



Ulrich Spiesshofer, CEO; Eric Elzvik, CFO, October 22nd, 2014

ABB delivers strong order growth

Q3 2014 results presentation

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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.

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- 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,
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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 & presentations” – “Quarterly results & annual reports” on our website at www.abb.com/investorrelations

Q3 2014 key takeaways

ABB delivers strong order growth in Q3

Profitable Growth

Orders up 28%¹, large orders in power and oil & gas

Base orders up 5th consecutive quarter

Double-digit service growth

Book-to-bill at 1.14x

Q3 revenue reflects lower opening order backlog

Orders show results from 1st year of PIE initiatives

Relentless Execution

PS 'step change' on track; Q3 operational EBITDA breakeven

Operational EBITDA reflects lower revenues and PS

Cost reduction and cash generation on track

\$4 bn share buyback launched, \$350 mn purchased

Solid progress in PS, good execution on cost and cash

Business-led Collaboration

Organizational realignment well underway for smooth implementation on Jan. 1

- Roles and responsibilities
- Global business lines
- Regional structure
- Management appointments

Streamlining market-focused organization on track

Launched Next Level strategy aimed at accelerating sustainable value creation

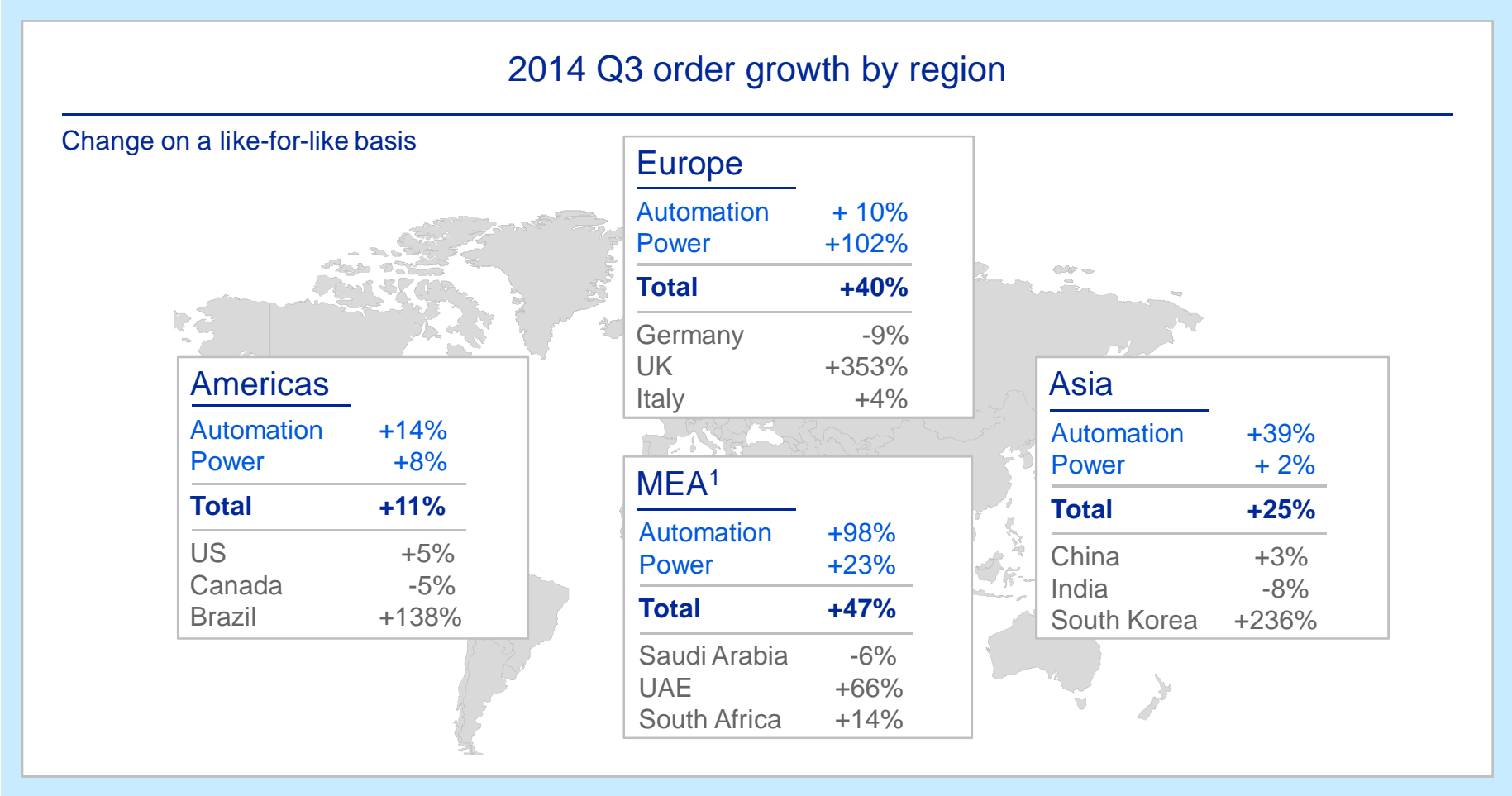
Q3 2014

Key figures

	Q3 14	Q3 13	Change
\$ mn unless otherwise indicated			
Orders	11,225	9,089	+28% ¹
Revenues	9,823	10,535	-4% ¹
Operational EBITDA	1,418	1,638	-13%
as % of operational revenues	14.3%	15.7%	
Income from operations	1,222	1,324	-8%
as % of revenues	12.4%	12.6%	
Net income	734	835	-12%
Basic earnings per share (\$)	0.32	0.36	
Cash from operating activities	1,169	1,241	-6%

Power and automation growth in all regions

Overview



¹ Middle East and Africa

Large orders more than tripled

2014 Q3 large order examples

Americas

\$100-mn mine automation, Brazil

- Combined automation and power solution
- Improves productivity, lowers environmental impact

Europe

\$800-mn HVDC, UK

- Attractive profitability and risk profile
- Leverage ABB technology, strong track record on execution

MEA

\$200-mn gas treatment plant, Tunisia

- Targeting higher-growth oil & gas segment
- Power and automation combination as a competitive advantage

Asia

\$30-mn power substation, Bangladesh

- Targeting urbanization and infrastructure in emerging markets
- Turnkey substations

