



July 22, 2010

# ABB Q2 2010 results

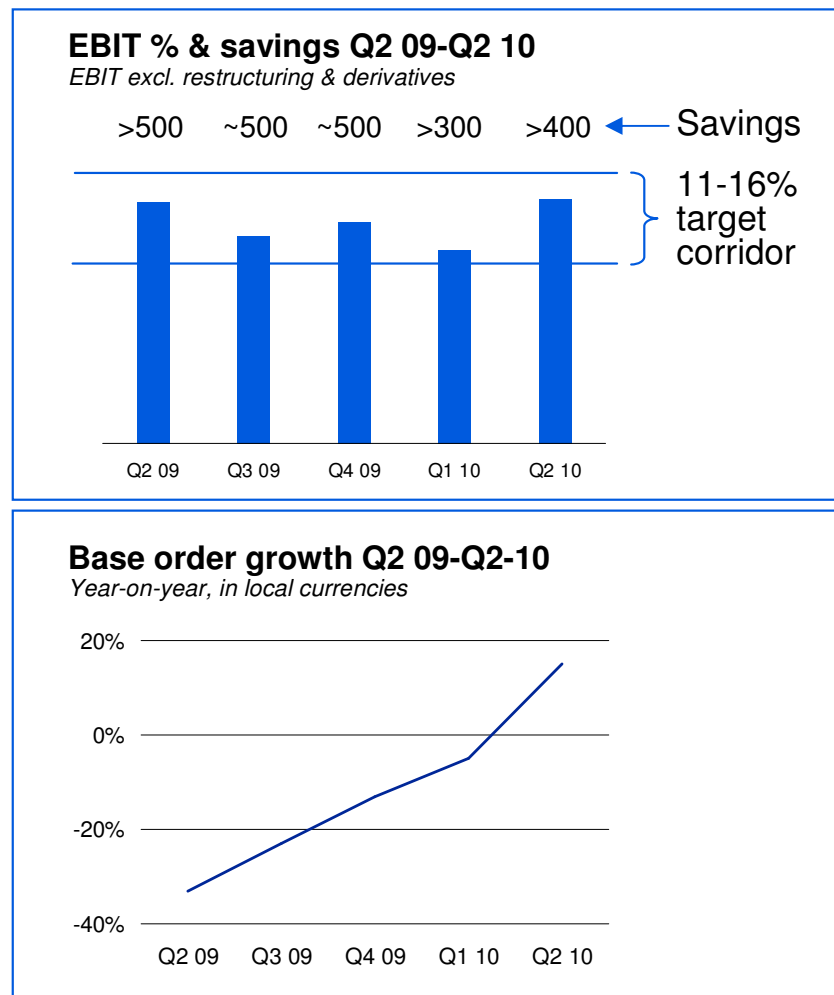
Joe Hogan, CEO  
Michel Demaré, CFO

# 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, 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” or similar expressions. However, there are many 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 press release 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 weakened global economy and political conditions, costs associated with compliance activities, raw materials availability and prices, 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.

# Strong Q2 results on cost savings, automation recovery

- Automation orders up >20%<sup>1</sup>
- Base orders 15% higher
- Large orders down 37%
- Backlog up 5% vs end-09
- Revenue decline slows, up 13% vs Q1 2010
- EBIT % excl. restructuring & derivatives = 14.6%
  - Cost take-out (>\$400 mill)
  - Favorable revenue mix
  - Project costs in PS
- Q2 cash flow lower, mainly on timing – H1 cash steady



<sup>1</sup> Changes in orders, revenues and order backlog are in local currencies

# Key figures for Q2 2010

## Key figures Q2 2010 vs Q2 2009

<i>US\$ millions unless otherwise indicated</i>	Q2 2010	Q2 2009	change	
			US\$	Local
Orders received	7,665	7,309	5%	5%
Revenues	7,573	7,915	-4%	-5%
Order backlog (end June)	24,473	25,913	-6%	-3%
EBIT	975	1,047	-7%	
as % of revenues	12.9%	13.2%		
Net income	623	675	-8%	
Basic earnings per share (US\$)	0.27	0.30		
Cash from operations	649	1,067		

- Orders rebounding, revenue decline is slowing
- Service orders and revenues up 5%<sup>1</sup>
- Restructuring-related costs \$70 million, derivatives \$60 million
- EBITDA<sup>2</sup> at \$1.1 billion, down 5%
- Cash conversion improved

<sup>1</sup> Changes in local currencies

<sup>2</sup> Earnings before interest, taxes, depreciation and amortization

# Orders show strength of short vs long cycle demand

## Leveraging cost improvement to support margins

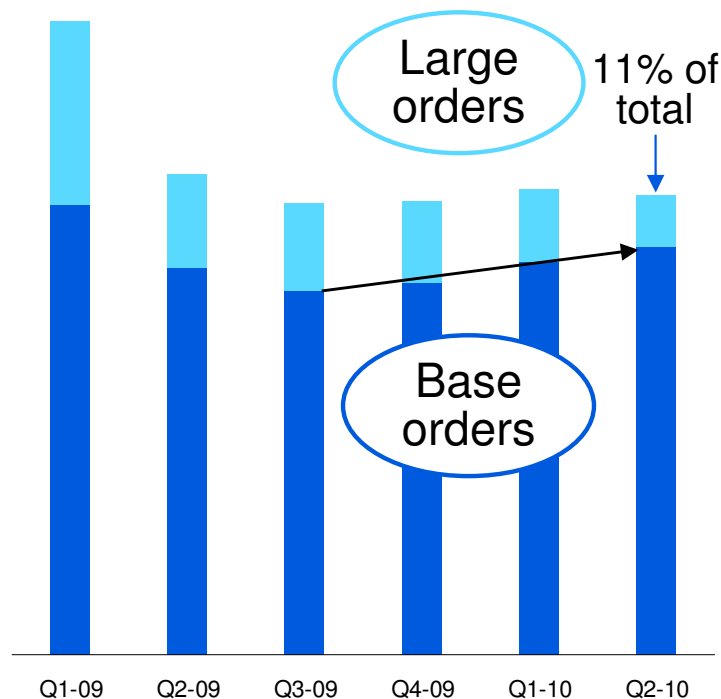
	Utility spend	Short cycle	Project cost overruns	
<i>US\$ millions, percentage change in local currencies vs same period in 2009</i>	Orders	Revenue	EBIT % <sup>1</sup>	EBIT % <sup>1</sup> Q2 2009
Power Products	-11%	-12%	18.6%	18.7%
Power Systems	-19%	0%	2.7%	9.2%
Discrete Automation	24%	-5%	17.8%	13.7%
Low-Voltage Products	22%	15%	19.8%	13.6%
Process Automation	25%	-12%	12.1%	9.3%
ABB Group	5%	-5%	14.6%	14.4%

<sup>1</sup> Reported EBIT excluding restructuring-related costs and losses from derivatives

Chart 5

# Base orders continue to recover

**Orders Q1 2009 to Q1 2010**  
*in local currencies*



- Base order growth >20% in automation, e.g.:
  - Robotics, LV drives, breakers & switches, turbocharging, measurement equipment
- Share of large orders at lowest level since Q4 '08
  - PA large orders 36% higher on oil & gas, minerals
- Some positive signs, e.g., \$700-million offshore wind link in Germany (Q3)

Chart 6

# Automation trend positive: First into downturn, first out

## Orders received Q1 2008-Q2 2010

*Local currencies*

■ Power ■ Automation

- Automation up on short-cycle industrial recovery
- Later-cycle demand impacts power orders

