Annual Results, Zürich, Feb 14, 2013

ABB Q4 and FY 2012 results

Joe Hogan, CEO
Eric Elzvik, CFO

2012 summary and results overview

Safe-harbor statement

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 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 financial performance. A reconciliation between these measures and their GAAP counterparts is included in Appendix I to our February 14, 2013 Press Release and can be found on our website.


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FY 2012: Stable results in a tough market
Improved geographic scope, value from M&A

Growth	▪ Delivered higher[1] orders and revenues in a weak macro climate
Execution	▪ Cost savings and portfolio changes supported earnings and margin ▪ Strengthened power businesses for more stable returns ▪ Strong execution and performance on acquisition integration
Cash	▪ Generated stronger free cash at ~95% of net income
Capital allocation	▪ Strengthening our automation portfolio in products & across regions ▪ Increased cash to shareholders for 6th time in 7 years

Good operations performance and strategic progress in a challenging market

[1] In local currencies

Executing against our strategy
Deliver on cost competitiveness – driving growth

1	**Drive competitiveness**	▪ Cost and productivity savings more than offset lower prices ▪ Power Systems reset for higher, more consistent profitability
2	**Capitalize on megatrends**	▪ Continued to differentiate in emerging markets with deep presence, full value chain ▪ Energy efficiency, productivity, renewables integration continued to drive growth
3	**Expand core business**	▪ Service revenues continued to grow faster than total revenues ▪ Region-for-region strategy: NPS improvement helping to retain customers
4	**Disciplined M&A**	▪ Stronger position in North American; Gaps filled in UPS,smart grid, e-mobility ▪ T&B delivering on expectations, Baldor synergies gaining traction
5	**Exploit disruptive opportunities**	▪ Breakthrough DC applications: breakers, data centers, ships, transformers. ▪ Fundamental product redesigns to dramatically reduce raw material costs

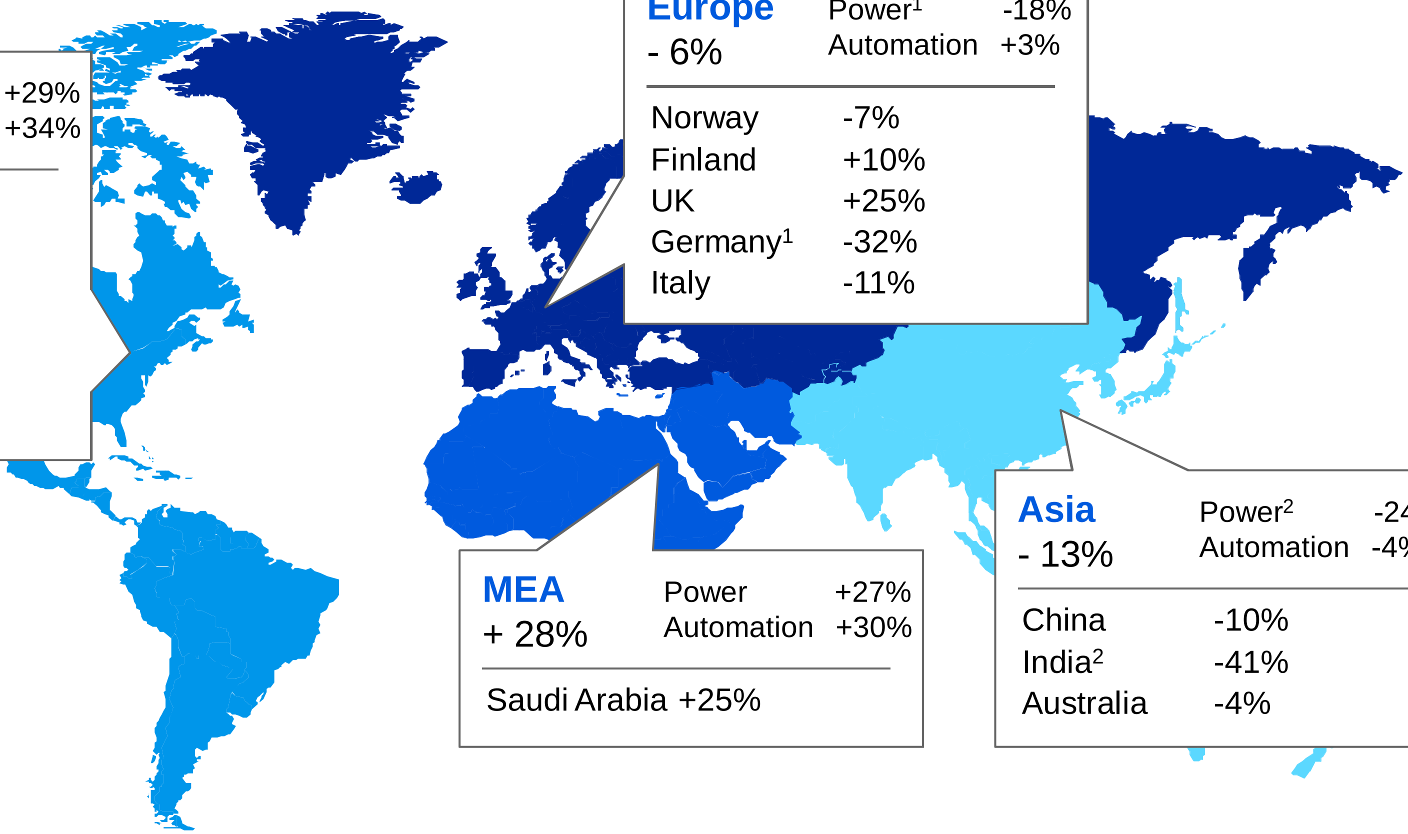
Full Year 2012

FY 2012 performance **US$ millions unless otherwise stated**	**FY 2012**	**FY 2011**	**Change vs 2011 US$**	**Change vs 2011 local currencies**
Orders	40,232	40,210	0%	+4% (organic1: 0%)
Order backlog (end Dec.)	29,298	27,508	+7%	+5%
Revenues	39,336	37,990	+4%	+7% (organic: 3%)
Operational EBITDA	5,555	6,014	-8% (organic: -12%)	
Operational EBITDA %	14.2%	15.8%	-1.6% pts (organic: -1.8% pts)	
Net income	2,704	3,168	-15%	
Earnings per share	1.18	1.38		
Dividend per share				
Cash from operations	3,779	3,612	+5%	
Free cash flow (FCF)	2,555	2,593		
FCF as % revenues	94%	82%		
Cash return on invested capital	12%	14%		

[1] Excluding Thomas & Betts

Balanced growth across geographies
Mature markets outgrew most emerging markets

Order growth in countries with more than $1 bn/yr in orders, 2012 vs 2011
(in local currencies)



Americas + 32%

Power	+29%
Automation	+34%

Canada (+26% excl. T&B)	+49%
US (+12% excl. T&B)	+30%
Brazil	+32%

Europe - 6%

Power[1]	-18%
Automation	+3%

Norway	-7%
Finland	+10%
UK	+25%
Germany[1]	-32%
Italy	-11%

MEA + 28%

Power	+27%
Automation	+30%

Saudi Arabia	+25%

Asia - 13%

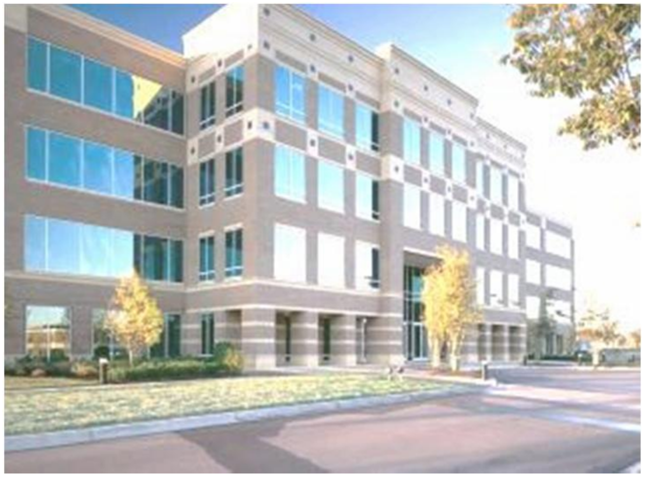
Power[2]	-24%
Automation	-4%

China	-10%
India[2]	-41%
Australia	-4%

[1] 2011 included $1-bn offshore wind order in Germany
[2] 2011 included $900-mill HVDC order in India