Broad-based order momentum through PIE

Well executed across businesses and regions

Base order growth

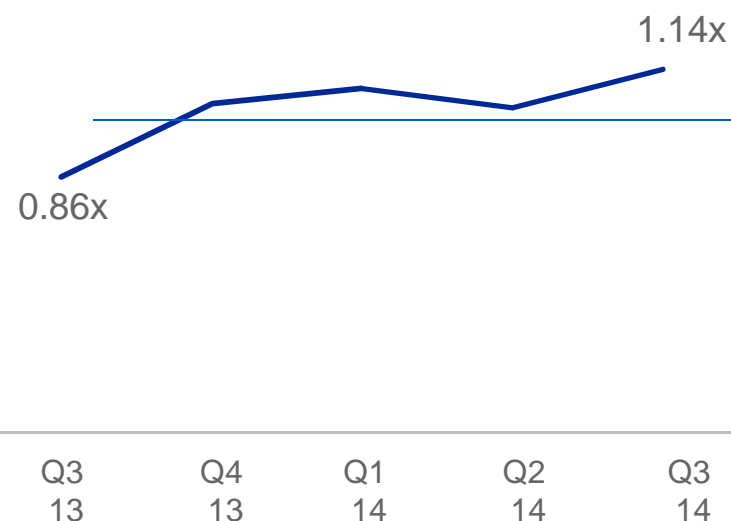
% change¹ Q3 14 vs Q3 13

Brazil	+3%
Canada	+9%
China	+4%
Finland	+13%
Germany	+4%
France	+6%
Japan	+7%
Saudi Arabia	+63%
Switzerland	+8%
UK	+14%

Overall base orders growing ahead of market

Book-to-bill ratio

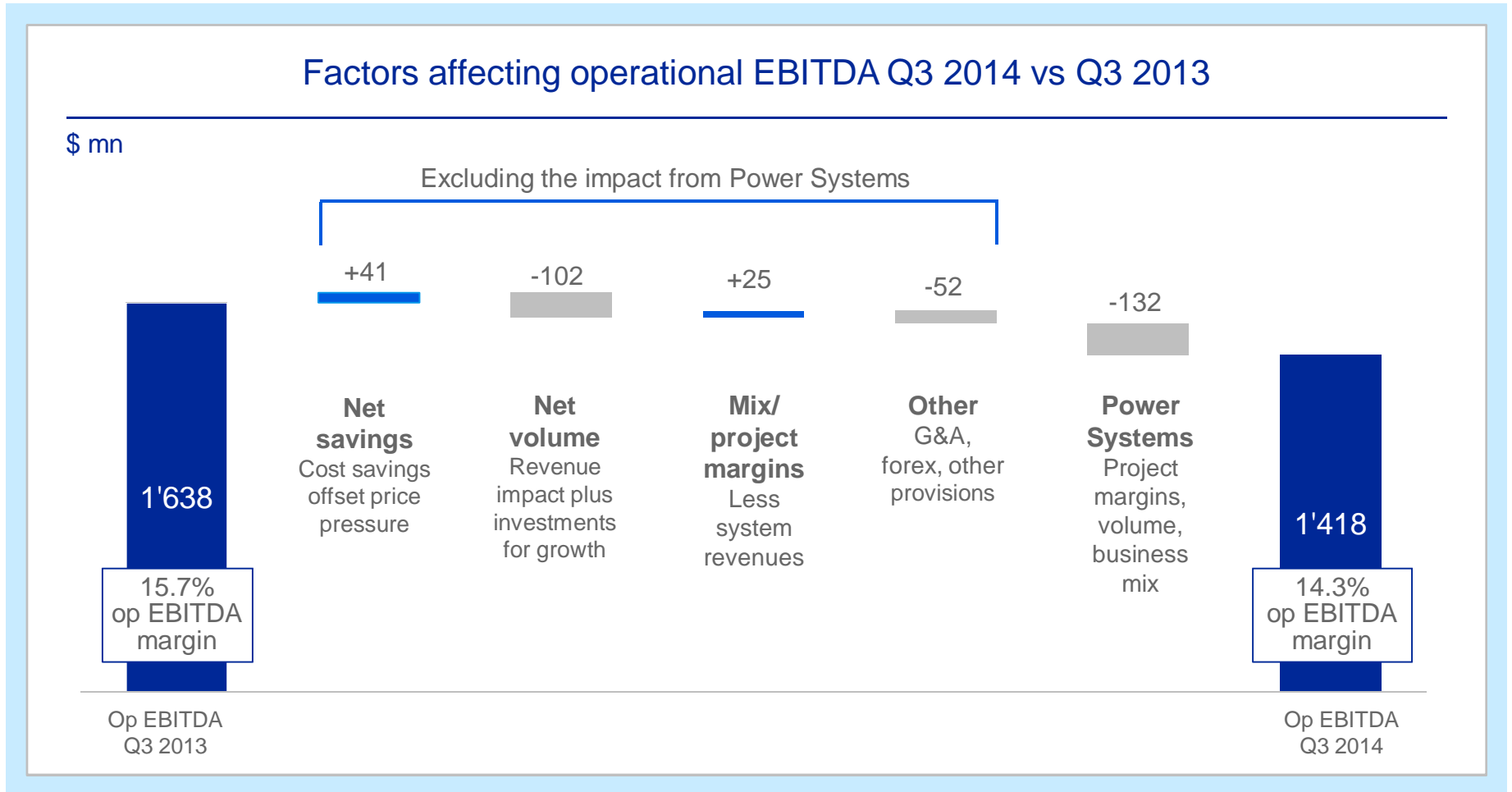
Orders over revenues



Supports revenue growth in 2015 and beyond

Operational EBITDA bridge

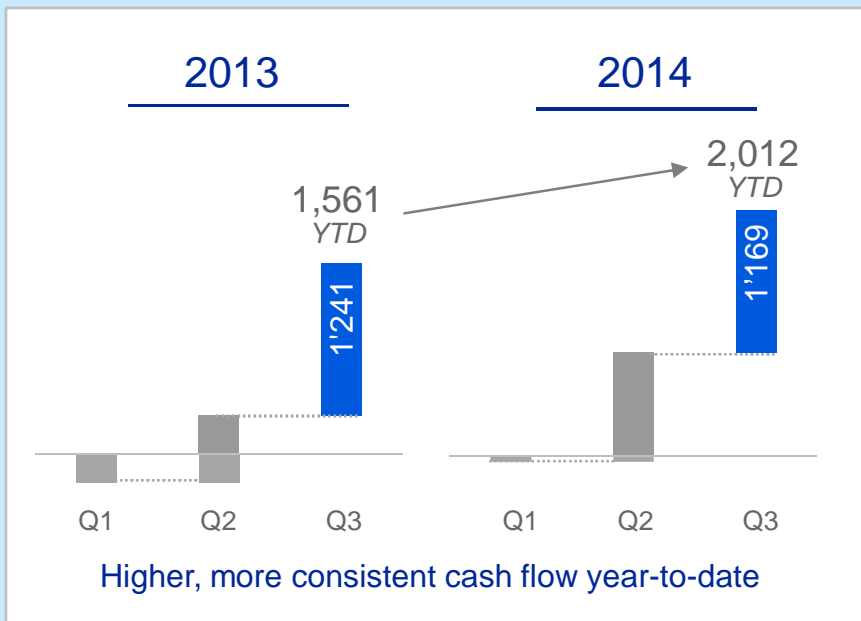
Solid execution on cost offset by volume effects and PS



