Annual Results, Zürich, Feb 14, 2013

ABB Q4 and FY 2012 results
Joe Hogan, CEO
Eric Elzvik, CFO
2012 summary and results overview
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 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.
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

|   | Drive competitiveness  | 1. Cost and productivity savings more than offset lower prices  
<table>
<thead>
<tr>
<th></th>
<th></th>
<th>2. Power Systems reset for higher, more consistent profitability</th>
</tr>
</thead>
</table>
| 2 | Capitalize on megatrends| 1. Continued to differentiate in emerging markets with deep presence, full value chain  
|   |                          | 2. Energy efficiency, productivity, renewables integration continued to drive growth  |
| 3 | Expand core business   | 1. Service revenues continued to grow faster than total revenues  
|   |                          | 2. Region-for-region strategy: NPS improvement helping to retain customers  |
| 4 | Disciplined M&A        | 1. Stronger position in North American; Gaps filled in UPS, smart grid, e-mobility  
|   |                          | 2. T&B delivering on expectations, Baldor synergies gaining traction  |
| 5 | Exploit disruptive opportunities | 1. Breakthrough DC applications: breakers, data centers, ships, transformers.  
|   |                          | 2. Fundamental product redesigns to dramatically reduce raw material costs  |
# Full Year 2012

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Orders</td>
<td>40,232</td>
<td>40,210</td>
<td>0%</td>
<td>+4% (organic: 0%)</td>
</tr>
<tr>
<td>Order backlog (end Dec.)</td>
<td>29,298</td>
<td>27,508</td>
<td>+7%</td>
<td>+5%</td>
</tr>
<tr>
<td>Revenues</td>
<td>39,336</td>
<td>37,990</td>
<td>+4%</td>
<td>+7% (organic: 3%)</td>
</tr>
<tr>
<td>Operational EBITDA</td>
<td>5,555</td>
<td>6,014</td>
<td>-8% (organic: -12%)</td>
<td></td>
</tr>
<tr>
<td>Operational EBITDA %</td>
<td>14.2%</td>
<td>15.8%</td>
<td>-1.6% pts (organic: -1.8% pts)</td>
<td></td>
</tr>
<tr>
<td>Net income</td>
<td>2,704</td>
<td>3,168</td>
<td>-15%</td>
<td></td>
</tr>
<tr>
<td>Earnings per share</td>
<td>1.18</td>
<td>1.38</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividend per share</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash from operations</td>
<td>3,779</td>
<td>3,612</td>
<td>+5%</td>
<td></td>
</tr>
<tr>
<td>Free cash flow (FCF)</td>
<td>2,555</td>
<td>2,593</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FCF as % revenues</td>
<td>94%</td>
<td>82%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash return on invested capital</td>
<td>12%</td>
<td>14%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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)

<table>
<thead>
<tr>
<th>Region</th>
<th>Power</th>
<th>Automation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Americas</td>
<td>32%</td>
<td>34%</td>
</tr>
<tr>
<td></td>
<td>+29%</td>
<td>+30%</td>
</tr>
<tr>
<td></td>
<td>+49% (+26% excl. T&amp;B)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>+30% (+12% excl. T&amp;B)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>+32%</td>
<td></td>
</tr>
<tr>
<td>Canada</td>
<td></td>
<td></td>
</tr>
<tr>
<td>US</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brazil</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Europe</td>
<td>-6%</td>
<td>-18%</td>
</tr>
<tr>
<td></td>
<td>Power</td>
<td>Automation</td>
</tr>
<tr>
<td>Norway</td>
<td>-7%</td>
<td>+3%</td>
</tr>
<tr>
<td>Finland</td>
<td>+10%</td>
<td></td>
</tr>
<tr>
<td>UK</td>
<td>+25%</td>
<td></td>
</tr>
<tr>
<td>Germany</td>
<td>-32%</td>
<td></td>
</tr>
<tr>
<td>Italy</td>
<td>-11%</td>
<td></td>
</tr>
<tr>
<td>Asia</td>
<td>-13%</td>
<td>-24%</td>
</tr>
<tr>
<td></td>
<td>Power</td>
<td>Automation</td>
</tr>
<tr>
<td>China</td>
<td>-10%</td>
<td>-4%</td>
</tr>
<tr>
<td>India</td>
<td>-41%</td>
<td></td>
</tr>
<tr>
<td>Australia</td>
<td>-4%</td>
<td></td>
</tr>
<tr>
<td>MEA</td>
<td>+28%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Power</td>
<td>Automation</td>
</tr>
<tr>
<td></td>
<td>+27%</td>
<td>+30%</td>
</tr>
<tr>
<td>Saudi Arabia</td>
<td>+25%</td>
<td></td>
</tr>
</tbody>
</table>
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

