



Ulrich Spiesshofer, CEO, Capital Markets Day, London, September 9, 2014

ABB – Next Level

Shaping a global leader in power & automation

Important notices

Presentations made during Capital Markets Day 2014 include 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 these presentations 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:

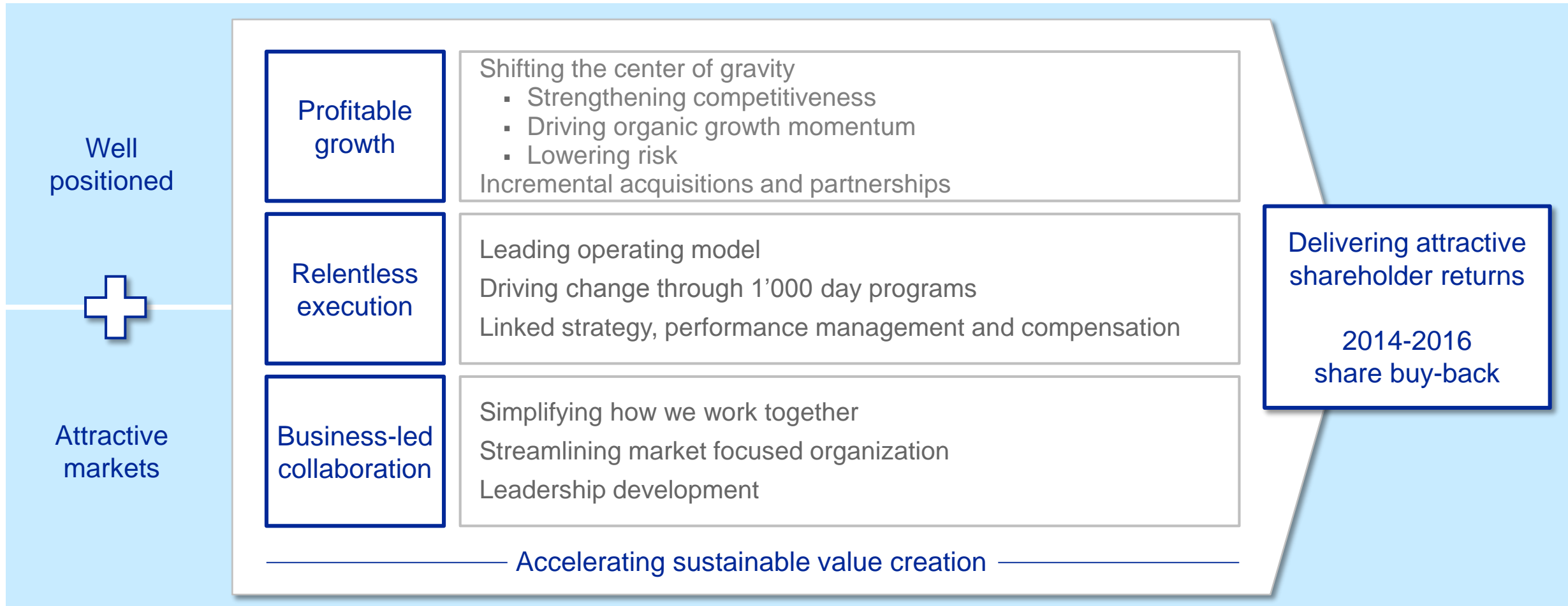
- business risks associated with the with the volatile global economic environment and political conditions
- costs associated with compliance activities
- raw materials availability and prices
- market acceptance of new products and services
- changes in governmental regulations and currency exchange 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.