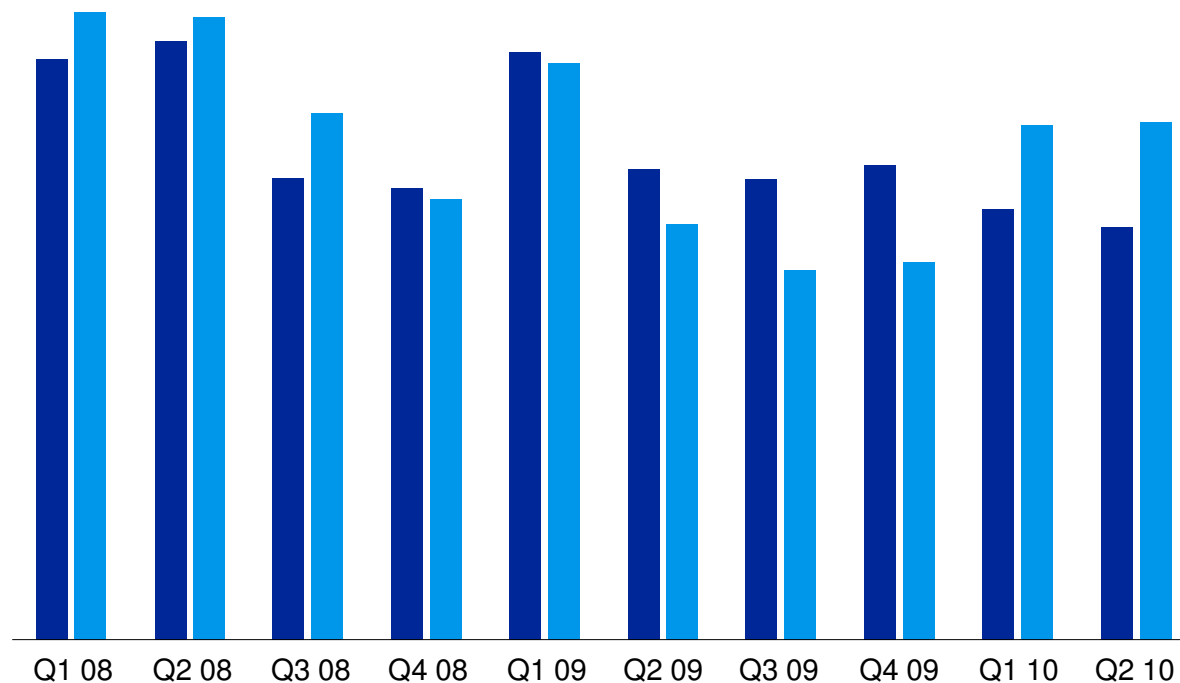


Chart 7

# Industry recovery lifts automation in most regions

## 51% of orders from emerging markets

**Order growth by region**  
**Q2 2010 vs Q2 2009**  
*(in local currencies)*

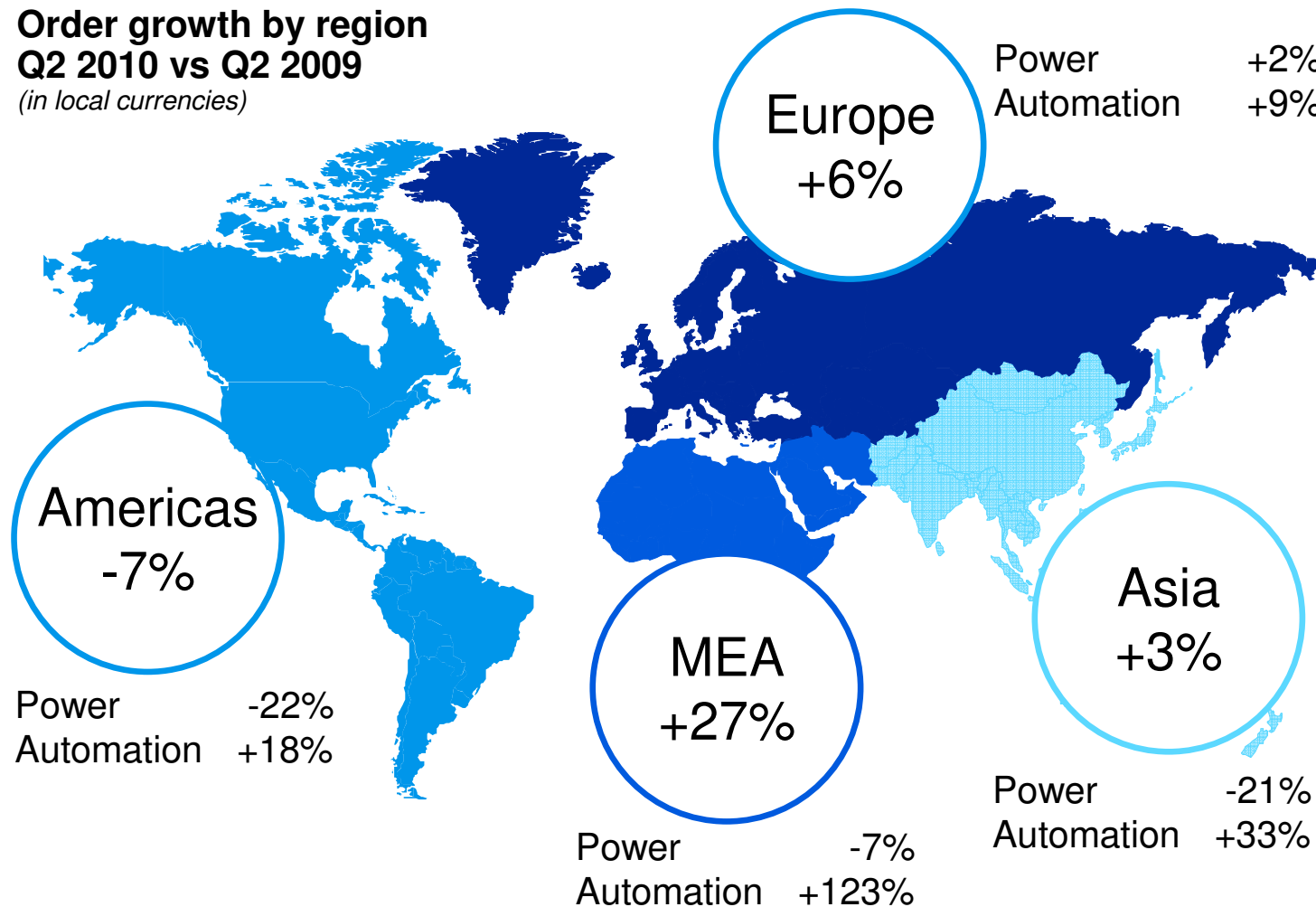


Chart 8

# Power and automation performance in key markets

**Order growth by selected country**  
**Q2 2010 vs Q2 2009**  
*(in local currencies)*

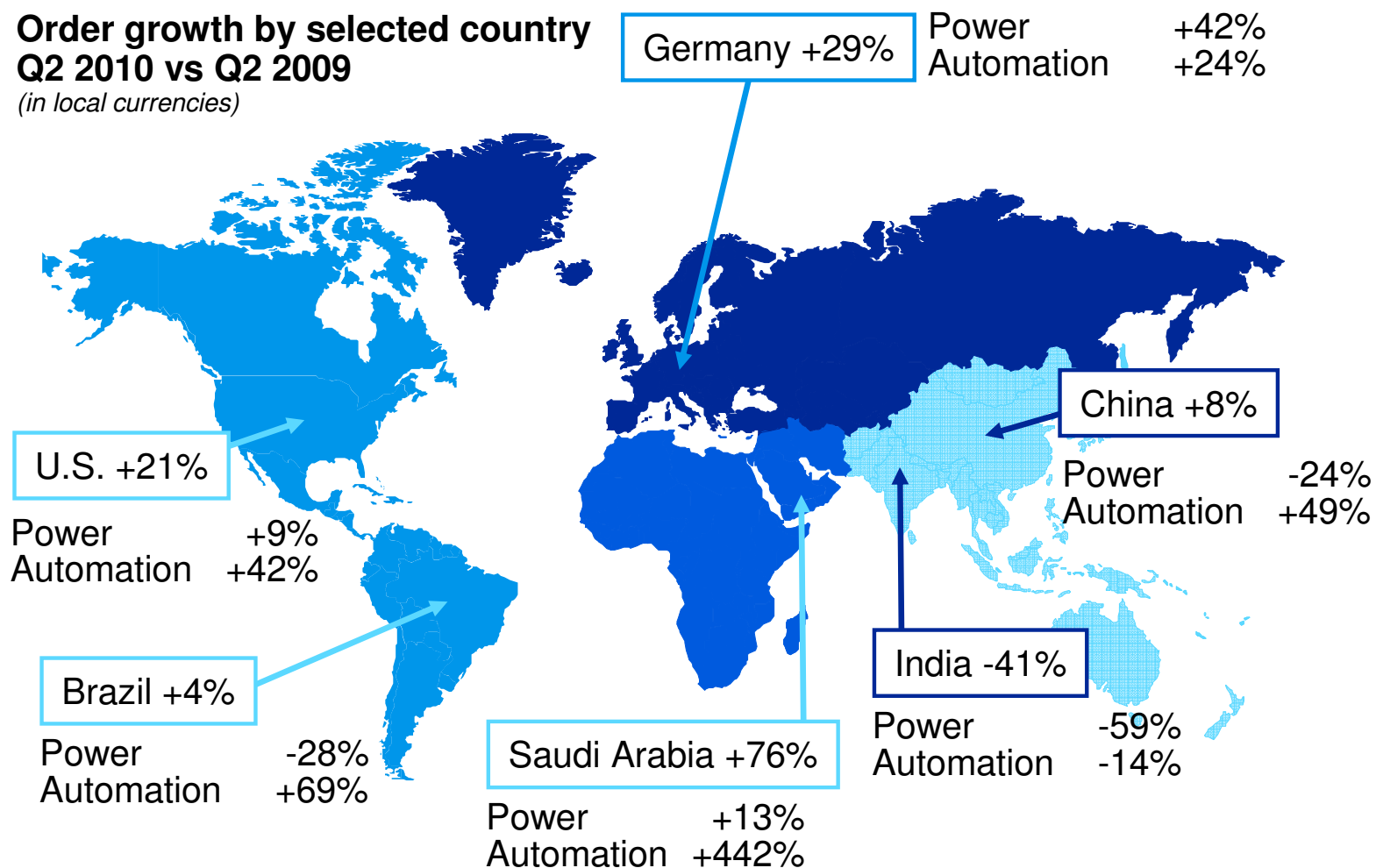


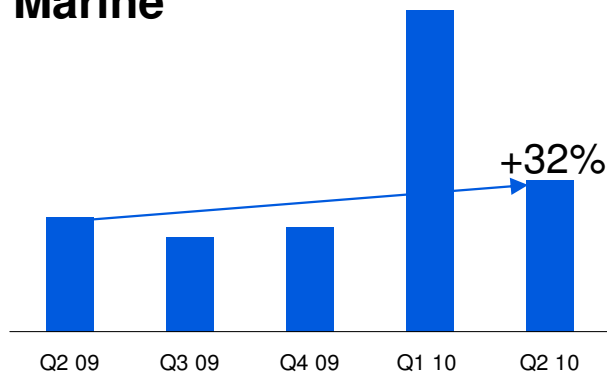
Chart 9

# Industrial demand higher in some process industries

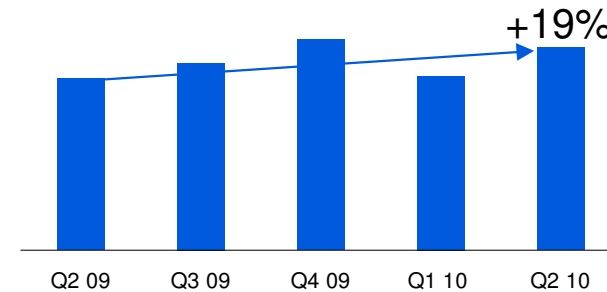