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

- 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
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
- Green
- Urbanization
- Emerging economies
- And power shift
- Transportation mobility (people, goods)
- Electrification
- Digital information

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

- Smart Grid
- Power Electronics
- Energy Efficiency
- DC Technology
- Software
- Data Centers
- Mechanical Equipment & Service
- Industrial Automation
- Service
- Oil & Gas Frontiers
- Renewables
- Geographic Market Penetration

Market Growth CAGR 2010 - 2015

World GDP

Market Size in 2010 ($bn)
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

Energy consumption
2x New York City
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

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales (in $bn)</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>5.9</td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>9.4</td>
<td>59%</td>
</tr>
</tbody>
</table>

Employees to reach 27,000

<table>
<thead>
<tr>
<th>Year</th>
<th>Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>11,300</td>
</tr>
<tr>
<td>2012</td>
<td>27,300</td>
</tr>
</tbody>
</table>

Change: 142%
Investing in Europe
16 new plants and capacity extensions

- Sweden: Ludvika
- Sweden: Karlskrona
- Switzerland: Lenzburg
- Switzerland: Dättwil
- Czech Republic: Brno
- Estonia: Juri
- Poland: Lodz
- Bulgaria: Rakavski
- Sweden: Karlskrona
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

$1.46 billion

US$ millions, % change in US$
Global R&D organization
Evolutionary and disruptive technologies

R&D spend > 1,4bn

Corporate labs in seven countries

> 7,000 technologists
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

$1.3 billion

2007 2008 2009 2010 2011 2012

US$ millions

+71%
Investing into 25 new sites and extensions
Localization, new products, higher productivity

- US: Huntersville
- Sweden: Ludvika
- US: Fort Smith
- CH: Lenzburg
- Brazil: Sorocaba
- Saudi: Dammam
- Estonia: Juri
- Vietnam: Hanoi
- China: Xiamen
- India: Vadodara
- Vietnam: Hanoi
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

<table>
<thead>
<tr>
<th>Q4 2012 performance</th>
<th>Q4 2012</th>
<th>Q4 2011</th>
<th>Change vs Q4 2011 US$</th>
<th>Change vs Q4 2011 local currencies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Orders</td>
<td>10,517</td>
<td>10,160</td>
<td>+4%</td>
<td>+4% (organic¹: -2%)</td>
</tr>
<tr>
<td>Order backlog (end Dec.)</td>
<td>29,298</td>
<td>27,508</td>
<td>+7%</td>
<td>+5%</td>
</tr>
<tr>
<td>Revenues</td>
<td>11,021</td>
<td>10,571</td>
<td>+4%</td>
<td>+5% (organic: -1%)</td>
</tr>
<tr>
<td>Operational EBITDA</td>
<td>1,373</td>
<td>1,568</td>
<td>-12% (excl. PS reset: +4%)</td>
<td></td>
</tr>
<tr>
<td>Operational EBITDA %</td>
<td>12.5%</td>
<td>14.8%</td>
<td>-2.3% pts (excl. PS reset: unchanged)</td>
<td></td>
</tr>
<tr>
<td>Net income</td>
<td>604</td>
<td>830</td>
<td>-27% (+5% excl. PS reset²)</td>
<td></td>
</tr>
<tr>
<td>Cash from operations</td>
<td>2,438</td>
<td>1,674</td>
<td>+46%</td>
<td></td>
</tr>
</tbody>
</table>

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

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

\(^1\) 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
Solid investment grade balance sheet
Strong support for organic and inorganic growth

- 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

**Net cash/debt position 2005-2012**

US$ billions

- 2005: -0.6
- 2006: 1.5
- 2007: 5.4
- 2008: 5.4
- 2009: 7.2
- 2010: 6.4
- 2011: 1.8
- 2012: -1.6

**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

Consistent cash generation for shareholders

\(^1\) Based on ABB share price at year-end 2012
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
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

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

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

**MEA**
- Political and security risks remain
- Economic diversification to continue
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.

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1. In local currencies
Power and productivity for a better world™