Cash flow

Cash from operations up ~\$400 million year-to-date

Quarterly cash from operations (\$ mn)



Q3 cash flow lower vs 2013

- NWC improvements—lower as % of revenues
- Offset by net income decrease

Cash from operations up 29% year-to-date

Focused efforts to generate a more even distribution of quarterly cash flows over the year

\$4-bn share buyback program:

15.4 mn shares purchased in quarter

Buyback value of \$350 mn

Key figures Q3 2014

Divisional overview

<i>\$ mn unless otherwise stated</i>	Orders	\triangle Like-for-like	Revenues	\triangle Like-for-like	Operational EBITDA%	\triangle	Cash flow from operations	\triangle
Discrete Automation and Motion	2,697	+14%	2,635	+4%	18.1%	-0.7pts	409	-117
Low Voltage Products	1,914	+3%	1,921	+3%	18.9%	-0.8 pts	308	-127
Process Automation	2,622	+58%	1,899	-6%	12.6%	-1.0 pts	258	-13
Power Products	2,725	+13%	2,455	-8%	14.6%	0 pts	325	+118
Power Systems	2,177	+84%	1,637	-19%	0.5%	-6.5pts	(92)	+26
Corporate	(910)		(724)				(39)	+41
ABB Group	11,225	+28%	9,823	-4%	14.3%	-1.4 pts	1,169	-72