Thomas & Betts integration fully on track

Record annual results in 2012, sales & profitability exceed targets



- Record revenues reach $2.4 billion
- EBITDA $450 million[1]
- Already EPS accretive[2]
- Integration on track
  - Integration costs in line with plan
  - Regional synergy plans being implemented

[1] Estimated operational EBITDA based on ABB definition
[2] Before one-time charges and implementation costs

Full-year 2012 divisional overview
Solid numbers in a tough year

Division	Orders (△ local currencies)	Revenues (△ local currencies)	Op EBITDA margin US$	Change in margin
Power Products	+3%	+2%	14.8%	-1.5 pts
Power Systems	-10%	+2%	3.7% (~7% excl. reset)	-5.4 pts
Discrete Automation and Motion	+4%	+10%	18.4%	-0.5 pts
Low Voltage Products (organic)	+29% (0%)	+29% (0%)	18.4%	-1.5 pts (-1.4 pts)
Process Automation	+4%	+2%	12.3%	-0.1 pts

- PP margins successfully stabilized in last quarters despite tough market
- PS business reset for greater selectivity and higher, more consistent profitability
- DM and LP growth initiatives largely offset early cycle weakness
- PA demonstrates through-cycle resilience

Successes and challenges in Automation
Industry automation, energy efficiency, North America drive growth

Successes

- Positive top line in DM and LP despite market uncertainties
- Rebalanced portfolio supports Low Voltage Products
- Successful start of Thomas & Betts integration, strong Baldor performance
- Actions to boost services continue to pay off
- New products launched across the portfolio

Challenges and action plans

- Tap market and portfolio scope to secure profitable growth
- Continue to drive Thomas & Betts synergies
- Further optimize product/system mix, esp. in Process Automation

Successes and challenges in Power
Best in class profitability for power products

Successes

- Best in class profitability in Power Products
- Focus on services: above-average service revenue growth continues
- Breakthrough Hybrid HVDC breaker for evolving DC grids
- Power Systems reset launched, first actions completed

Challenges and action plans

- Secure return on investment in Power Systems refocus
- Power Products continues to work through lower-margin order backlog
- Take benefits from footprint investments in Saudi Arabia, India, US
- Higher tender selectivity to sustain profitable growth, stable margins

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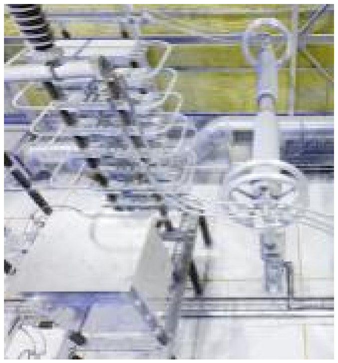
Power Systems reset
Focus on selective growth for higher profitability, reduce margin risk



Short-term drivers for 2013

- Higher selectivity: More ABB content, better risk/return profile
- Stronger risk management to secure project margins
- Accelerated application of best practices across business units

Actions completed

- Strategy and targets revised in all business units
- Focus areas and targets set by business unit and country, e.g.
  - Higher value-added thresholds “hard-wired” into tendering
  - Dedicated claims and contract management resources
- Tap organizational synergies (e.g., FACTS moved to substations)
- Additional actions launched in sales, project execution, supply chain

Driving growth

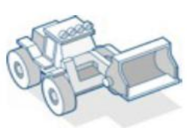
Growth areas

Investments through the cycle

Localization

Capitalizing on mega trends
Combined power and automation solutions

Mega-trends relevant for ABB long term growth


Resource Economics


Transportation mobility (people, goods)


Green


Electrification


Urbanization


Digital information


Emerging economies And power shift

How will we capitalize on these trends?

Deep understanding of markets

Penetration of key geographic areas

Execution around markets and trends

Continued investment in R&D

Strong sales / distribution

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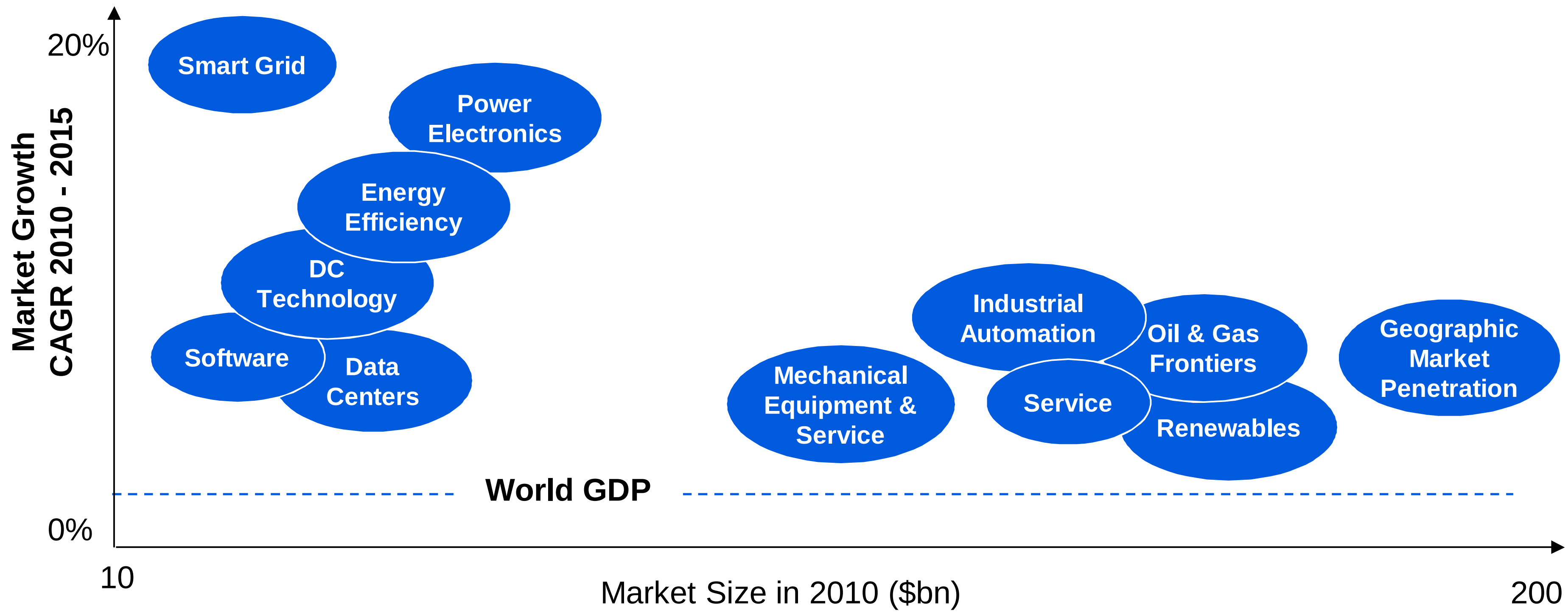
Building on ABB strength in strategic growth areas
Focus on industries growing faster than world GDP



