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ABB Q3 2013 results

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- costs associated with compliance activities
- raw materials availability and prices
- market acceptance of new products and services
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This presentation contains non-GAAP measures of performance. Definitions of these measures and reconciliations between these measures and their GAAP counterparts can be found in “Supplemental Financial Information” under “Reports and Presentations” – “Quarterly Financial Releases” on our website at www.abb.com/investorcenter

Q3 2013: Solid performance across the business

Earnings per share up 8% YTD

- Growth**
- Base orders return to year-on-year growth¹—up 5% vs Q3 2012
 - Project selectivity in PS and delays in large order awards reduced total orders
 - Order growth in Asia and Europe; North America lower vs high levels in Q3 12
 - Revenues up 9% and higher in all divisions

- Execution**
- Higher revenues, operational EBITDA and cash flow
 - Integration momentum in T&B, Baldor contributed to profitable growth
 - Cost savings on track
 - Improved project execution in PS and PA support op EBITDA margins
 - PS repositioning continues on schedule
 - Power-One transaction closed, integration under way
 - Strengthened leadership team and aligned organization to drive profitable growth, business-led collaboration and relentless execution

- Earnings²**
- Year to date, basic EPS up 8%, operational EPS 7% higher

¹ Management discussion of orders and revenues focuses on local currency changes. U.S. dollar changes are reported in results tables;

² Calculated on basic earnings per share before rounding

Key figures for Q3 and first 9 months of 2013

Solid execution yields strong cash flow improvement

	Q3 13	Q3 12	Change		9M 13	9M 12	Change	
			US\$	Local currency			US\$	Local currency
Orders	9,089	9,295	-2%	-2%	28,893	29,715	-3%	-3%
Order backlog (end Sept)	27,454	29,175	-6%	-4%				
Revenues	10,535	9,745	+8%	+9%	30,475	28,315	+8%	+8%
Operational EBITDA	1,638	1,483	+10%		4,657	4,182	+11%	
Operational EBITDA margin	15.7%	15.3%			15.3%	14.8%		
Net income attributable to ABB	835	759	+10%		2,262	2,100	+8%	
Basic net income per share (\$)	0.36	0.33			0.99	0.92		
Cash flow from operating activities	1,241	768	+62%		1,561	1,341	+16%	

Chart 4



Strong order contribution from Asia

Double-digit growth in China and Germany

Order growth in selected countries, Q3 13 vs Q3 12

(in local currencies)

