



ABB LTD, ZURICH, SWITZERLAND, MARCH 10, 2017, FULL-YEAR AND Q4 2016 RESULTS (RESTATED)

ABB delivers growth in fourth quarter

Solid transformation progress in 2016

Ulrich Spiesshofer, CEO; Eric Elzvik, CFO



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
- 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 the ‘Supplemental reconciliations and definitions’ section of “Financial Information” under “Quarterly results and annual reports” on our website at www.abb.com/investorrelations

Agenda

Q4 and full-year 2016 performance

Next Level transformation

Outlook and priorities 2017

Full-year and Q4 2016

FY 2016	Orders	Revenues	Operational EBITA margin	Operational EPS	Free cash flow
	\$33.4 bn -5% ¹	\$33.8 bn -1% ¹	12.4 % +50 bps	\$1.29 +4% ²	\$3.1 bn +2%
Q4 2016	Orders	Base orders	Revenues	Operational EBITA margin	
	\$8.3 bn +3% ¹	\$6.9 bn -1% ¹	\$9.0 bn +1% ¹	11.7 % -20 bps ³	

Q4 2016: ABB delivers growth

Profitable Growth

+3%¹ order growth reflects strong orders in Power Grids, strong growth in US & China +9%¹
Revenues grew¹; positive contribution by Power Grids and Electrification Products
Launched ABB Ability™ – significant interest, momentum building

Relentless Execution

Op. EBITA impacted ~30 bps by default of a large distributor and foreign currency losses
Process Automation op. EBITA margin up 130 bps and Power Grids up 90 bps
WCP² on track to meet \$1.3 bn savings; NWC³ as % of revenues reduced 160 bps

Business-led Collaboration

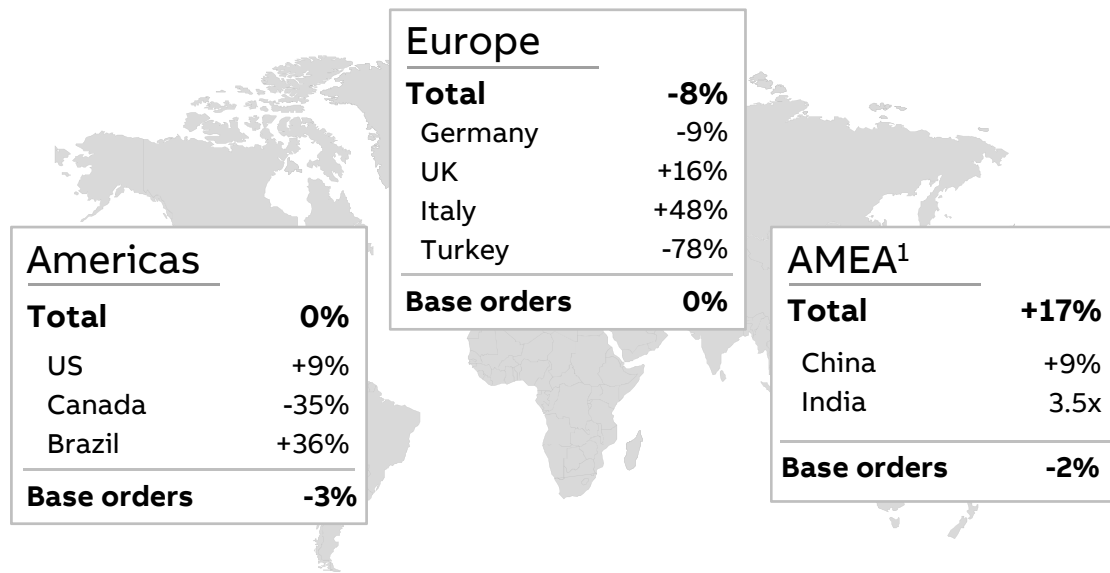
Improved country and account collaboration
Global business service centers operational; ramped up >2,500 people
Successful launch of ABB brand campaign

Stage 3 of Next Level Strategy launched – committed to unlocking value

Q4 2016: strong growth in the US and China

Q4 2016 total order growth by region

Change on a comparable basis



Q4 2016 base order growth²

Change on a comparable basis

Brazil	-36%
Canada	-30%
China	+11%
Germany	+3%
India	+14%
Italy	+2%
Norway	+44%
Saudi Arabia	-44%
South Korea	+17%
Spain	+58%
Sweden	+1%
UK	+7%
US	+6%

Q4 2016: Power Grids orders

>\$840 million, 3 continents

India



Raigarh-Pugalur 800kV

\$640 mn

UHVDC system India
Integrate renewable & conventional power over long distances at low losses

Reliable, efficient electricity to 80 mn people

USA



Sylmar converter station
Pacific Intertie power link

\$100 mn

Upgrade HVDC station includes ABB Ability™ to monitor, control & protect
Advanced fault registration & remote control

Improves operational efficiency and reliability

Brazil



Belo Monte

\$75 mn

800kV ultra-high voltage converter transformers
Integrate clean power from hydro over long distance

Efficient and safe UHVDC conversion with low losses

Philippines



National Grid Corp of Philippines

\$27 mn

Design, supply & commission transformers
Support power infrastructure upgrade

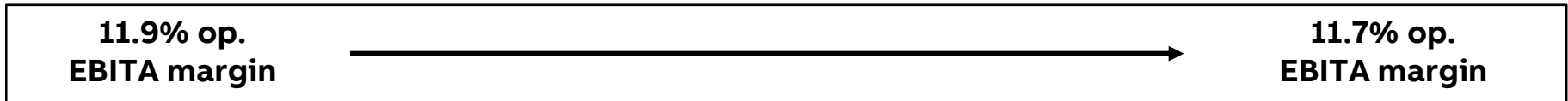
Improve grid reliability and increase power capacity