## Order growth by selected business Q2 2009 to Q2 2010

*Indexed, Q2 09 = 100*

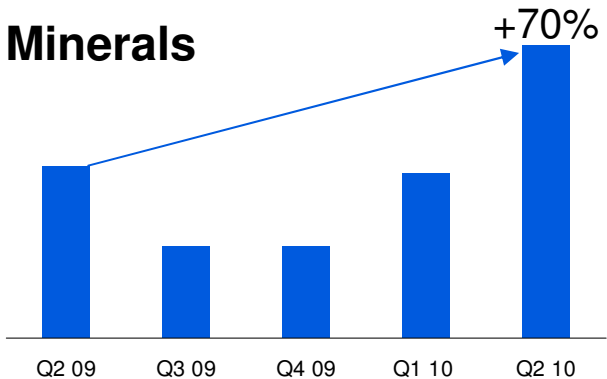
### Marine



### Metals



### Minerals



### Pulp & paper

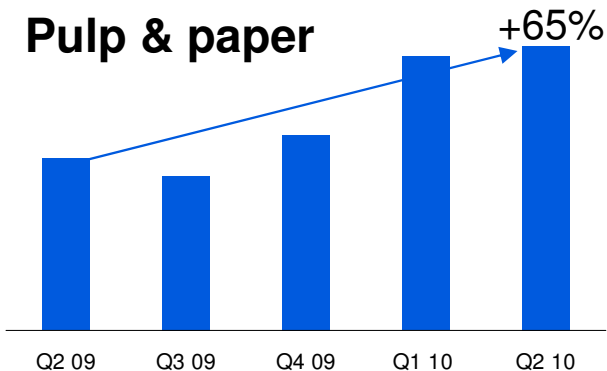


Chart 10

# Power Products showing a mixed picture

## Medium-voltage business improves

### Tailwind

- Base orders up 11% vs Q1 '10
- Demand recovering for medium voltage products
- EBIT margin steady as cost savings (>\$100 mill) offset volume and price pressures

### Headwind

- Delayed utility spend on transmission projects
- Competition in China
- Revenues to remain pressured on lower order backlog

