ABB delivers strong order growth

Q3 2014 results presentation
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 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

<table>
<thead>
<tr>
<th>Profitable Growth</th>
<th>Relentless Execution</th>
<th>Business-led Collaboration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Orders up 28%¹, large orders in power and oil &amp; gas</td>
<td>PS ‘step change’ on track; Q3 operational EBITDA breakeven</td>
<td>Organizational realignment well underway for smooth implementation on Jan. 1</td>
</tr>
<tr>
<td>Base orders up 5th consecutive quarter</td>
<td>Operational EBITDA reflects lower revenues and PS</td>
<td>• Roles and responsibilities</td>
</tr>
<tr>
<td>Double-digit service growth</td>
<td>Cost reduction and cash generation on track</td>
<td>• Global business lines</td>
</tr>
<tr>
<td>Book-to-bill at 1.14x</td>
<td>$4 bn share buyback launched, $350 mn purchased</td>
<td>• Regional structure</td>
</tr>
<tr>
<td>Q3 revenue reflects lower opening order backlog</td>
<td></td>
<td>• Management appointments</td>
</tr>
</tbody>
</table>

Orders show results from 1st year of PIE initiatives

Solid progress in PS, good execution on cost and cash

Streamlining market-focused organization on track

Launched Next Level strategy aimed at accelerating sustainable value creation

¹Changes in orders and revenues on a like-for-like basis. For definition see our “Supplemental Financial Information”
Q3 2014  
Key figures

<table>
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</tr>
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<td>-6%</td>
</tr>
</tbody>
</table>

¹Changes in orders and revenues on a like-for-like basis. For $US and local currency changes, refer to slide 20.
Power and automation growth in all regions

Overview

2014 Q3 order growth by region

Change on a like-for-like basis

Europe
- Automation: +10% + 10%
- Power: +102% +102%
- Total: +40% +40%

- Germany: -9%
- UK: +353%
- Italy: +4%

Americas
- Automation: +14% +14%
- Power: +8% +8%
- Total: +11% +11%

- US: +5%
- Canada: -5%
- Brazil: +138%

MEA
- Automation: +98% +98%
- Power: +23% +23%
- Total: +47% +47%

- Saudi Arabia: -6%
- UAE: +66%
- South Africa: +14%

Asia
- Automation: +39% +39%
- Power: +2% +2%
- Total: +25% +25%

- China: +3%
- India: -8%
- South Korea: +236%

1 Middle East and Africa
Large orders more than tripled

2014 Q3 large order examples

**Europe**
- **$800-mn HVDC, UK**
  - Attractive profitability and risk profile
  - Leverage ABB technology, strong track record on execution

**Americas**
- **$100-mn mine automation, Brazil**
  - Combined automation and power solution
  - Improves productivity, lowers environmental impact

**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

<table>
<thead>
<tr>
<th>Base order growth</th>
<th>Book-to-bill ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>% change¹ Q3 14 vs Q3 13</td>
<td>Orders over revenues</td>
</tr>
<tr>
<td>Brazil</td>
<td>0.86x</td>
</tr>
<tr>
<td>Canada</td>
<td>1.14x</td>
</tr>
<tr>
<td>China</td>
<td>Q3 13</td>
</tr>
<tr>
<td>Finland</td>
<td>Q4 13</td>
</tr>
<tr>
<td>Germany</td>
<td>Q1 14</td>
</tr>
<tr>
<td>France</td>
<td>Q2 14</td>
</tr>
<tr>
<td>Japan</td>
<td>Q3 14</td>
</tr>
<tr>
<td>Saudi Arabia</td>
<td>10 fastest-growing countries from among Top 20 countries</td>
</tr>
<tr>
<td>Switzerland</td>
<td>0.86x</td>
</tr>
<tr>
<td>UK</td>
<td>1.14x</td>
</tr>
<tr>
<td></td>
<td>0.86x</td>
</tr>
</tbody>
</table>