Q4 2016: performance by division

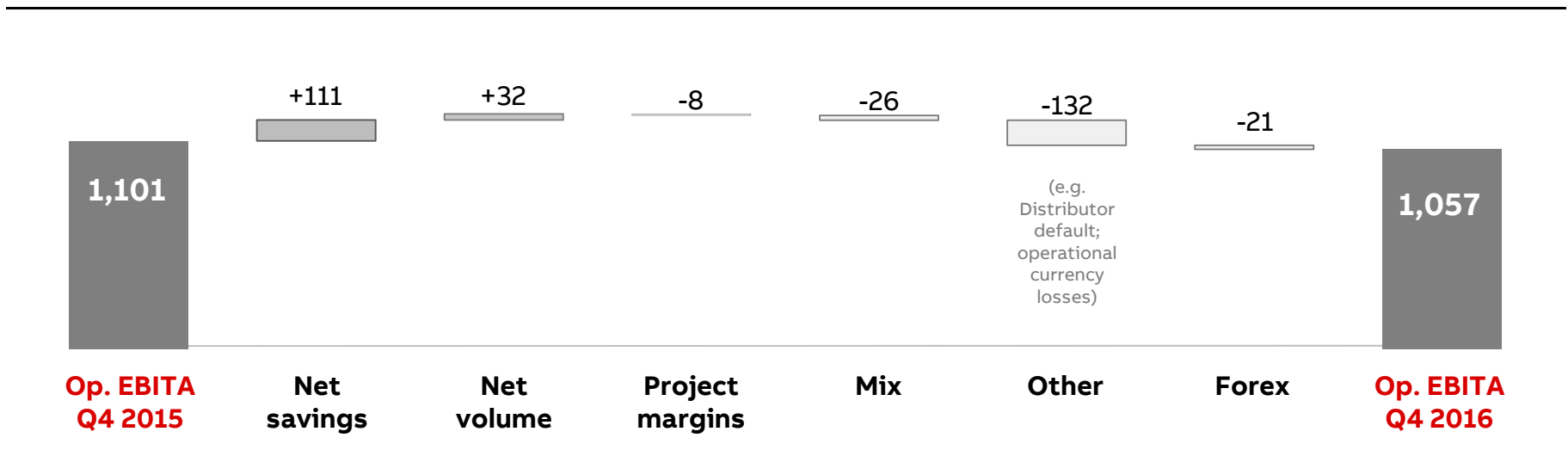
Key figures

\$ bn unless otherwise stated	ABB Group	Electrification Products	Discrete Automation and Motion	Process Automation	Power Grids
Orders	8.3	2.2	2.0	1.5	2.9
△ Comparable	+3%	-5%	+4%	-14%	+15%
Revenues	9.0	2.5	2.2	1.7	3.0
△ Comparable	1%	+3%	-1%	-8%	+4%
Op. EBITA %	11.7%	15.5%	11.7%	13.4%	10.4%
△	-20 bps	-90 bps	-100 bps	+130 bps	+90 bps

Q4 2016: Operational EBITA margin bridge

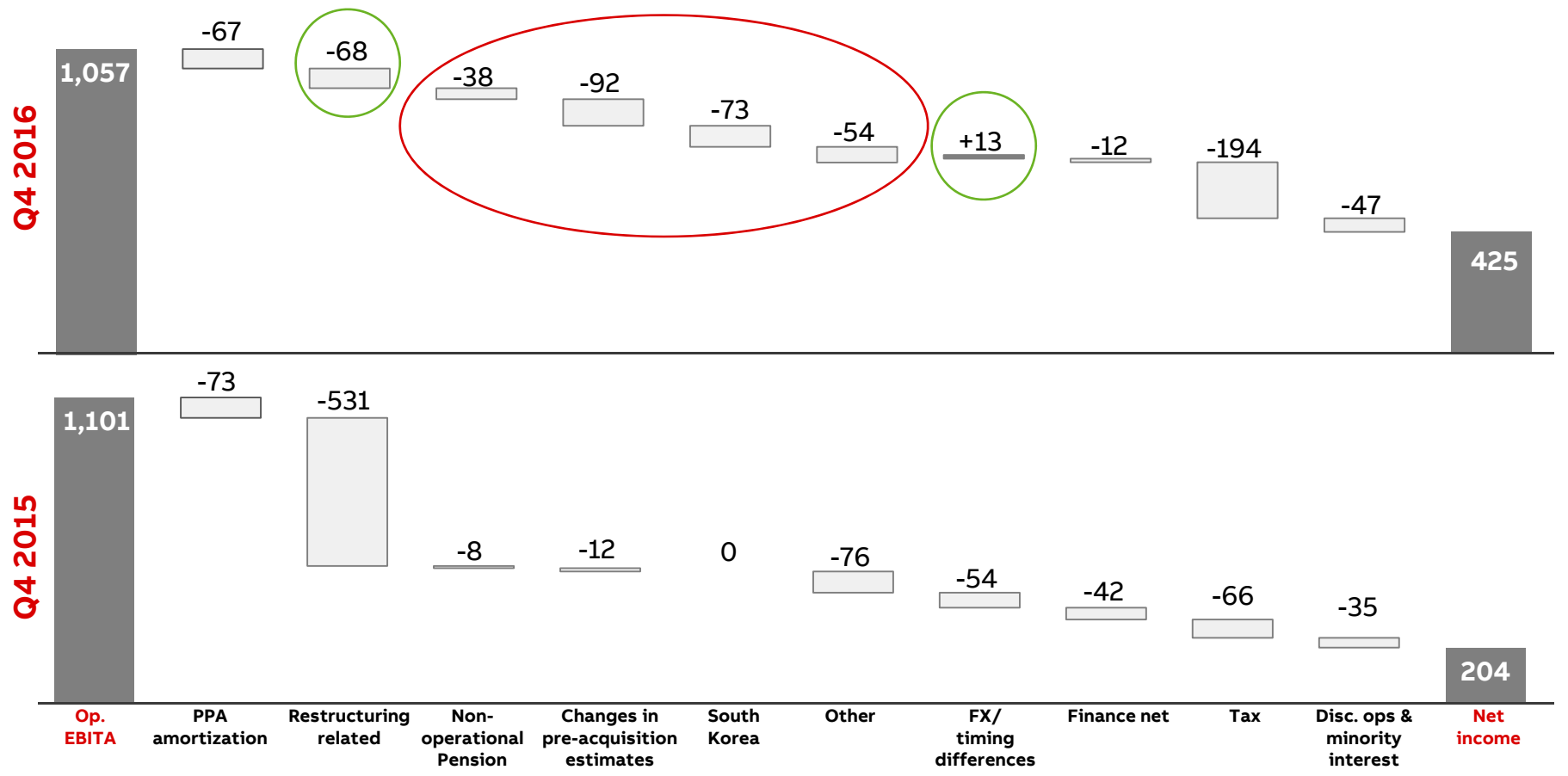


Operational EBITA bridge Q4 2015 to Q4 2016, \$ mn



Large distributor default and Egyptian currency losses impacted op. EBITA margin ~30 bps