Presentations also contain non-GAAP measures of performance. Definitions of these measures and reconciliations between these measures and their US GAAP counterparts can be found in “Supplemental Financial Information” under “Capital Markets Day 2014” – “More information” on our website at www.abb.com/investorrelations

ABB – Next Level

Shaping a global leader in power & automation



Well positioned in attractive markets

ABB today

What
(Offering)

Power & Automation

Power ~ 40% of revenue

Automation ~ 60% of revenue

For whom
(Customers)

Utilities

~35% of revenue

Industry

~45% of revenue

Transport & Infrastructure

~20% of revenue

Where
(Geographies)

Globally

AMEA¹ 37%

Americas 29%

Europe 34%

\$42 bn
revenue

~100
countries

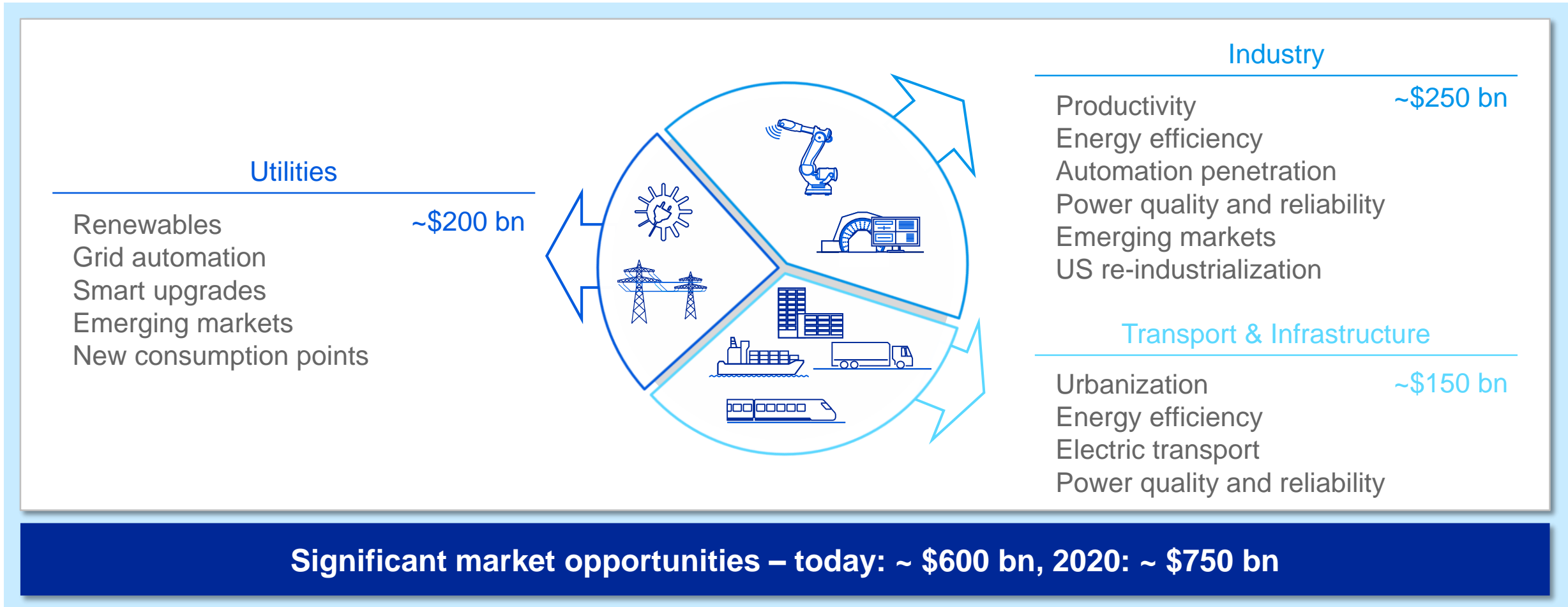
~145,000
employees

Single "A"
credit rating

HQ Zurich

Well positioned in attractive markets

Power & automation demand drivers in three customer segments



Well positioned in attractive markets

A leader in power & automation in all our segments – examples

Power & Automation

Utilities



#1 in transmission and distribution
Technology pioneer (FACTS¹, HVDC² breaker, etc.)
Deepest and broadest portfolio of offering footprint

Largest installed T&D³ base
Leading service capabilities
#2 in solar inverters
Strong innovative software portfolio

