



July 23, 2014

ABB Q2 Presentation

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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.

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- business risks associated with the 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

ABB Q2: Orders up 13%, strong cash generation

Solid progress in PS “step change”

Organic growth initiatives bearing fruit

- Orders up 13%¹, steady to higher in all divisions and regions
- Large orders up >70%, early-cycle trend positive
- Book-to-bill ratio back in positive territory at 1.04x

Good execution on revenues, cash and portfolio focus

- Stable revenues despite lower opening backlog
- Cash from operations up by more than \$300 mill
- Successful execution of announced portfolio pruning

Decisive actions taken to de-risk Power Systems

- Implementing new business model for offshore wind, stopped solar EPC
- Capacity calibration underway, further management changes initiated
- Operational issues being addressed in legacy project portfolio
- Project risks in the backlog is likely to weigh on earnings in coming quarters

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

Key figures second quarter 2014

	Q2 14	Q2 13	Change		
<i>\$ millions unless otherwise indicated</i>			<i>US\$</i>	<i>Local currency</i>	<i>Like-for-like</i>
Orders	10,567	9,312	13%	14%	13%
Order backlog (end June)	27,089	28,292	-4%	-5%	
Revenues	10,190	10,225	0%	0%	-1%
Income from operations	1,052	1,188	-11%		
as % of revenues	10.3%	11.6%			
Operational EBITDA	1,331	1,561	-15%		
as % of operational revenues	13.0%	15.2%			
Net income	636	763	-17%		
Basic net income per share (\$)	0.28	0.33			
Cash from operating activities	888	543	64%		

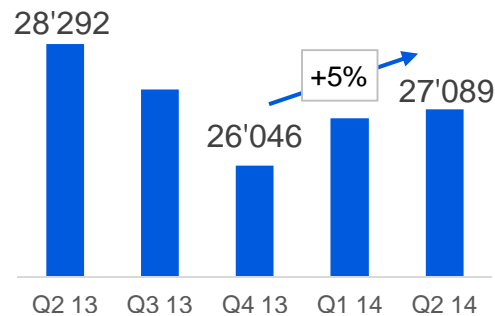
Chart 4

Order momentum continues to trend positively

Order backlog

Q2 2013-Q2 2014

US\$ millions, % change in local currency

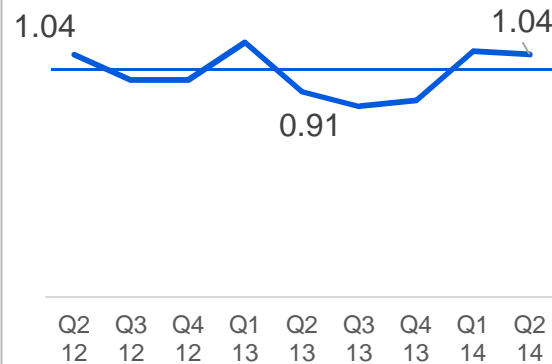


Backlog rebuilding

Book-to-bill ratio

Q2 2012-Q2 2014

Orders over revenues

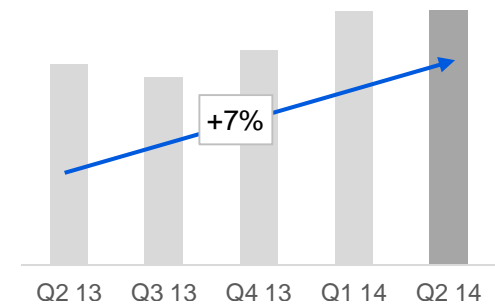


Positive book-to-bill for 2nd consecutive quarter

Base order growth

Q2 2013-Q2 2014

% change year-over-year (like-for-like)