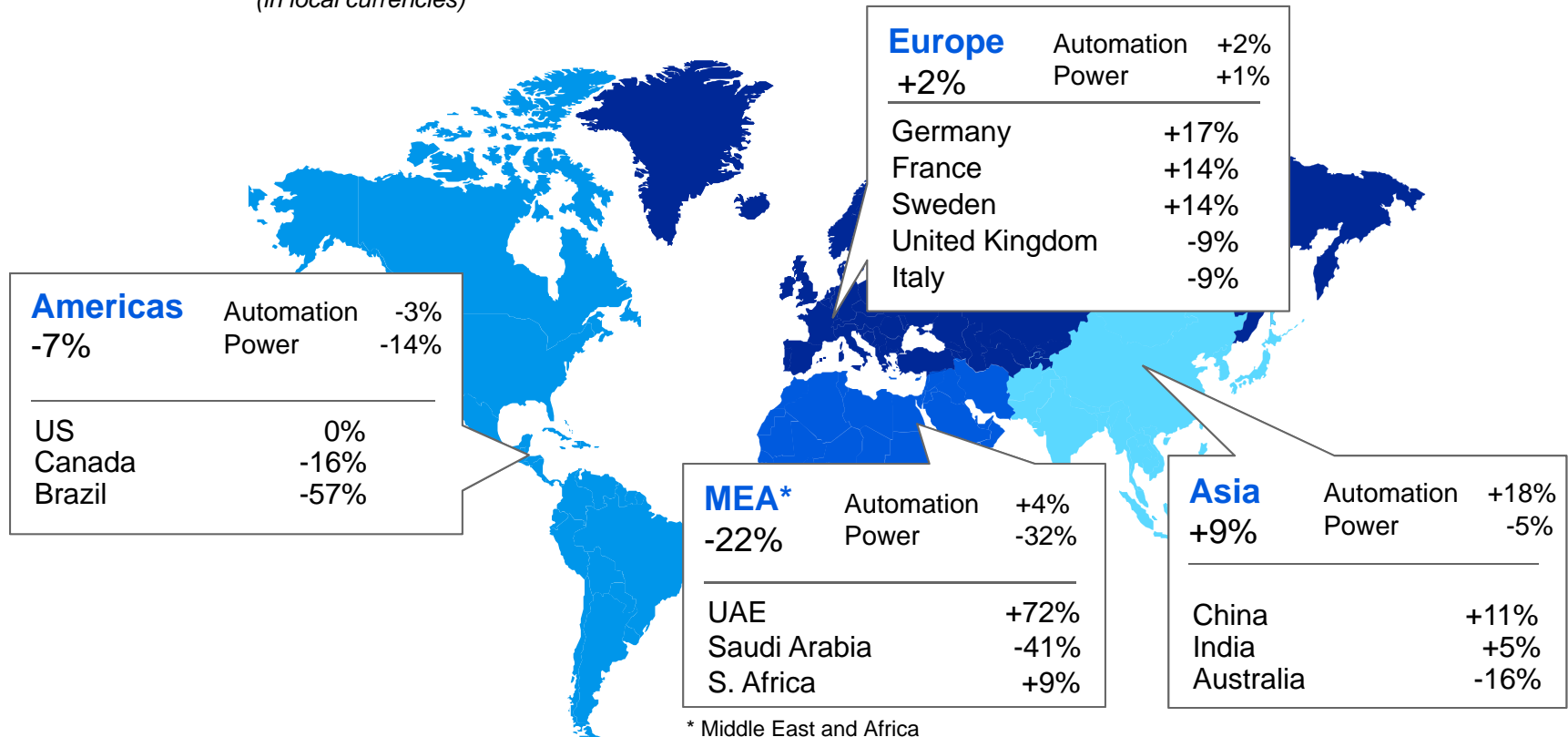


Chart 5

Q3 2013 divisional growth overview

Orders reflect early-cycle growth, large project delays

<i>US\$ millions</i>	Orders	Change vs Q3 12 in local currencies	Revenues	Change vs Q3 12 in local currencies
Discrete Automation and Motion	2,410	+6%	2,539	+10%
Low Voltage Products	1,938	+3%	2,001	+6%
Process Automation	1,688	0%	2,128	+13%
Power Products	2,450	+3%	2,692	+7%
Power Systems	1,216	-30%	2,062	+10%

- DM: Early-cycle & robotics orders up, Power-One effect, service revenues up double-digits
- LP: Revenues higher in all regions and product businesses, double-digit growth in China
- PA: Base orders up in most businesses, some large order delays; revenues up on strong backlog execution
- PP: Growth reflects steady demand in distribution and industry, and selective successes in transmission
- PS: Project award postponements, greater selectivity impacted orders; good revenues, strong tender backlog

Q3 2013 divisional earnings overview

Delivering on target across the portfolio

<i>US\$ millions</i>	Op EBITDA	Change vs Q3 12 in US\$	Op EBITDA margin	Change vs Q3 12 in percentage points
Discrete Automation and Motion	476	+9%	18.8%	-0.1
Low Voltage Products	395	+8%	19.7%	+0.2
Process Automation	289	+24%	13.6%	+1.3
Power Products	389	+4%	14.6%	-0.2
Power Systems	141	+29%	7.0%	+1.1

- DM: Revenue growth drove earnings, margin steady
- LP: Higher margins from successful cost management, favorable revenue mix
- PA: Earnings driven by strong revenue growth, margins higher on solid project execution
- PP: Revenues drove earnings growth, margin reflects different revenue mix vs Q3 2012
- PS: Higher margin on higher revenues, improved project execution, cost management