Industry



#1 in Distributed Control Systems
#1 in gearless mill drives for mining
#1 in industrial motion (motors and drives)

A leading robotics player
Strong innovative software portfolio
Leading service capabilities

Transport & Infrastructure



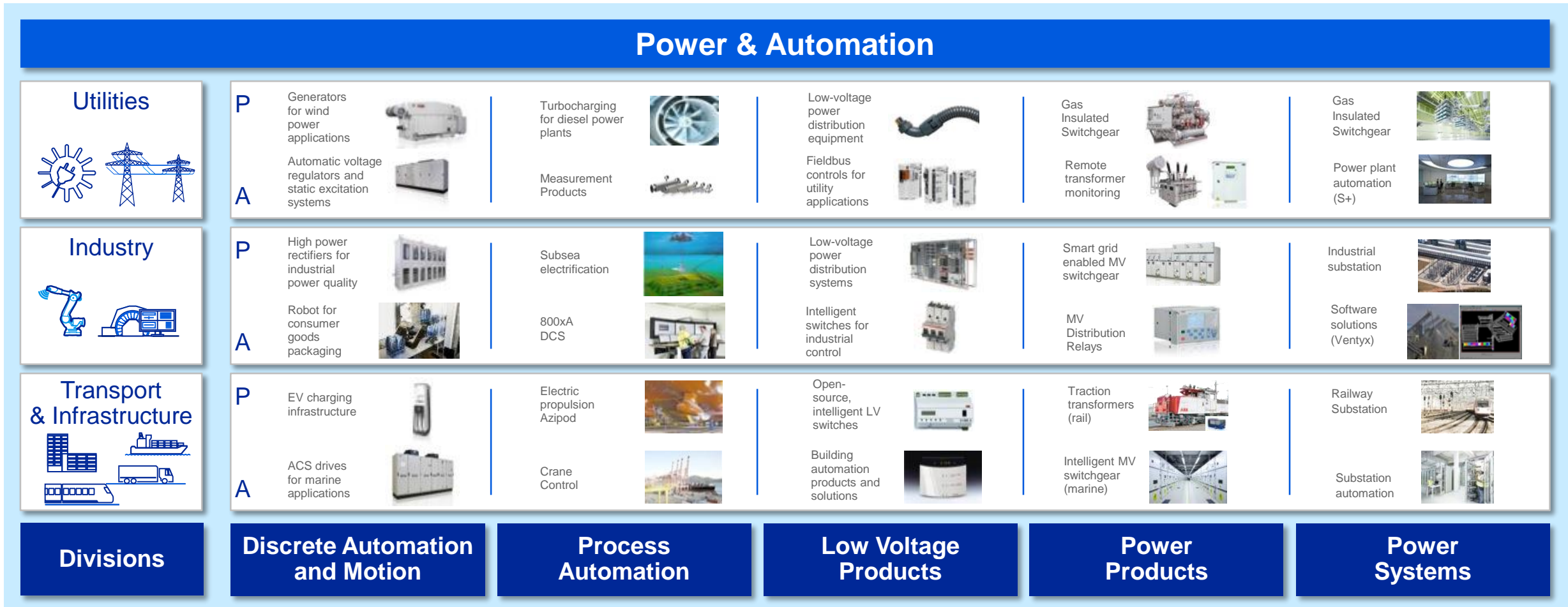
A leading player in infrastructure / building electrification
#1 in electric propulsion for ships
#1 in terminal automation for ports
#1 for large industrial turbochargers

A leading player in electric train traction systems
A leading player in high-speed train retrofits and
wayside power systems
A market and technology leader in EV⁴ charging

Our aspiration: #1 or #2 in all segments

Well positioned in attractive markets

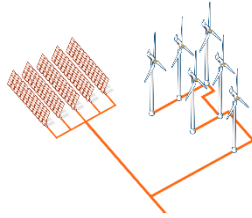
Power & automation offering across all customer segments