Overall base orders growing ahead of market
Supports revenue growth in 2015 and beyond

¹ On a like-for-like basis, 10 fastest-growing countries from among Top 20 countries
Operational EBITDA bridge
Solid execution on cost offset by volume effects and PS

Factors affecting operational EBITDA Q3 2014 vs Q3 2013

$ mn

Excluding the impact from Power Systems

- Net savings
  Cost savings
  offset price pressure
  +41

- Net volume
  Revenue impact plus investments for growth
  -102

- Mix/project margins
  Less system revenues
  +25

- Other
  G&A, forex, other provisions
  -52

- Power Systems
  Project margins, volume, business mix
  -132

Op EBITDA Q3 2013: 1'638
- 15.7% op EBITDA margin

Op EBITDA Q3 2014: 1'418
+ 14.3% op EBITDA margin

Op EBITDA Q3 2013: 15.7%
Op EBITDA Q3 2014: 14.3%
Cash flow
Cash from operations up ~$400 million year-to-date

Quarterly cash from operations ($ mn)

2013

1,561

Q1

Q2

Q3

2014

2,012

Q1

Q2

Q3

Higher, more consistent cash flow year-to-date

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

<table>
<thead>
<tr>
<th></th>
<th>Orders</th>
<th>Revenues</th>
<th>Operational EBITDA%</th>
<th>Cash flow from operations</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Discrete Automation and Motion</strong></td>
<td>2,697 $mn</td>
<td>2,635 $mn</td>
<td>18.1%</td>
<td>-0.7pts</td>
</tr>
<tr>
<td><strong>Low Voltage Products</strong></td>
<td>1,914 $mn</td>
<td>1,921 $mn</td>
<td>18.9%</td>
<td>-0.8 pts</td>
</tr>
<tr>
<td><strong>Process Automation</strong></td>
<td>2,622 $mn</td>
<td>1,899 $mn</td>
<td>12.6%</td>
<td>-1.0 pts</td>
</tr>
<tr>
<td><strong>Power Products</strong></td>
<td>2,725 $mn</td>
<td>2,455 $mn</td>
<td>14.6%</td>
<td>0 pts</td>
</tr>
<tr>
<td><strong>Power Systems</strong></td>
<td>2,177 $mn</td>
<td>1,637 $mn</td>
<td>0.5%</td>
<td>-6.5 pts</td>
</tr>
<tr>
<td><strong>Corporate</strong></td>
<td>(910) $mn</td>
<td>(724) $mn</td>
<td>(39) $mn</td>
<td>+41 $mn</td>
</tr>
<tr>
<td><strong>ABB Group</strong></td>
<td>11,225 $mn</td>
<td>9,823 $mn</td>
<td>14.3%</td>
<td>-1.4 pts</td>
</tr>
</tbody>
</table>
ABB – Next Level
Shaping a global leader in power & automation

Well positioned

Attractive markets

Profitable growth
- Shifting the center of gravity
  - Strengthening competitiveness
  - Driving organic growth momentum
  - Lowering risk
  - Incremental acquisitions and partnerships

Relentless execution
- Leading operating model
- Driving change through 1’000-day programs
- Linked strategy, performance management and compensation

Business-led collaboration
- Simplifying how we work together
- Streamlining market focused organization
- Leadership development

Accelerating sustainable value creation

Delivering attractive shareholder returns
2014-2016 share buy-back

Presented September 9th, 2014
### Profitable growth: Penetration, innovation and expansion

**Penetration**
- Industry growth initiatives drove solid order growth in PP
- $70-mn rail modernization order for Swiss Federal Railways
- Improved penetration of installed base drives 10%\(^1\) service order growth, incl. >30% service growth in Power Products in China

**Innovation**
- 525 kV HVDC cable breakthrough to double power capacity
- 800xA MIDAS control system to improve mine automation
- World’s most powerful frequency converter order for German rail
- YuMi® human-friendly dual arm robot