Operational EBITDA up >\$150 million

Savings outweigh price impact through 2012 and 2013

Factors affecting operational EBITDA Q3 2013 vs Q3 2012

US\$ millions

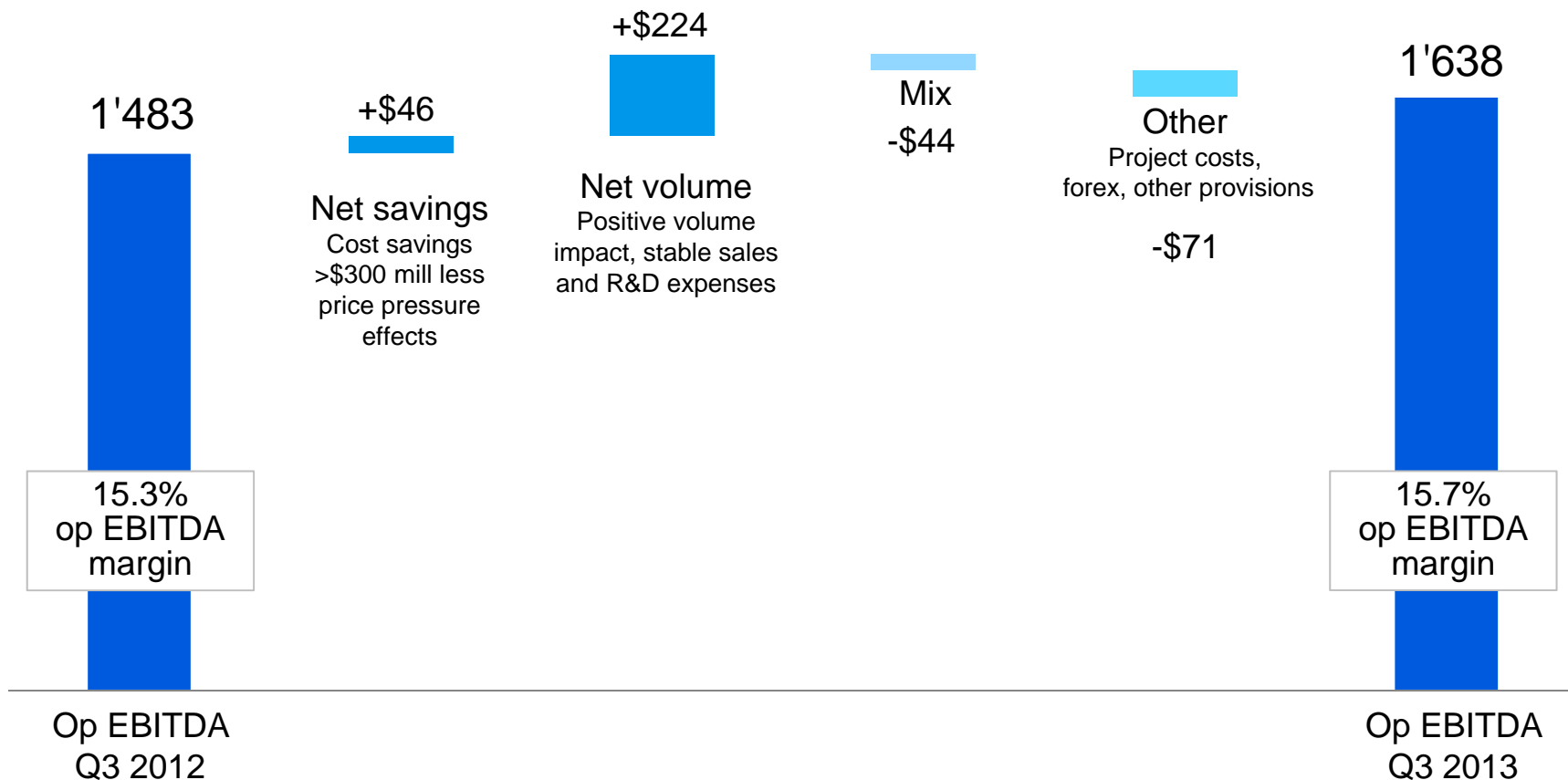


Chart 8

Operational EPS analysis

	Q3 13		Q3 12			9M 13		9M 12		
<i>US\$ millions, except per share data in US\$</i>	Net income	EPS	Net income	EPS	change ²	Net income	EPS	Net income	EPS	change ²
Net income (attributable to ABB)	835	0.36	759	0.33	10%	2,262	0.99	2,100	0.92	8%
Restructuring and restructuring-related expenses ¹	29		16			67		40		
Acquisition-related expenses and certain non-operational items ¹	43		36			66		87		
FX/commodity timing differences in Income from operations ¹	-82		-30			-42		-21		
Amortization rel. to acquisitions ¹	72		77			205		183		
Operational net income	897	0.39	858	0.37	4%	2,558	1.11	2,389	1.04	7%