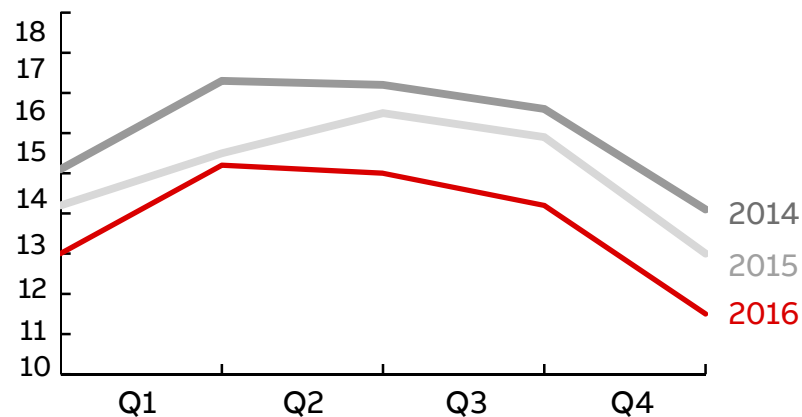
Q4 2016: Operational EBITA to net income bridge



2016: Working Capital program yielding results

Net Working Capital reduction

NWC as a % of revenues

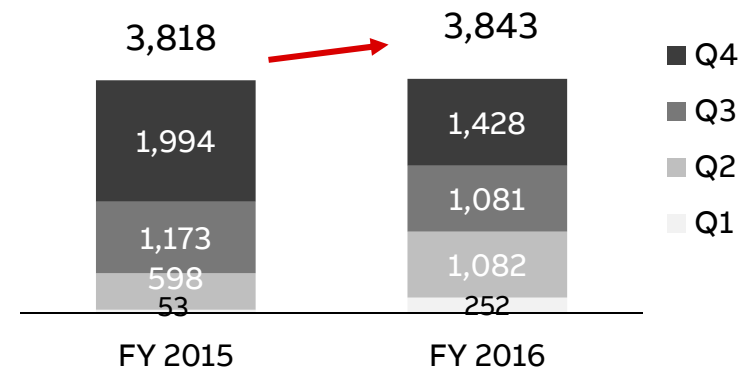


160 bps reduction 2015 vs 2016

Opportunities in value chain optimization

A solid, consistent cash generator

Cash flow from operating activities, \$ mn



Strong working capital management contributions

Consistent cash generation through the year

Next Level transformation

Starting point 2013

Profitable Growth

Lack of organic growth focus

Relentless Execution

Underperforming units
Fat, inefficient white collar organization
Inadequate cash culture
Static, lack of accountability

Business-led Collaboration

Complex organizational setup
Fragmented brand landscape

2016 achievements

Growth momentum building (i.e. PIE¹) in key markets
Double digit growth in F&B², robotics
Launch of ABB Ability™, 3 partnerships
Strategic portfolio review Power Grids completed

Power Grids transformation delivered
Delivered +\$1 bn normal cost savings
Delivered ~\$550 mn of WCP gross savings
Reduced working capital ~\$550 mn
>70k people on performance / compensation system

Simpler, customer-focused organization
Unified brand and brand migration

ABB ready to deliver on growth – Next Level Stage 3

Next Level Stage 3 – committed to unlocking value

Four actions

ANNOUNCED OCTOBER 4TH, 2016

**Profitable
Growth**

1 Driving growth in four market-leading entrepreneurial divisions

2 Quantum leap in digital

**Relentless
Execution**

3 Accelerating momentum in operational excellence

**Business-led
Collaboration**

4 Strengthening the global ABB brand

Delivering attractive shareholder returns

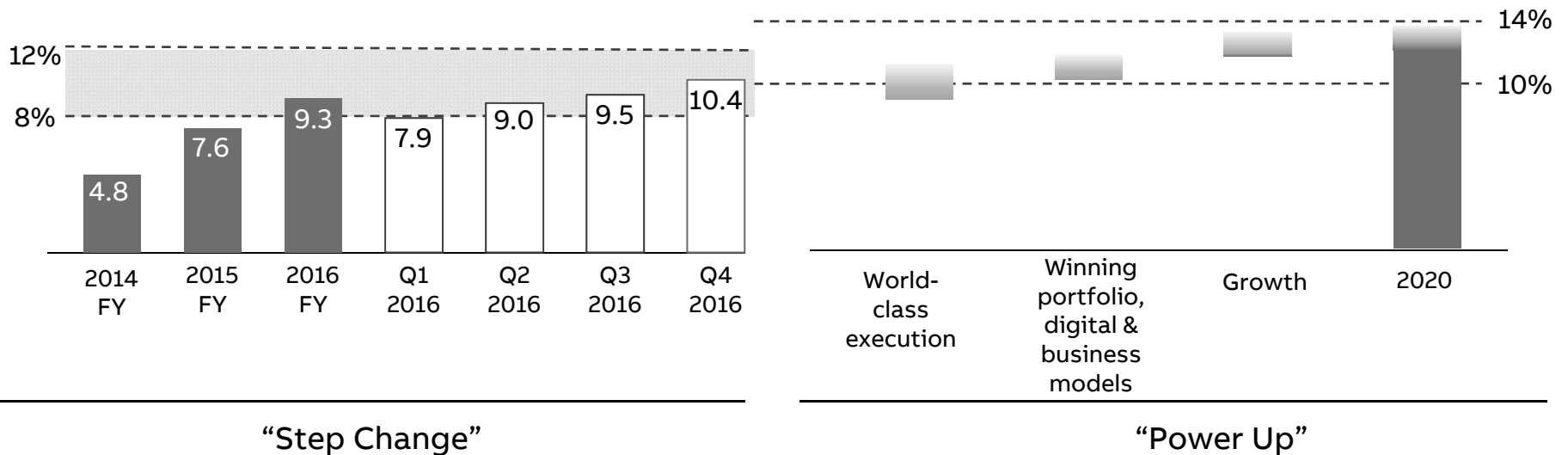
Four market-leading entrepreneurial divisions

Operational as of January 1, 2017

	Partner of choice for...	Position	Actions
<p>Electrification Products</p>	...electrification of all consumption points	#2 in electrification	Combine all electrification components Investment in growth platforms (renewables, EV charging, power quality)
<p>Robotics and Motion</p>	...robotics and intelligent motion solutions	#1 in motion #2 in robotics	Simplified and focused portfolio Driving growth in robotics
<p>Industrial Automation</p>	...industrial automation	#1 in process control	Driving digitalization across industry sectors Driving service offering
<p>Power Grids</p>	...a stronger, smarter and greener grid	#1 in T&D	Focus on high growth, digitalization, “Power Up” transformation Prune niche non-core & grow with de-risked business model