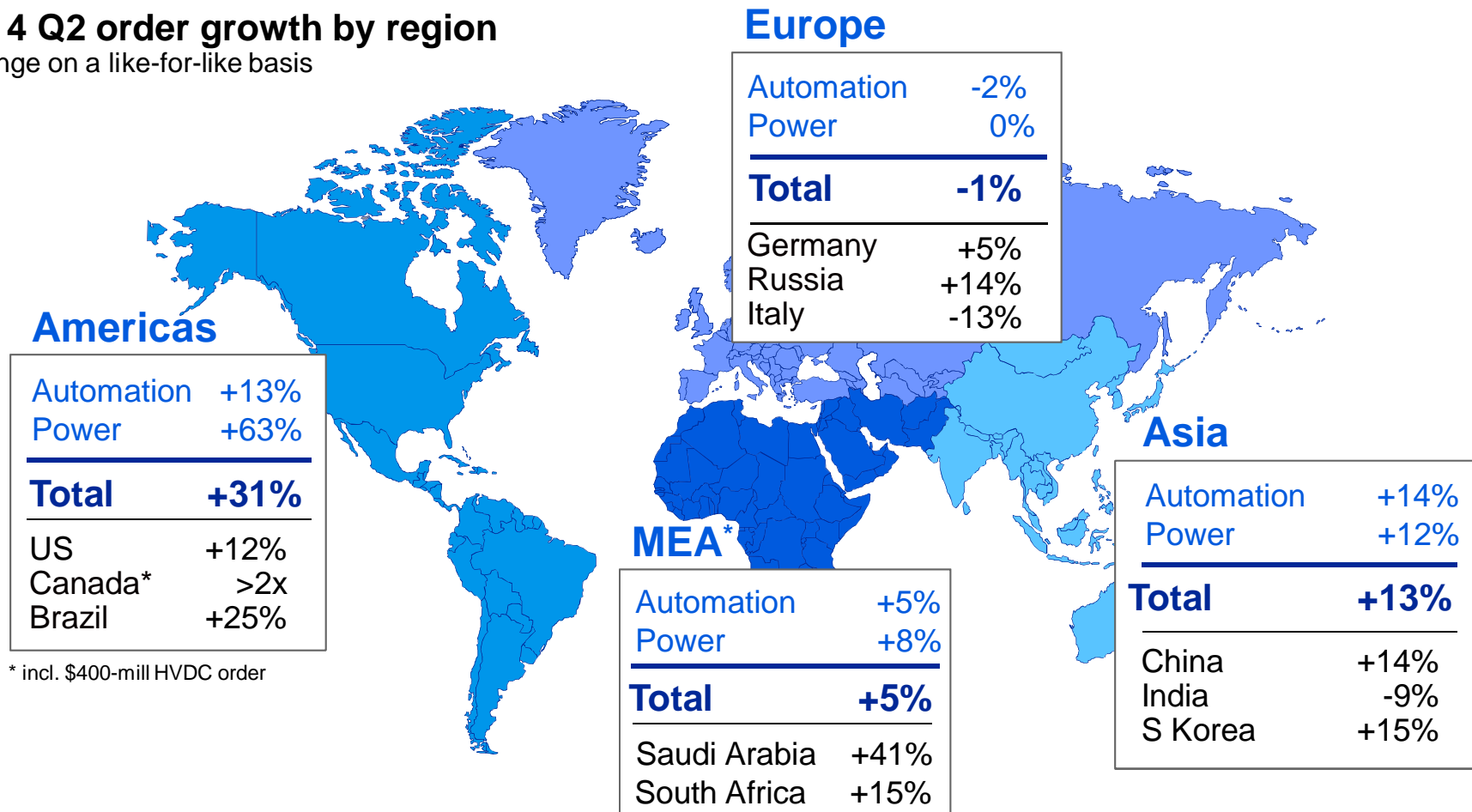
Base order trend continues

Chart 5

Orders received by region overview

2014 Q2 order growth by region

Change on a like-for-like basis



* incl. \$400-mill HVDC order

* Middle East and Africa

Chart 6

Operational EBITDA bridge

Power Systems impacted Group results

Factors affecting operational EBITDA Q2 2014 vs Q2 2013

US\$ millions

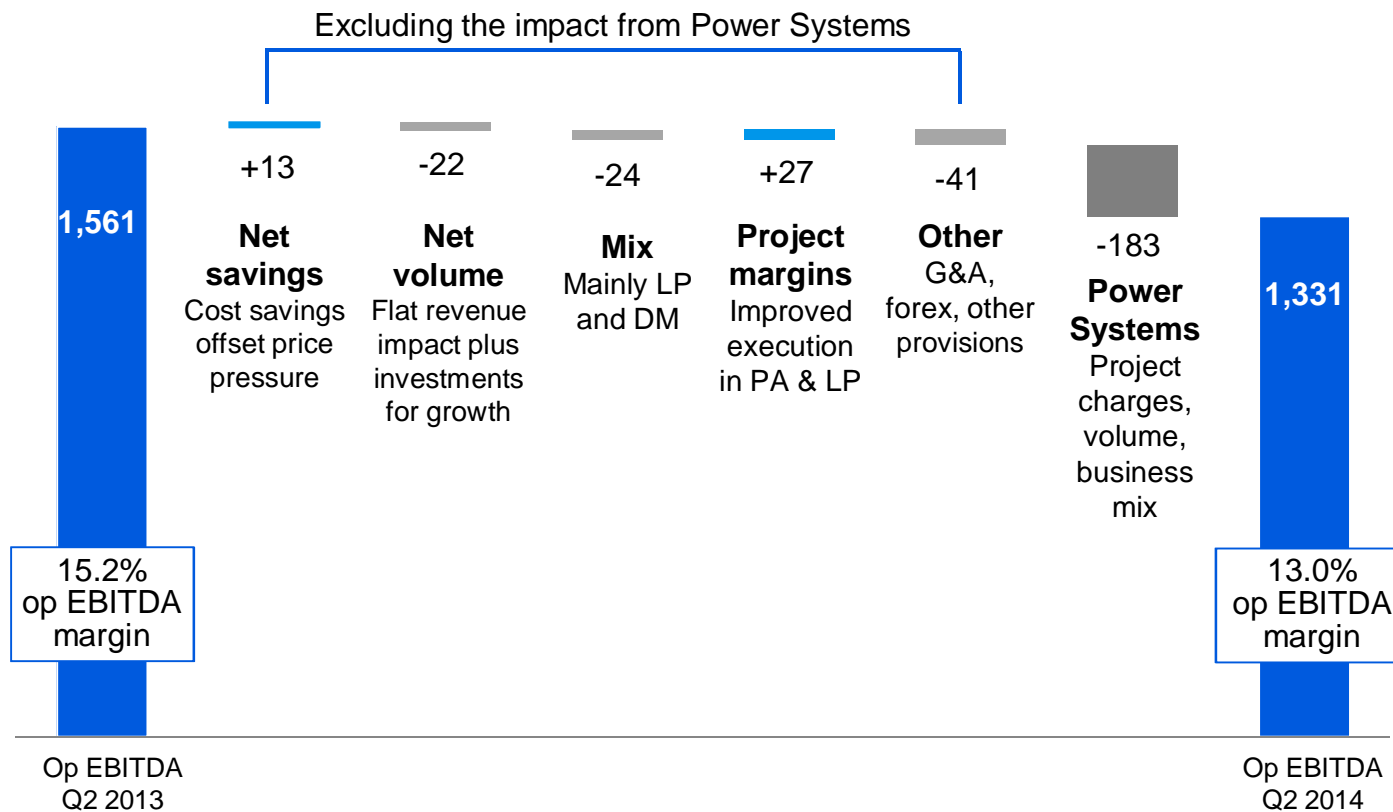
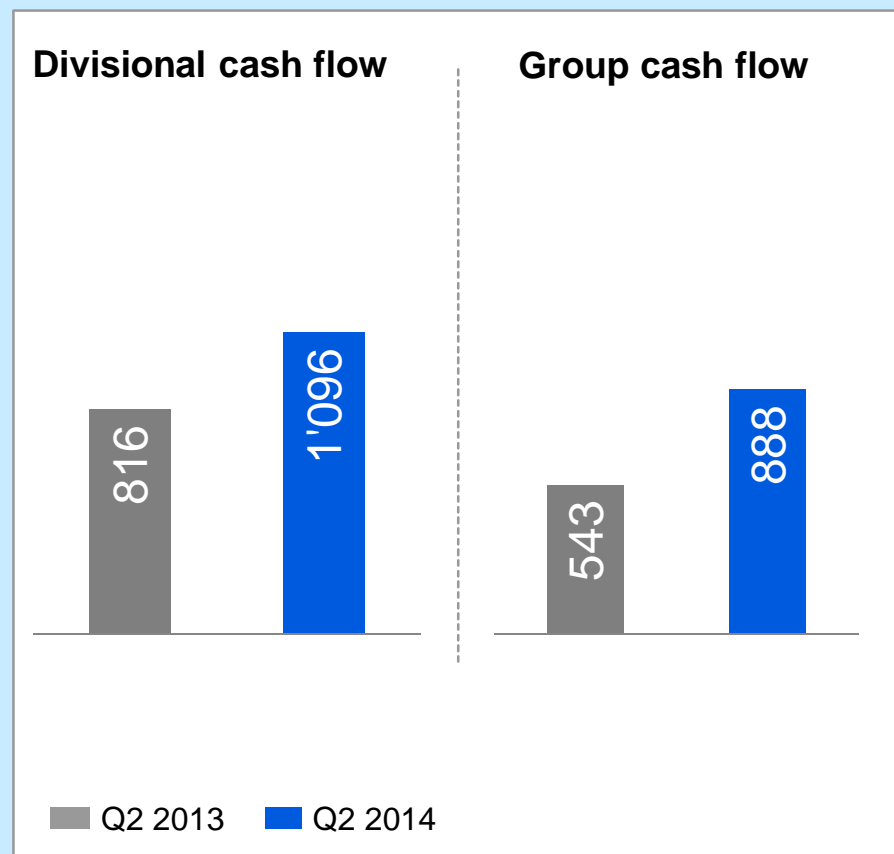