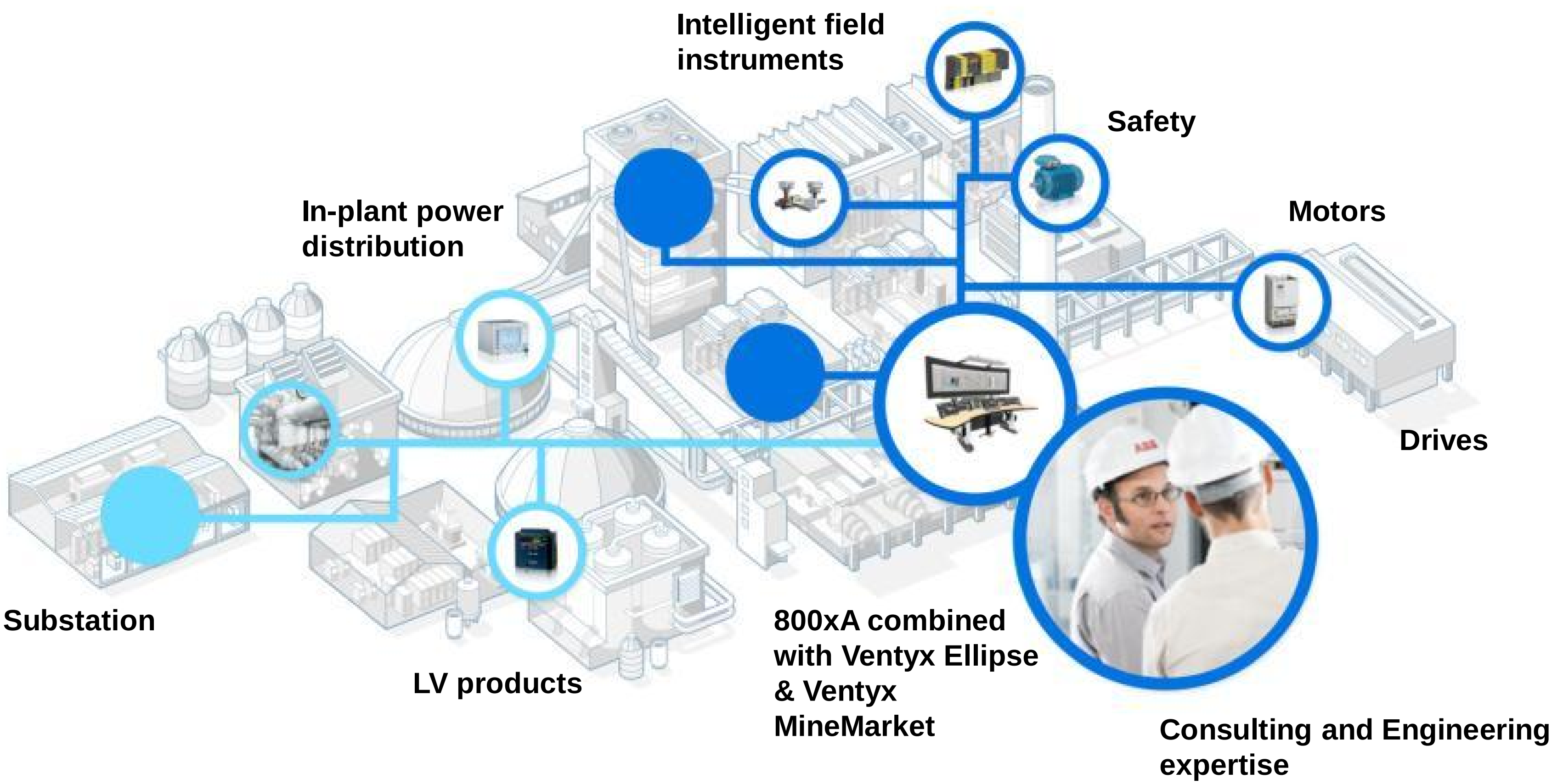
Driving growth
Solutions for growth areas

Growth area industrial automation

Growth driver service
Revenues up 8 percent reaching record levels

Growth areas software and services
End-to-end software solutions for mining

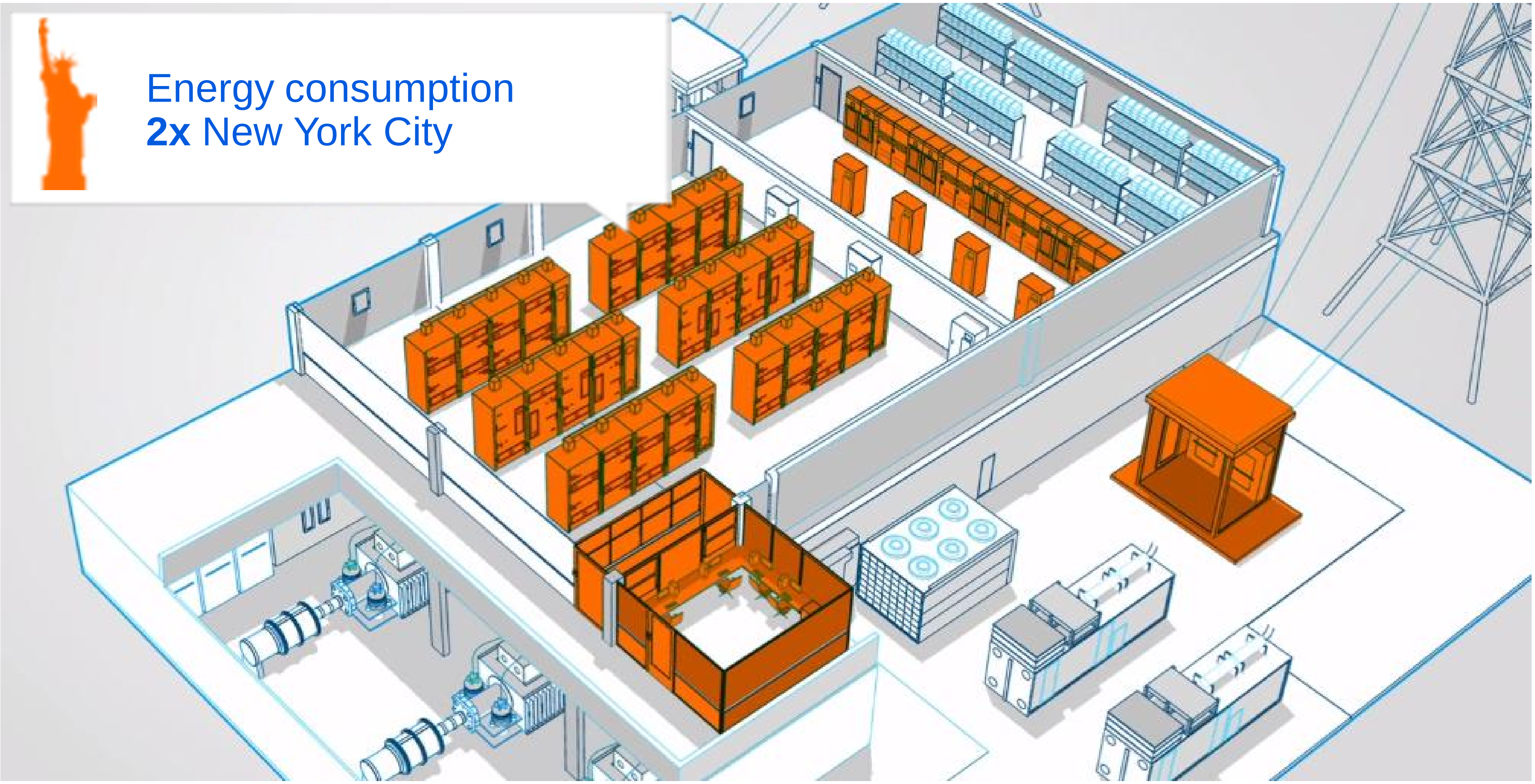
Integrated solution to optimize processes, power and services



Growth area industrial motion and power electronics
Our drives saved > 310 TWh in 2012 - about 5 times Swiss consumption