PG shift from “Step Change” to “Power Up” transformation

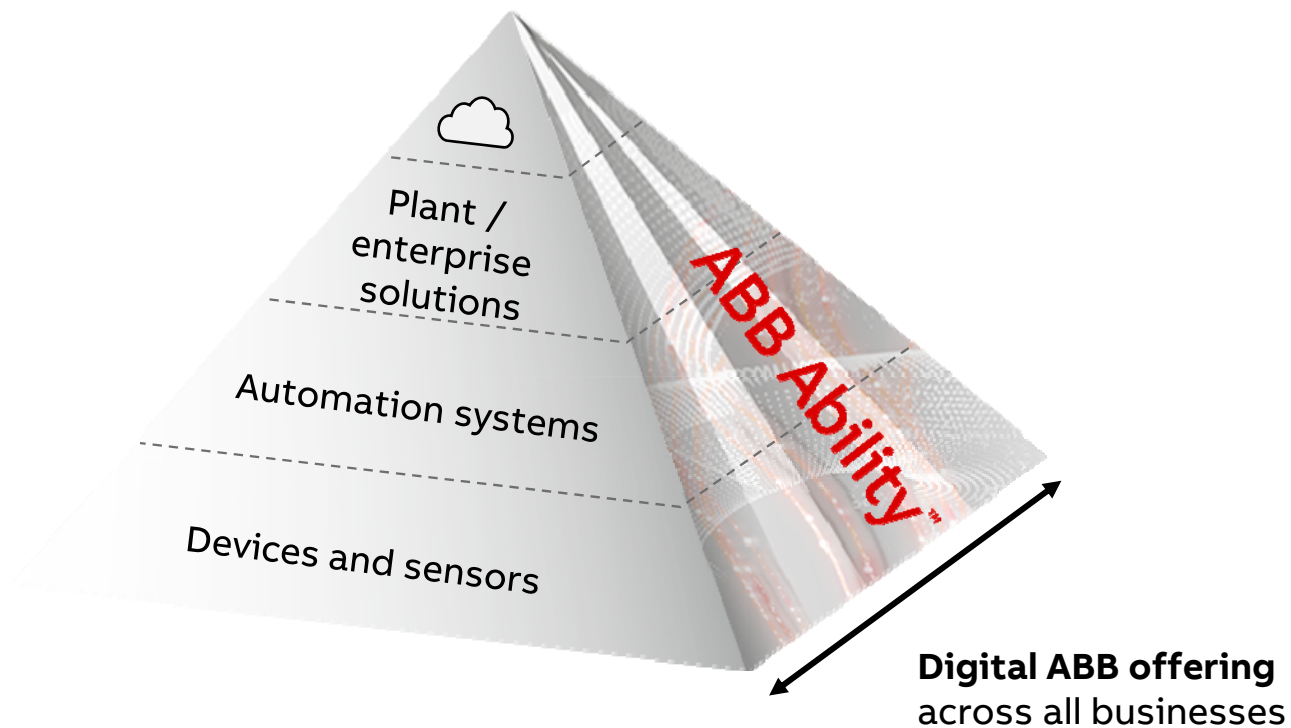
Operational EBITA margin, %



Significant value creation potential, mainly driven by self-help

Quantum leap in digital: launch of ABB Ability™

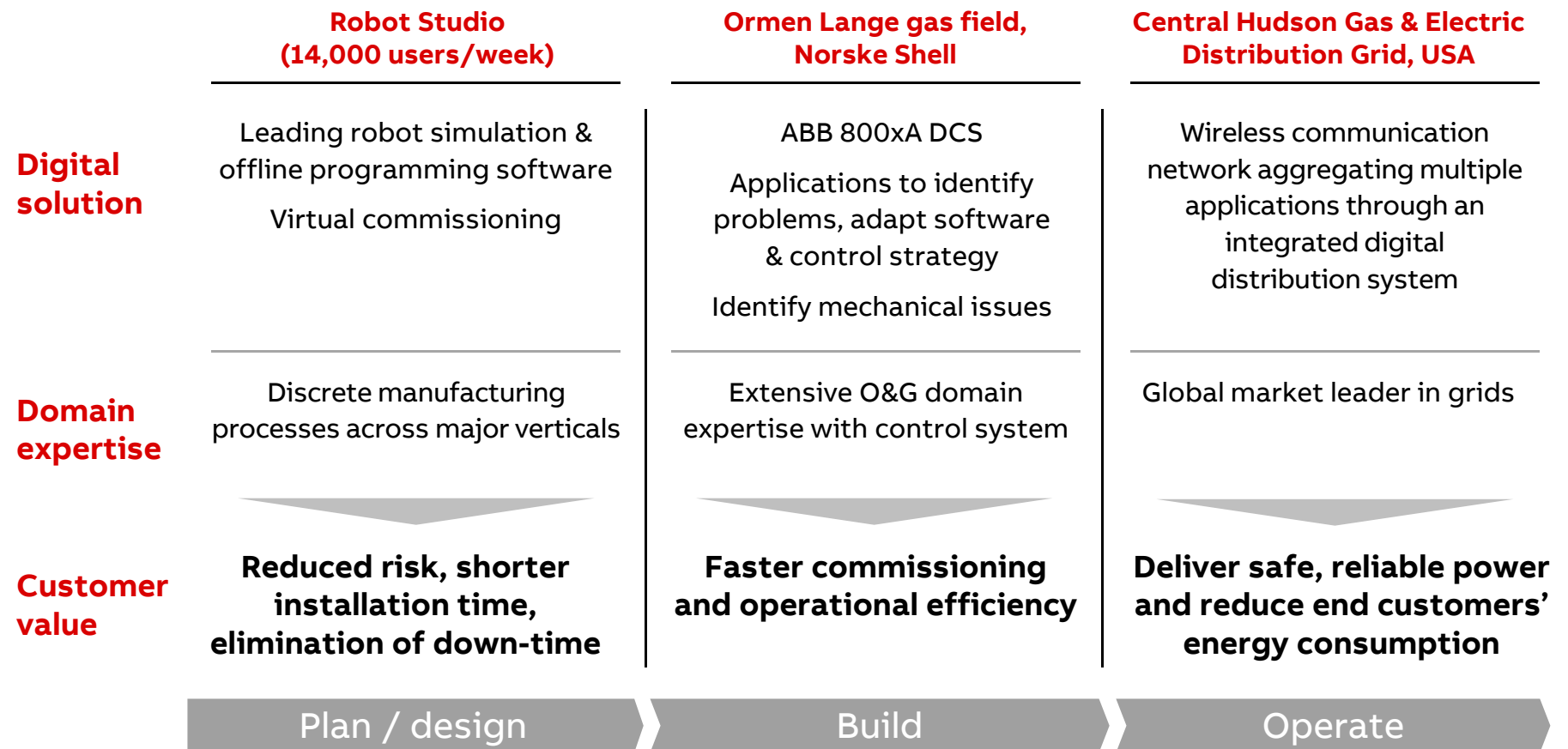
One common offering for digital end-to-end solutions