ABB – Next Level

Shaping a global leader in power & automation

Presented September 9th, 2014

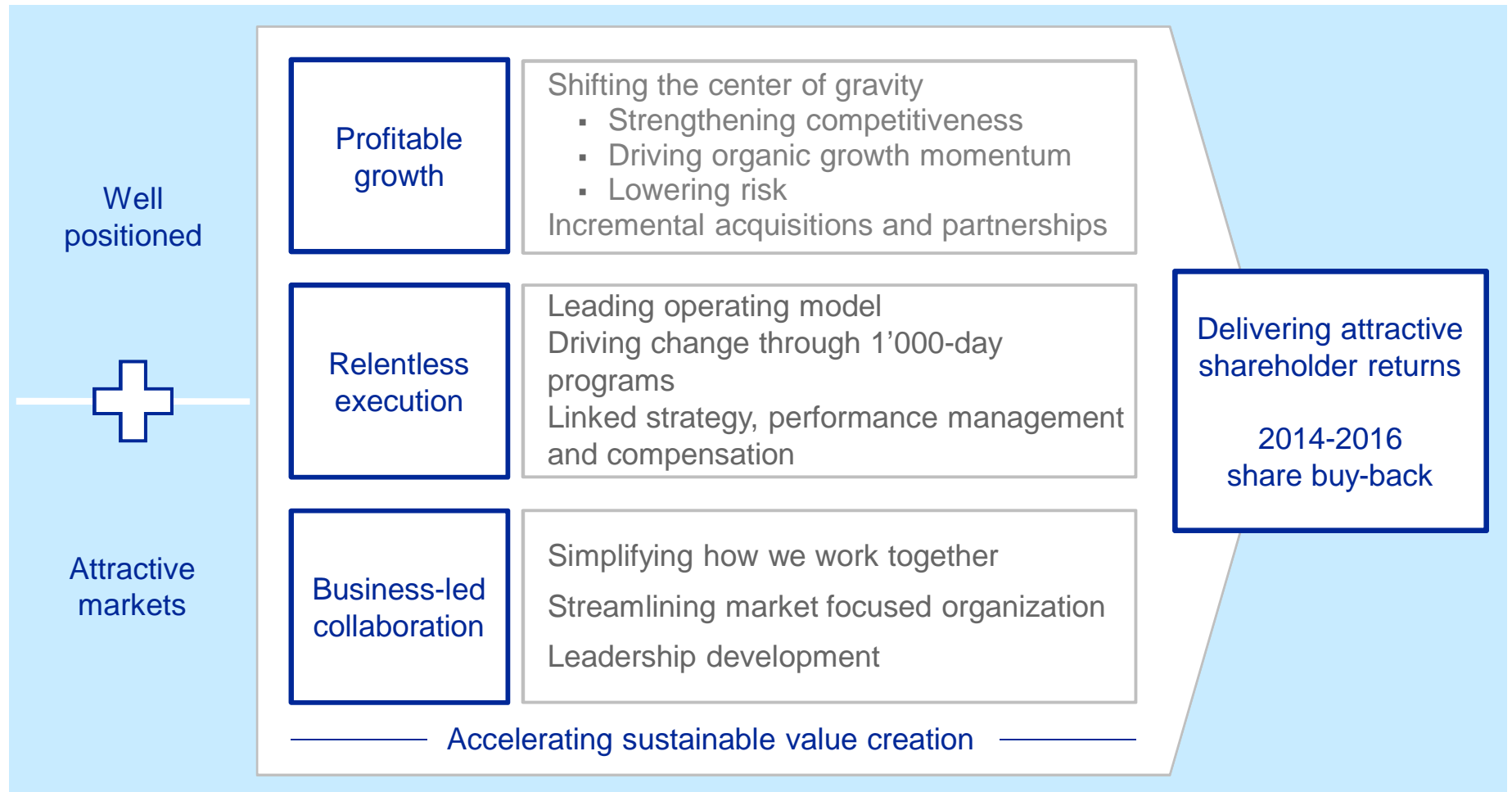


ABB – Next Level

Profitable growth: Penetration, innovation and expansion

Example

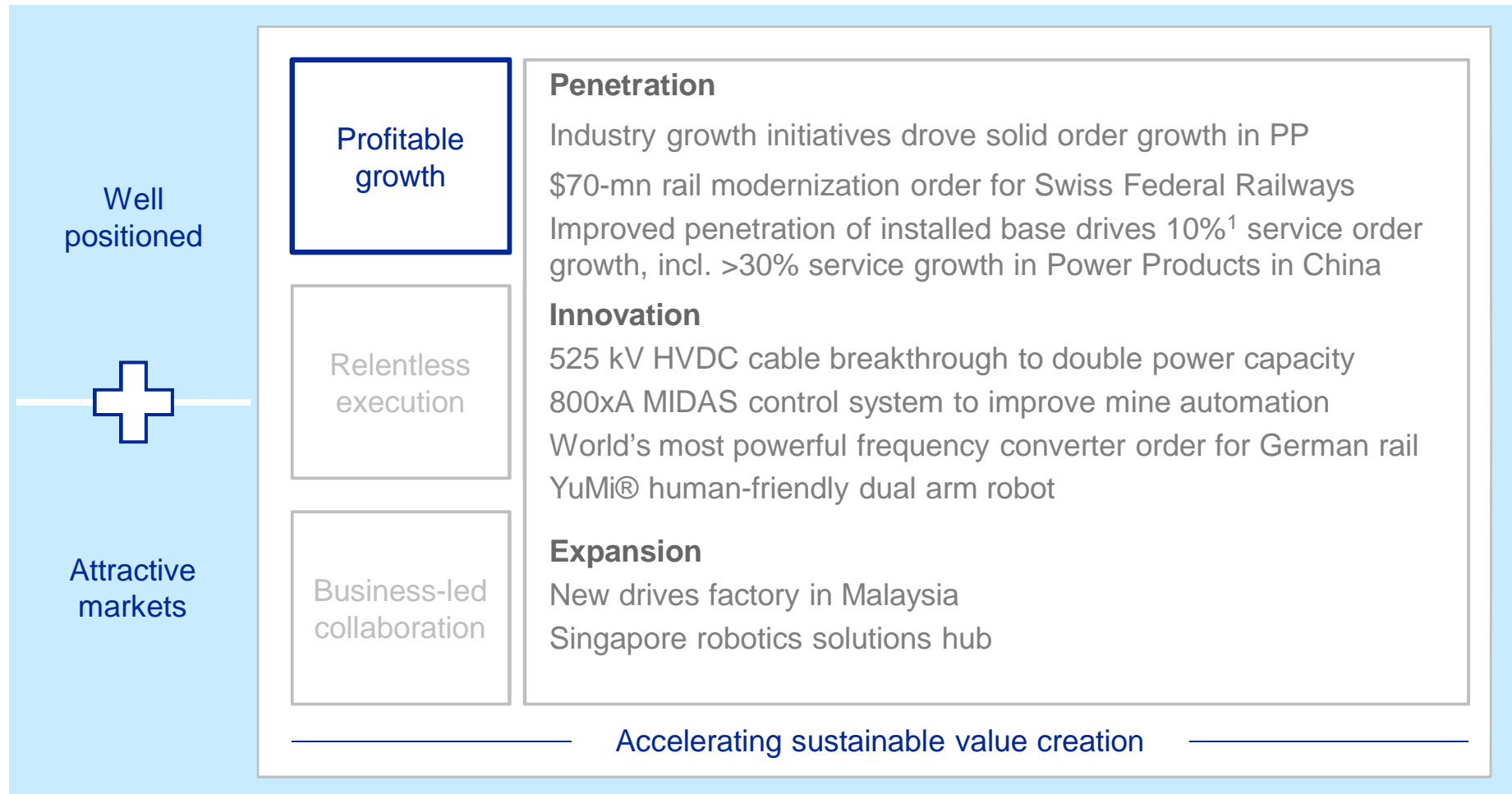


ABB – Next Level

Expansion: ABB-Vestas microgrid alliance

Example

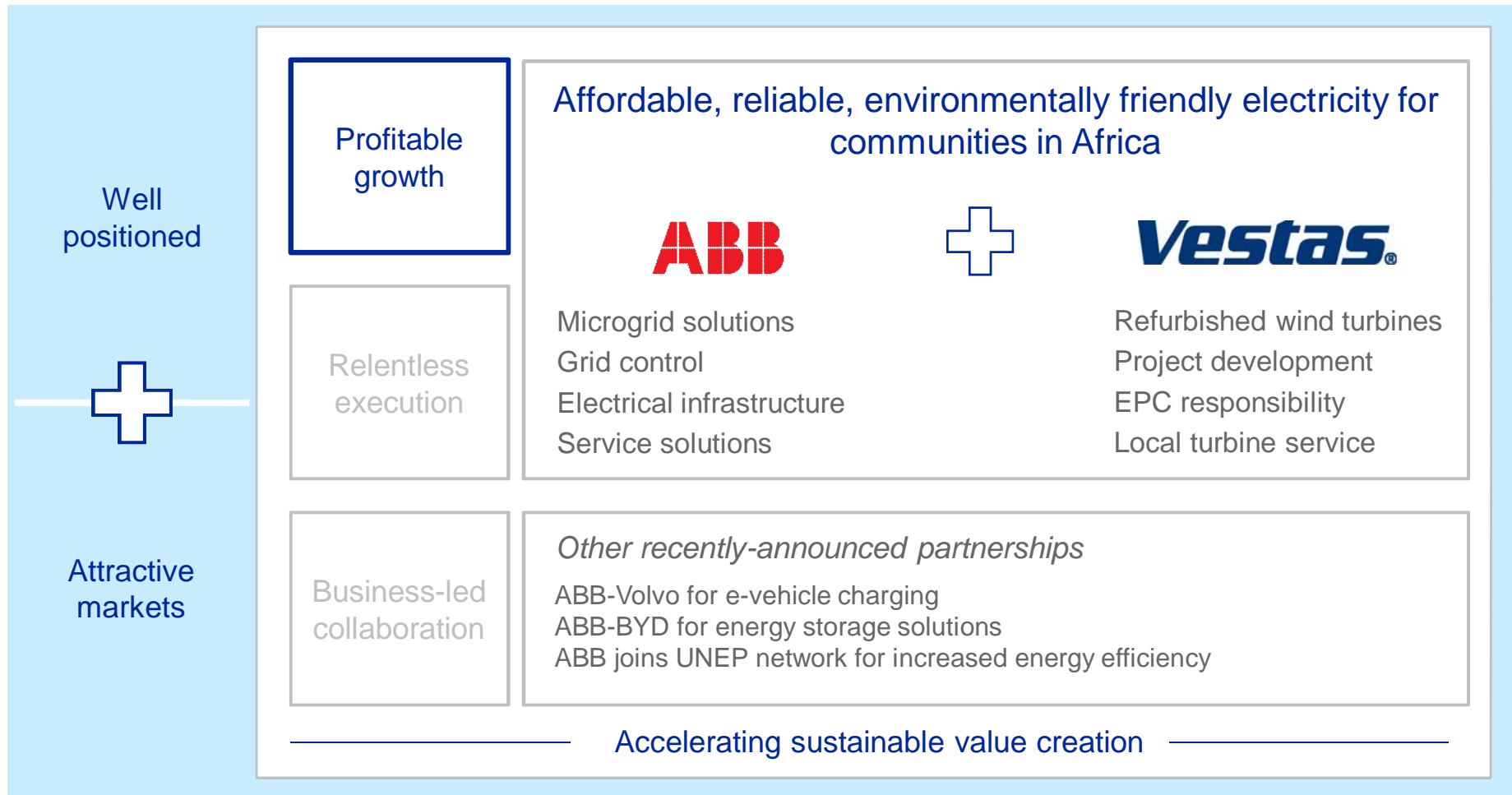


ABB – Next Level

Relentless execution: Driving cost savings and profitability

Example

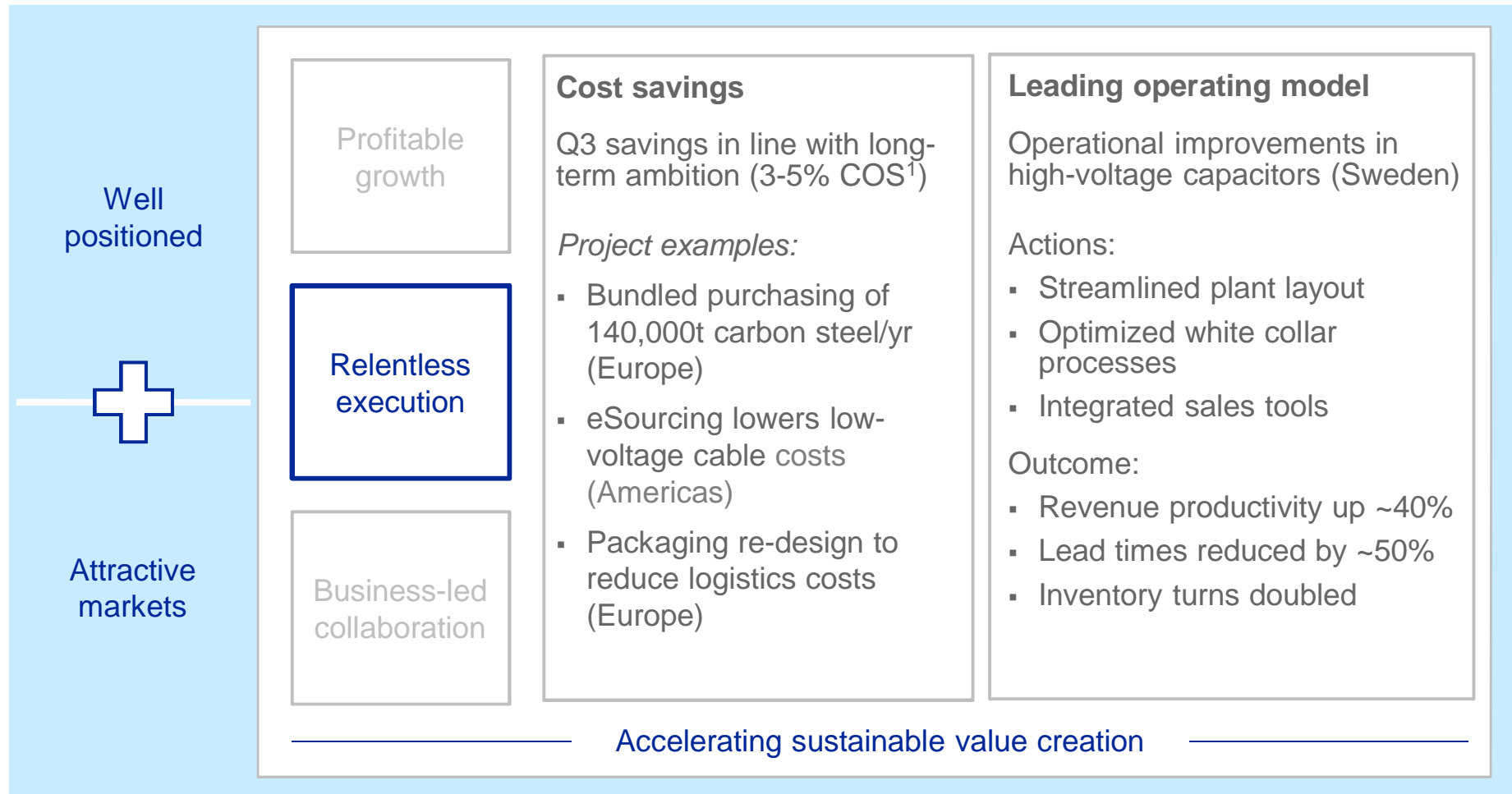


ABB – Next Level

Relentless execution: Power Systems ‘step change’ update

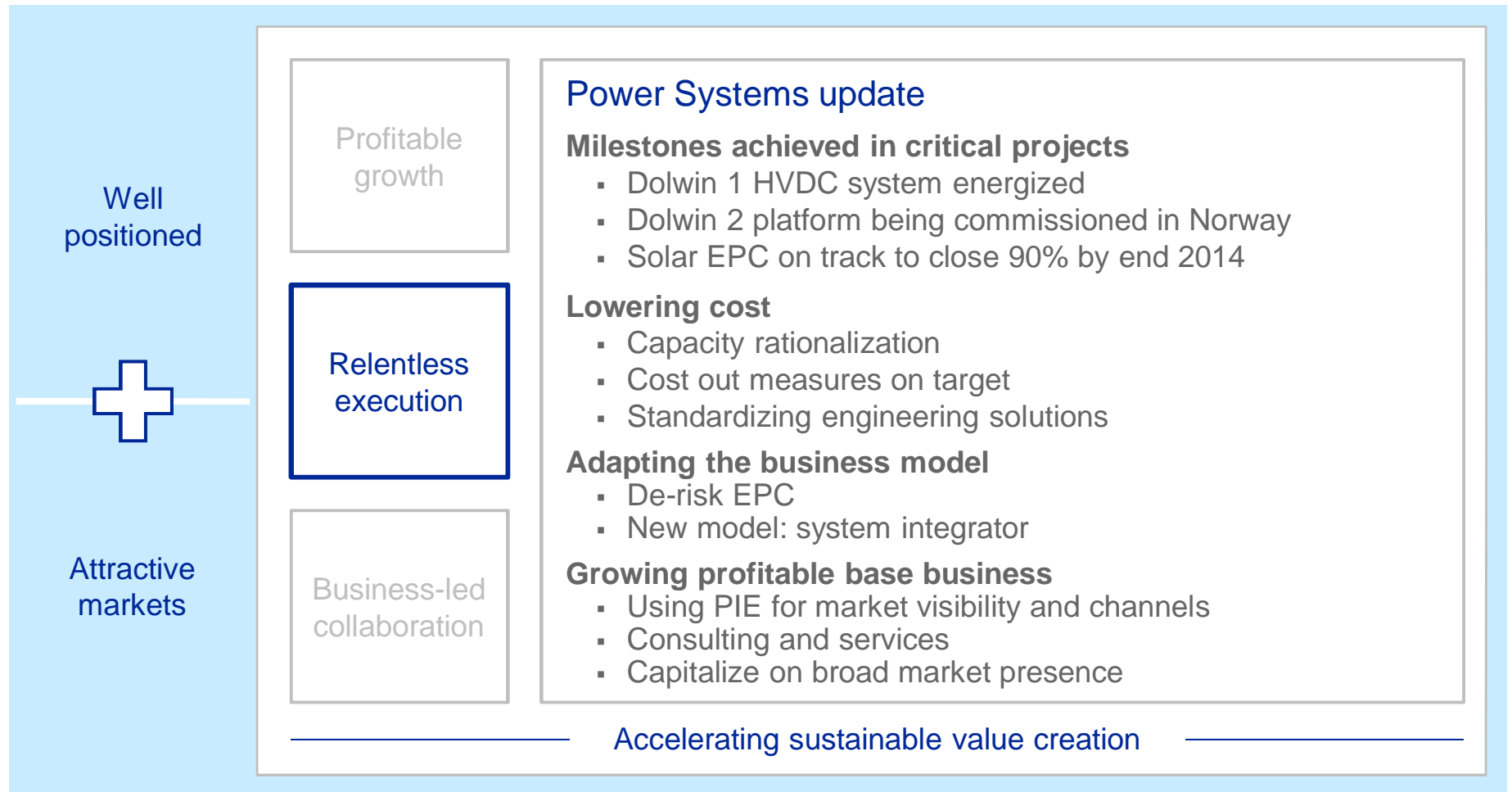
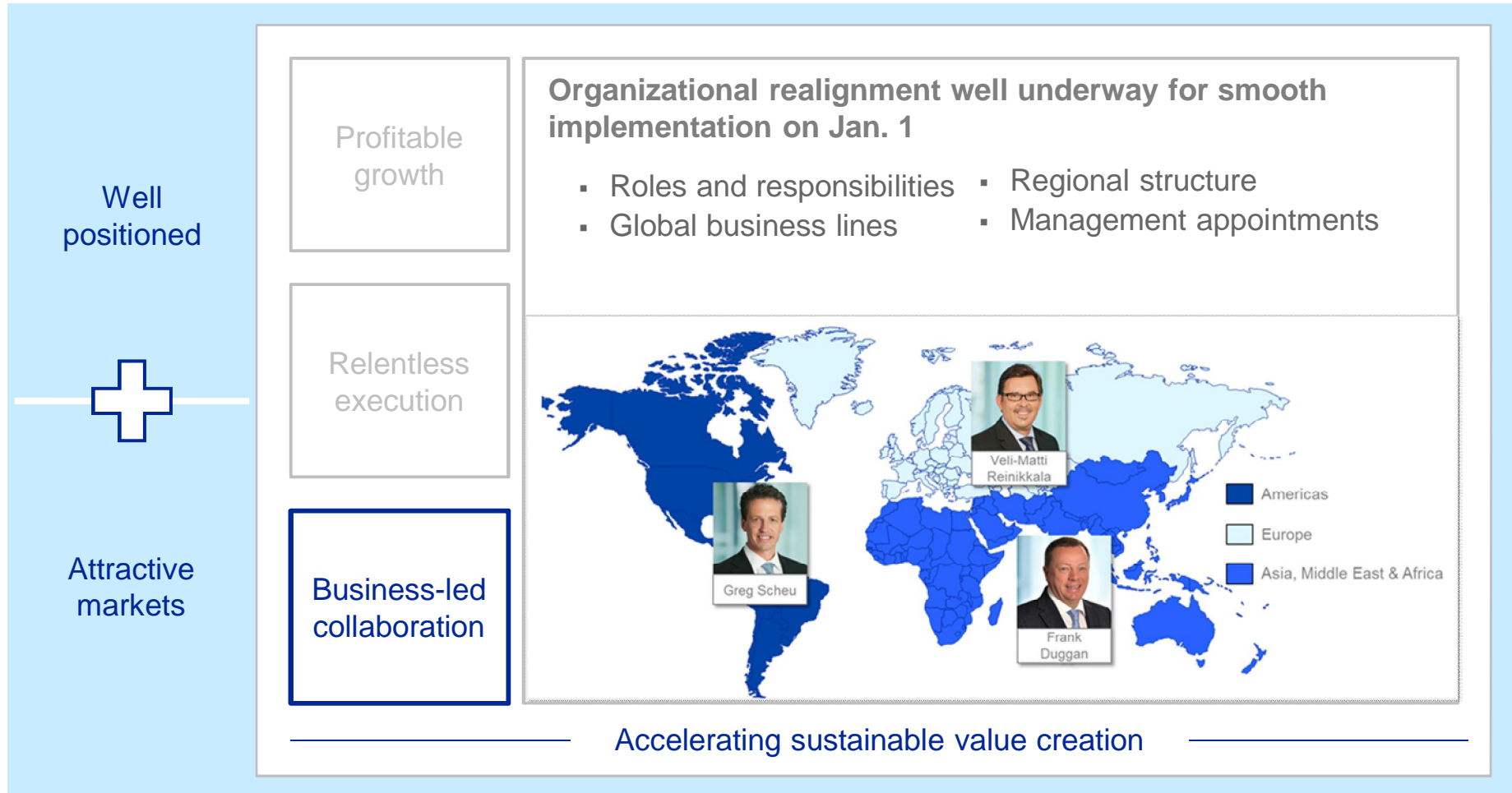


ABB – Next Level

Business-led collaboration: Simplifying how we work together

Example



Implementing the Next Level strategy