Well positioned in attractive markets

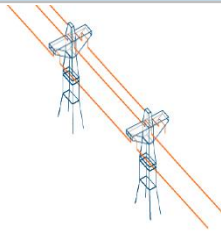
Global trends – big shift in the electrical value chain

Generation mix



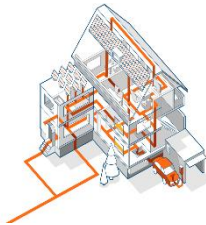
Renewable share: ~40% of capacity by 2035
Greater volatility, less predictability
More feed-in nodes

Power transmission and distribution



Increasing complexity
Control / information flow is key value driver
Transmission: longer distances, higher voltages

Micro- / Nano-grids



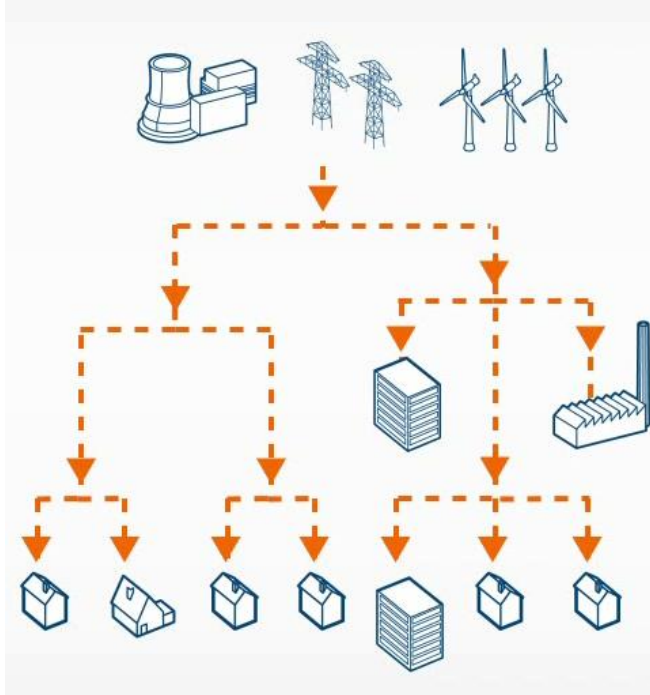
On- and off-grid
Control / automation on “local” level
Energy storage is key

We are at the forefront of the change

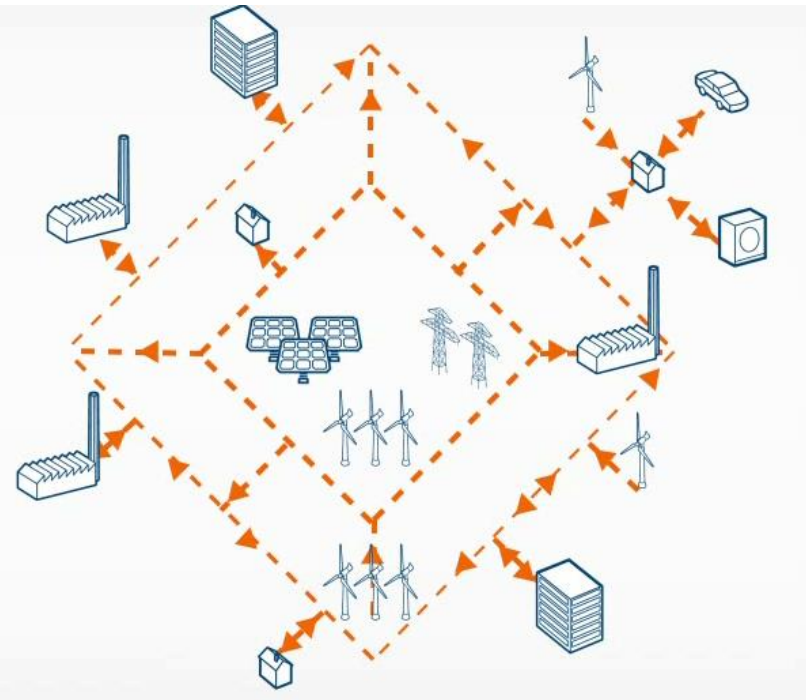
Well positioned in attractive markets

Global trends – big shift in the electrical value chain

Traditional grid



New grid



We are leading the transition to the digital grid

Well positioned in attractive markets

Breaking News – \$800 million Scottish HVDC Light order

Caithness-Moray subsea power link, Scotland



Customer:

Scottish Hydro Electric (SHE) Transmission

Commissioning: 2018

Largest investment in North Scotland's electricity network since the hydro development era of the 1950s

Renewable integration in strengthened power networks

HVDC Light (VSC¹) transmission link, scope:

- Two 320 kV land-based HVDC Light converter stations
- Submarine and underground cables ~160 km

Up to 1200 MW capacity – enough to serve 2 million Scottish people

We commissioned 13 of the 14 similar HVDC links in the world

Well positioned in attractive markets

Power: a leading partner in the “big shift”

Strong portfolio today



Renewable power conversion

Power generation: control and electrification

Market, technology leader in power transmission

Power distribution portfolio

Broad software applications, incl. Ventyx

Early mover in micro- / nano-grids, energy storage

A leader in electric vehicle charging

Marine electrification

Attractive strategic portfolio growth areas



Interconnections, ultra high voltage

Grid automation

- Control solutions
- Software

New grid topologies

- Micro- / nano-grids
- Energy storage

Power for industry and transport & infrastructure

Advanced services

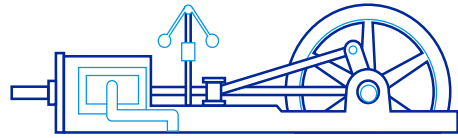
- Engineering / consulting
- Remote monitoring, analytics services

Well positioned in attractive markets

Global trends – 4th industrial revolution

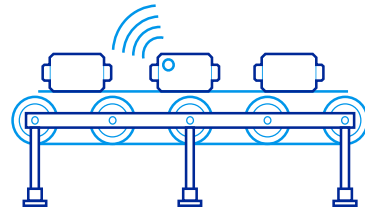
Industry 1.0 – 1712

First practical steam engine



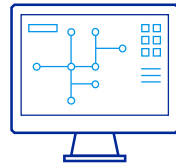
Industry 2.0 – 1870

First elevated conveyor belts



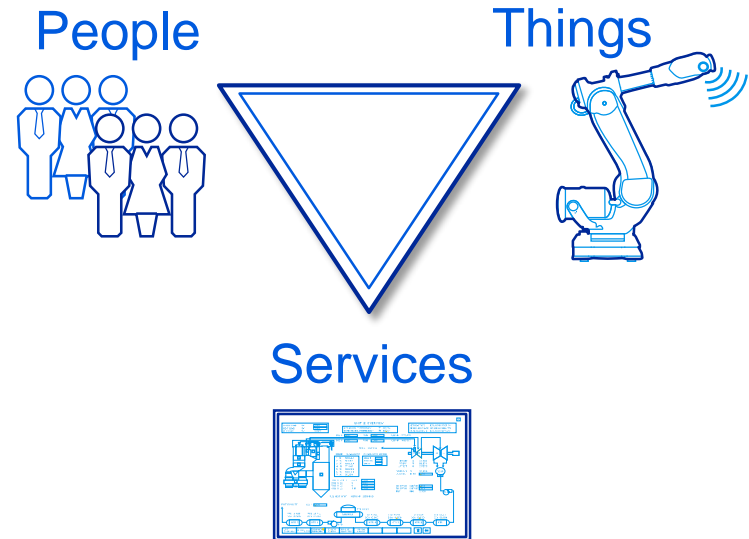
Industry 3.0 – 1969

Electronics / software based control



Industry 4.0 – today and tomorrow

Internet of ...



