ABB Q4 and full-year 2011 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, 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” 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 related to the economic environment, costs associated with compliance activities, the amount of revenues we are able to generate from backlog and orders received, raw materials 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.
ABB reports robust performance in a challenging year

Joe Hogan
2011: Successful focus on growth and costs
Strong balance sheet, value creating acquisitions, higher investments

- **Growth** driven by megatrends, strong demand for energy efficiency, power infrastructure
- Double-digit order and revenue growth, improved **operating margin**
- Profitable growth in **Robotics** business and **Power Systems**
- **Discipline**: exceeded annual cost target of $1bn
- Focused **acquisitions** to support profitable growth
- Successful **integration** of Baldor and other acquisitions, new joint ventures in China
- **Investments**: accelerated spending on research and development, capital expenditure, new ventures
- Maintained best-in-class **balance sheet**, higher dividend through the cycle
Record results
$900 million Ultra-HVDC order in India
Hydropower over 1,700 km for 90 million people
Full-year 2011: record orders and revenues
Strong cash flow performance, redeployed in acquisitions and dividends

<table>
<thead>
<tr>
<th>YTD Performance</th>
<th>change vs 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Orders</td>
<td>40,210</td>
</tr>
<tr>
<td></td>
<td>+18%&lt;sup&gt;1&lt;/sup&gt;</td>
</tr>
<tr>
<td></td>
<td>(organic. +11%)</td>
</tr>
<tr>
<td>Revenues</td>
<td>37,990</td>
</tr>
<tr>
<td></td>
<td>+15%&lt;sup&gt;1&lt;/sup&gt;</td>
</tr>
<tr>
<td></td>
<td>(organic +9%)</td>
</tr>
<tr>
<td>Operational EBITDA</td>
<td>6,014</td>
</tr>
<tr>
<td></td>
<td>+25%</td>
</tr>
<tr>
<td>Operational EBITDA %</td>
<td>15.8%</td>
</tr>
<tr>
<td></td>
<td>+0.5 percentage points</td>
</tr>
<tr>
<td>Net Income</td>
<td>3,168</td>
</tr>
<tr>
<td></td>
<td>+ 24%</td>
</tr>
<tr>
<td>EPS (basic)</td>
<td>1.38</td>
</tr>
<tr>
<td></td>
<td>+23%</td>
</tr>
<tr>
<td>Dividend per share</td>
<td>0.65</td>
</tr>
<tr>
<td>(CHF, proposed)</td>
<td>+8%</td>
</tr>
<tr>
<td>Cash from operations</td>
<td>3,612</td>
</tr>
<tr>
<td></td>
<td>-14%</td>
</tr>
<tr>
<td>Cash return on invested</td>
<td>14%</td>
</tr>
<tr>
<td>capital</td>
<td>-7 percentage points</td>
</tr>
</tbody>
</table>

- $40 bn orders for first time ever, record revenues
- Solid delivery against growth profitability targets
- Cost savings >$1 bn offset price pressure,
- Funded additional $385 mln of selling and R&D
- Acquired companies with strong revenue, earnings and cash generation contributions
- Net income up $600 mln, EPS $1.38 per share
- Strong Q4 cash flow performance
- CROI at 14%, initial impact of Baldor acquisition
- 8% increase in dividend proposed to CHF 0.65

<sup>1</sup> In local currencies
Our regional breadth helped us weather the economic turbulence in 2011. Orders up in most of our largest countries.
Megatrends reflected in key orders in 2011
Efficient power, renewables integration, resource economics, digitization

- Subsea HVDC link Norway-Denmark: $180 mln
- Offshore wind link Germany: >$1 bn
- UHVDC link India: $900 mln
- UHVDC transformers China: $165 mln
- FACTS USA: $50 mln
- DC data center Switzerland
- Offshore service orders North Sea: >$30 mln
- Offshore gas HVDC & automation Norway: $270 mln
- Natural gas Congo: $150 mln
- Plastics & chemicals plant automation Saudi Arabia
- Substations Paraguay, Brazil: $110 mln
- Mining Substations Australia: > $150 mln
Positioning ABB for the future
DC onboard technology to build the ship for the 21 century

up to 20% less CO₂
= 1,800 tons per year

CO₂ emissions equivalent to
680x

AC  DC
Exceeded 2011 cost savings target
Savings continued to outpace negative market impacts

