

Brice Koch, Head of Power Systems, Annual Results, Zurich, Feb 14, 2013

Power Systems

Profitable and sustainable growth

ABB Power Systems

Product, system, software solutions across value chain

Optimizing power generation

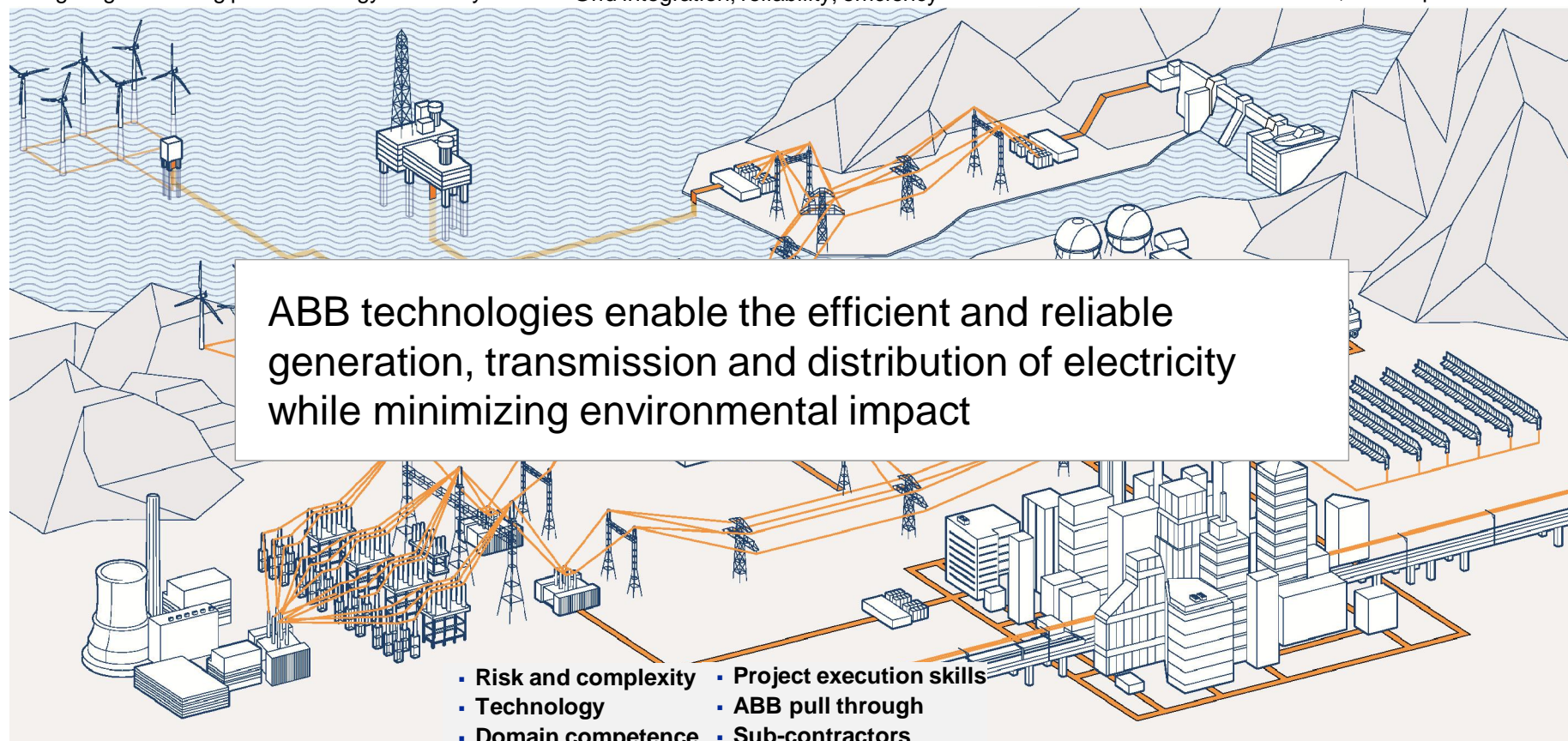
Energizing/controlling plants - energy efficiency