¹ Net of tax at Group effective tax rate

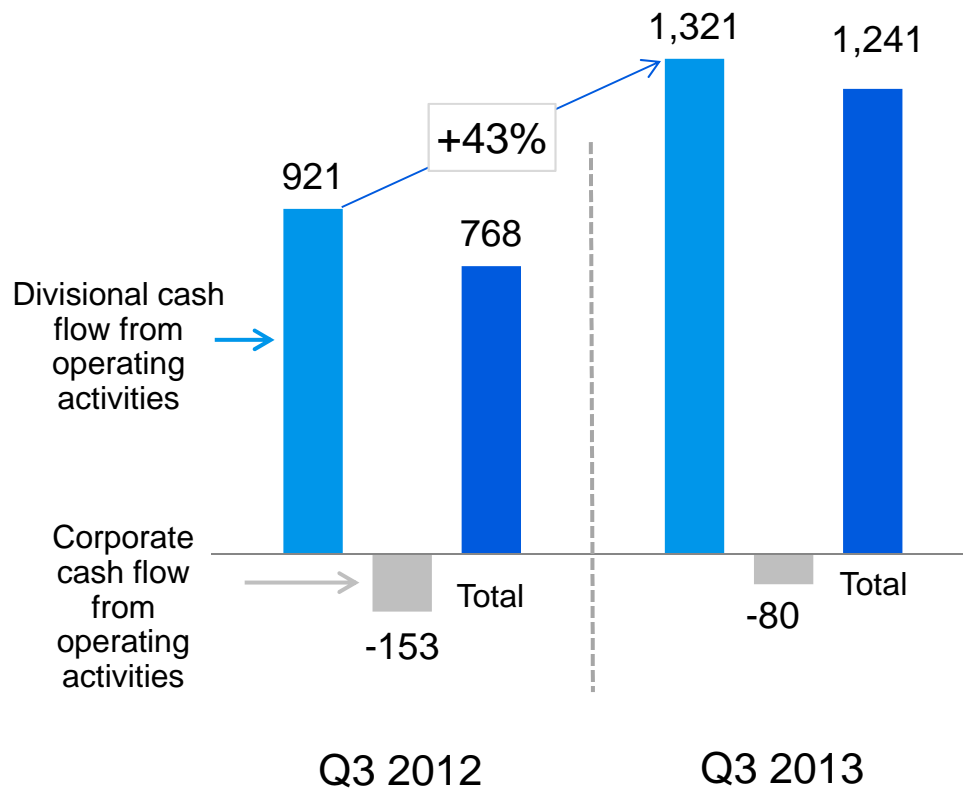
² Calculated on basic earnings per share before rounding

Stronger cash flow across most of the portfolio

NWC will remain a high management priority

Cash from operating activities Q3 13 vs Q3 12

US\$ millions



- Solid cash generation by the divisions
- Net working capital at 18% of revenues

Balance sheet

- Net debt \$3.4 bn at end of September
- ~\$750 million net paid out for Power-One acquisition (closed in July)

Three focus areas moving into 2014

- Profitable growth
- Business-led collaboration
- Relentless execution

The ABB vision remains

Power and productivity for a better world



What remains unchanged

- Execution against the 2011-15 strategy
- Customer and market orientation
- Technology leadership
- Implementation of our service strategy
- Sustainable cost and productivity improvements
- Build on a platform of integrity and sustainability