**Expansion**
- New drives factory in Malaysia
- Singapore robotics solutions hub

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\(^1\) Change in local currencies
ABB – Next Level
Expansion: ABB-Vestas microgrid alliance

Well positioned

Profitable growth

Attractive markets

Relentless execution

Affordable, reliable, environmentally friendly electricity for communities in Africa

Microgrid solutions
Grid control
Electrical infrastructure
Service solutions

Refurbished wind turbines
Project development
EPC responsibility
Local turbine service

Other recently-announced partnerships
ABB-Volvo for e-vehicle charging
ABB-BYD for energy storage solutions
ABB joins UNEP network for increased energy efficiency

Accelerating sustainable value creation
ABB – Next Level
Relentless execution: Driving cost savings and profitability

Example

Well positioned

Profitable growth

Relentless execution

Cost savings
Q3 savings in line with long-term ambition (3-5% COS)

Project examples:
- Bundled purchasing of 140,000t carbon steel/yr (Europe)
- eSourcing lowers low-voltage cable costs (Americas)
- Packaging re-design to reduce logistics costs (Europe)

Leading operating model
Operational improvements in high-voltage capacitors (Sweden)

Actions:
- Streamlined plant layout
- Optimized white collar processes
- Integrated sales tools

Outcome:
- Revenue productivity up ~40%
- Lead times reduced by ~50%
- Inventory turns doubled

Attractive markets

Business-led collaboration

Accelerating sustainable value creation

1 Cost of sales
Relentless execution: Power Systems ‘step change’ update

**Power Systems update**

**Milestones achieved in critical projects**
- Dolwin 1 HVDC system energized
- Dolwin 2 platform being commissioned in Norway
- Solar EPC on track to close 90% by end 2014

**Lowering cost**
- Capacity rationalization
- Cost out measures on target
- Standardizing engineering solutions

**Adapting the business model**
- De-risk EPC
- New model: system integrator

**Growing profitable base business**
- Using PIE for market visibility and channels
- Consulting and services
- Capitalize on broad market presence

Accelerating sustainable value creation
ABB – Next Level
Business-led collaboration: Simplifying how we work together

Organizational realignment well underway for smooth implementation on Jan. 1
- Roles and responsibilities
- Global business lines
- Regional structure
- Management appointments

Accelerating sustainable value creation
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

\(^1\) On a like-for-like basis
# Key figures Q3 and 9-months 2014

<table>
<thead>
<tr>
<th></th>
<th>Q3 14</th>
<th>Q3 13</th>
<th>Change</th>
<th>9-mo. 14</th>
<th>9-mo. 13</th>
<th>Change</th>
</tr>
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<td>32'150</td>
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<td>-6%</td>
<td>-4%</td>
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<td></td>
<td>3'129</td>
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<td>0.36</td>
<td>-6%</td>
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<td></td>
<td>0.83</td>
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<td>Cash from operating activities</td>
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<td>1'241</td>
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# Order backlog by division

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<th>Division</th>
<th>2014</th>
<th>2013</th>
<th>Change %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Order backlog (end September) $ mn</td>
<td>$ mn</td>
<td>$ mn</td>
<td>Change %</td>
</tr>
<tr>
<td>Discrete Automation and Motion</td>
<td>4'741</td>
<td>4'532</td>
<td>+5%</td>
</tr>
<tr>
<td>Low Voltage Products</td>
<td>994</td>
<td>1'242</td>
<td>-20%</td>
</tr>
<tr>
<td>Process Automation</td>
<td>6'230</td>
<td>5'995</td>
<td>+4%</td>
</tr>
<tr>
<td>Power Products</td>
<td>8'297</td>
<td>8'479</td>
<td>-2%</td>
</tr>
<tr>
<td>Power Systems</td>
<td>9'128</td>
<td>9'954</td>
<td>-8%</td>
</tr>
<tr>
<td>Consolidation and Other</td>
<td>(2'385)</td>
<td>(2'748)</td>
<td></td>
</tr>
<tr>
<td>(incl. Inter-division eliminations)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Group</strong></td>
<td>27'005</td>
<td>27'454</td>
<td>-2%</td>
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</tbody>
</table>
# Operational EPS analysis