**PP base order development Q1 09-Q2 10**

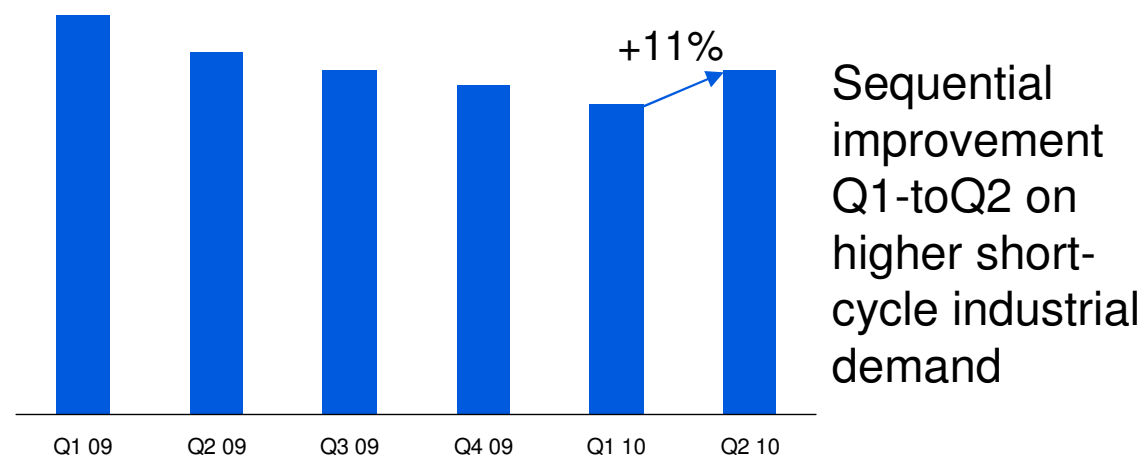
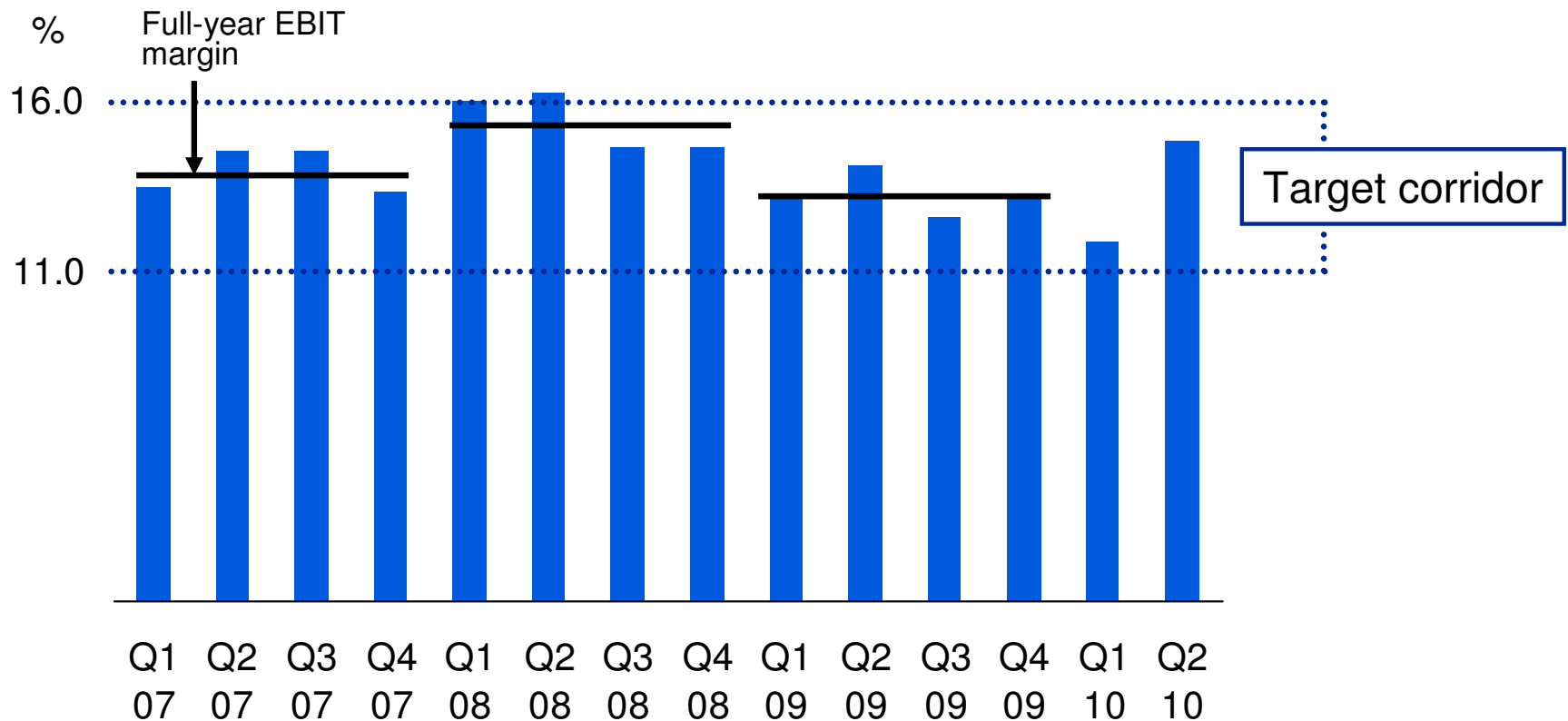


Chart 11

# Operational EBIT comfortably within target band

## EBIT margin\* Q1 2007 to Q2 2010

in percent

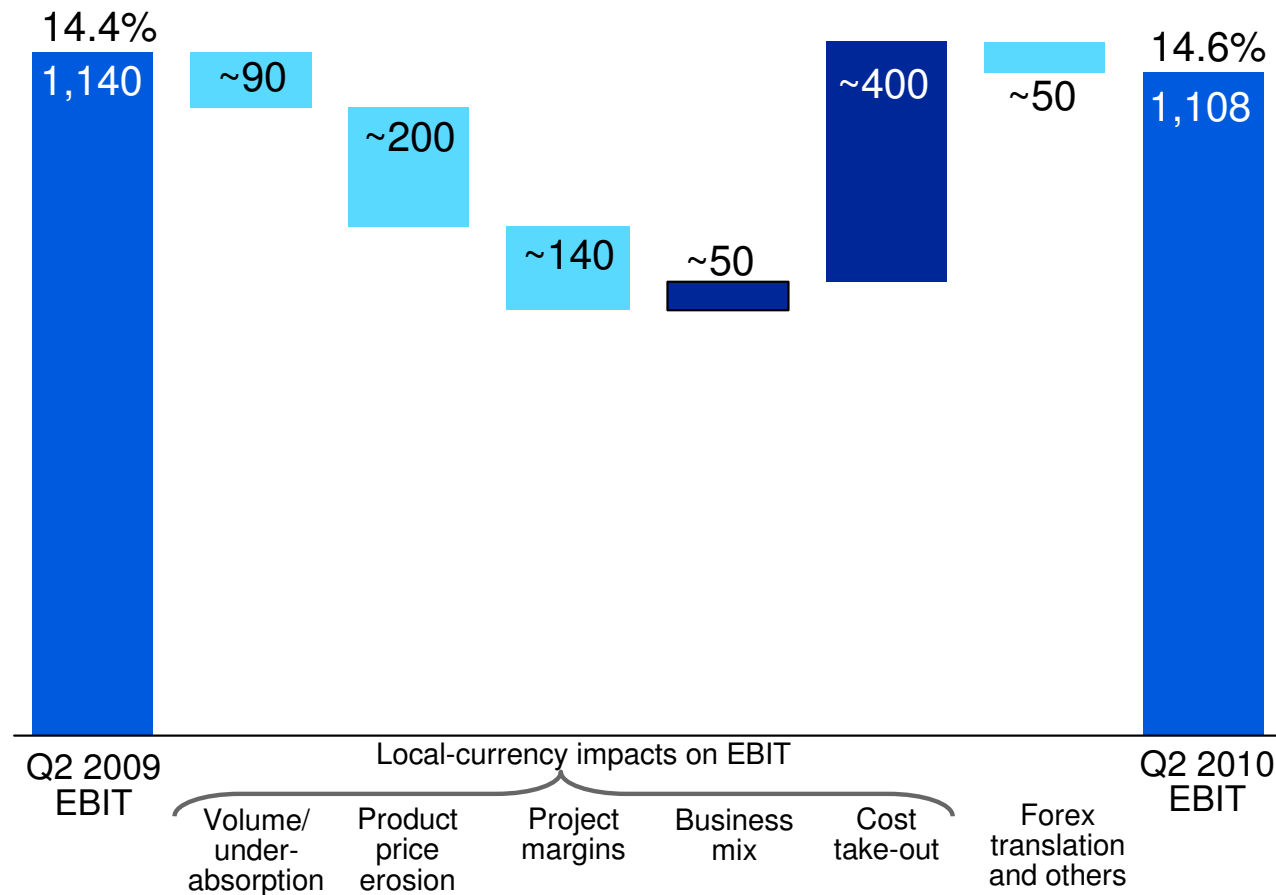


\* Reported EBIT margin adjusted for unrealized gains and losses on derivative transactions, restructuring-related charges and adjustments relating to compliance and other provisions