**Approx. share of savings by category 2011**

- **Operational Excellence**: 40%
- **Global footprint**: 5%
- **Sourcing**: 55%

$1.1 bn

**Approx. share of savings by division 2011**

- **Indirect Sourcing**: 11%
- **PA**: 11%
- **LP**: 5%
- **DM**: 8%
- **PS**: 28%
- **PP**: 37%

$1.1 bn

- $1.1 bn savings 2011 offset >$970 mln of price pressure
- Operational excellence measures continue to gain traction
- Focus in power pays off with sector-leading profitability despite challenging price environment
Disciplined approach

- All transactions in line with stated acquisition strategy
- Balancing integration challenges across divisions and geography

Financial criteria

- Cash returns at or above WACC within 3 years
- NPV positive (DCF at WACC + internal hurdles)
- Conservative net debt/EBITDA and gearing ratios – maintain single A credit rating

<table>
<thead>
<tr>
<th>Critical gap</th>
<th>Baldor</th>
<th>Mincom</th>
<th>Epyon</th>
<th>Lorentzen &amp; Wettre</th>
<th>Trasfor</th>
<th>Envitech</th>
<th>Powercorp</th>
<th>Newave*</th>
<th>T&amp;B*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Geographic</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Product/service/solution</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Industry/market</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
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<td>✓</td>
<td>✓</td>
</tr>
</tbody>
</table>

* Transactions expected to be closed in 2012
ABB and Thomas & Betts: A compelling combination
A strong strategic fit

- Almost doubles addressable N. American LV market in one step
- Powerful distribution network
- Complementary product offering and geographic reach
- Significant synergies, low-risk integration
- Supports ABB’s growth, earnings and cash flow ambitions
- EPS accretive Year 1
- Builds ABB’s track record of value-creating M&A transactions
- Transaction expected to be closed in Q2 2012 pending shareholder and regulatory approvals
A great geographic fit
Strong growth opportunities for both companies

Combined revenues by region
Approximate¹

<table>
<thead>
<tr>
<th>Region</th>
<th>ABB LP</th>
<th>Thomas &amp; Betts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Americas</td>
<td>~$2 bn</td>
<td></td>
</tr>
<tr>
<td>Europe</td>
<td>~$3 bn</td>
<td></td>
</tr>
<tr>
<td>Asia &amp; Middle East</td>
<td>~$2 bn</td>
<td></td>
</tr>
</tbody>
</table>

Expected market growth

³ Based on full-year 2011 estimates
Rebalancing LP’s geographic scope
Better reflects global importance of NAM market

Share of LP revenues by region

2011

- Europe: 55%
- Middle East & Africa: 36%
- Asia: 9%

Post transaction

- Europe: 43%
- Middle East & Africa: 27%
- Asia: 30%
Launched a new strategic plan for 2011-15

Five elements that drive management decisions

1. Drive competitiveness
2. Capitalize on mega trends
3. Aggressively expand core business
4. Disciplined M&A
5. Exploit disruptive opportunities

Group targets

- Organic\(^1\) revenue growth (CAGR\(^2\))
  - 7 – 10%
- Operational EBITDA margin corridor
  - 13 – 19%
- Organic\(^1\) EPS growth (CAGR\(^2\))
  - 10 – 15%
- Free cash flow conversion
  - Annual avg. >90%
- Cash flow return on invested capital
  - >20% by 2015

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\(^1\) Organic incl. acquisitions closed as of end – Oct 2011
\(^2\) CAGR: Compound annual growth rate, base year is 2010
Summary of 2011
In a strong position for improved growth and profitability

- Revenue and earnings demonstrate strong execution and portfolio strength
- Strong order backlog $27.5 billion to support 2012 revenues
- Profitability well within target corridor
- Strong execution on cost savings
- Excellent cash generation through the cycle
- Return to M&A with targeted bolt-ons and strong integration focus
- M&A with strong contributions to 2011 results
- Higher dividend shows confidence in the business going forward
Q4 results
Solid top and bottom line growth along with strong cash flow generation
Q4: Solid top and bottom line in a challenging market
Strong cash flow generation and reduction in net working capital