<table>
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<th>Q3 14</th>
<th>Q3 13</th>
<th>Δ²</th>
</tr>
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<tr>
<td>$ mn, except per share data in $</td>
<td></td>
<td></td>
<td></td>
</tr>
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<td>Net income (attributable to ABB)</td>
<td>734</td>
<td>835</td>
<td>-12%</td>
</tr>
<tr>
<td>Restructuring and restructuring-related expenses³</td>
<td>40</td>
<td>29</td>
<td></td>
</tr>
<tr>
<td>Gains and losses from sale of businesses, acquisition-related expenses and certain non-operational items⁴</td>
<td>(103)</td>
<td>43</td>
<td></td>
</tr>
<tr>
<td>FX/commodity timing differences in income from operations³</td>
<td>56</td>
<td>(82)</td>
<td></td>
</tr>
<tr>
<td>Acquisition-related amortization³</td>
<td>68</td>
<td>72</td>
<td></td>
</tr>
<tr>
<td>Operational net income</td>
<td>795</td>
<td>897</td>
<td>-11%</td>
</tr>
</tbody>
</table>

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

### Orders
- **Discrete Automation and Motion**
  - Asia: 33%
  - Europe: 31%
  - Americas: 27%
  - Middle East and Africa: 27%
- **Low Voltage Products**
  - Asia: 27%
  - Europe: 31%
  - Americas: 36%
  - Middle East and Africa: 3%
- **Process Automation**
  - Asia: 42%
  - Europe: 12%
  - Americas: 27%
  - Middle East and Africa: 2%
- **Power Products**
  - Asia: 26%
  - Europe: 31%
  - Americas: 19%
  - Middle East and Africa: 61%
- **Power Systems**
  - Asia: 13%
  - Europe: 31%
  - Americas: 27%
  - Middle East and Africa: 14%

### Revenues
- **Discrete Automation and Motion**
  - Asia: 34%
  - Europe: 36%
  - Americas: 28%
  - Middle East and Africa: 2%
- **Low Voltage Products**
  - Asia: 25%
  - Europe: 38%
  - Americas: 30%
  - Middle East and Africa: 7%
- **Process Automation**
  - Asia: 35%
  - Europe: 8%
  - Americas: 34%
  - Middle East and Africa: 10%
- **Power Products**
  - Asia: 31%
  - Europe: 32%
  - Americas: 27%
  - Middle East and Africa: 20%
- **Power Systems**
  - Asia: 19%
  - Europe: 37%
  - Americas: 24%
  - Middle East and Africa: 20%
Discrete Automation & Motion
Q3 2014 summary

Orders received
$ mn, y-o-y change like-for-like

<table>
<thead>
<tr>
<th></th>
<th>Q3 12</th>
<th>Q3 13</th>
<th>Q3 14</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>2,266</td>
<td>2,410</td>
<td>2,697</td>
</tr>
</tbody>
</table>

+14%

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

<table>
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<tr>
<th></th>
<th>Q3 12</th>
<th>Q3 13</th>
<th>Q3 14</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>2,306</td>
<td>2,539</td>
<td>2,635</td>
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</tbody>
</table>

+4%

Operational EBITDA
$ mn, operational EBITDA margin

<table>
<thead>
<tr>
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<th>Q3 12</th>
<th>Q3 13</th>
<th>Q3 14</th>
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</thead>
<tbody>
<tr>
<td>2012</td>
<td>437</td>
<td>476</td>
<td>478</td>
</tr>
</tbody>
</table>