Enabling power transmission

Grid integration; reliability; efficiency

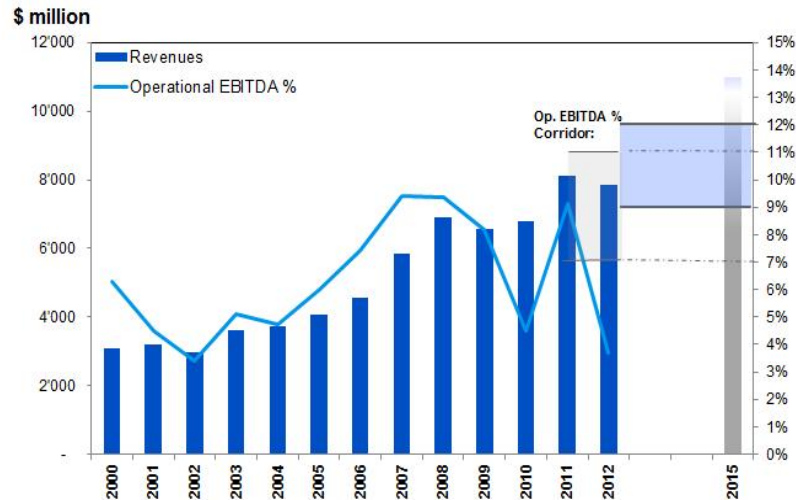
Managing power distribution

Network control/automation; asset optimization



Power Systems

Where we come from and where we are going



- Charges and reset costs of \$350m
- EBITDA margin corridor 2011-15 raised from 7-11% to 9-12% (aim to enter new range by 2013 Q4)
- Revenue growth target revised from 10-14% to 7-11%

2012 Reality check

- Top line growth not balanced with risk/return
- Entry into too many new businesses at the same time
- Some venture markets did not develop as expected
- Project execution challenges
 - Increasing volume and complexity
 - Growth too fast in some markets/businesses

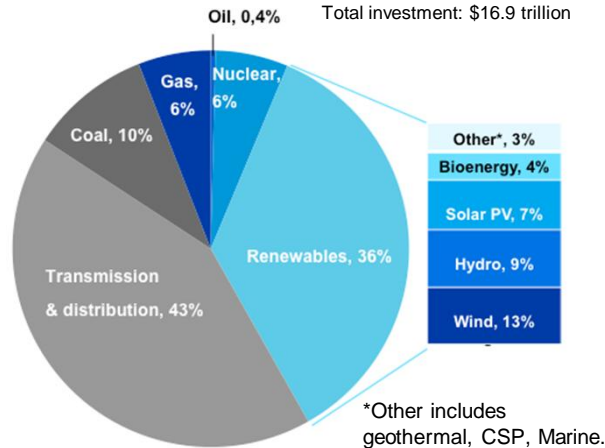
Strategic re-focus

- Focus on higher margin, lower risk, more value added and ABB pull through projects
- Portfolio realignment
 - Exit non-profitable businesses/sectors in select markets
 - Steer away from low margin/high risk EPC projects
- Journey of eXcellence initiative
 - Sales; Project management; Supply Chain Mgt.; People

Electricity remains a preferred energy source

Growth opportunities across markets

Power Sector : Cumulative investment 2012-35



\$37.4 trillion investment forecast in energy supply infrastructure 2012-35;
Electricity to account for 45%
(\$16.9 trillion)

Source: International Energy Agency, World Energy Outlook 2012

Emerging markets

- Capacity expansion and need for generation, transmission, distribution infrastructure
 - GDP growth
 - Industrialization
 - Urbanization
 - Transportation
 - Access to electricity / per capita consumption
 - Transmission across vast distances