Chart 7

Group Q2 cash flow significantly improved

Cash from operations Q2 2014 vs Q2 2013

US\$ millions



- Group cash flow 64% higher than year earlier
- Divisional cash flows \$280 mill higher
- Cash initiatives drove results:
 - Improved NWC management remains a high priority
 - NWC integrated into process excellence
- Continue to drive towards 11-14% NWC as a percentage of revenues corridor

Chart 8

Key figures ABB and by division second quarter 2014

<i>US\$ millions unless otherwise stated</i>	Orders	\triangle Local currency	Revenues	\triangle Local currency	Operational EBITDA%	\triangle	Cash flow from operations	\triangle US\$
Discrete Automation and Motion	2,667	+11%	2,543	+7%	17.4% ¹	-0.7 pts ¹	+374	15%
<i>Like-for-like</i>		+7%		+3%				
Low Voltage Products	1,939	-1%	1,936	+1%	18.8%	-0.2 pts	+273	+7%
<i>Like-for-like</i>		0%		+3%				
Process Automation	2,044	+15%	2,012	-5%	12.3%	+0.5 pts	+206	+26%
<i>Like-for like</i>		+16%		-2%				
Power Products	2,766	+7%	2,662	-3%	14.8%	+0.1 pts	+189	-15%
Power Systems	1,767	+39%	1,810	-7%	-1.3%	-9.2 pts	+54	n.a.
Corporate	(616)		(773)				(208)	
ABB Group	10,567	+14%	10,190	0%	13.0%	-2.2 pts	+888	+64%
<i>Like-for like</i>		+13%		-1%				

¹ Excl. the impact of the Power-One acquisition, operational EBITDA margin in Discrete Automation and Motion was higher than Q2 2013

A glance at Power Systems

Decisive actions taken, “step change” program in place

Why we like it	Current issues	Actions
<ul style="list-style-type: none">▪ Long-term growth opportunities<ul style="list-style-type: none">▪ Aging grids in developed markets▪ New grids in emerging markets▪ Industrial grid connections▪ Renewables integration▪ Increasing grid complexity equals need for automation and control▪ Longer transmission distances▪ Higher power quality & predictability▪ Technology leadership in key areas▪ Large installed base, good service opportunity▪ Channel to market for ABB products	<ul style="list-style-type: none">▪ Handful of complex project situations with operational issues▪ Low-margin projects in the backlog to weigh on profits▪ Potential for additional charges▪ Need to improve operational and risk management	<ul style="list-style-type: none">▪ Focused resources on “high risk” areas, special action teams for critical projects▪ Improved performance management▪ Capacity reductions implemented▪ Offshore wind<ul style="list-style-type: none">▪ New leadership and mitigation actions in place▪ New business model for future tenders▪ Solar EPC – contracts assessed and 90% of backlog to be executed in 2014▪ Large HVDC order win with right risk/return profile▪ Accelerated growth of profitable base business