We will drive even harder for excellence in

- Profitable growth
- Business-led collaboration
- Relentless execution

Next stage of excellence

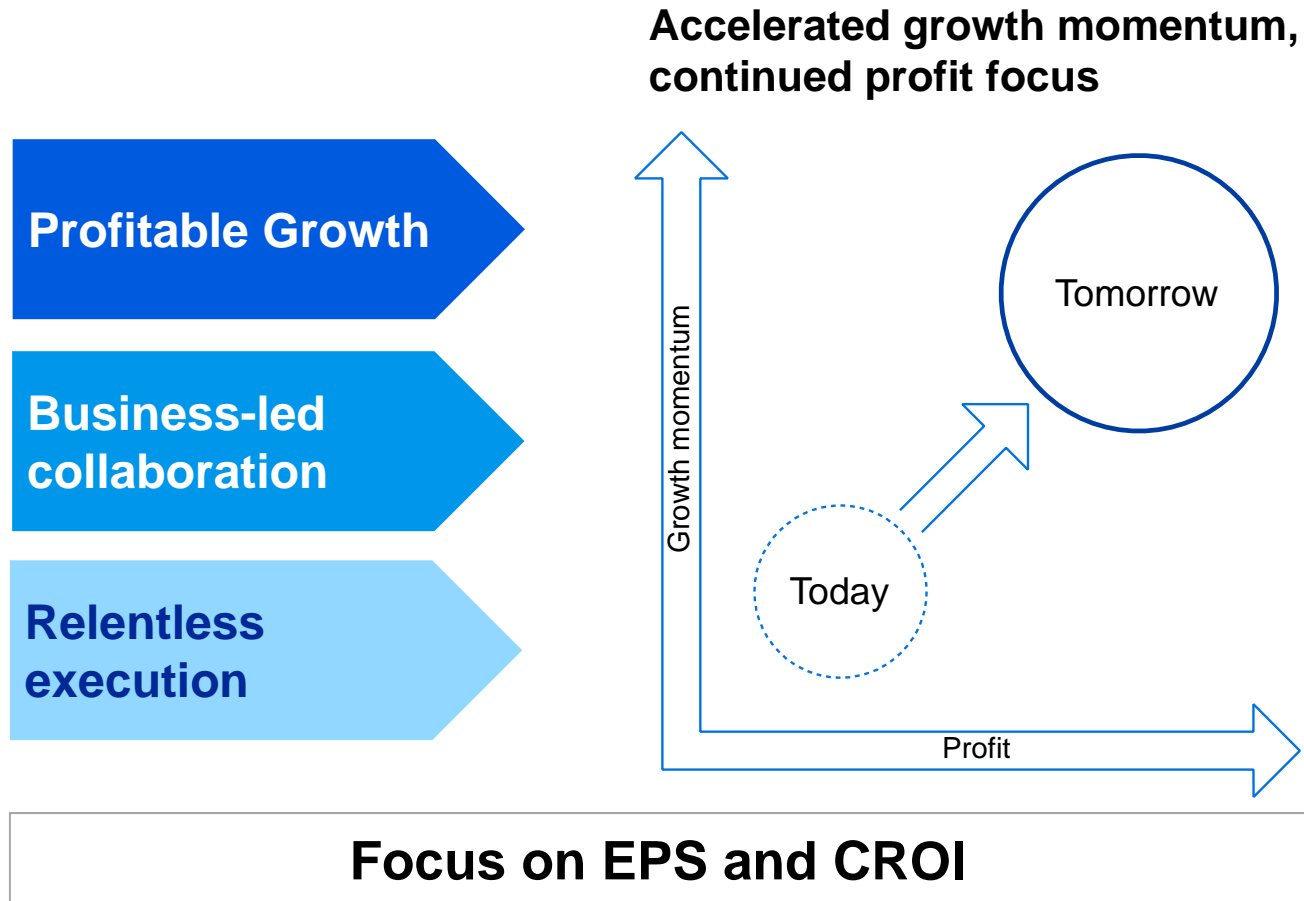


Chart 13

Profitable growth

“PIE” drives enhanced growth momentum

Penetration

How to sell more of our existing offering to accessible customers?



- Optimize channels, e.g.,
 - Distributors
 - OEMs
 - EPCs
 - System integrators
- In-country, for-country
- Improve global and local product management

Innovation

How to create new offering/value proposition?



- ABB a top innovator, e.g.
 - World's highest capacity (500MW) subsea HVDC Light link (Eirgrid)
 - E-Max 2, world's 1st LV circuit breaker with integrated energy mgmt
 - HV circuit breakers for DC grid

Expansion

How to expand into new segments?



- Power-One to take solar inverters to global No. 2
- Subsea power and control technologies for oil & gas
- E-mobility charging infrastructure

Business-led collaboration For greater customer value—and ABB productivity



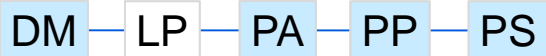
Russian icebreakers



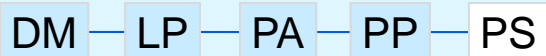
Australia iron ore mining



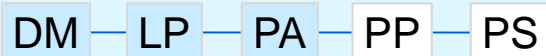
South Africa water pumping station



Logistics control tower in China



Shared manufacturing in Brazil



Customer value

- Higher efficiency and maneuverability
- Integrated power and data management for higher productivity
- Integrated data management for higher efficiency and reliability

ABB productivity

- Faster delivery, lower costs, higher ABB productivity
- Reduced delivery time, optimized logistics flow and supply management

Relentless execution

Delivering world-class competitiveness



Focus

- Continue to drive cost and productivity improvements
 - Take out 3-5% costs of sales every year—on track
 - Confident in future performance, adding white collar focus
- Improved Net Working Capital management and cash flow improvements will drive CROI
- Excellence in M&A integration
 - Strengthen senior leadership focus on next stage of acquisition integration and value creation

Key leadership appointments and organizational alignment



Jean-Christophe Deslarzes (Swiss) succeeds Gary Steel as EC member for Human Resources

- Proven HR competence in industry and retail
- Global experience in operations and acquisition integration
- Senior business leader with strong P&L track record