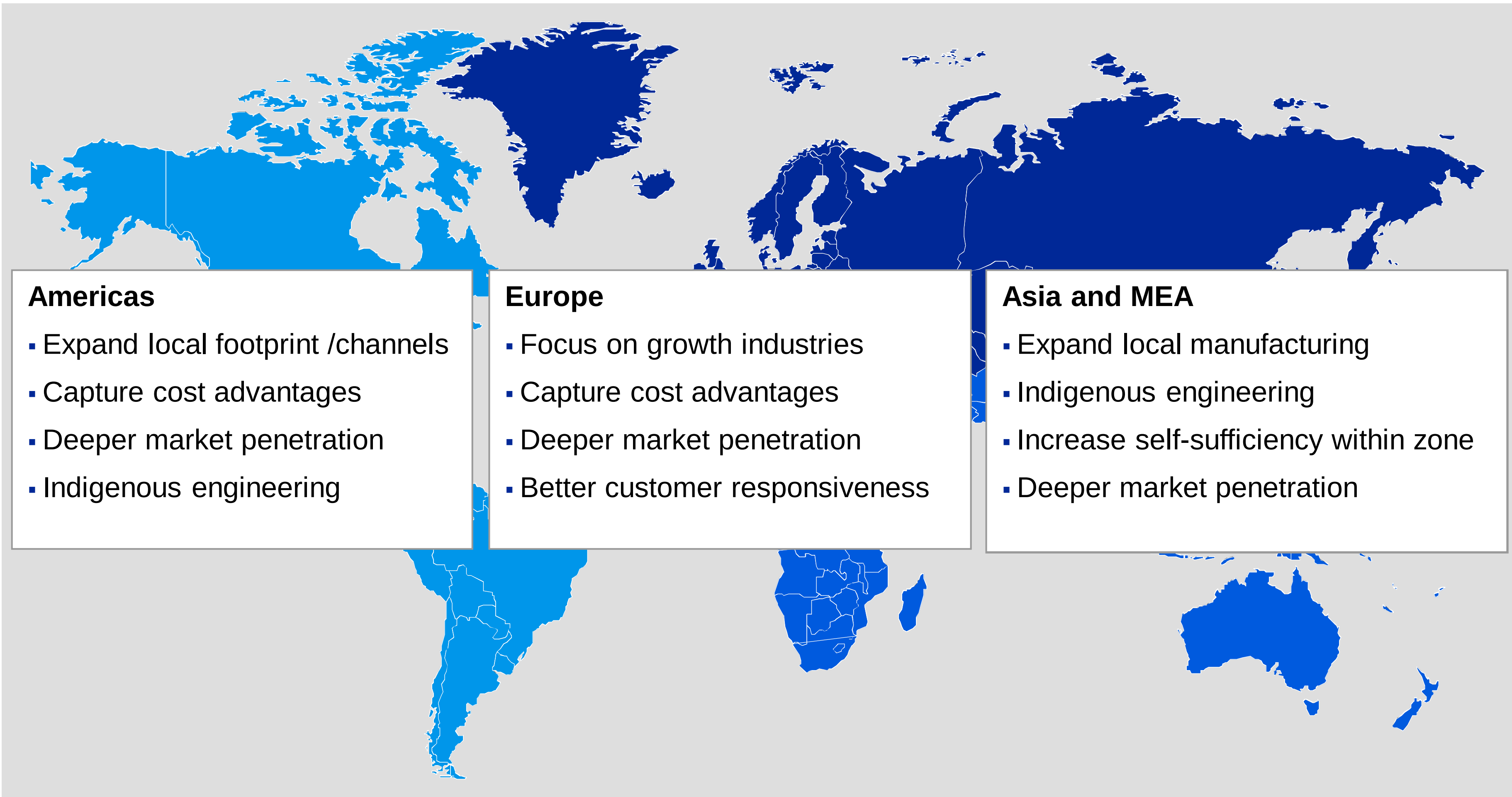
Growth areas power electronics, data centers, DC
New solutions required for the digital and second electrical revolution

Data centers are critical for modern economies



Driving growth
Regional strategy and localization

Balancing global footprint
Three trading zones perspective



Americas

- Expand local footprint /channels
- Capture cost advantages
- Deeper market penetration
- Indigenous engineering

Europe

- Focus on growth industries
- Capture cost advantages
- Deeper market penetration
- Better customer responsiveness

Asia and MEA

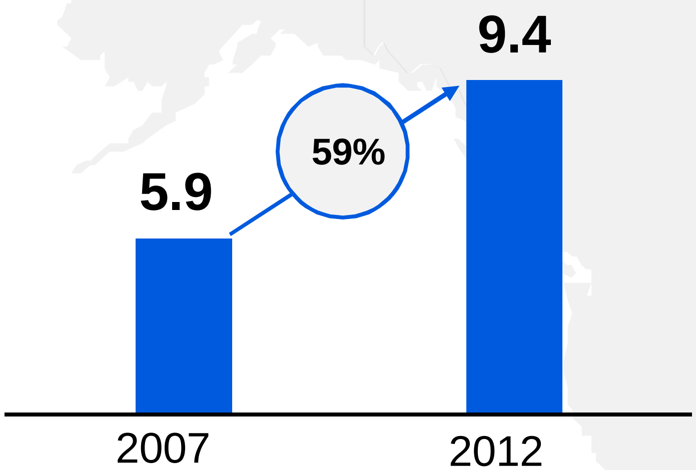
- Expand local manufacturing
- Indigenous engineering
- Increase self-sufficiency within zone
- Deeper market penetration

ABB sales in North America reach record level of $9.4 billion

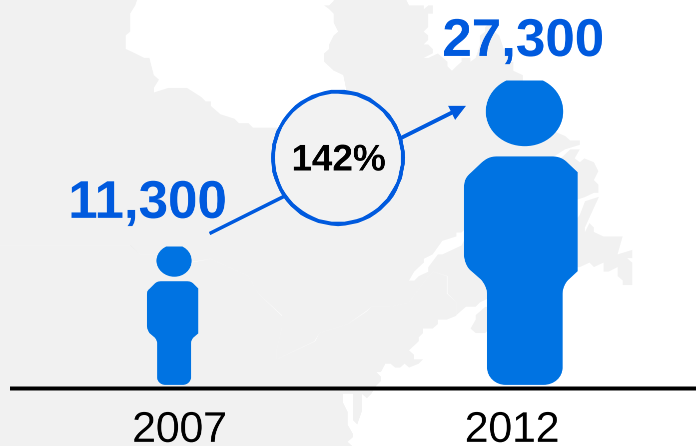
Since 2007 sales up 59%

Sales to reach $9.4 bn

Revenue in $ bn



Employees to reach 27,000



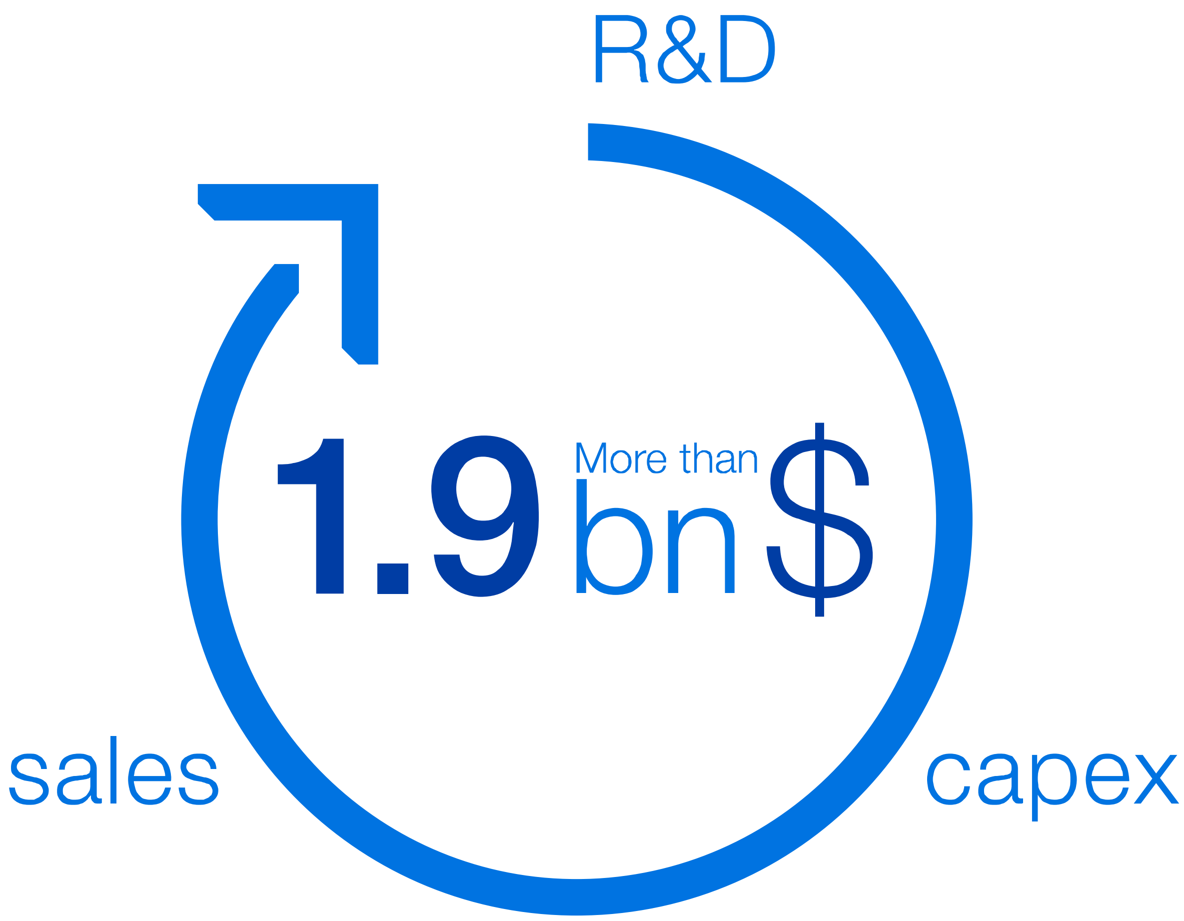
Investing in Europe
16 new plants and capacity extensions

New products for Europe
Launched in 2012 in six European markets, more to come

Investing through the cycle
Strong investments into technology, capex, sales drive future business