Chart 12

# Cost savings offset EBIT impact of volume and price

## Local currency analysis of change in adjusted EBIT margin<sup>1</sup>



<sup>1</sup> EBIT adjusted for gains/losses on derivative transactions and restructuring-related charges

Chart 13

# Cost take-out on schedule

## More than \$400 million savings in Q2 2010

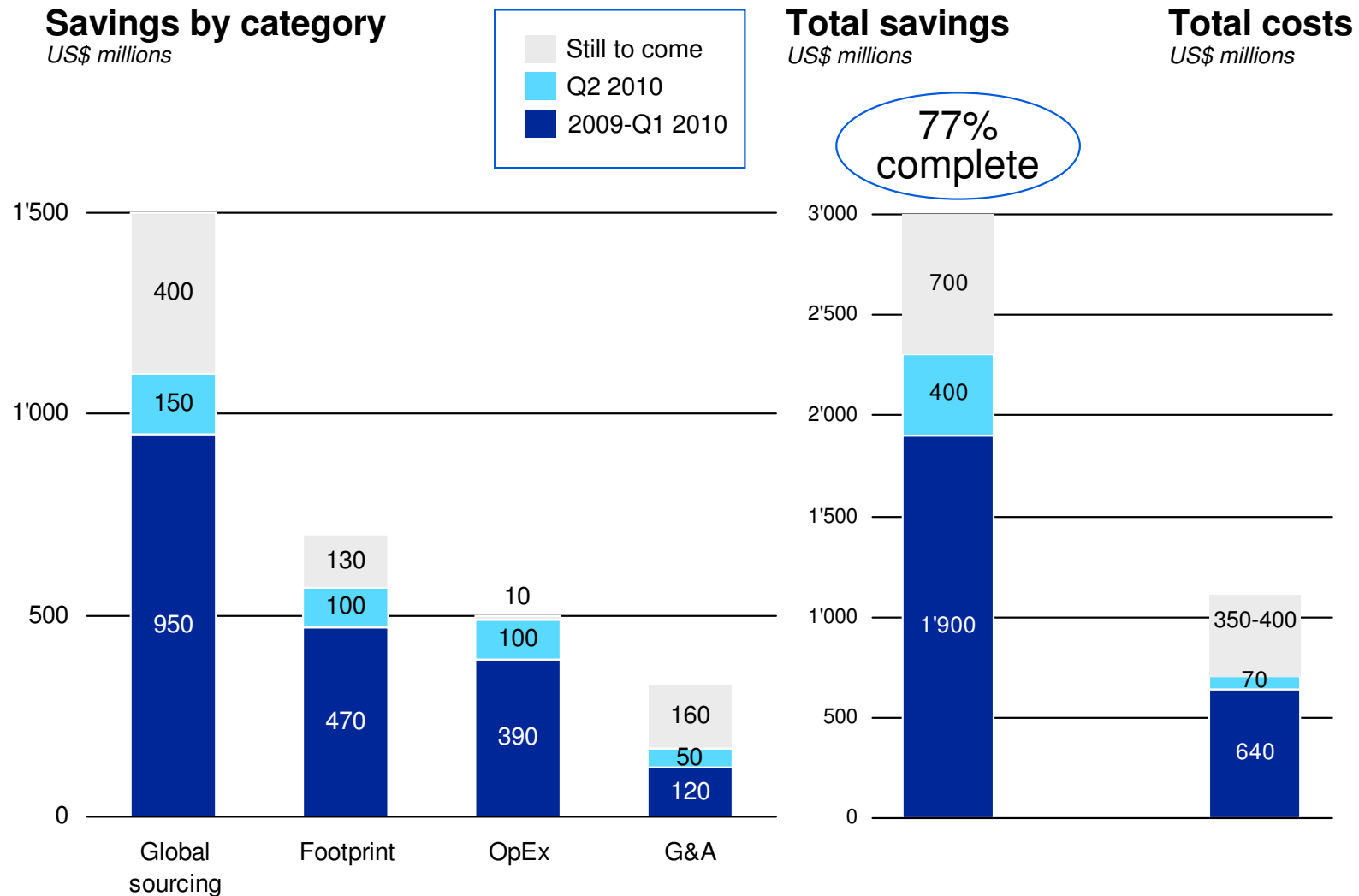


Chart 14

# Cash deployment

- Ventyx deal (>\$1 bn) closed, integration well under way
- K-TEK instrumentation acquisition closed
- Trilliant investment in smart grid communications
- Chloride bid (\$1.2 billion) withdrawn
- Disciplined M&A process continues
- Offer to increase ABB India holding to 75% (\$965 million if accepted)
- Expect full-year 2010 capex of ~\$800 million
- R&D spend increasing
- Dividend paid in July (~\$1.1 billion)

# Summary and outlook: Short-cycle recovery gains strength, utility spend expected to recover

- Base orders up across most businesses
- Best year-on-year automation order growth since Q4 '07, driven by demand for technologies to increase energy efficiency and productivity
- Successful cost control in Power Products
- Savings >\$400 million, on schedule to hit \$3 bn target
- Operational EBIT margin = 14.6%, up from 14.4% Q2 '09

## Outlook

- Confident in short-cycle recovery
- Power transmission recovery likely late in 2010, early 2011
- Emerging markets expected to remain positive
- Continued focus on operational execution