Pekka Tiitinen (Finnish) succeeds Ulrich Spiesshofer as EC member for Discrete Automation & Motion

- Strong market and technology orientation
- Dynamic and successful creation of market leading position in drives
- Key player in successful Baldor integration



Greg Scheu (US) assumes new EC role for acquisition integration and North America US citizen with deep understanding of North American market

- Long-term experience in power and automation
- Successful integration leader in T&B and Baldor



Frank Duggan (Irish), EC member for Global Markets, assumes additional responsibility for account management

- Solid understanding of local markets and their requirements across ABB portfolio
- Proven track record as close partner for customers
- Ability to combine ABB offering in customer focused way

A strong and experienced executive team



Ulrich Spiesshofer
CEO



Bernhard Jucker
Power
Products



Brice Koch
Power
Systems



Pekka Tiitinen
Discrete Automation
and Motion



Tarak Mehta
Low Voltage
Products



Veli-Matti Reinikkala
Process
Automation



Eric Elzvik
CFO



Frank Duggan
Global Markets



Greg Scheu
Integration and
North America



Jean-Christophe
Deslarzes
Human
Resources

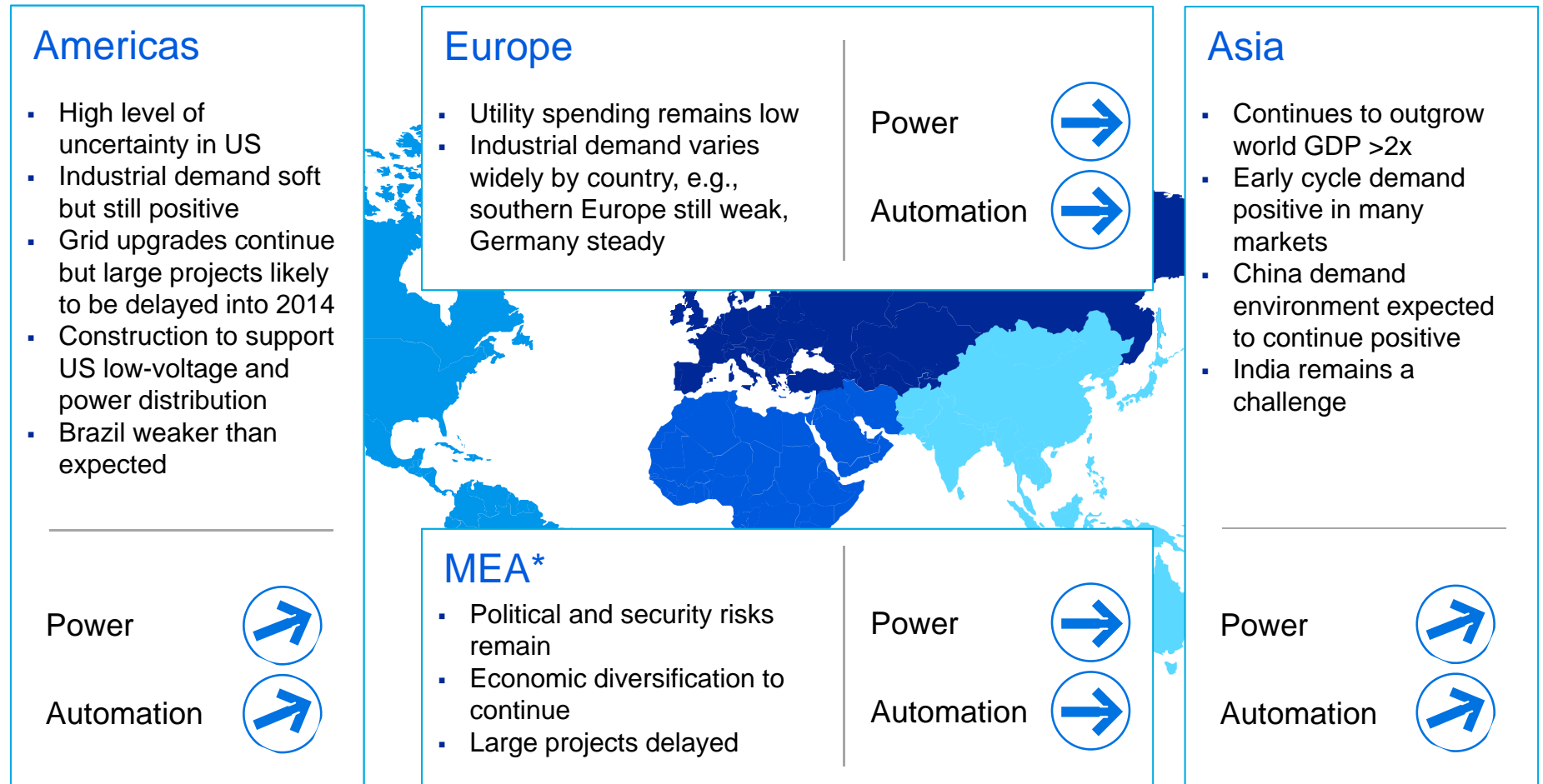


Diane
de Saint Victor