Driving growth by:

- ▶ Integrating
- ▶ Penetrating
- ▶ Replicating

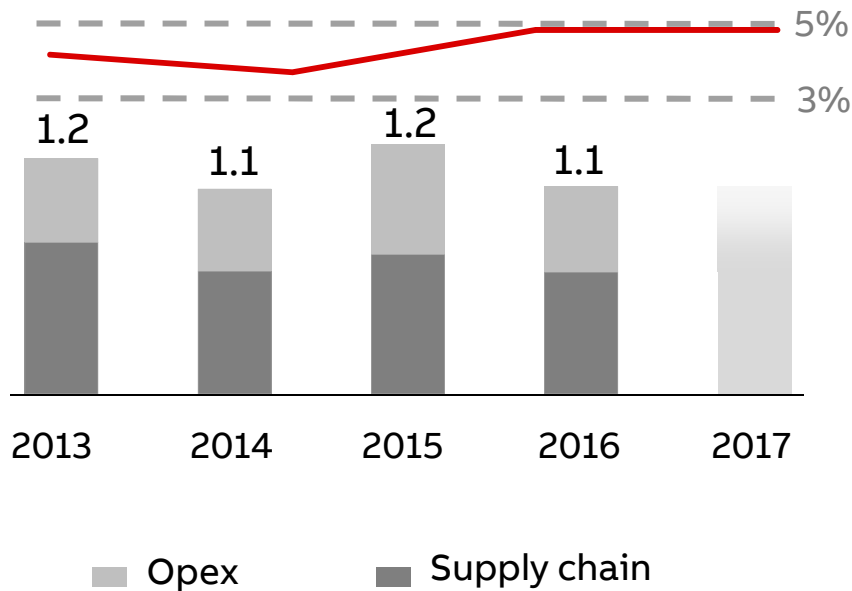
ABB Ability™ – creating value for customers



Accelerating momentum in operational excellence

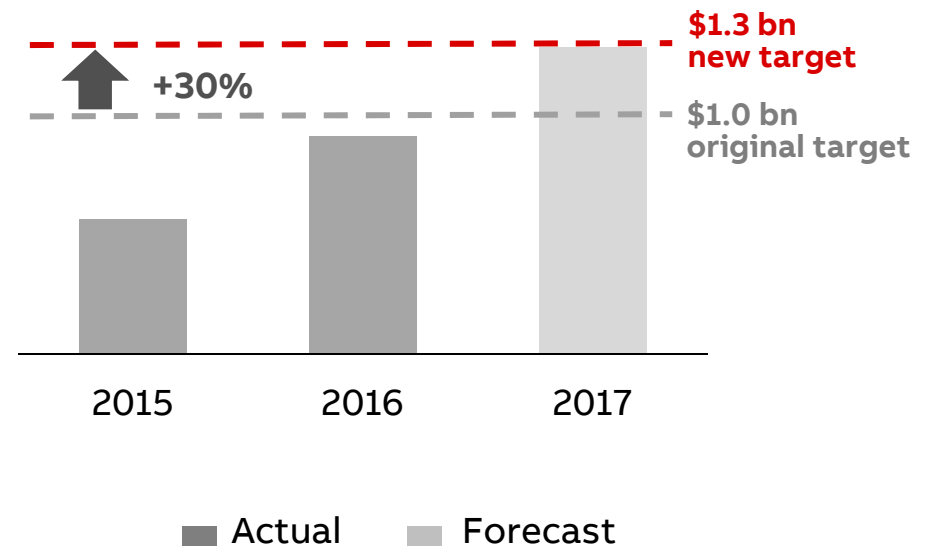
Constant Opex and SCM savings

Target 3-5% of cost of sales



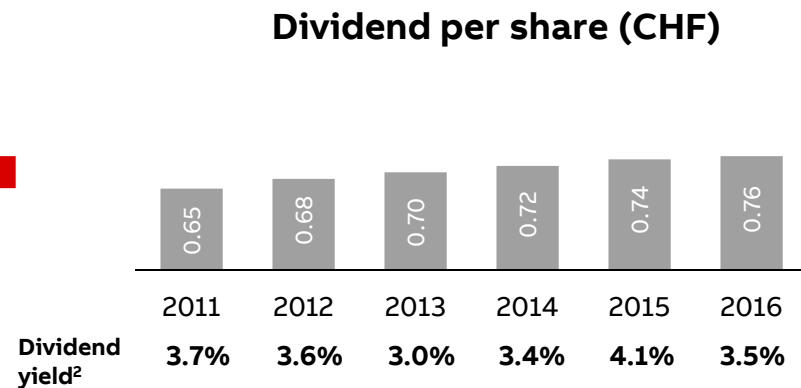
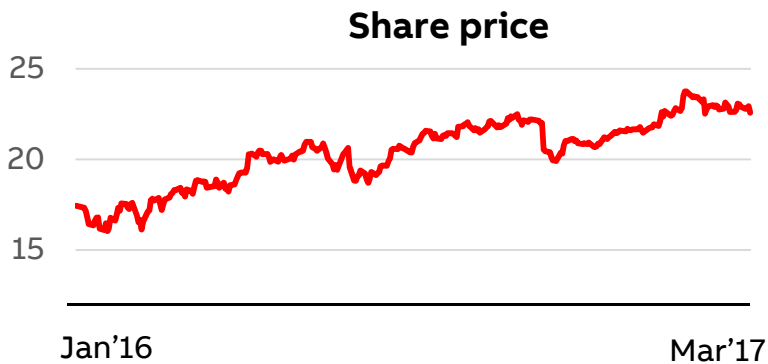
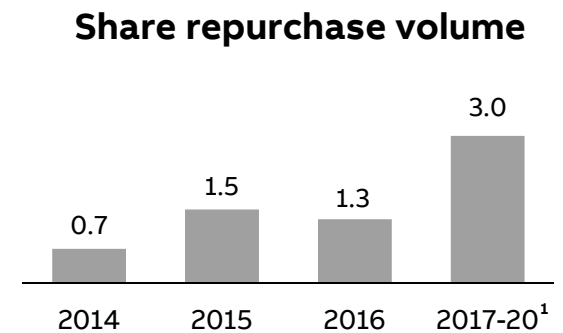
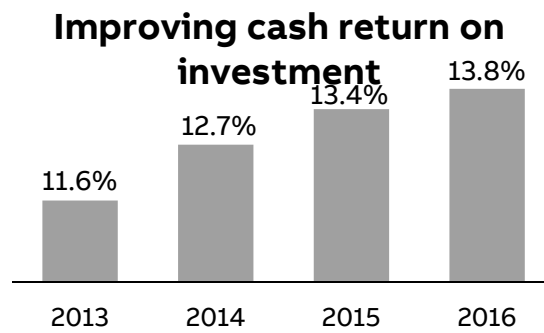
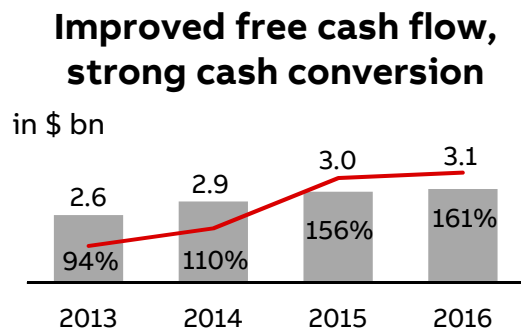
Increased White Collar Productivity ambition