Power and productivity  
for a better world™



# Strong book-to-bill maintains seasonal trends

## Backlog up 5% vs end 2009

### Orders, revenues and book-to-bill development, Q1 08 to Q2 10

US\$ millions, ratio of orders-to-revenues

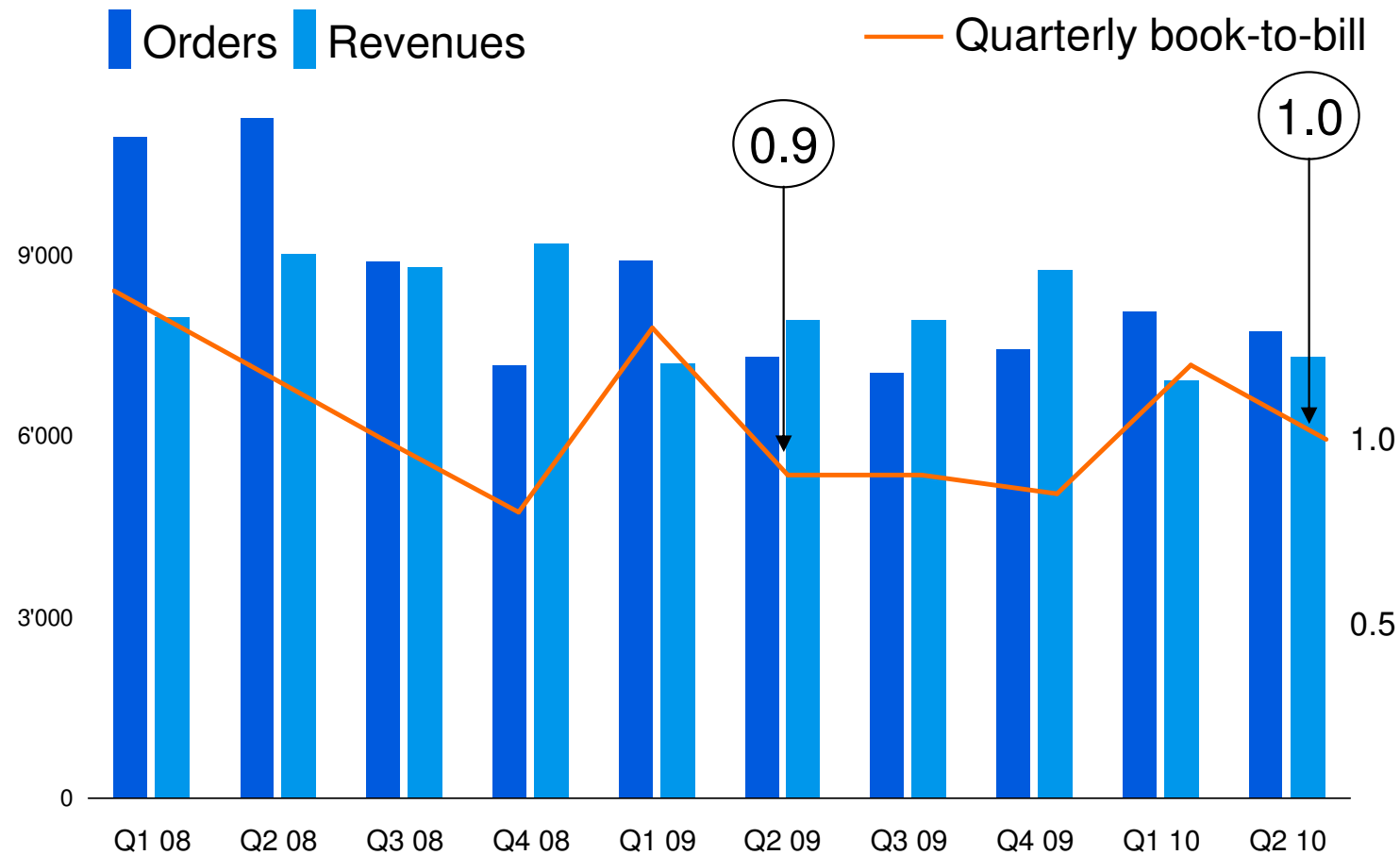


Chart 18

# Summary of Q2 and half-year 2010 results

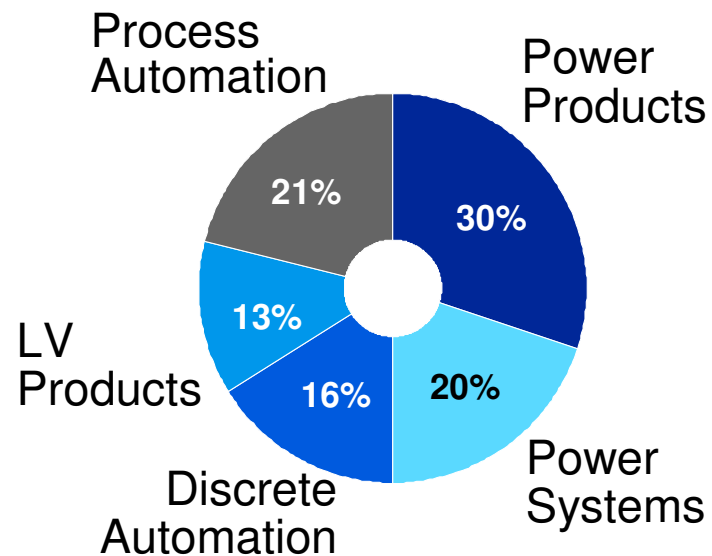
## Key data Q2 and half year 2010 vs 2009

<i>US\$ millions unless otherwise stated</i>	Q2 2010	Q2 2009	Change		H1 2010	H1 2009	Change	
			US\$	Local			US\$	Local
Orders received	7,665	7'309	5%	5%	15,732	16,459	-4%	-8%
Order backlog (end June)	24,437	25'913	-6%	-3%				
Revenues	7,573	7'915	-4%	-5%	14,507	15,124	-4%	-7%
EBIT	975	1'047	-7%		1,684	1'909	-12%	
as % of revenues	12.9%	13.2%			11.6%	12.6%		
Cash from operations	649	1'067			1,076	963		

# Balanced business and geographic portfolio

## Revenues by division

*% of total revenues Q2 2010 (non-consolidated)*



## Orders by region

*% of total orders Q2 2010*

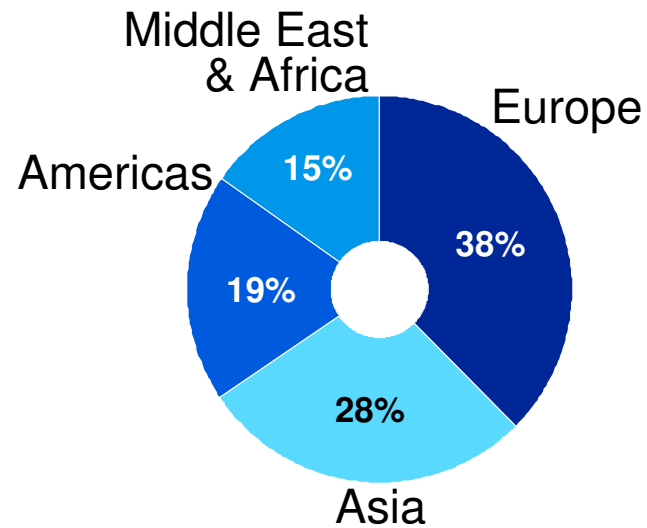


Chart 20

# ABB's businesses by division and region

Percentage of total orders and revenues by region (US\$)

