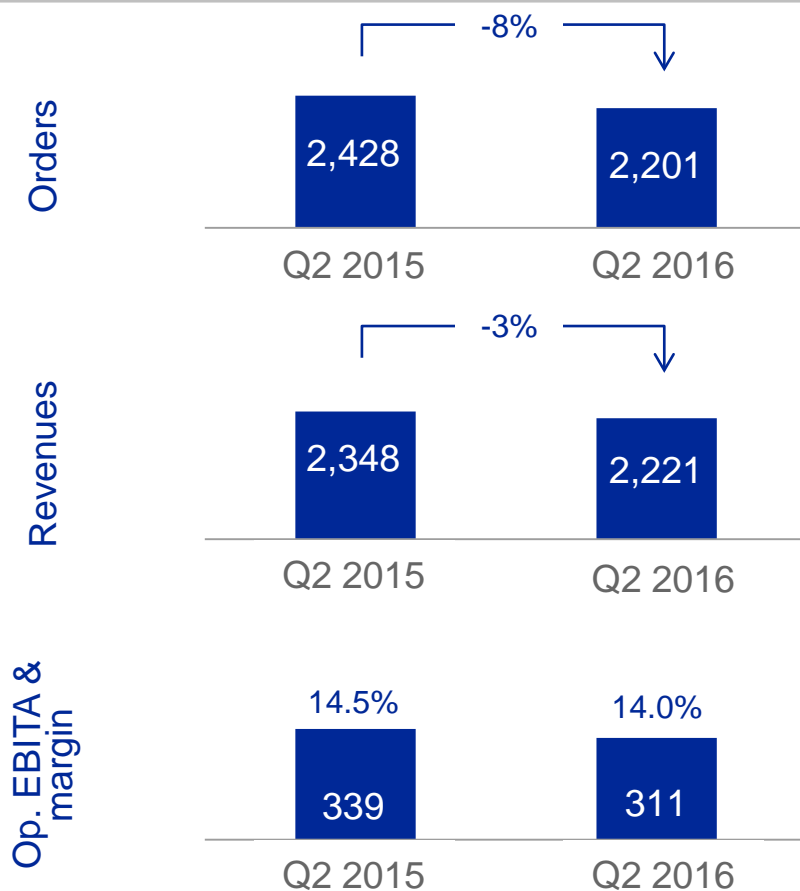
Revenues impacted by lower demand.

Operational EBITA margin improved ~80 basis points on additional cost savings and some positive mix. Capacity adjustments to address the shift in demand were implemented swiftly in the quarter.

Discrete Automation & Motion

Q2 2016

In \$ mn, y-o-y change comparable



Total orders were impacted by lower large orders and steady third party base orders.

Continued strong demand in automotive and F&B could not fully offset capex declines in process industries.

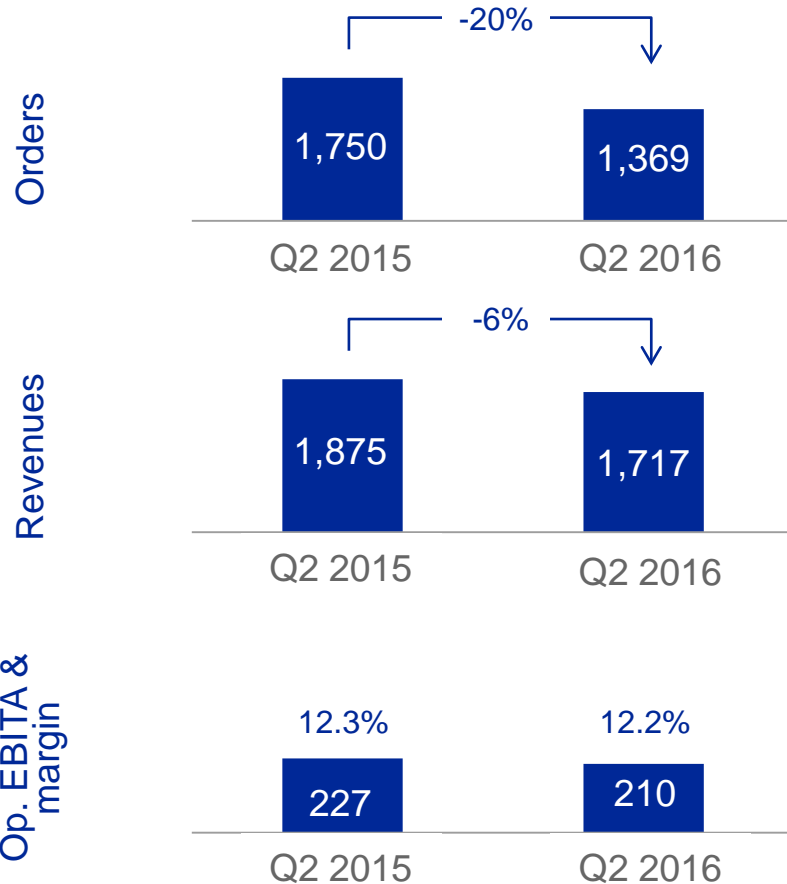
Revenues were impacted by lower volume and timing of order backlog execution.