We lead proactively with new connected offerings

Well positioned in attractive markets

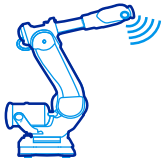
Example – robotics remote service

People



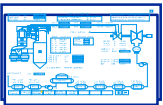
Clients can access actionable information from smartphones and tablets
The information is available at any place, any time

Things



Intelligent and connected robots
Sending data to cloud servers for back-up, reporting, diagnostics, and benchmarking

Services



Central service unit remotely monitoring robots to support clients 24/7
Provides analytics to optimize robot usage and predict maintenance needs



Industry 4.0 in action

Well positioned in attractive markets

Automation: a leading partner in the 4th industrial revolution

Strong portfolio today



#1 in industrial motion motors and drives

#1 in process automation systems

Embedded software and intuitive programming

Application software for focus sectors, e.g.,
oil & gas, mining

Broad offering and strong presence in key process
industries

A leading robotics player

Innovative, value-adding services

Attractive strategic portfolio growth areas



Next level of process automation

- Oil & gas
- Mining

Broader sector presence

- Discrete automation
- Building automation

Industrial motion solutions

Software

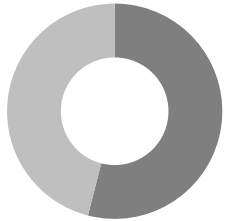
Advanced services

- Consulting / engineering
- Remote monitoring, analytics services

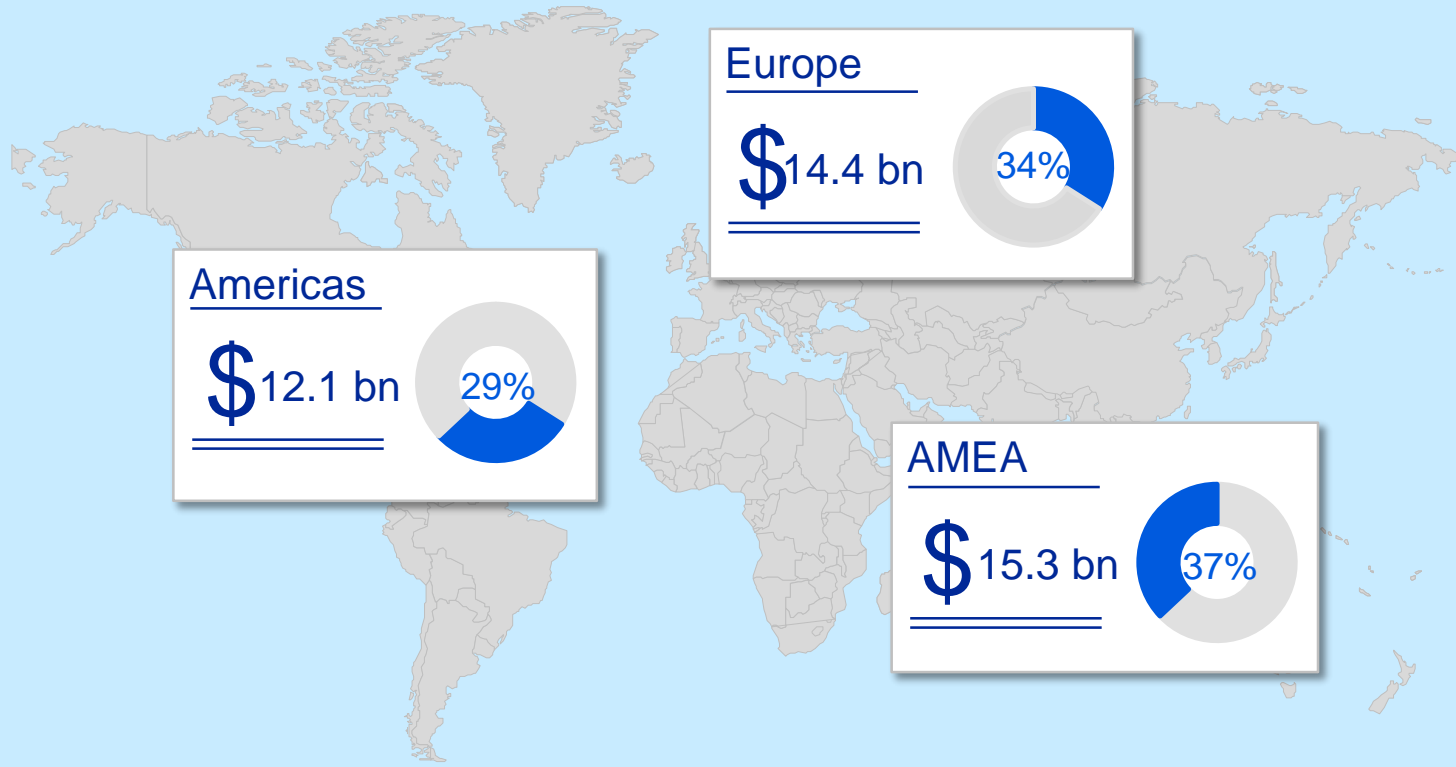
Well positioned in attractive markets

A true global player – team, culture, and presence

Revenue split 2013



- Mature markets (54%)
- Emerging markets (46%)