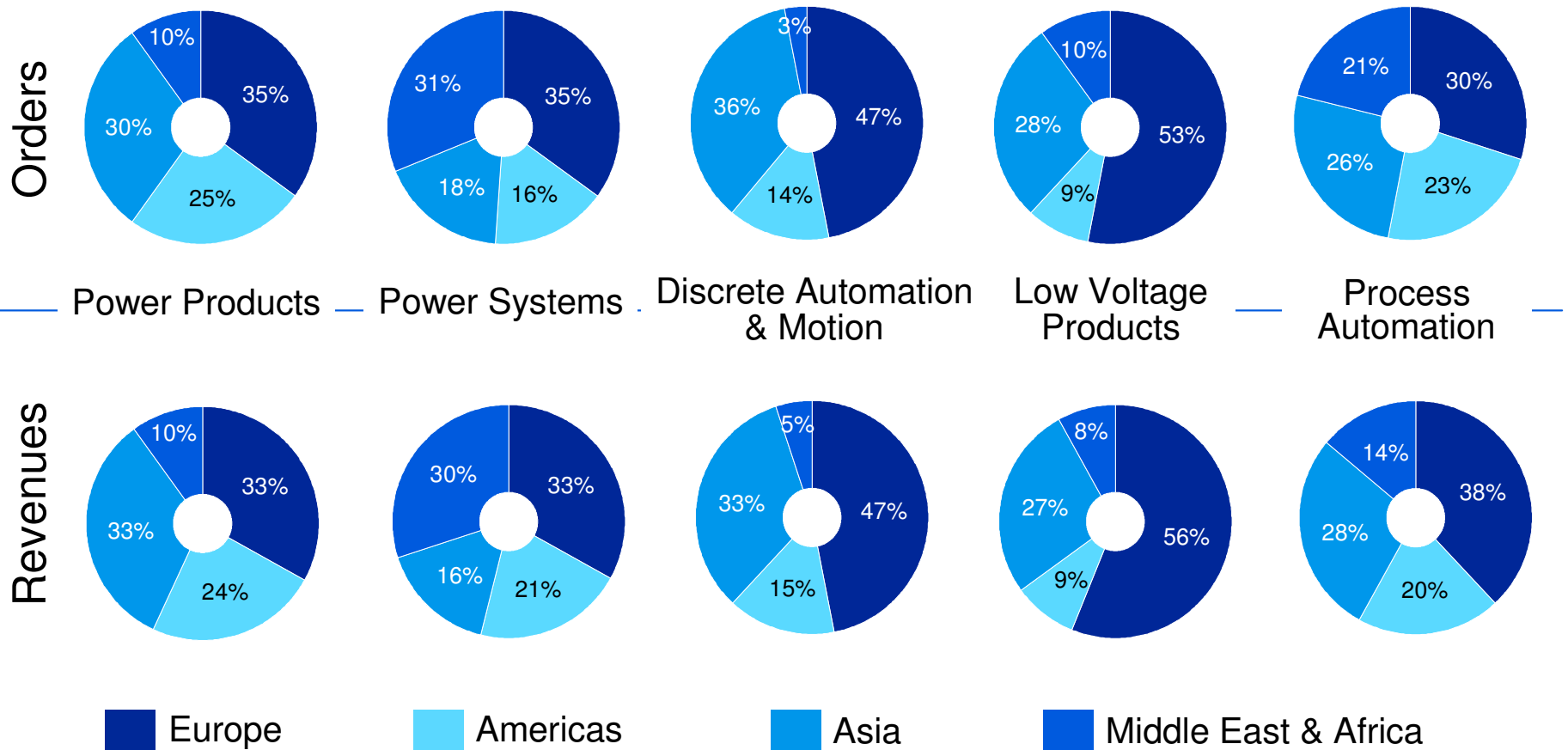


Chart 21

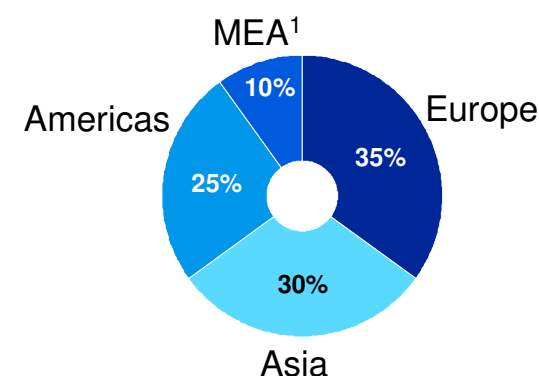
# Power Products Q2 2010 summary

## Key data Q2 2010

US\$ millions unless otherwise stated

	Q2 2010	Q2 2009	Change	
			US\$	Local
Orders received	2,480	2,760	-10%	-11%
Order backlog (end June)	7,796	8,664	-10%	-9%
Revenues	2,528	2,839	-11%	-12%
EBIT	417	555	-25%	
as % of revenues	16.5%	19.5%		
Cash from operations	384	534		

## Orders by region Q2 2010



- Large orders down on continued low transmission spending, which more than offset higher industry demand
  - Base orders down 5% vs Q2 09, up 11% vs Q1 10
- Revenues reflect lower order backlog, customer delays in product acceptance
- EBIT margin excl derivatives & restructuring was roughly unchanged vs Q2 09 as savings offset under-absorption and price declines

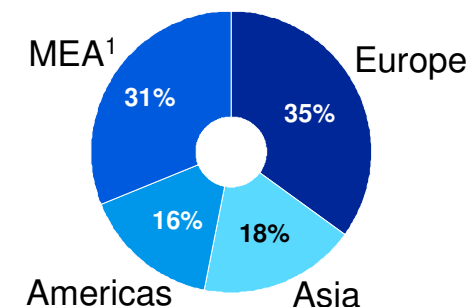
# Power Systems Q2 2010 summary

## Key data Q2 2010

US\$ millions unless otherwise stated

	Q2 2010	Q2 2009	Change	
			US\$	Local
Orders received	1,354	1,697	-20%	-19%
Order backlog (end June)	9,128	8,918	2%	5%
Revenues	1,635	1,612	1%	0%
EBIT	18	122	-85%	
as % of revenues	1.1%	7.6%		
Cash from operations	-65	230		

## Orders by region Q2 2010



- Base orders grew on higher industry demand, offset by lower large orders – project tendering at high levels, but awards still delayed
- Revenues stable on execution of the large order backlog
- EBIT negatively impacted by ca. \$80 mill. costs related to a small number of cable projects, which more than offset cost savings
- Cash from operations mainly reflects timing of customer payments
- Ventyx deal closed, insignificant impact on orders, revenues, EBIT

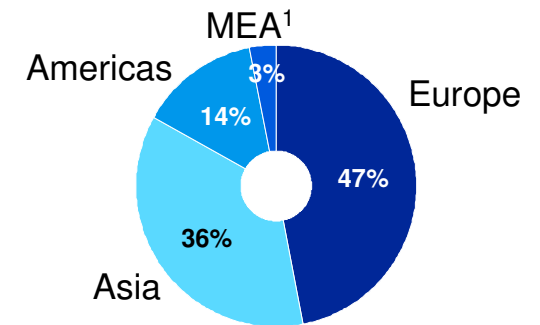
# Discrete Automation and Motion Q2 2010 summary

## Key data Q2 2010

US\$ millions unless otherwise stated

	Q2 2010	Q2 2009	Change	
			US\$	Local
Orders received	1,476	1,195	24%	24%
Order backlog (end June)	3,223	3,442	-6%	-4%
Revenues	1,287	1,354	-5%	-5%
EBIT	205	190	8%	
as % of revenues	15.9%	14.0%		
Cash from operations	154	255		

## Orders by region Q2 2010



- Order increase reflects early cycle recovery across all regions – base orders up almost 40%, led by robotics, LV drives & motors
- Revenue decrease mainly on low backlog in machines, revenues in most other businesses close to previous year's level
- EBIT, EBIT margin improvement mainly from breakeven in robotics vs a loss in Q2 09
- EBIT margin also benefited from cost savings and product mix

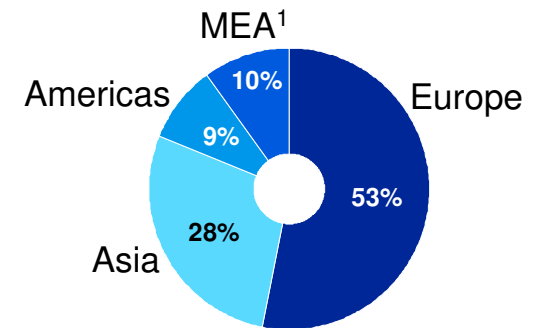
# Low-Voltage Products Q2 2010 summary

## Key data Q2 2010

US\$ millions unless otherwise stated

	Q2 2010	Q2 2009	Change	
			US\$	Local
Orders received	1,219	1,017	20%	22%
<i>Order backlog (end June)</i>	<i>879</i>	<i>805</i>	9%	
Revenues	1,102	977	13%	15%
EBIT	213	95	124%	
as % of revenues	19.3%	9.7%		
Cash from operations	121	151		