Fundamentally an attractive business. Issues identified – actions under way

Three focus areas

Profitable
growth

Business-led
collaboration

Relentless
execution

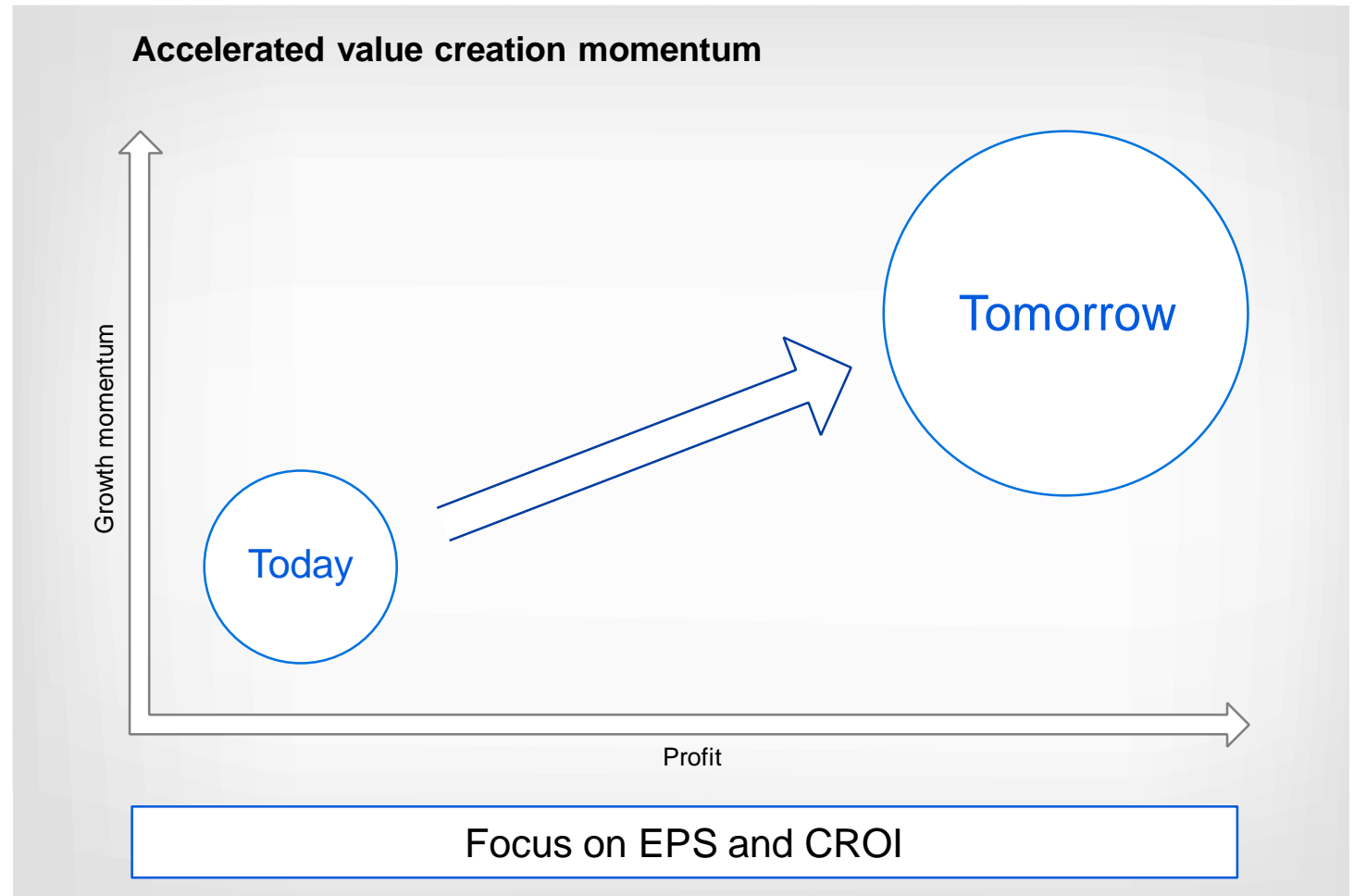


Chart 11

Executing along the three focus areas in Q2

Example: Profitable growth in China

Profitable growth




Strategic levers	Recent examples
Penetration <ul style="list-style-type: none"> Selling more of our existing offering to accessible customers 	 <div data-bbox="1255 456 1923 724"> Expanded further into tier 2 & tier 3 cities <ul style="list-style-type: none"> Cover >500 cities together with partners Own presence in >100 cities, adding 100+ over next 3 years ABB Automation World in China: More than 4'000 customers participated </div>
Innovation: <ul style="list-style-type: none"> New offering/value propositions – focused resource allocation 	 <div data-bbox="1255 764 1923 1052"> New-generation small robots <ul style="list-style-type: none"> New robots and applications for growing markets such as 3C, food & beverage Compact, safe, flexible Global product development lead in China </div>
Expansion <ul style="list-style-type: none"> Into new segments 	 <div data-bbox="1255 1089 1923 1365"> Services <ul style="list-style-type: none"> >500 standard service products, from spare parts to energy efficiency and predictive maintenance >200 service locations and >2,000 staff in national network </div>