Management team is mobilizing the entire organization

Next Level: accelerating sustainable value creation

Strategy and new financial targets announced in September

Focused, phased and rigorous implementation

- Internal communication and employee mobilization on track
- EC has briefed 12,000 employees face-to-face
- Staged roll-out in waves across countries and regions
- 1,000-day project teams and processes being put in place

Regional realignment (from 8 to 3 regions) and shared services consolidation underway

Actions taken to drive “Leading operating model” across the organization

Performance tracking tools being put in place

Execution focus with continuous tracking and follow-up

Q3 summary and outlook

Solid results despite increased uncertainty

Q3 results

ABB delivers strong order growth

- Orders up 28%¹ driven by large orders in power infrastructure and oil and gas
- Base orders increased for 5th consecutive quarter
- PS 'step change' program on track, operational EBITDA at breakeven in Q3
- Revenues and operational EBITDA reflect lower order backlog and Power Systems (PS)
- Cost reduction and cash generation on track
- Launched Next Level strategy aimed at accelerating sustainable value creation

Outlook

Long-term demand outlook remains positive

Growth drivers in place for utility, industry and transportation & infrastructure markets

Short-term picture is mixed, uncertainty has increased

Expect continued growth in US, China

Market remains impacted by slow growth in Europe, political tensions, health situation in Africa