Implementation of focused capacity adjustments and productivity measures resulted in improved margin for the second consecutive quarter
Division re-entered target margin corridor.

Process Automation

Q2 2016

In \$ mn, y-o-y change comparable



Reduced capex & cautious discretionary spending in process industries impacted large and base orders.

Total orders declined 20 percent; third party base orders were 8 percent lower.

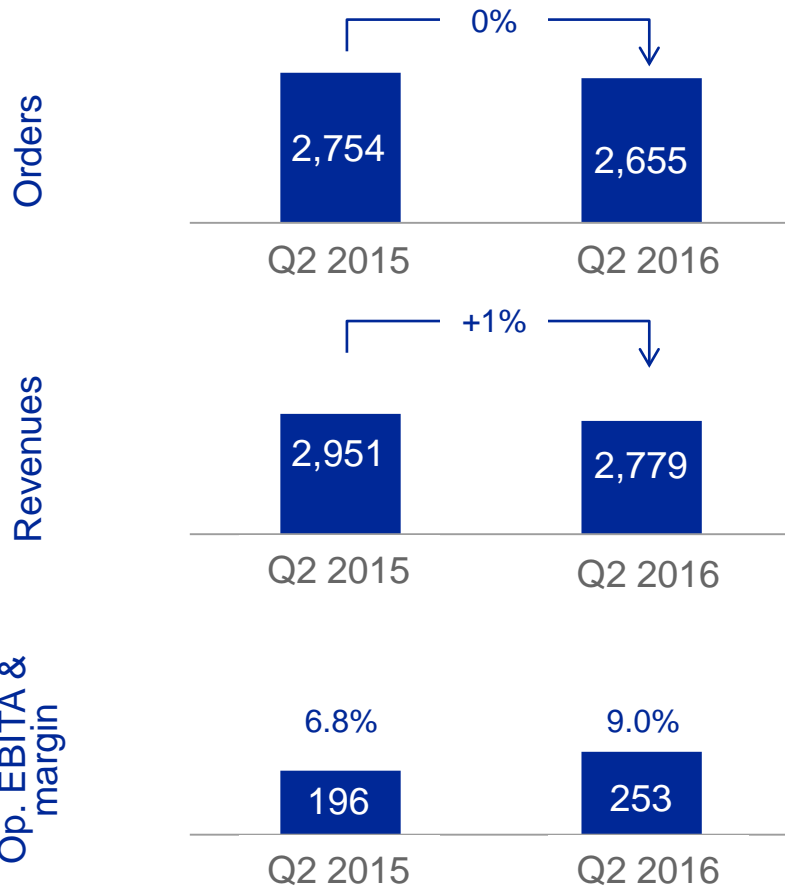
Revenues were lower on execution timing of the order backlog and lower base order demand.

Operational EBITA margin was basically stable as early initiated cost and productivity savings largely offset lower volumes and reduced capacity utilization.

Power Grids

Q2 2016

In \$ mn, y-o-y change comparable



Total orders were steady

Strong third party base order growth of 7 percent compensated for lower large orders.

Revenues were higher, reflecting solid conversion of the order backlog.

Operational EBITA margin improved on volumes, productivity and cost savings

Result included additional project costs for the remediation actions taken with regards to cable components.

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