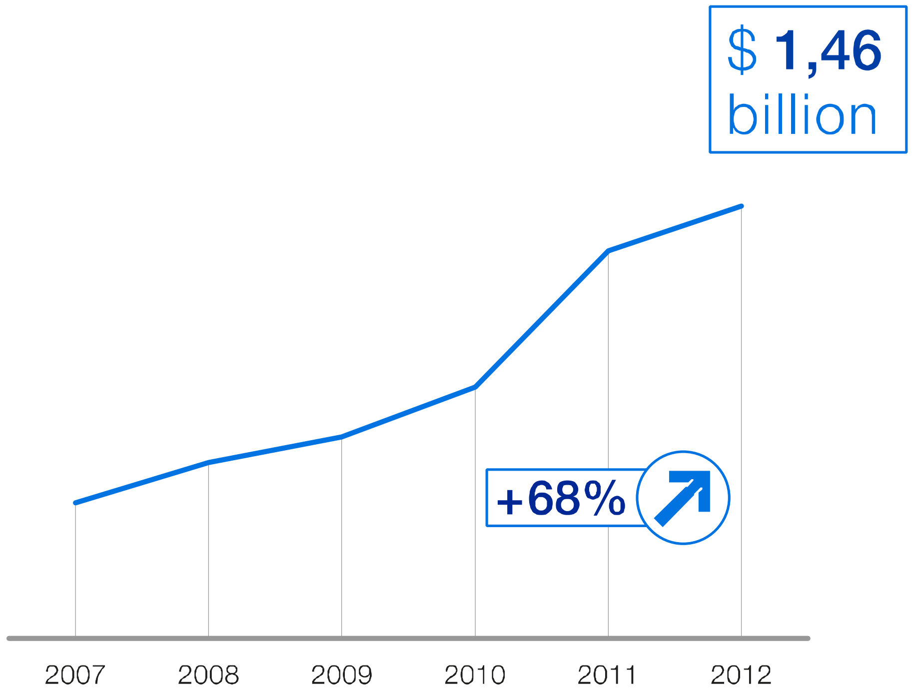
Increased investments in R&D, capex, sales through the cycle