Management team aims to continue to outgrow market in major customer segments

Driving Next Level strategy throughout the organization

Power and productivity
for a better world™



Key figures Q3 and 9-months 2014

	Q3 14	Q3 13	Change			9-mo. 14	9-mo. 13	Change		
<i>\$ mn unless otherwise indicated</i>			\$	Local currency	Like-for-like			\$	Local currency	Like-for-like
Orders	11'225	9'089	+24%	+25%	+28%	32'150	28'893	+11%	+13%	+13%
Order backlog (end September)	27'005	27'454	-2%	+4%						
Revenues	9'823	10'535	-7%	-6%	-4%	29'484	30'475	-3%	-2%	-2%
Income from operations	1'222	1'324	-8%			3'129	3'564	-12%		
as % of revenues	12.4%	12.6%				10.6%	11.7%			
Operational EBITDA	1'418	1'638	-13%			4'020	4'657	-14%		
as % of operational revenues	14.3%	15.7%				13.6%	15.3%			
Net income	734	835	-12%			1'914	2'262	-15%		
Basic earnings per share (\$)	0.32	0.36				0.83	0.99			
Cash from operating activities	1'169	1'241	-6%			2'012	1'561	+29%		

Order backlog by division

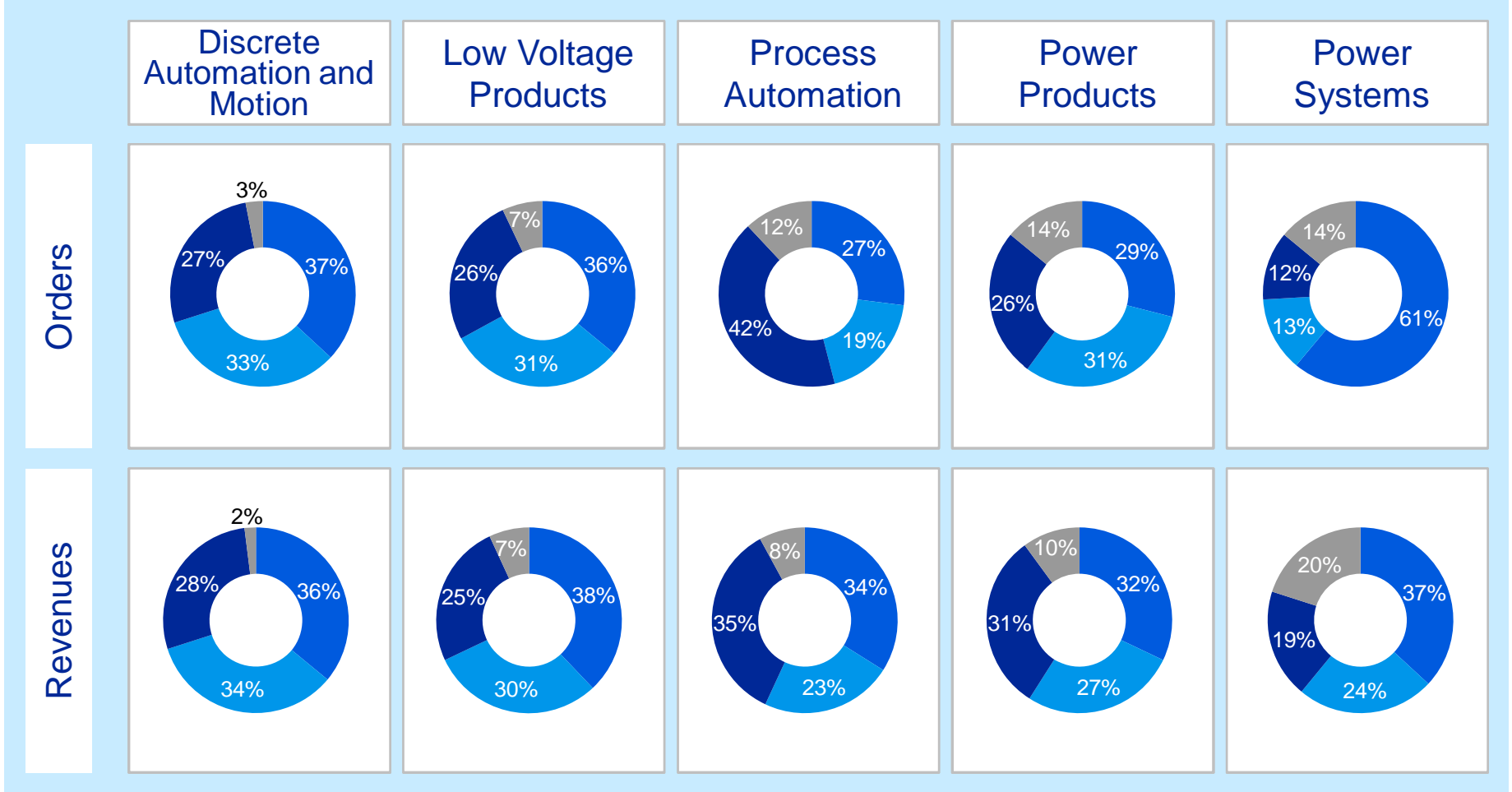
	2014	2013	Change %	
<i>Order backlog (end September)</i> <i>\$ mn</i>			\$	Local currencies
Discrete Automation and Motion	4'741	4'532	+5%	+9%
Low Voltage Products	994	1'242	-20%	-17%
Process Automation	6'230	5'995	+4%	+10%
Power Products	8'297	8'479	-2%	+3%
Power Systems	9'128	9'954	-8%	-2%
Consolidation and Other (incl. Inter-division eliminations)	(2'385)	(2'748)		
Total Group	27'005	27'454	-2%	+4%

Operational EPS analysis

	Q3 14		Q3 13		
<i>\$ mn, except per share data in \$</i>		EPS ¹		EPS ¹	△ ²
Net income (attributable to ABB)	734	0.32	835	0.36	-12%
Restructuring and restructuring- related expenses ³	40	0.02	29	0.01	
Gains and losses from sale of businesses, acquisition-related expenses and certain non-operational items ⁴	(103)	(0.04)	43	0.02	
FX/commodity timing differences in Income from operations ³	56	0.02	(82)	(0.04)	
Acquisition-related amortization ³	68	0.03	72	0.03	
Operational net income	795	0.35	897	0.39	-11%

¹ EPS amounts are computed separately, therefore the sum of the per share amounts shown may not equal to the total; ² Calculated on basic earnings per share before rounding; ³ Net of tax at the Adjusted Group effective tax rate ; ⁴ Net of tax at the Adjusted Group effective tax rate, except for gains and losses on sale of businesses which are net of the actual provision for taxes

Regional share of total orders and revenues by division Q3 2014



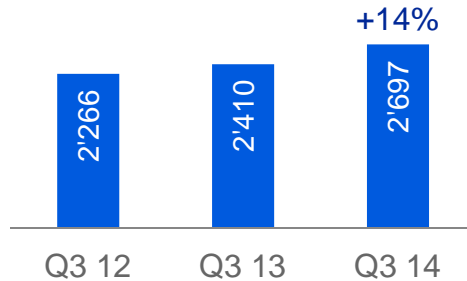
■ Asia
 ■ Europe
 ■ Americas
 ■ Middle East and Africa