Top 200 managers

>3/4
from outside
Switzerland and
Sweden

27
nationalities from
6 continents

8
nationalities in the
Executive
Committee

We are a unique global team with local presence everywhere

ABB – Next Level

Accelerating sustainable value creation

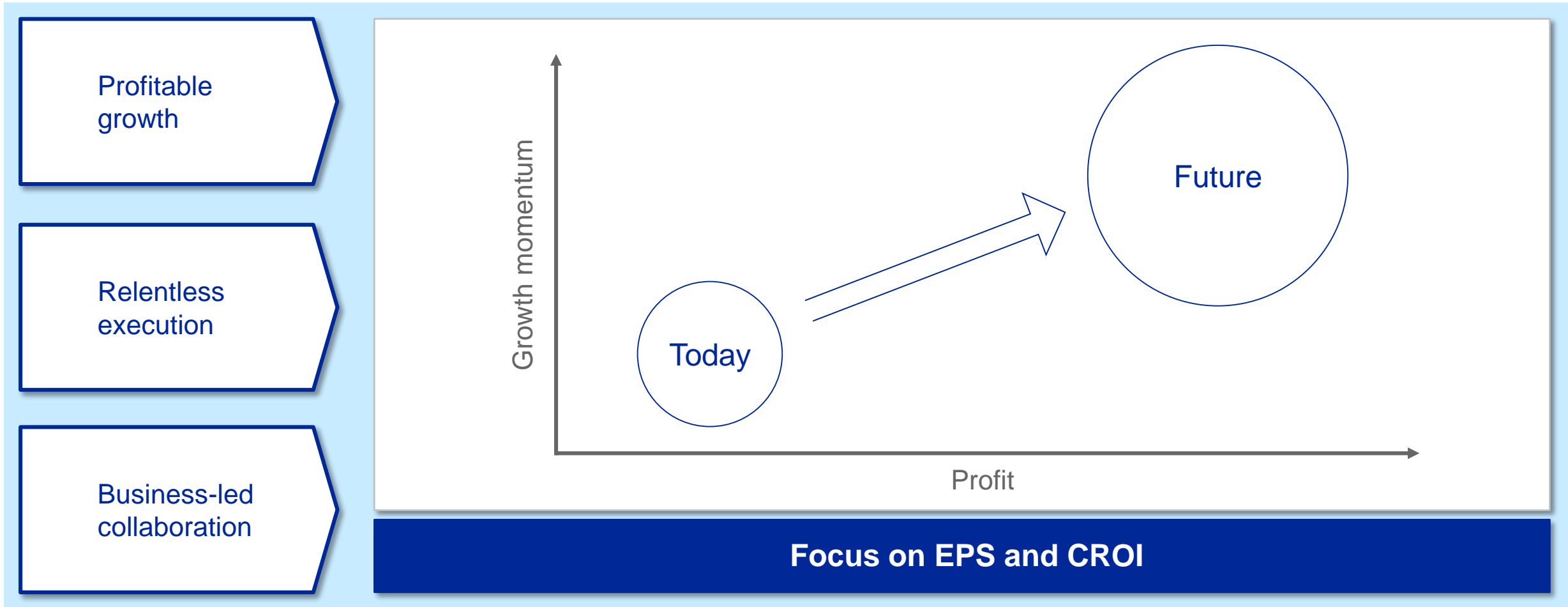


ABB – Next Level Profitable growth

Well
positioned