General Counsel

Summary and outlook

Mid-term demand outlook

Early cycle encouraging, some uncertainties remain



* Middle East and Africa

Outlook for the remainder of 2013

Growth

- Long-term demand drivers remain in place and early-cycle macro developments positive
- However, several forward-looking indicators contain mixed signals
- We still face some near-term market uncertainty
- Growth focus on market penetration, innovation, expansion
- Leverage stronger automation portfolio across markets and regions

Execution

- Execute order backlog on time and at quality
- Drive measures to improve customer satisfaction
- Further focus on growing service revenues faster than total revenues
- Cost savings and productivity improvements
- Sustain annual PP operational EBITDA margins in the 14.5-15% range
- Continue PS realignment and improve project and risk management
- Drive integration to secure synergy benefits

Cash and capital allocation

- Secure cash return on investment in both organic and inorganic growth
- Continue our dividend policy: Sustainable and steadily rising over time

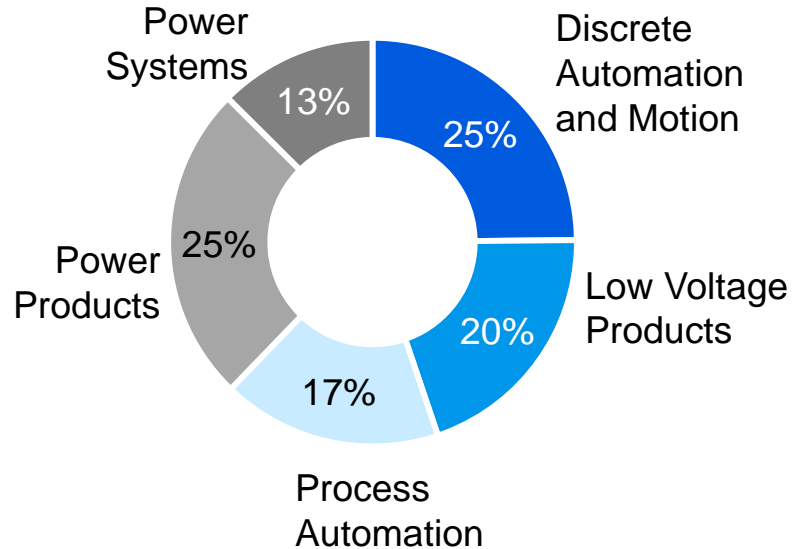
Power and productivity
for a better world™



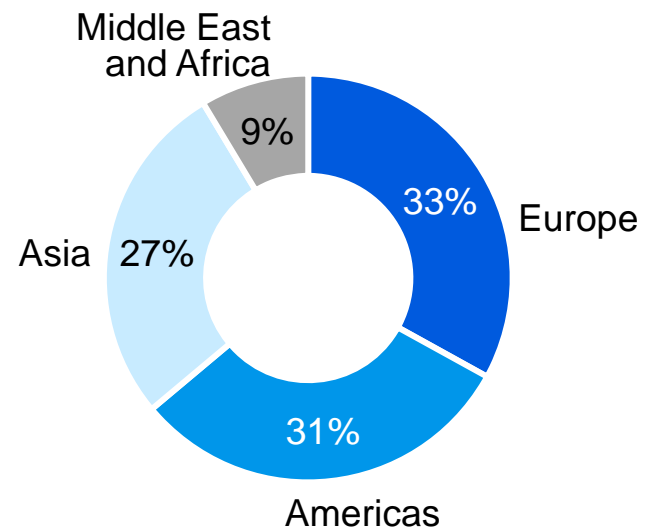
Balanced business and geographic portfolio