Discrete Automation & Motion

Q3 2014 summary

Orders received

\$ mn, y-o-y change like-for-like

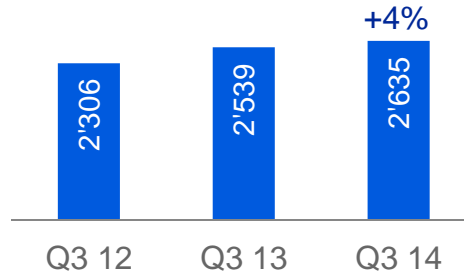


Increased in all businesses and regions

Driven by initiatives to drive base orders—including service—and continued demand growth in rail and marine

Revenues

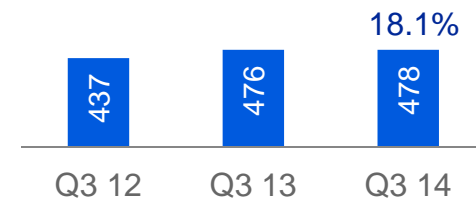
\$ mn, y-o-y change like-for-like



Increase driven mainly by execution of strong order backlog in robotics, as well as power conversion and service

Operational EBITDA

\$ mn, operational EBITDA margin



Margin decline reflects the dilutive impact from Power-One

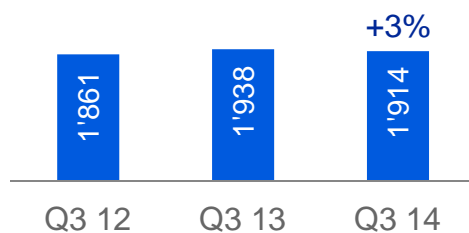
Excluding that impact, operational EBITDA margin was higher vs year-earlier period

Low Voltage Products

Q3 2014 summary

Orders received

\$ mn, y-o-y change like-for-like

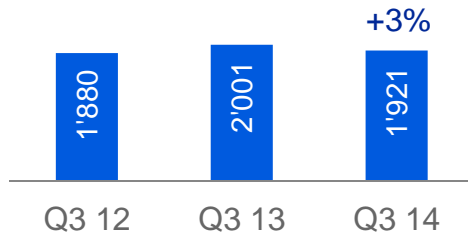


Like-for-like orders steady to higher in all businesses

Growth in all regions except Europe which was steady vs Q3 13

Revenues

\$ mn, y-o-y change like-for-like



Revenues grew in line with orders

Operational EBITDA

\$ mn, operational EBITDA margin



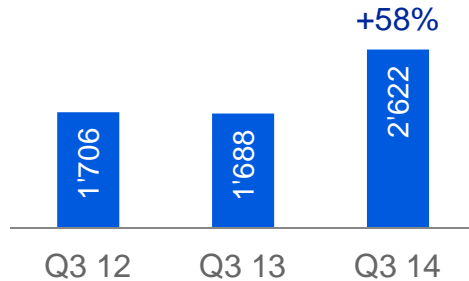
Operational EBITDA margin mainly reflects higher share of lower-margin system revenues

Process Automation

Q3 2014 summary

Orders received

\$ mn, y-o-y change like-for-like

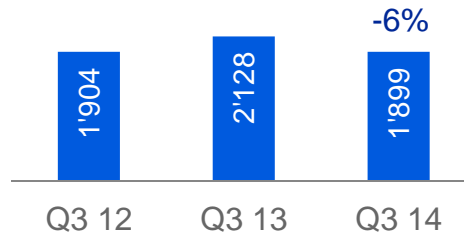


Large oil & gas, marine and mining orders offset lower base orders

Orders up strongly in all regions

Revenues

\$ mn, y-o-y change like-for-like



Revenues reflect lower opening order backlog

Operational EBITDA

\$ mn, operational EBITDA margin



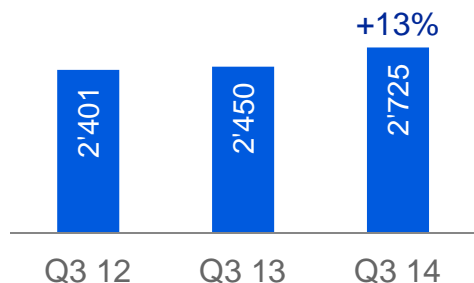
Decline mainly reflects impact of lower revenues and comparison with very strong result in previous Q3

Power Products

Q3 2014 summary

Orders received

\$ mn, y-o-y change local currency

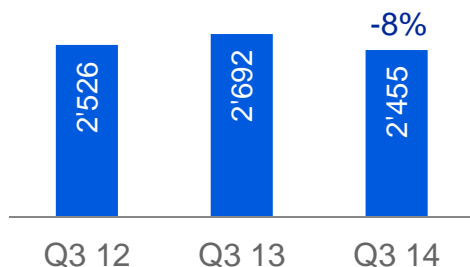


Large and base orders up, supported by industry and selective transmission investments

Double-digit growth in Europe, Americas, Middle East and Africa; lower in Asia but growth in China

Revenues

\$ mn, y-o-y change local currency



Revenue decline mainly reflects lower opening order backlog

Operational EBITDA

\$ mn, operational EBITDA margin



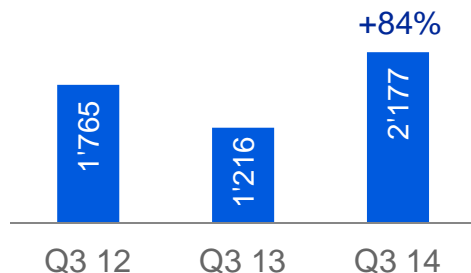
Operational EBITDA margin steady as a result of continued cost savings and favorable mix

Power Systems

Q3 2014 summary

Orders received

\$ mn, y-o-y change local currency



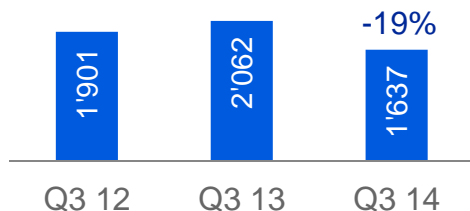
Base and large orders up

Utilities remain cautious in power transmission investments

ABB continues to be selective, focusing on margin and pull-through

Revenues

\$ mn, y-o-y change local currency



Revenues impacted by lower opening order backlog and execution delays in selected projects

Operational EBITDA

\$ mn, operational EBITDA margin



Operational EBITDA and margin mainly reflect continued impact of project-related costs in offshore wind and EPC solar

Lower revenues also affected earnings

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