18.1%

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

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

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

<table>
<thead>
<tr>
<th>Year</th>
<th>$ mn, y-o-y change like-for-like</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q3 12</td>
<td>1'861</td>
</tr>
<tr>
<td>Q3 13</td>
<td>1'938</td>
</tr>
<tr>
<td>Q3 14</td>
<td>1'914 +3%</td>
</tr>
</tbody>
</table>

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

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

Revenues

<table>
<thead>
<tr>
<th>Year</th>
<th>$ mn, y-o-y change like-for-like</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q3 12</td>
<td>1'880</td>
</tr>
<tr>
<td>Q3 13</td>
<td>2'001</td>
</tr>
<tr>
<td>Q3 14</td>
<td>1'921 +3%</td>
</tr>
</tbody>
</table>

Revenues grew in line with orders

Operational EBITDA

<table>
<thead>
<tr>
<th>Year</th>
<th>$ mn, operational EBITDA margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q3 12</td>
<td>366</td>
</tr>
<tr>
<td>Q3 13</td>
<td>395</td>
</tr>
<tr>
<td>Q3 14</td>
<td>436 18.9%</td>
</tr>
</tbody>
</table>

Operational EBITDA margin mainly reflects higher share of lower-margin system revenues
Orders received
$ mn, y-o-y change like-for-like

<table>
<thead>
<tr>
<th>Q3 12</th>
<th>Q3 13</th>
<th>Q3 14</th>
</tr>
</thead>
<tbody>
<tr>
<td>1'706</td>
<td>1'688</td>
<td>2'622</td>
</tr>
</tbody>
</table>

+58%

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

<table>
<thead>
<tr>
<th>Q3 12</th>
<th>Q3 13</th>
<th>Q3 14</th>
</tr>
</thead>
<tbody>
<tr>
<td>1'904</td>
<td>2'128</td>
<td>1'899</td>
</tr>
</tbody>
</table>

-6%

Revenues reflect lower opening order backlog

Operational EBITDA
$ mn, operational EBITDA margin

<table>
<thead>
<tr>
<th>Q3 12</th>
<th>Q3 13</th>
<th>Q3 14</th>
</tr>
</thead>
<tbody>
<tr>
<td>233</td>
<td>289</td>
<td>289</td>
</tr>
</tbody>
</table>

12.6%

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

<table>
<thead>
<tr>
<th></th>
<th>Q3 12</th>
<th>Q3 13</th>
<th>Q3 14</th>
</tr>
</thead>
<tbody>
<tr>
<td>$ mn, y-o-y change local currency</td>
<td>1'765</td>
<td>1'216</td>
<td>2'177</td>
</tr>
</tbody>
</table>

Revenues

<table>
<thead>
<tr>
<th></th>
<th>Q3 12</th>
<th>Q3 13</th>
<th>Q3 14</th>
</tr>
</thead>
<tbody>
<tr>
<td>$ mn, y-o-y change local currency</td>
<td>1'901</td>
<td>2'062</td>
<td>1'637</td>
</tr>
</tbody>
</table>

Operational EBITDA

<table>
<thead>
<tr>
<th></th>
<th>Q3 12</th>
<th>Q3 13</th>
<th>Q3 14</th>
</tr>
</thead>
<tbody>
<tr>
<td>$ mn, operational EBITDA margin</td>
<td>109</td>
<td>141</td>
<td>-91</td>
</tr>
</tbody>
</table>

Base and large orders up
Utilities remain cautious in power transmission investments
ABB continues to be selective, focusing on margin and pull-through

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

Operational EBITDA and margin mainly reflect continued impact of project-related costs in offshore wind and EPC solar
Lower revenues also affected earnings
More information available at ABB Investor Relations

<table>
<thead>
<tr>
<th>Name</th>
<th>Telephone</th>
<th>E-Mail</th>
</tr>
</thead>
<tbody>
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<td><a href="mailto:ruth.jaeger@ch.abb.com">ruth.jaeger@ch.abb.com</a></td>
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