## Orders by region Q2 2010



- Orders driven by higher construction & industry demand across all regions, increases in all product businesses
- Revenues grew in line with orders, service revenues up 30%
- EBIT, EBIT margin reflect higher sales, positive product mix, cost savings, plus non-recurrence of \$40-mill. restructuring in Q2 09
- Excl. net losses on derivatives and restructuring, EBIT margin up ca. 6%-points vs Q2 09

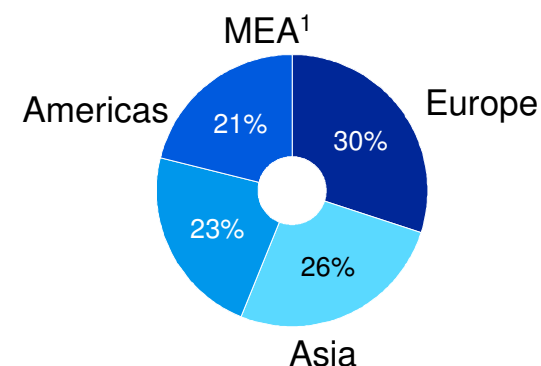
# Process Automation Q2 2010 summary

## Key data Q2 2010

US\$ millions unless otherwise stated

	Q2 2010	Q2 2009	Change	
			US\$	Local
Orders received	1,825	1,452	26%	25%
Order backlog (end June)	5,585	6,565	-15%	-12%
Revenues	1,737	1,981	-12%	-12%
EBIT	189	166	14%	
as % of revenues	10.9%	8.4%		
Cash from operations	143	53		

## Orders by region Q2 2010



- Order growth led by emerging markets, base orders up >20%, large orders >30% higher vs low levels in Q2 09
  - Strongest growth in minerals, pulp & paper, marine, turbocharging; Oil & gas remained at high level
- Revenues reflect lower backlog, partly offset by a strong service growth (turbocharging, industrial service)
- EBIT, EBIT margin higher on cost savings, favorable business mix

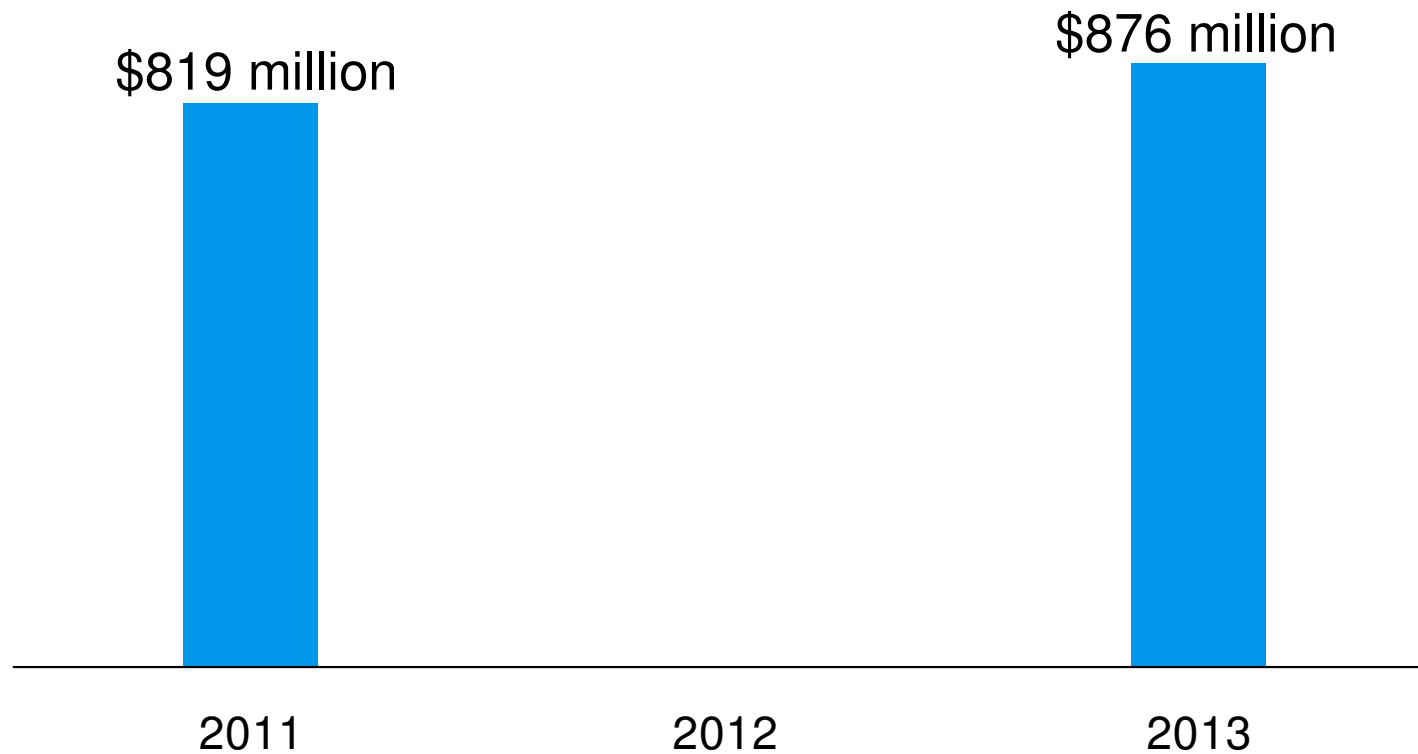
# Below the EBIT line

	Q2 2010	Q2 2009
Finance net	(19)	(25)
Provision for taxes	(285)	(294)
Income from continuing operations	671	728
Discontinued operations	(2)	11
Non-controlling interest*	(46)	(64)
<b>Net income</b>	<b>623</b>	<b>675</b>

\* Formerly "Minority interest"

# Maturity profile of debt securities

**Total debt securities of approx. \$1.7 bn billion as of June 30, 2010**



Based on June 30, 2010 FX rates

# Reconciliation of financial measures to US GAAP

## EBIT margin (for the 3 months ended June 30, 2010)

*= EBIT as % of revenues*

Earnings before interest and taxes (EBIT)	975
Revenues	7,573
<b>EBIT margin</b>	<b>12.9%</b>

## Adjustments to EBIT margin

EBIT	<b>975</b>
<i>adjusted for the effects of</i>	
Unrealized gains and losses on derivatives (FX, commodities, embedded derivatives)	91
Realized gains and losses on derivatives where the underlying hedged transaction has not yet been realized	12
Unrealized foreign exchange movements on receivables/payables (and related assets/liabilities)	(46)
Restructuring and restructuring-related expenses	70
EBIT after adjustments	<b>1,102</b>
Revenues	7,573
As % of revenues	<b>14.6%</b>

## EBITDA (for the 3 months ended June 30, 2010)

*=EBIT before depreciation and amortization*

Earnings before interest and taxes (EBIT)	975
Depreciation and amortization	167
<b>EBITDA</b>	<b>1,142</b>

## Net cash (at June 30, 2010)

*= Cash and equivalents plus marketable securities and short-term investments, less total debt*

Short-term debt and current maturities of long-term debt	(237)
Long-term debt	(1,887)
<b>Total debt</b>	<b>(2,124)</b>
Cash and equivalents	6,536
Marketable securities and short-term investments	1,478
<b>Cash and marketable securities</b>	<b>8,014</b>
<b>Net cash</b>	<b>5,890</b>

For more information, call ABB Investor Relations  
or visit our website at [www.abb.com/investorrelations](http://www.abb.com/investorrelations)

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