Chart 12

Executing along the three focus areas in Q2

Example: Profitable growth in transportation

Profitable growth

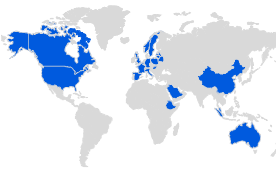


Strategic levers	Recent example: Rail	
Penetration <ul style="list-style-type: none"> Selling more of our existing offering to accessible customers 	 <p>H1 2014 rail orders in all regions</p>	Broad geographic coverage <ul style="list-style-type: none"> Growth initiatives drive \$1 bn orders in H1 2014, +78% vs 2013 High customer value through combined power and automation offering Covers high-speed, metros, electric and diesel systems
Innovation: <ul style="list-style-type: none"> New offering/value propositions – focused resource allocation 		Innovation footprint <ul style="list-style-type: none"> First ABB railway R&D center in China New high-voltage modules for rail substations Energy recuperation & storage systems
Expansion <ul style="list-style-type: none"> Into new segments 		Energy efficiency and service <ul style="list-style-type: none"> Rail service agreements (spare parts, heavy repairs, preventive maintenance)

Chart 13

Executing along the three focus areas in Q2

Example: Collaboration in ABB for onboard DC grid

Business-led
collaboration

Strategic levers

Packaged solutions

- Integrated product offering, combined marketing

Channel and account management

- Joint development/deepening of customer & channel relationship, cross-selling

Service

- Collaboration to expand service offering and improve penetration

Shared platforms and operations

- Shared services and infrastructure across different units

Recent example

Onboard DC grid

- 4 divisions collaborate to deliver breakthrough value proposition to customers aimed at up to 27% fuel savings
- A competitive advantage to ship owners seeking to improve operating costs in a tough market environment



Cross-divisional collaboration on

- Solution development
- Product design and supply (e.g., converters, rectifiers, generators, cooling)
- Customer channels
- Delivery






Executing along the three focus areas in Q2

Example: Strong execution in portfolio pruning & cash

Relentless
execution

Strategic levers	Recent examples
PS “step change” program <ul style="list-style-type: none"> Address immediate issues and ensure longer-term profitable growth 	<ul style="list-style-type: none"> Decisive actions taken for EPC solar and offshore wind De-risking project portfolio well underway
Costs <ul style="list-style-type: none"> Continued cost reductions, adding white collar productivity focus 	<ul style="list-style-type: none"> Optimizing supplier base in South Asia for ~20% cost reduction E-auctions in Europe, China, Brazil generate supply savings up to 30%
Cash <ul style="list-style-type: none"> Improved cash management, e.g., inventory reduction, integrated business planning 	<ul style="list-style-type: none"> Significant contribution from supply chain improvement and site consolidation in DM Rigorous inventory optimization program
Integration <ul style="list-style-type: none"> Thorough execution of integration plans, systematic best practice sharing 	<ul style="list-style-type: none"> Thomas & Betts cost synergies ahead of schedule Power-One progressing on plan, brand migration completed
Portfolio optimization <ul style="list-style-type: none"> Disciplined pruning of our portfolio in line with strategy 	Divestitures <ul style="list-style-type: none"> Successful completion and closing of T&B HVAC, Power-One Power Solutions Announced T&B steel structures

Successful execution of announced portfolio pruning

Entity divested	Baldor's genset business	Full-service JV Finland	T&B HVAC	Power-One Power Solutions	T&B steel structures
					
	Announced	Announced	Announced	Announced	Announced
	Closed	Closed	Closed	Closed	Closed
	2013 revenues	2013 revenues	2013 revenues	2013 revenues	2013 revenues
	Oct. 2013	Jan. 2014	March 2014	April 2014	June 2014
	Nov. 2013	Jan. 2014	May 2014	June 2014	Q3 2014 expected
	Not disclosed	Not disclosed	~\$160 mill.	~\$250 mill.	~\$325 mill ¹
	Not disclosed	Not disclosed	\$260 mill.	\$120 mill.	\$600 mill.

¹ 2014 estimated revenues (disclosed in buyer press release)

Q2 summary and outlook

Q2 results

- Organic growth initiatives bear fruit with strong order growth
- Revenues steady despite lower opening order backlog
- Results burdened by PS but decisive actions taken by new management to change business model and lower risk
- Strong cash generation on NWC initiatives
- Successful execution of announced portfolio pruning

Outlook

- Macro outlook unchanged
 - Some encouraging early-cycle indicators
 - Uncertainty remains on pace of recovery in key markets
- Organic growth key management priority
- Revenues to reflect lower late-cycle order backlog
- Further step-up on cost savings
- Execution on cost, productivity and integration to continue

Power and productivity
for a better world™



Key figures Q2 and H1 2014

	Q2 14	Q2 13	Change			H1 14	H1 13	Change		
<i>\$ millions unless otherwise indicated</i>			US\$	Local currency	Like-for-like			US\$	Local currency	Like-for-like
Orders	10'567	9'312	13%	14%	13%	20'925	19'804	6%	7%	6%
Order backlog (end June)	27'089	28'292	-4%	-5%						
Revenues	10'190	10'225	0%	0%	-1%	19'661	19'940	-1%	0%	-1%
Income from operations	1'052	1'188	-11%			1'907	2'240	-15%		
as % of revenues	10.3%	11.6%				9.7%	11.2%			
Operational EBITDA	1'331	1'561	-15%			2'602	3'019	-14%		
as % of operational revenues	13.0%	15.2%				13.2%	15.1%			
Net income	636	763	-17%			1'180	1'427	-17%		
Basic net income per share (\$)	0.28	0.33				0.51	0.62			
Cash from operating activities	888	543	64%			843	320	163%		