<table>
<thead>
<tr>
<th>Q4 Performance</th>
<th>change vs 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Orders</td>
<td>10,160</td>
</tr>
<tr>
<td></td>
<td>+17%(^1)</td>
</tr>
<tr>
<td></td>
<td>(organic 10%)</td>
</tr>
<tr>
<td>Revenues</td>
<td>10,571</td>
</tr>
<tr>
<td></td>
<td>+16%(^1)</td>
</tr>
<tr>
<td></td>
<td>(organic 10%)</td>
</tr>
<tr>
<td>Operational EBITDA</td>
<td>1,568</td>
</tr>
<tr>
<td></td>
<td>+18%</td>
</tr>
<tr>
<td>Operational EBITDA %</td>
<td>14.8%</td>
</tr>
<tr>
<td></td>
<td>+0.4 percentage points</td>
</tr>
<tr>
<td>Net Income</td>
<td>830</td>
</tr>
<tr>
<td></td>
<td>+19%</td>
</tr>
<tr>
<td>Cash Flow from Operations</td>
<td>1,674</td>
</tr>
<tr>
<td></td>
<td>-5%</td>
</tr>
</tbody>
</table>

- Good order growth in N. America and emerging markets
- South Europe weaker on market uncertainty
- Orders and revenues up in all divisions
- Service orders and revenues up faster than Group
- Operational EBITDA up ~$250 mln
- Divisional margins impacted by business mix and price
- Cost savings remain key to maintaining margins
- Strong cash generation near last year’s record
- NWC reduced by $1 bn vs Q3 2011

\(^1\) In local currencies
Solid growth in N. America and Asia in both power and automation

Order growth by region Q4 2010 vs Q4 2011
(in local currencies)

- Americas: +41% (excl Baldor 11%)
  - Power: +16%
  - Automation: +75%

- MEA: -18%
  - Power: -21%
  - Automation: -8%

- Europe: -8%
  - Power: -27%
  - Automation: +9%

- Asia: +61%
  - Power: +123%
  - Automation: +13%
Most large markets performed well
Geographic scope continues to pay off

Order growth by selected country Q4 2011 vs Q4 2010
(in local currencies)

- U.S. +81% (25% excl. Baldor)
  - Power: +37%
  - Automation: +145%
- Brazil -8%
  - Power: -36%
  - Automation: +76%
- India >4x
- Germany +4%
  - Power: +5%
  - Automation: +3%
- China +6%
  - Power: +6%
  - Automation: +15%
- Saudi Arabia +17%
  - Power: +16%
  - Automation: +30%
- Power -36%
- Automation +76%
- Power +5%
- Automation +3%
- Power +37%
- Automation +145%
- Saudi Arabia +17%
  - Power: +16%
  - Automation: +30%
- India >4x
- Power -36%
- Automation +76%
- Germany +4%
  - Power: +5%
  - Automation: +3%
- China +6%
  - Power: +6%
  - Automation: +15%
- Saudi Arabia +17%
  - Power: +16%
  - Automation: +30%
- India >4x
- Power -36%
- Automation +76%
- Germany +4%
  - Power: +5%
  - Automation: +3%
- China +6%
  - Power: +6%
  - Automation: +15%
- Saudi Arabia +17%
  - Power: +16%
  - Automation: +30%
- India >4x
- Power -36%
- Automation +76%
- Germany +4%
  - Power: +5%
  - Automation: +3%
- China +6%
  - Power: +6%
  - Automation: +15%
- Saudi Arabia +17%
  - Power: +16%
  - Automation: +30%
- India >4x
Financial review
Strong balance sheet supports successful business execution

Michel Demaré
Continued growth across all divisions in Q4
Improved PS results compensate mix and price pressure in other divisions