Up $ 1,9 billion since 2007, app. $ 400 million in 2012



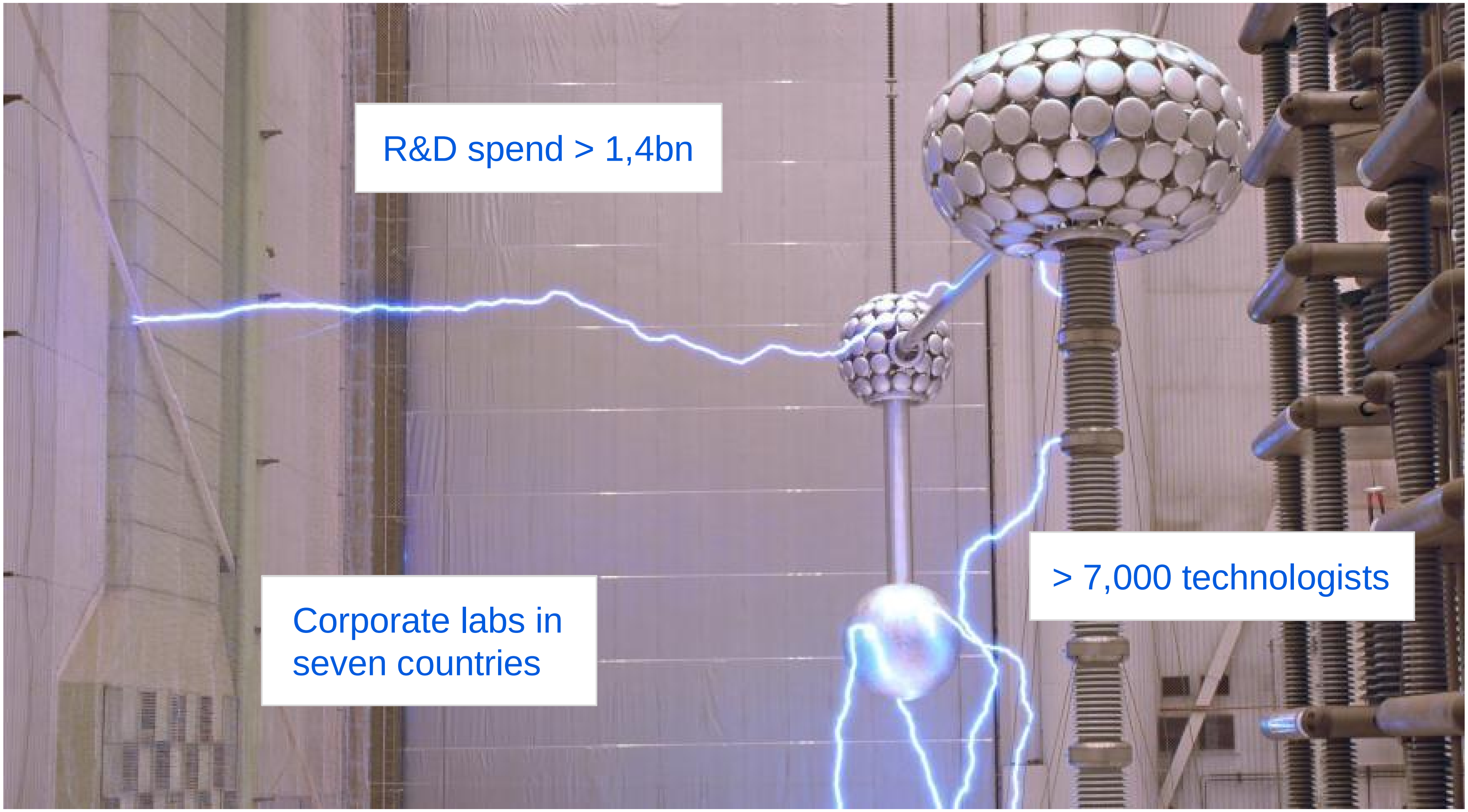
Excluding
Thomas & Betts
and Baldor

Investing through the cycle
Investments in R&D reach new record levels

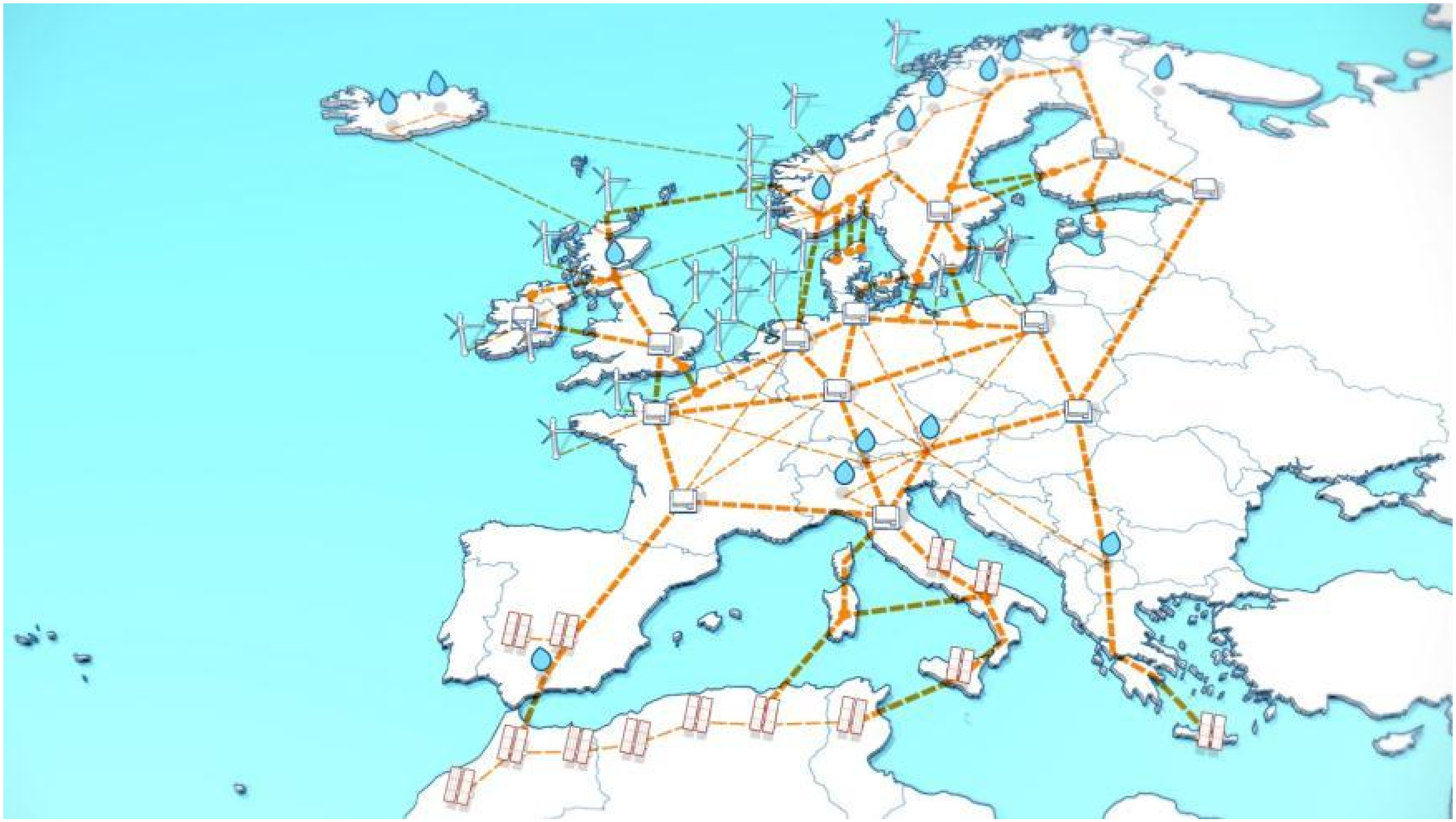


US$ millions, % change in US$

Global R&D organization
Evolutionary and disruptive technologies



The next step - DC Grids
Growth areas DC, renewables, electrification and energy efficiency



Strong new product pipeline for our growth areas
New technologies and localization



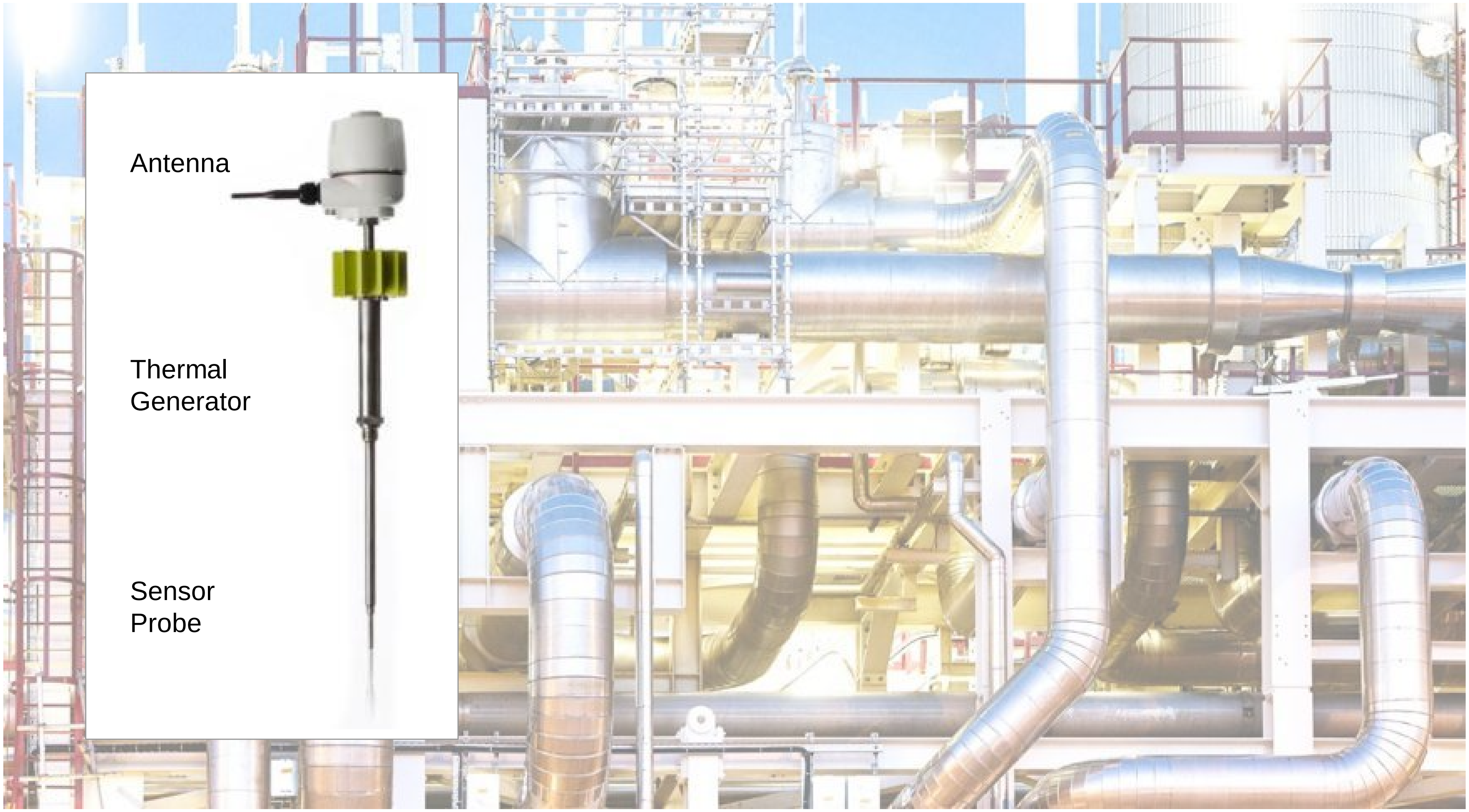








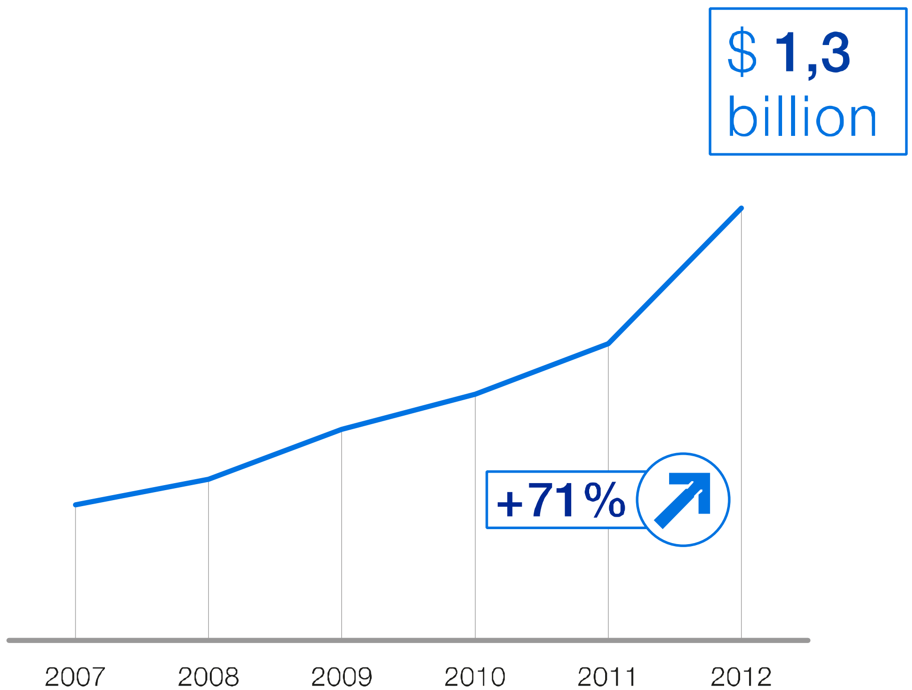

Using process energy for wireless applications
Growth area oil & gas



New automation system for higher efficiency in marine
Growth areas energy efficiency and software

New power electronic solutions for higher energy efficiency
Growth areas energy efficiency and power electronics

Investing through the cycle
Investments into capacity, productivity, localization



US$ millions

Investing into 25 new sites and extensions
Localization, new products, higher productivity

Strong balance sheet and cash generation to fund growth

Eric Elzvik, CFO

Q4 2012: Strong cash and op EBITDA performance
Short-cycle resilience in an uncertain market

Growth	▪ Steady volumes despite overall macro weakness ▪ Strong order performance in robotics, oil & gas, mining ▪ Service order growth continues to outpace Group total ▪ Thomas & Betts with strong contribution