Order backlog by division

Order backlog (end June) <i>US\$ millions</i>	2014	2013	Change %	
			<i>US\$</i>	<i>Local currencies</i>
Discrete Automation and Motion	4,896	4,481	9%	7%
Low Voltage Products	1,170	1,289	-9%	-9%
Process Automation	5,858	6,361	-8%	-8%
Power Products	8,454	8,578	-1%	-2%
Power Systems	9,177	10,598	-13%	-14%
Consolidation and Other (incl. Inter-division eliminations)	(2,466)	(3,015)		
Total Group	27,089	28,292	-4%	-5%

Operational EPS analysis

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

	Q2 14		Q2 13		
<i>US\$ millions, except per share data in US\$</i>		EPS ¹		EPS ¹	△ ²
Net income (attributable to ABB)	636	0.28	763	0.33	-17%
Restructuring and restructuring- related expenses ³	28	0.01	25	0.01	
Gains and losses on sale of businesses, acquisition- related expenses and certain non-operational items ⁴	(50)	(0.02)	20	0.01	
FX/commodity timing differences in Income from operations ³	14	0.01	(6)	(0.00)	
Amortization rel. to acquisitions ³	68	0.03	66	0.03	
Operational net income	696	0.30	868	0.38	-20%

Chart 21



Regional share of total orders and revenues by division Q2 2014

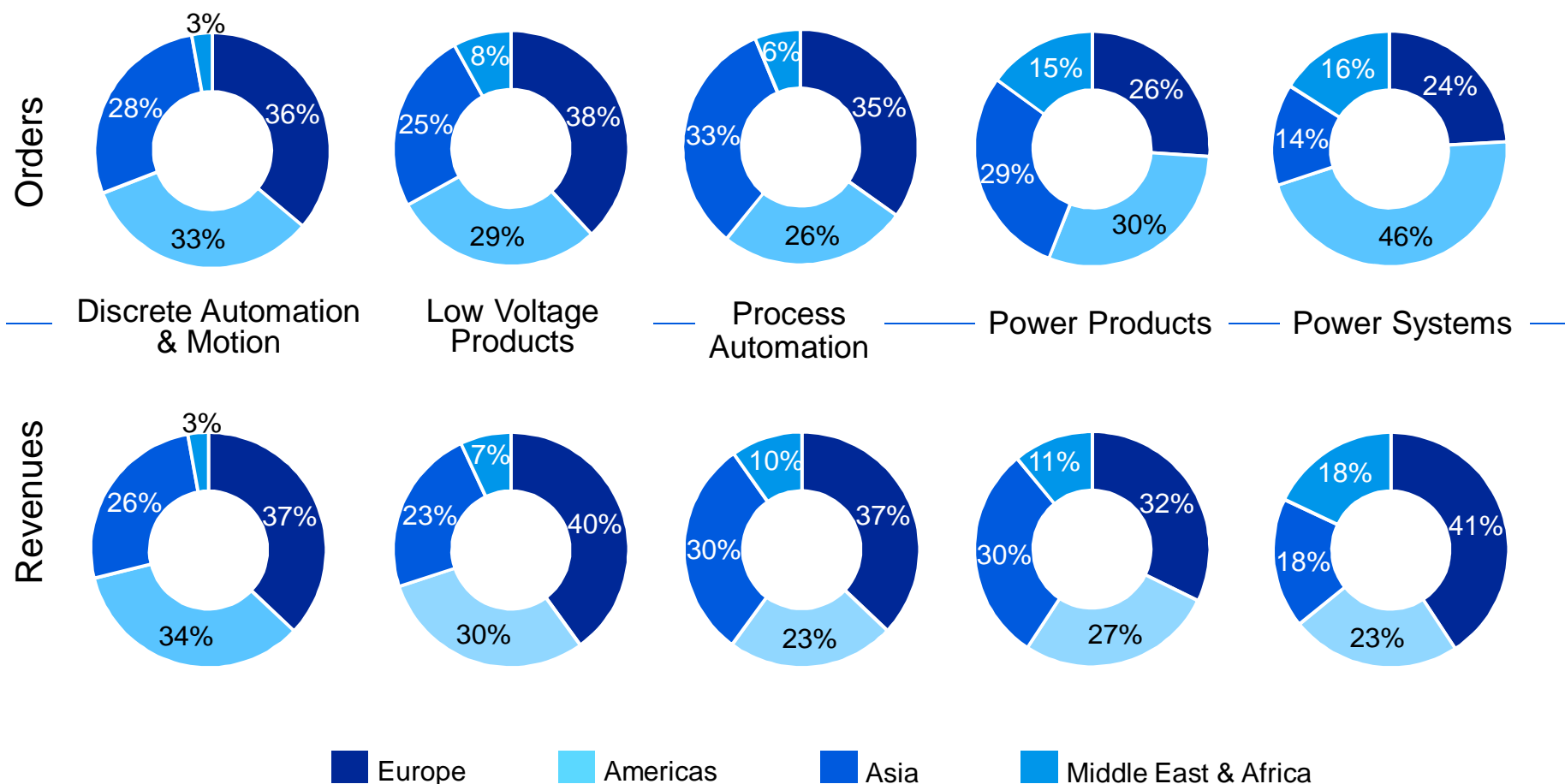
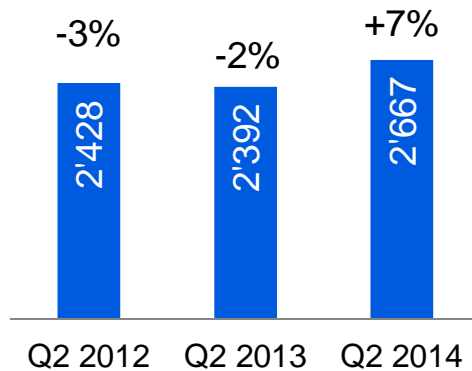


Chart 22

Discrete Automation and Motion Q2 2014 summary

Orders received

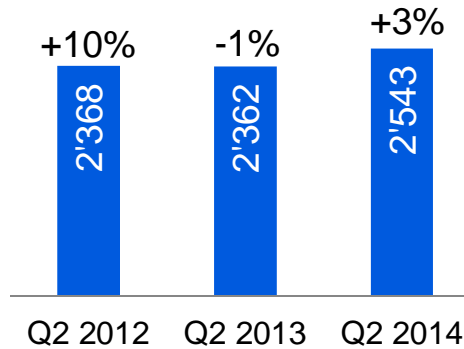
US\$ mill., y-o-y change



- Combination of growth initiatives and higher early-cycle demand
- Solid increase in base orders, large orders lower.