Run rate gross savings in \$ mn



Committed to delivering attractive shareholder returns

Returned \$2.9 bn of cash to shareholders in 2016



Outlook – short term market conditions

Pioneering technology		
Utilities	Industry	Transport & Infrastructure
<ul style="list-style-type: none"> T&D: positive drivers, policy support Solar and Wind: continued growth Conventional Power: fewer coal capacity additions, gas stable 	<ul style="list-style-type: none"> Discrete & hybrid industries¹: investment remains positive Oil & Gas: bottoming onshore, further decline offshore Mining & metals: persistent overcapacity, bulk metal capacity clean-up 	<ul style="list-style-type: none"> Transportation: rail growing, specialty ships strong, cargo vessels challenged Construction: solid with downside risk
Globally		
Africa, Middle East and Asia	Americas	Europe
<ul style="list-style-type: none"> China: growth in T&D, robotics and buildings, process difficult India: growth across sectors Middle East: political instability. Infrastructure challenges 	<ul style="list-style-type: none"> US: T&D positive, industrials remain mixed, political uncertainty Canada: stable; O&G bottoming Brazil: Flat off of severe contraction 	<ul style="list-style-type: none"> Northern & Central Europe: moderate growth overall, impact of Brexit 2017 Southern Europe: mixed, strong growth in Spain, Italy slow, Turkey affected by political events

2017 priorities

Profitable Growth

- Drive organic growth through PIE, expand technology leadership
- Drive ABB Ability™ momentum through customer base and within every business unit
- Ready for disciplined inorganic moves and partnerships

Relentless Execution

- Deliver White Collar Productivity and Working Capital programs
- Drive Leading Operating Model, Supply Chain Management and Quality programs
- Live new performance culture and performance systems

Business-led Collaboration

- Tap “growth collaboration” opportunities in countries and accounts
- Drive high performance culture with newly shaped organization and leadership team
- Continue strengthening the global ABB brand

Why own ABB

- ▶ Pioneering technology leader
- ▶ Strong positions in attractive markets
- ▶ Clear transformation agenda driving operational EPS and CROI
- ▶ Efficient balance sheet; generating attractive returns for shareholders

Committed to unlocking value

ABB

Key figures Q4 2016

	Q4 2016	Q4 2015	Change		
\$ mn unless otherwise indicated			\$	Local currency	Comparable
Orders	8,277	8,262	0%	+2%	+3%
Order backlog (end December)	22,981	24,121	-5%	-2%	-1%
Revenues	8,993	9,242	-3%	0%	+1%
Operational EBITA	1,057	1,101	-4%	-2%	
as % of operational revenues	11.7%	11.9%	-0.2 pts.		
Income from operations	678	347	+95%		
as % of revenues	7.5%	3.8%	+3.7 pts		
Net income	425	204	+108%		
Basic earnings per share (\$)	0.20	0.09	+115%		
Cash flow from operating activities	1,428	1,994	-28%		

Key figures 2016

	FY 2016	FY 2015	Change		
\$ mn unless otherwise indicated			\$	Local currency	Comparable
Orders	33,379	36,429	-8%	-5%	-5%
Order backlog (end December)	22,981	24,121	-5%	-2%	-1%
Revenues	33,828	35,481	-5%	-2%	-1%
Operational EBITA	4,191	4,209	0%	+2%	
as % of operational revenues	12.4%	11.9%	+0.5 pts.		
Income from operations	2,897	3,049	-2%		
as % of revenues	8.8%	8.6%	+0.2 pts		
Net income	1,899	1,933	-2%		
Basic earnings per share (\$)	0.88	0.87	+2%		
Cash flow from operating activities	3,843	3,818	+1%		

Third party base orders by division

	Q4 2016	Q4 2015	% Change
Third-party base orders \$ mn			Comparable
Electrification Products	2,051	2,158	-2%
Discrete Automation and Motion	1,820	1,779	+5%
Process Automation	1,285	1,309	0%
Power Grids	1,692	1,864	-7%
Corporate and Other	12	12	
Total Group	6,860	7,122	-1%

Order backlog by division

	Q4 2016	Q4 2015	Change	
Order backlog (end December) \$ mn			\$	Comparable
Electrification Products	2,612	2,872	-9%	-5%
Discrete Automation and Motion	4,078	4,232	-4%	0%
Process Automation	5,258	6,036	-13%	-10%
Power Grids	12,437	12,502	-1%	+4%
Corporate and Other (incl. Inter-division eliminations)	-1,404	-1,521		
Total Group	22,981	24,121	-5%	-1%

Operational EPS analysis

	Q4 2016		Q4 2015		
mn \$, except per share data in \$		EPS		EPS	△ ¹
Net income (attributable to ABB)	425	0.20	204	0.09	+115%
Operational adjustments:					
Acquisition-related amortization	67		73		
Restructuring and restructuring-related expenses ²	68		531		
Non-operational pension cost	38		8		
Changes in pre-acquisition estimates	92		12		
Gains and losses on sale of businesses, acquisition-related expenses and certain non-operational items	127		76		
FX / commodity timing differences in income from operations	-13		54		
Tax on operational adjustments ³	-93		-189		
Operational net income / Operational EPS	711	0.33	769	0.35	-3%⁴