<table>
<thead>
<tr>
<th>Division</th>
<th>Orders Δ vs Q4 10</th>
<th>Revenues Δ vs Q4 10</th>
<th>Op. EBITDA Δ vs Q4 10</th>
<th>Op. EBITDA margin Δ vs Q4 10</th>
</tr>
</thead>
<tbody>
<tr>
<td>Power Products</td>
<td>+8%</td>
<td>+6%</td>
<td>-13%</td>
<td>14.8%</td>
</tr>
<tr>
<td>Power Systems</td>
<td>+21%</td>
<td>+17%</td>
<td>+245%</td>
<td>9.9%</td>
</tr>
<tr>
<td>Discrete Automation and Motion</td>
<td>+49%</td>
<td>+44%</td>
<td>+37%</td>
<td>17.4%</td>
</tr>
<tr>
<td>Low-Voltage Products</td>
<td>+6%</td>
<td>+7%</td>
<td>+2%</td>
<td>19.0%</td>
</tr>
<tr>
<td>Process Automation</td>
<td>+7%</td>
<td>+10%</td>
<td>-7%</td>
<td>11.8%</td>
</tr>
<tr>
<td><strong>ABB Group</strong></td>
<td><strong>+17%</strong></td>
<td><strong>+16%</strong></td>
<td><strong>+18%</strong></td>
<td><strong>14.8%</strong></td>
</tr>
</tbody>
</table>

Growth continues
Large orders, strong backlog
11% organic
Led by systems business
Strong order backlog

Pricing, tougher comps
Q4 2010 charges, Q4 2011 claims management
Mainly unfavorable business mix, eg. systems vs product revenues

Percentage change in local currencies vs same period in 2010 except operational EBITDA percentage change in US$
Successful cost management to secure both growth and profitability
Product price erosion more than offset by cost savings

Factors affecting operational EBITDA full year 2011
US$ millions

Net positive impact of $1,565 mln

- Market forces (+$204 mln)
- (+$942 mln)
- (+$235 mln)
- (+$1,086 mln)
- (-$113 mln)
- Baldor (+$387 mln)
- Other* (+$387 mln)

Plan to take out ~$1 billion of costs in 2012

*Includes business mix, inventory, forex, acquisition costs and commodity impacts

Enough to fund investments in selling and R&D of $385 mln…
… and generate additional op EBITDA of ~$1.2 bn
# First-year performance against our targets

## Group targets

<table>
<thead>
<tr>
<th>Metric</th>
<th>2011 performance&lt;sup&gt;1&lt;/sup&gt;</th>
<th>2011-15 Targets&lt;sup&gt;1&lt;/sup&gt;</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue growth (CAGR&lt;sup&gt;2&lt;/sup&gt;)</td>
<td>15%</td>
<td>7 – 10%</td>
<td>Starting well above the range</td>
</tr>
<tr>
<td>Operational EBITDA margin corridor</td>
<td>15.8%</td>
<td>13 – 19%</td>
<td>Still a good buffer thanks to cost programs</td>
</tr>
<tr>
<td>EPS growth (CAGR&lt;sup&gt;2&lt;/sup&gt;)</td>
<td>23%</td>
<td>10 – 15%</td>
<td>A strong first year</td>
</tr>
<tr>
<td>Free cash flow conversion</td>
<td>82%</td>
<td>Annual avg. &gt;90%</td>
<td>High capital spending; to normalize over time</td>
</tr>
<tr>
<td>Cash return on invested capital</td>
<td>14%</td>
<td>&gt;20% by 2015</td>
<td>First year shows impact of Baldor acquisition</td>
</tr>
</tbody>
</table>

<sup>1</sup> Includes acquisitions closed as of end-Oct. 2011  
<sup>2</sup> CAGR = Compound annual growth rate, base year 2010
ABB’s balance sheet retains its strong investment grade

Net cash position 2005-2011

US$ billions

- $1,250 mln in US bonds (5 and 10 year) issued in June 2011
- CHF 850 mln dual tranche (5 and 10 year) bond issue – Swiss bond of the year
- €650 mln bond repaid in November
- Another CHF 350 mln 2018 bond issue in January 2012
- Average debt duration now >5 years
- Pension underfunding at ~$1 bn on declining discount rates, adjusted mortality tables and low—but positive—asset return
- Gearing down from 22% end-Q3 to 20% end-Q4
- Moody’s and S&P reaffirmed A/A2 rating with stable outlook after T&B announcement
Increased dividend for 2011: CHF 0.65 per share vs 0.60 in 2010
Equivalent to 47% payout ratio, 3.3% yield