Revenues

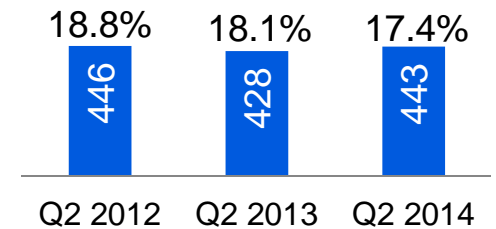
US\$ mill., y-o-y change



- Increased revenues from robotics and service more than offset impact of lower opening order backlog in large motors and medium-voltage drives

Operational EBITDA

US\$ mill., op EBITDA margin in %



- Operational EBITDA increased in line with revenues
- Operational EBITDA margin decline reflects dilutive impact from Power-One—excluding that impact, operational EBITDA margin was slightly higher than Q2 2013

Note: Orders and revenues are as reported. Changes in orders and revenues above are on a like-for-like basis. For a definition, see our “Supplemental Financial Information”

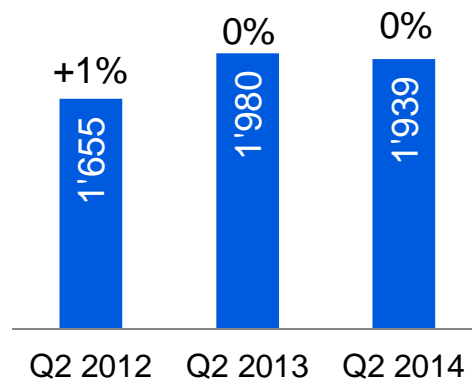
Chart 23



Low Voltage Products Q2 2014 summary

Orders received

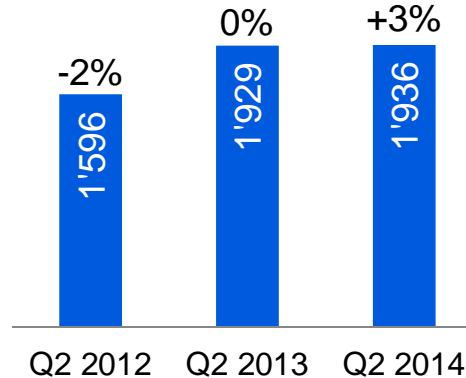
US\$ mill., y-o-y change



- Orders stable vs the same period a year earlier
- Excl. previously-announced divestments, the remaining ongoing business improved

Revenues

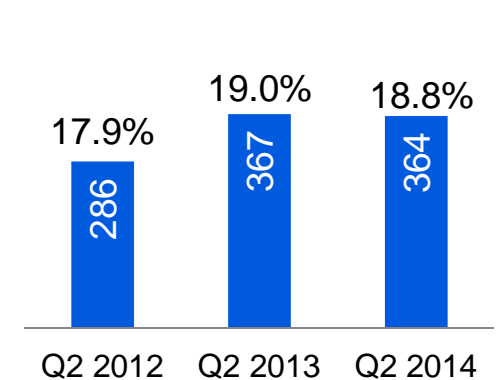
US\$ mill., y-o-y change



- Revenue growth was driven by the product business and systems

Operational EBITDA

US\$ mill., op EBITDA margin in %



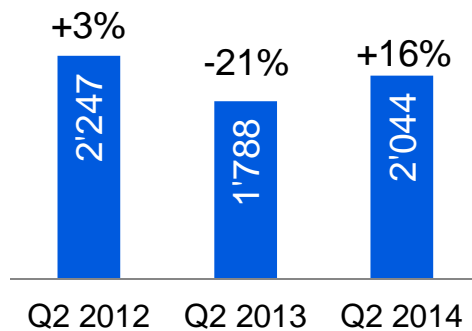
- Operational EBITDA margin declined due to an unfavorable revenue mix and increased investments to drive organic sales growth

Note: Orders and revenues are as reported. Changes in orders and revenues above are on a like-for-like basis. For a definition, see our "Supplemental Financial Information"

Process Automation Q2 2014 summary

Orders received

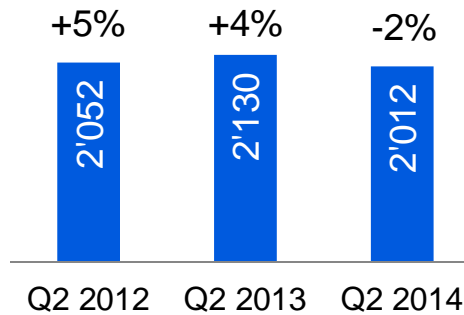
US\$ mill., y-o-y change



- Both large and base orders improved, marine and pulp and paper led increase
- Demand from mining was up but remained at low levels
- Orders grew in the Americas and Asia and were flat in Europe