Execution	▪ Encouraging development of operational EBITDA and margins
	  ▪ PP, DM and LP[1] steady to higher op EBITDA margins
	  ▪ PA margin impacted by system/product mix
	  ▪ >$300 million cost savings more than offset negative price
	▪ PS op EBITDA margin at ~9% excl. reset charges

Cash	▪ Outstanding cash performance driven by inventory conversion, lower overdues

[1] Excluding Thomas & Betts

Key figures for Q4 2012

Q4 2012 performance US$ millions unless otherwise stated	**Q4 2012**	**Q4 2011**	**Change vs Q4 2011 US$**	**Change vs Q4 2011 local currencies**
Orders	10,517	10,160	+4%	+4% (organic[1]: -2%)
Order backlog (end Dec.)	29,298	27,508	+7%	+5%
Revenues	11,021	10,571	+4%	+5% (organic: -1%)
Operational EBITDA	1,373	1,568	-12% (excl. PS reset: +4%)	
Operational EBITDA %	12.5%	14.8%	-2.3% pts (excl. PS reset: unchanged)	
Net income	604	830	-27% (+5% excl. PS reset[2])	
Cash from operations	2,438	1,674	+46%	

[1] Excluding Thomas & Betts; [2] At Group tax rates

Performance against our 2015 targets
In-line on most indicators as we near the halfway mark

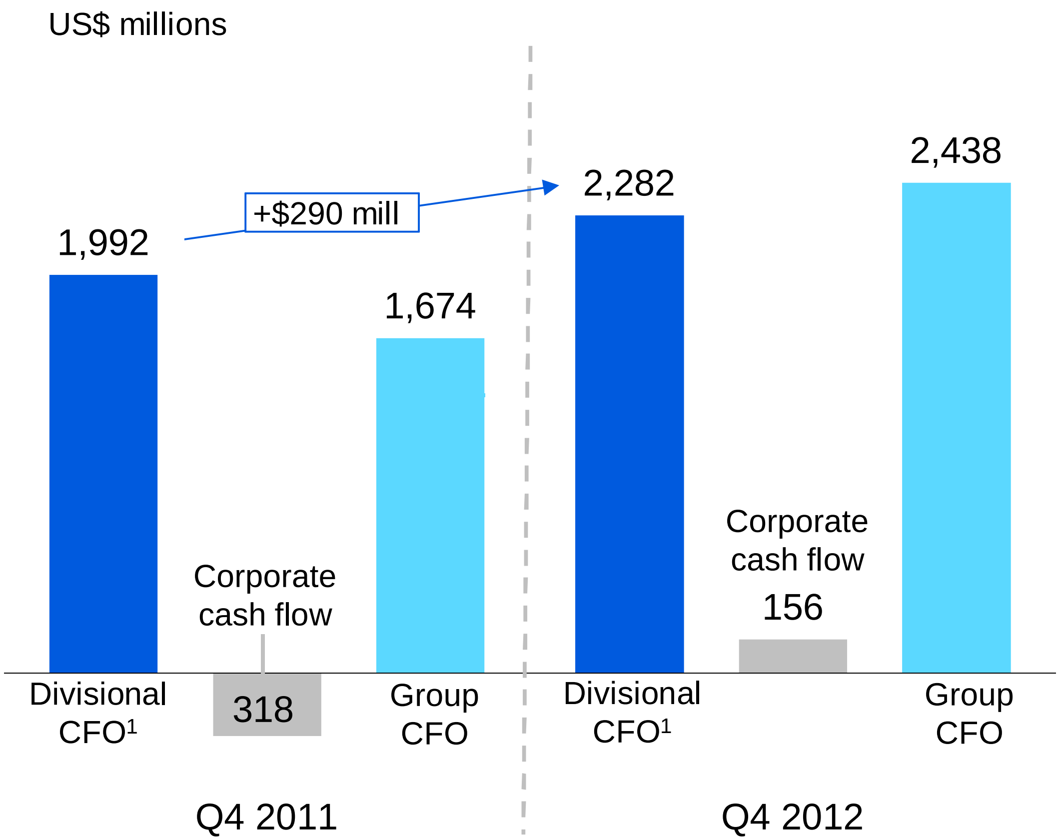
Group targets			Progress report end 2012	
Organic[1] revenue growth (CAGR[2])	7-10%	green	9%[1]	Strong order backlog compensates early-cycle weakness
Op EBITDA margin corridor	13-19%	green	14.2%	FY 11 at 14.2% FY12 at 14.8% (excl. PS reset)
Organic[1] EPS growth (CAGR[2])	10-15%	amber	3%	8% excl. PS reset[3]
Free cash flow conversion	Annual avg. >90%	green	88%	94% in FY 2012
Cash return on invested capital	>20% by 2015	amber	12%	Capital build-up from recent M&A

[1] Organic incl. acquisitions closed as of end–Oct 2011. If Baldor, Ventyx and Mincom are excl. the targeted revenue growth CAGR is 5.5-8.5%. If Thomas & Betts, Baldor, Ventyx and Mincom are excl., the actual 2011-12 CAGR is 6%

[2] CAGR = Compound annual growth rate, base year 2010

[3] 2012 EPS before PS reset after tax (at 2012 full-year tax rate of 27%)

Strong cash generation by the divisions
Inventory turnover and receivables lead improvement



- Divisional cash up ~$300 mill vs Q4 11
- Solid performance on
  - inventory-to-cash conversion
  - reduced overdues
  - higher customer advances
- Corporate cash improved: weaker USD impact on hedges
- NWC at 13.8% of revenues—continued focus in 2013

[1] Cash from operating activities

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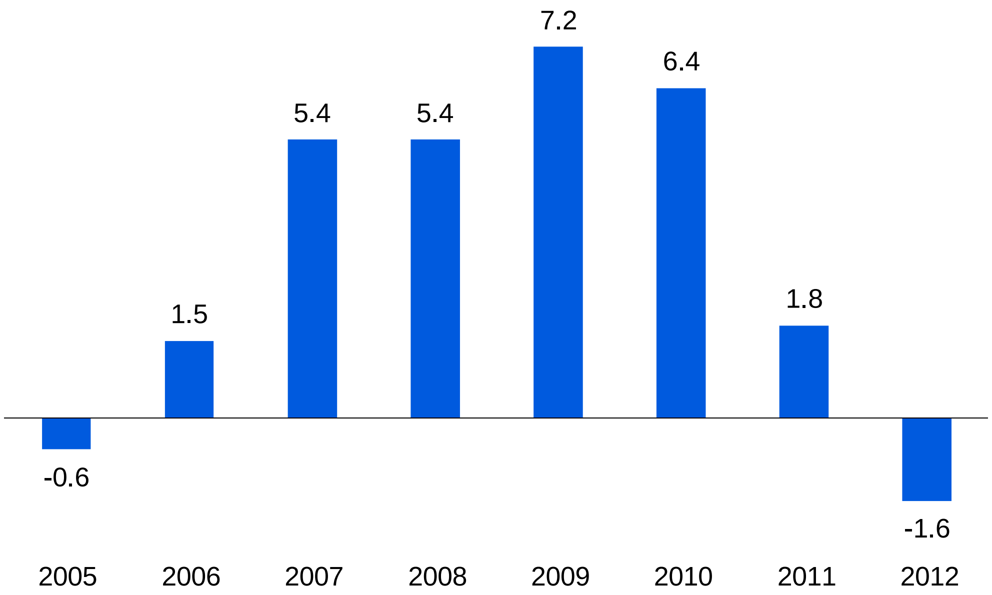
Solid investment grade balance sheet
Strong support for organic and inorganic growth

Net cash/debt position 2005-2012
US$ billions



- Gross cash at $8.5 bn
- Long-term funding secured at attractive rates
- Pension underfunding at ~$1.8 bn
- Net debt/EBITDA at 0.3x
- Moody's and S&P reaffirmed A2/A ratings