Operational EPS analysis – full year

	FY 2016		FY 2015		
mn \$, except per share data in \$		EPS		EPS	△ ¹
Net income (attributable to ABB)	1,899	0.88	1,933	0.87	+2%
Operational adjustments:					
Acquisition-related amortization	279		310		
Restructuring and restructuring-related expenses ²	543		674		
Non-operational pension cost	38		19		
Changes in pre-acquisition estimates	131		21		
Gains and losses on sale of businesses, acquisition-related expenses and certain non-operational items	173		120		
FX / commodity timing differences in income from operations	40		16		
Tax on operational adjustments ³	-320		-295		
Operational net income / Operational EPS	2,783	1.29	2,798	1.26	+4%⁴

Cash flow from operating activities by division

	Q4 2016	Q4 2015	% Change	FY 2016	FY 2015	% Change
Cash flow from operating activities \$ mn						
Electrification Products	451	590	-24%	1,221	1,364	-10%
Discrete Automation and Motion	308	372	-17%	1,002	1,206	-17%
Process Automation	186	374	-50%	728	690	+6%
Power Grids	559	835	-33%	1,120	970	+15%
Corporate and Other	-76	-177		-228	-412	
Total Group	1,428	1,994	-28%	3,843	3,818	+1%

Group Targets

Status 2015 – 2020 financial targets

Status as of December 2016 unless otherwise stated	Group	Status
Revenue growth ¹	3 – 6%	0%
Operational EBITA % ²	11 – 16%	12.4%
Operational EPS growth CAGR ³	10 – 15%	4%
FCF conversion to net income	>90%	161%
CROI % ⁴	Mid-teens	14.1%

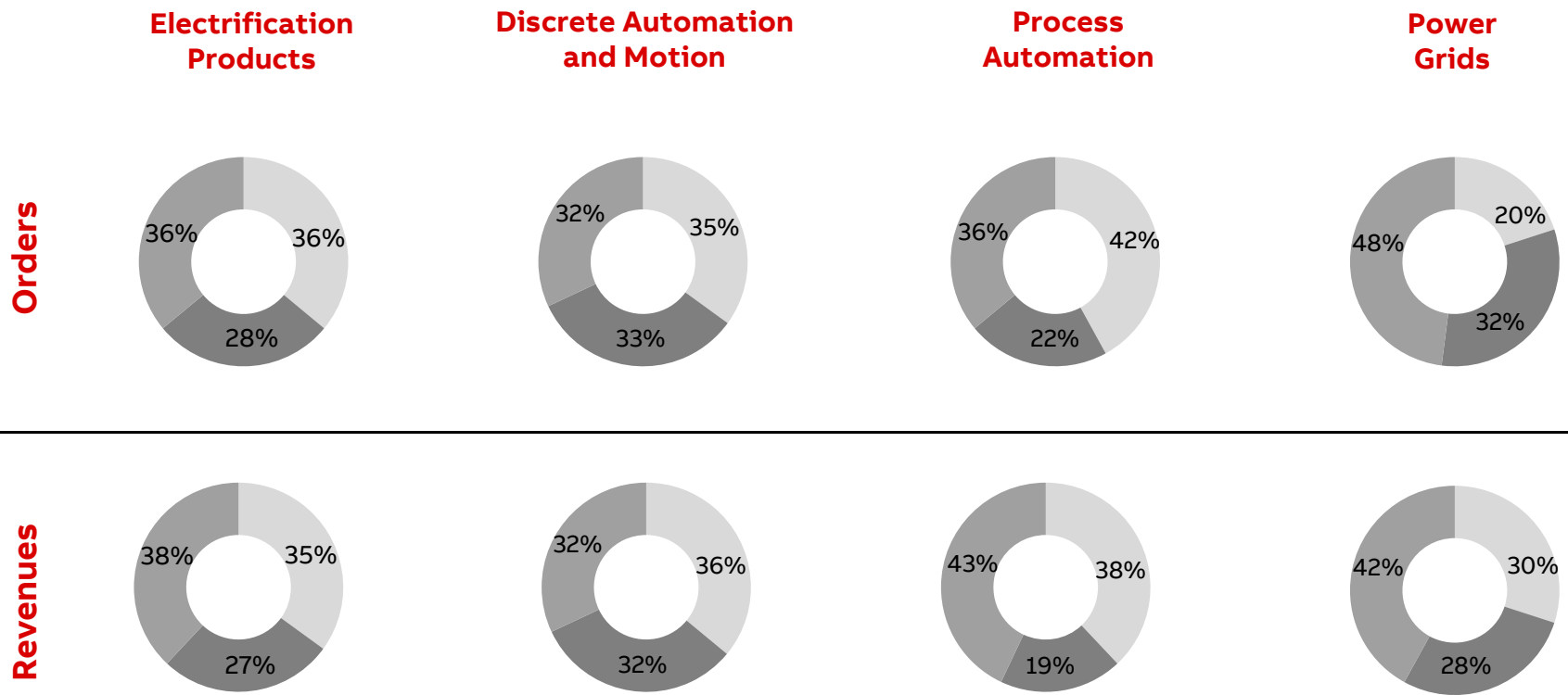
White Collar Productivity program costs

\$ mn	Original target	New target	2015	2016	2017	2018
Gross savings (run rate end of 2017)	1,000	1,300				
Gross savings (incremental y-o-y)			~25	>550	450	300

\$ mn	Original guidance	New guidance	2015	2016	2017
Total Cost	1,200- 1,250	1,020- 1,070	420	370	~230
Restructuring and related expenses	850-900	~520	370	140	~10
Program implementation	350	500	50	230	220

Regional share of total orders and revenues by division

Q4 2016

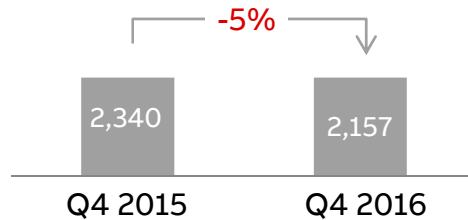


Electrification Products

Q4 2016

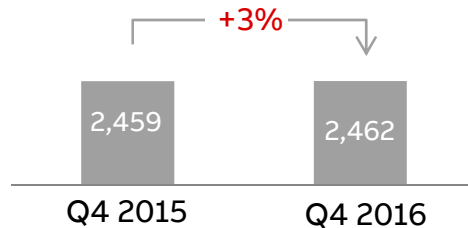
In \$ mn, y-o-y change comparable

Orders



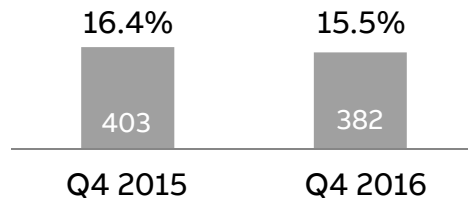
Total orders reflects lower large orders in the systems business compared with the same period a year ago. Positive order development in China and India could not offset declines in the US, Canada and the United Kingdom.