Orders by division Q3 2013

Non-consolidated



Orders by region Q3 2013



Orders and revenues by region and division Q3 2013

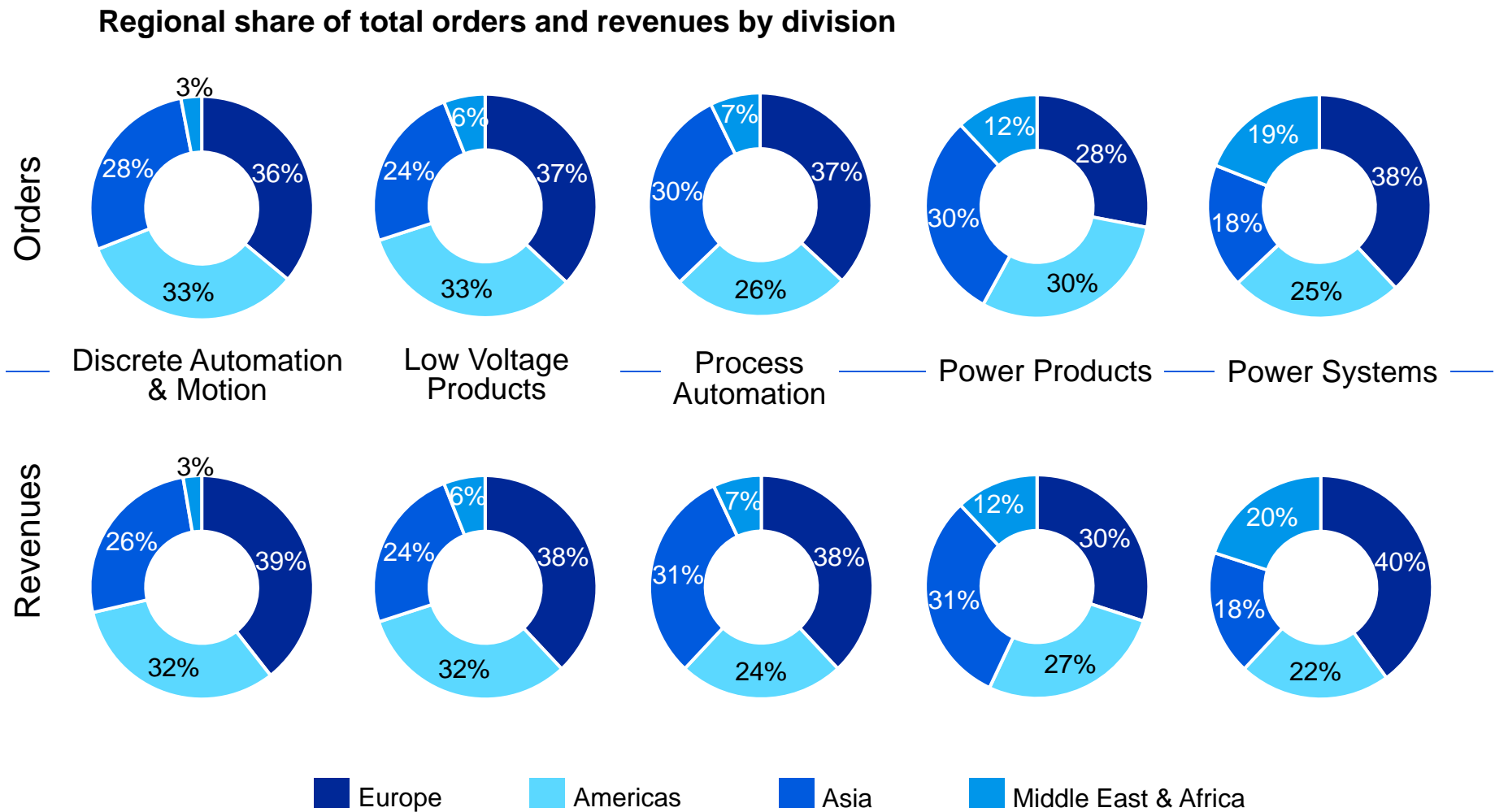


Chart 24

Order backlog by division

Order backlog (end September) <i>US\$ millions</i>	Q3 2013	Q3 2012	Change %	
			<i>US\$</i>	<i>Local currencies</i>
Discrete Automation and Motion	4,532	4,587	-1%	0%
Low Voltage Products	1,242	1,081	+15%	+17%
Process Automation	5,995	6,316	-5%	-3%
Power Products	8,479	8,798	-4%	-3%
Power Systems	9,954	11,846	-16%	-14%
Consolidation and Other (incl. Inter-division eliminations)	-2,748	-3,453		
Total Group	27,454	29,175	-6%	-4%

For more information, call ABB Investor Relations
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