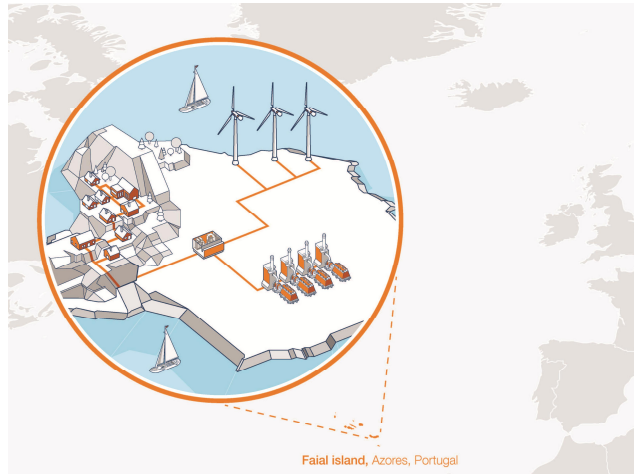
Mature markets

- Reliability, efficiency, environmental focus
 - Grid upgrades
 - Interconnections
 - Renewables
 - Energy efficiency
 - Smarter power networks

Challenge: meet growing demand for electricity while minimizing environmental impact

Power Generation – Powercorp acquisition

Micro-grids and remote island integration



Faial island

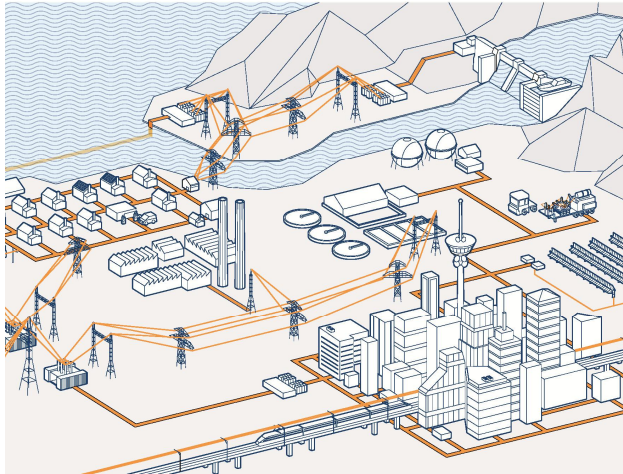
Clean, grid-quality power supply to remote island network in tourist friendly Azores archipelago, off the coast of Portugal

Value proposition

- Stable, safe, reliable, environmentally friendly power to remote off-grid locations
- Integration and peak penetration of renewables into micro-grids operated on fossil fuel
- Grid stabilization, intelligent power management and efficient hybrid power plant operation
- Modular and scalable solution

Power distribution – Tropos acquisition

Wireless broadband networks



Value proposition

Wireless technologies and products for distribution area communication networks

- Wireless IP broadband mesh routers
- Directional radio products
- Centralized network management
- Key sectors served:
 - Industry (Oil & Gas, Mining)
 - Ports; Utilities; Smart grids / cities

Venice

- Mesh network along Grand Canal - Wireless internet access

Guam

- Island-wide fiber / wireless mesh network

Oklahoma City

- 1660 sq. km fixed mesh network: >180 applications, incl. 1500 police officers

Software opportunity – asset management solutions

ABB's unique position with Ventyx



- Advanced Distribution Management System - improving power reliability in Texas
- Remote monitoring : 29 substations - 579 automated field switching and monitoring devices on 226 distribution circuits
- Mobile workforce management software
- Enhancing restoration capabilities
- Smart grid functionality



- Combining Ventyx/Mincom software with ABB power products know-how
- Asset Health Center - fleet management and condition assessment
 - Transformers, Circuit Breakers, other equipment
- Key benefits
 - Reduce unplanned outages - early warning
 - Plan outage contingencies
 - Quantitatively drive repair vs. replace decisions

Conclusion

Power Systems – profitable and sustainable growth

- Global market leader across power value chain
- Realigning focus on balanced risk-reward profile
- Growth opportunities across emerging and mature markets
- Recent acquisitions - additional opportunities and evolving trends
- Technology and innovation legacy - latest breakthrough: Hybrid HVDC breaker
- Other differentiators - portfolio, domain expertise, installed base, leading market positions

Well positioned to achieve new strategic return targets

Power and productivity
for a better world™