Revenues



Revenues grew 3 percent in the quarter as a result of the execution of the systems backlog and higher demand in building products.

Op. EBITA & margin



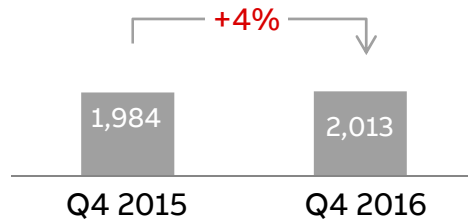
Operational EBITA margin was impacted by the default of a Turkish distributor and Egyptian operational currency losses resulting collectively in a 90 basis points decline to 15.5 percent. Excluding these charge operational EBITA margin would have been steady in the quarter.

Discrete Automation & Motion

Q4 2016

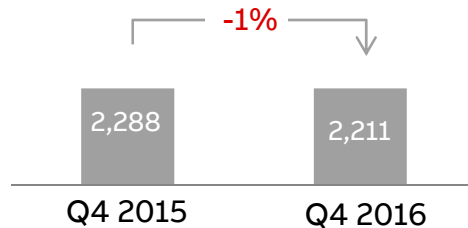
In \$ mn, y-o-y change comparable

Orders



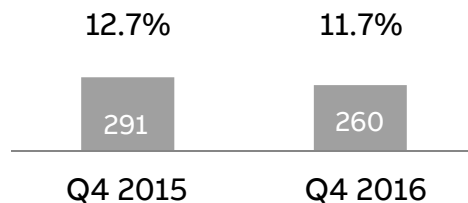
Total orders grew 4 percent as continued strong demand patterns in robotics and light industry more than offset the impacts from capex declines in process industries such as oil and gas.

Revenues



Revenues were steady reflecting order execution and strong demand from light industries.

Op. EBITA & margin



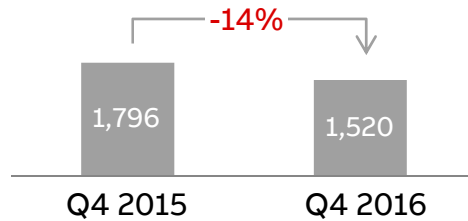
Operational EBITA margin declined 100 basis points compared with the same quarter a year ago mainly impacted by lower margins in solar, unfavorable mix and low capacity utilization.

Process Automation

Q4 2016

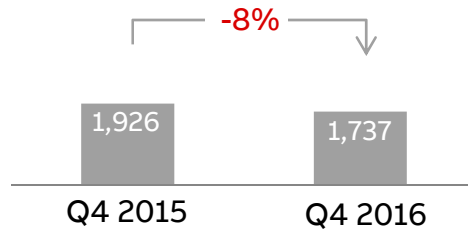
In \$ mn, y-o-y change comparable

Orders



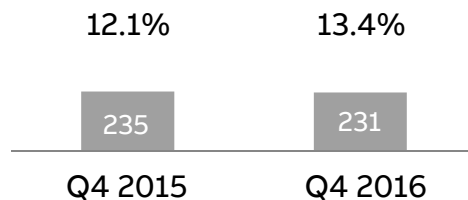
Total orders were 14 percent lower as a result of continued capital expenditure reduction in the process industries.

Revenues



Revenues declined 8 percent as higher service revenues could not offset declines in mining and oil and gas.

Op. EBITA & margin



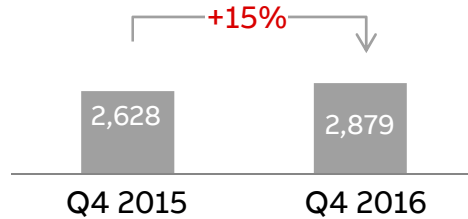
Operational EBITA margin increased 130 basis points to 13.4 percent due to positive mix and successfully implemented cost reduction and productivity measures.

Power Grids

Q4 2016

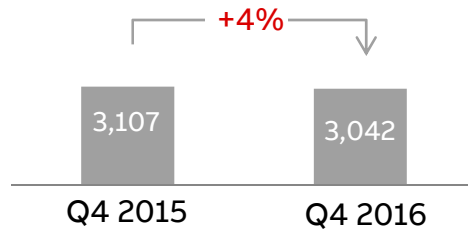
In \$ mn, y-o-y change comparable

Orders



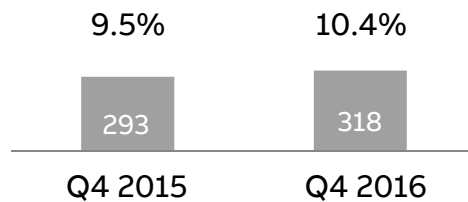
Total orders were 15 percent higher compared with the same quarter a year ago due to a significant increase in large contract awards.

Revenues



Revenues increased 4 percent due to steady execution of a healthy order backlog.

Op. EBITA & margin



Operational EBITA margin increased by 90 basis points to 10.4 percent, mainly driven by higher revenues, improved productivity, solid project execution and continued cost savings.

Q1 2016 Proforma – new structure

	ABB Group	Electrification Products	Robotics and Motion	Industrial Automation	Power Grids
Orders (\$ mn)	9,253	2,506	2,088	1,838	3,307
Revenues (\$ mn)	7,903	2,289	1,873	1,664	2,518
Operational EBITA (\$ mn)	951	307	286	202	198
Operational EBITA margin (%)	12.1%	13.5%	15.3%	12.0%	7.9%

FY 2016 Proforma – new structure

	ABB Group	Electrification Products	Robotics and Motion	Industrial Automation	Power Grids
Orders (\$ mn)	33,379	9,775	7,868	6,041	11,232
Revenues (\$ mn)	33,828	9,916	7,915	6,778	10,975
Operational EBITA (\$ mn)	4,191	1,458	1,224	865	1,021
Operational EBITA margin (%)	12.4%	14.7%	15.4%	12.7%	9.3%

FY 2015 Proforma – new structure

	ABB Group	Electrification Products	Robotics and Motion	Industrial Automation	Power Grids
Orders (\$ mn)	36,429	10,606	8,285	7,525	12,205
Revenues (\$ mn)	35,481	10,272	8,201	7,431	11,621
Operational EBITA (\$ mn)	4,209	1,519	1,290	908	877
Operational EBITA margin (%)	11.9%	14.8%	15.7%	12.2%	7,6%

More information available at ABB Investor Relations

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