Dividend policy
A steadily rising, sustainable annual dividend throughout the business cycle

Dividend payout 2005-2011
CHF per share

- 8% dividend increase vs 2010
- Shareholders to benefit from higher earnings
- Payment from capital contribution reserve retains Swiss tax benefits
- CHF 5.3 bn available for 2011 and future tax-free dividends
- Needs AGM approval, dividend payment early May
Summary and outlook
In a good position for profitable growth in uncertain times

Joe Hogan
DC to become key technology for ABB
Technology to remain a key focus in 2012
Localized R&D to cut time-to-market; new products for new markets

R&D employees in emerging markets

<table>
<thead>
<tr>
<th>Year</th>
<th>Emerging markets</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>25%</td>
</tr>
<tr>
<td>2010</td>
<td>26%</td>
</tr>
<tr>
<td>2011</td>
<td>27%</td>
</tr>
<tr>
<td>2015F</td>
<td>50%</td>
</tr>
</tbody>
</table>

R&D where the customers are:
Faster to market, better match to customer needs

Examples of new products launched in 2011

- **Door entry systems**
  - Residential/commercial, indoor/outdoor
  - Modular design for network configuration

- **Symphony DCS**
  - New generation DCS upgrade for installed base
  - Widely used in power and water applications

- **EV fast-charger**
  - Space saver for high-voltage substations
  - Highly modular, easy to customize
  - Operating in Europe and Asia
  - Full charge <30 mins.
  - Software connectivity to grid
Organic growth initiatives boost top line growth
Continued cost-out focus for 2012 at 3-5% of cost of sales

**Organic growth initiatives**

- Accelerate execution on software and service
- Focus on key growth areas eg, smart grid, rail, data centers, mobility
- Lead in grid expansion through HVDC, FACTS
- Disruptive technologies to open new markets, eg, direct current applications
- Leverage core technologies for new products, eg, inverters and drives, power DCS

**Cost savings**

- 50% Supply Chain Management
  Leverage volumes, boost supply chain competences
- 45% Operational Excellence
  Quality improvements, on-time delivery
- 5% Global Footprint
  Optimize geographic footprint
Targeted M&A to close strategic gaps
Build on Baldor success to secure M&A growth and synergies

<table>
<thead>
<tr>
<th>Geography</th>
<th>Product and services</th>
<th>Markets</th>
</tr>
</thead>
<tbody>
<tr>
<td>NEMA motors in US</td>
<td>PLCs</td>
<td>Oil &amp; gas, eg, subsea</td>
</tr>
<tr>
<td>India, USA low voltage</td>
<td>Solar inverters</td>
<td>Smart grids</td>
</tr>
<tr>
<td>US ANSI, NEMA Markets</td>
<td>Industrial software</td>
<td>Renewables, e-mobility</td>
</tr>
<tr>
<td>South East Asia Penetration</td>
<td>High service products</td>
<td>Data centers</td>
</tr>
<tr>
<td>China, relays, MV drives</td>
<td>Electro mechanicals</td>
<td>Wind, water and rail</td>
</tr>
</tbody>
</table>

* Transactions expected to be closed in 2012
Outlook for 2012
Mixed view short term, ample profitable growth opportunities for FY 2012

Long-term market outlook remains positive
- Continued investments in grid efficiency and industrial productivity

Short-term market view mixed
- Uncertainty in Europe, but signs of recovery in NAM, China focus on growth

Management expectations on results
- Early-cycle growth at low single digits
- Price pressure expected to continue in parts of power (as previously guided)
- Business mix expected to weigh on Q1 margins
- Management focus on driving cost and productivity improvements to continue
- Backlog, power distribution, oil & gas, emerging markets support profitable growth in 2012

Driving the business for both cost and growth
Management priorities for 2012
Managing for both cost and growth

- Sustain momentum on cost reduction and project execution
- Target organic growth opportunities
  - Emerging markets, service & software, key sectors (e.g., grids, oil & gas)
  - Take benefits from growth investments around selling, R&D
- Focus on excellence in M&A integration and execution
- Drive customer quality improvements: Net Promoter Score +5-10% per year
- Extend emerging markets footprint and In-Country for-Country efforts
- Secure cash generation with improved net working capital management: 11-14% sales