Revenues

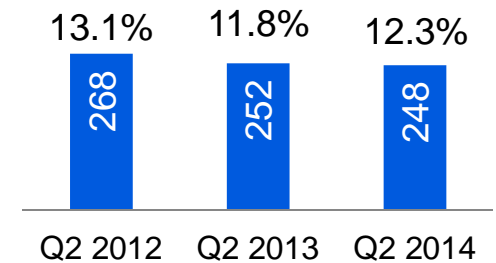
US\$ mill., y-o-y change



- Revenues were lower as execution of the strong order backlog in oil and gas was offset by lower marine and mining revenues
- Increased lifecycle service revenues were offset by lower full service revenues

Operational EBITDA

US\$ mill., op EBITDA margin in %



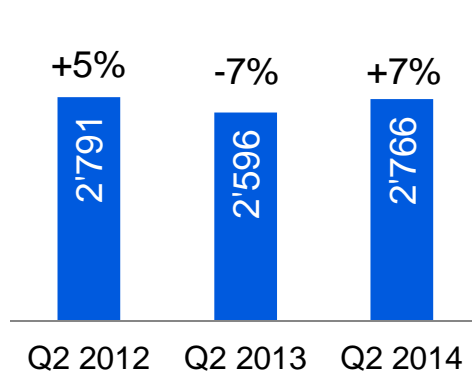
- The operational EBITDA margin improvement reflects solid project execution out of the order backlog in the oil and gas business and continued strict cost control

Note: Orders and revenues are as reported. Changes in orders and revenues above are on a like-for-like basis. For a definition, see our "Supplemental Financial Information"

Power Products Q2 2014 summary

Orders received

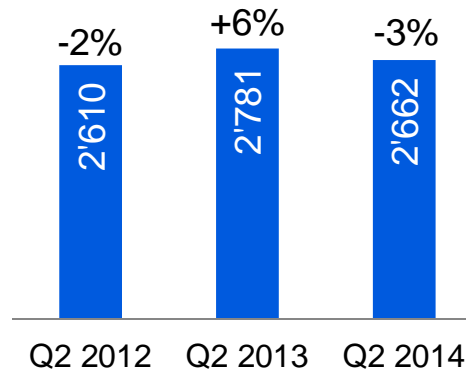
US\$ mill., y-o-y change



- Both large and base orders increased, supported by utility distribution and industrial demand
- Utilities continued to be selective on large transmission projects
- Order growth driven by emerging markets
- Orders also increased in North America but were lower in Europe

Revenues

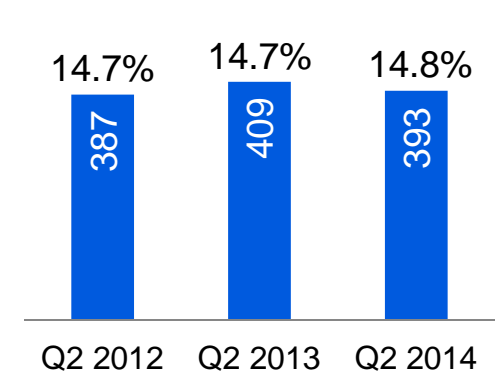
US\$ mill., y-o-y change



- Lower revenue mainly reflects the lower opening order backlog

Operational EBITDA

US\$ mill., op EBITDA margin in %



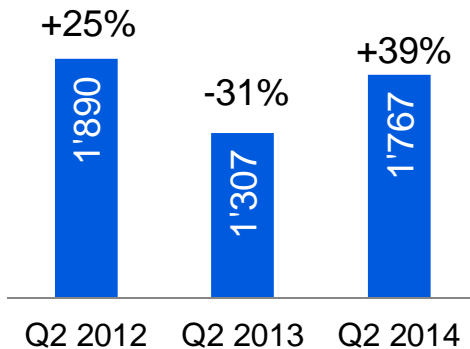
- Operational EBITDA margin remained steady as a result of continued cost savings and solid execution

Note: Orders and revenues are as reported. Changes in orders and revenues above are on a local currency basis. For a definition, see our "Supplemental Financial Information"

Power Systems Q2 2014 summary

Orders received

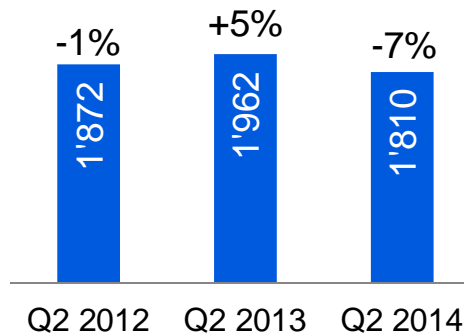
US\$ mill., y-o-y change



- Increased large orders drove the strong order improvement
- Base orders also grew at a double-digit pace
- Utilities remain cautious in power transmission investments and ABB's selectivity focus on margin and pull-through continues

Revenues

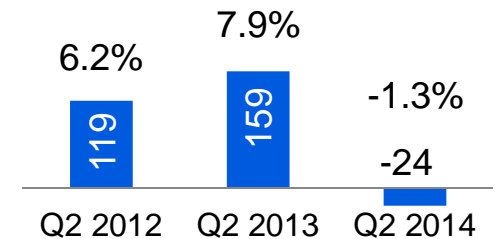
US\$ mill., y-o-y change



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

Operational EBITDA

US\$ mill., op EBITDA margin in %



- Operational EBITDA loss reflects continued impact of project-related charges, mainly in engineering, procurement and construction (EPC) contracts in solar power generation and in offshore wind
- Lower revenues also affected earnings

Note: Orders and revenues are as reported. Changes in orders and revenues above are on a local currency basis. For a definition, see our "Supplemental Financial Information"

For more information, call ABB Investor Relations
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