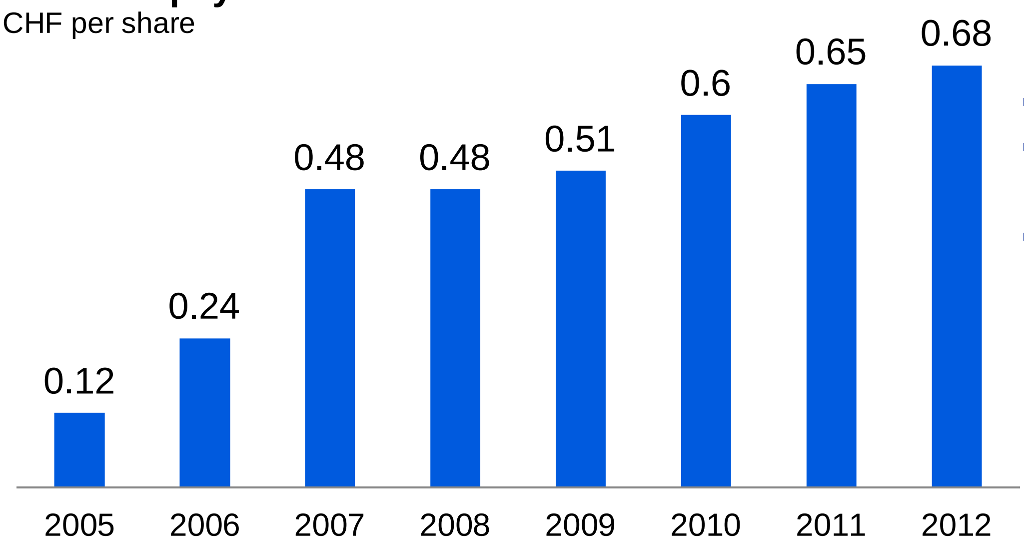
Uses of cash in 2013
- Annual dividend >$1.5 bn
- ~$900 mill bond repayment in June
- Capex ~$1 bn
- Further selected M&A opportunities

Higher dividend: CHF 0.68 per share vs 0.65 in 2011
Equivalent to 63% payout ratio, 3.6% yield[1]

Dividend policy

A steadily rising, sustainable annual dividend over time

Dividend payout 2005-2012
CHF per share



- Proposed 5% increase vs 2011
- Payment from capital contribution reserve retains Swiss tax benefits
- Needs AGM approval, dividend payment early May

[1] Based on ABB share price at year-end 2012

Consistent cash generation for shareholders

Continuity in our finance strategy

Focus on cash generation, strong balance sheet, value creation

- Support management decisions with robust and timely financial data
- Secure operational performance on cost and profitability
- Focus on cash generation and quality of earnings
- Maintain our strong commitment to a Single A credit rating
- Use our strong balance sheet to finance organic and inorganic growth
- Continue our dividend policy: Sustainable and increasing over time
- Disciplined M&A with clear value creation parameters

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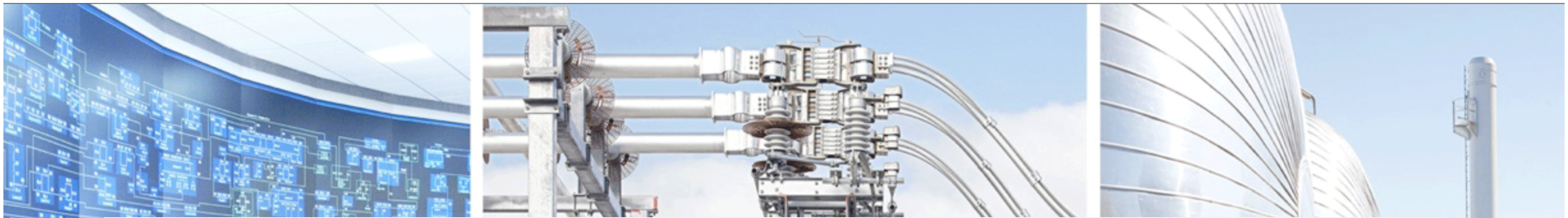
Summary and outlook
Capturing growth opportunities, driving higher productivity

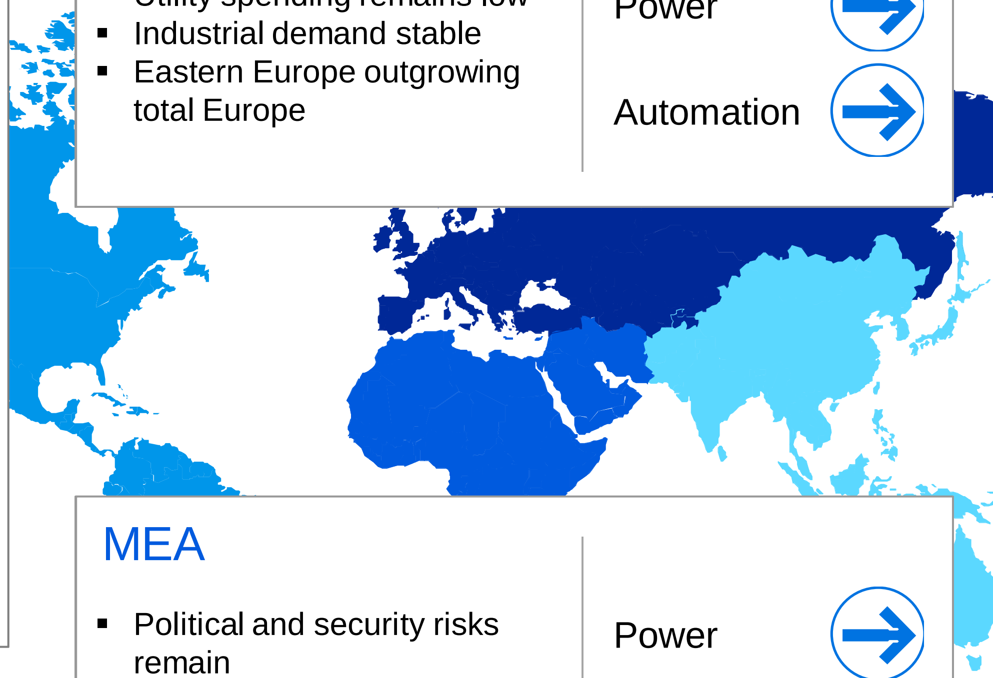
Joe Hogan, CEO



Successful execution of cost and growth focus
Strong balance sheet and cash generation to fund future growth

- Solid performance supported by geographical balance, strong automation, best in class power products margin
- Successful cost take out continued
- Strong cash generation
- Strong investments into R&D, capex and sales for future growth
- HVDC hybrid breaker – historic technology breakthrough for future grid
- Growth in automation driven by industrial automation, energy efficiency, service
- Power Systems realigned for profitable growth
- Low Voltage Products markets rebalanced. T&B integration full on track

Demand outlook heading into 2013
Short term unclear, long term remains supportive



Americas

- Continued uncertainty from fiscal debate
- Industrial demand softer but still positive
- Grid upgrades continue
- Power distribution spending subject to macro recovery

Power

Automation

Europe

- Utility spending remains low
- Industrial demand stable
- Eastern Europe outgrowing total Europe

Power

Automation

Asia

- Continues to outgrow world GDP >2x
- Soft landing in China, H2 demand environ-ment expected to improve
- Short-term uncertainties in India

Power

Automation

MEA

- Political and security risks remain
- Economic diversification to continue

Power

Automation

Cost and growth actions for 2013
Building on our core and tapping new opportunities

Emerging markets	▪ Build on footprint expansions in Middle East, China, India, Brazil ▪ Continue to “move west” in China
Developed markets	▪ Capture large potentials in North America ▪ Refocus local resources in “Europe for Europe”
Selectivity in power	▪ Focus on ABB pull-through ▪ Grow offerings to industrial customers
Power	▪ Drive revenue synergies from Baldor and T&B ▪ End-to-end software solutions for resource efficiency
Megatrends	▪ Need for greater resource efficiency in oil & gas and mining ▪ Industrialization and efficiency/productivity drive in China
Technology	▪ Products redesigned-to-cost ▪ Drive ahead on DC and power electronics

Outlook for 2013 and management priorities
Limited view short term, but clear actions for growth

Growth	▪ Modest global economic growth in 2013 ▪ Long-term growth drivers intact: Industrial productivity, power efficiency ▪ Short-term driven by GDP, power consumption, government policies
Execution	▪ Sustain annual PP op EBITDA margins in 14.5-15% range ▪ Cost savings and productivity improvements ~3-5% of cost of sales ▪ Leverage Stronger Automation portfolio across markets and Regions ▪ Execute order backlog on time and at right quality ▪ Implement PS reset and improve project and risk management ▪ Further focus on growing service revenues faster than total revenues ▪ Drive measures to improve customer satisfaction
Cash and capital allocation	▪ Secure cash return on investment in both organic and inorganic growth ▪ Debt maturities and dividend ▪ Maintain consistent to growing dividend policy.

[1] In local currencies

Power and productivity
for a better world™

ABB