Attractive
markets

Profitable
growth

Shifting the center of gravity

- Strengthening competitiveness
- Driving organic growth momentum
- Lowering risk

Incremental acquisitions and partnerships

Relentless
execution

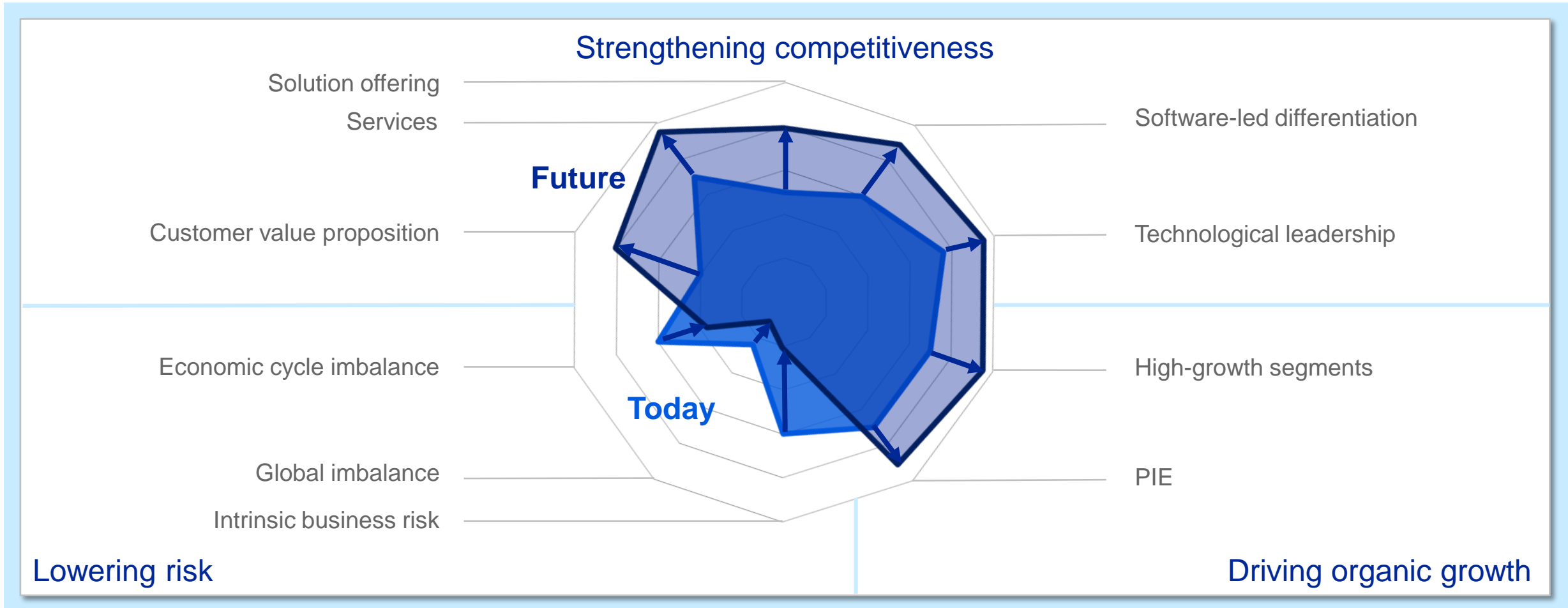
Business-led
collaboration

Delivering attractive
shareholder returns

2014-2016
share buy-back

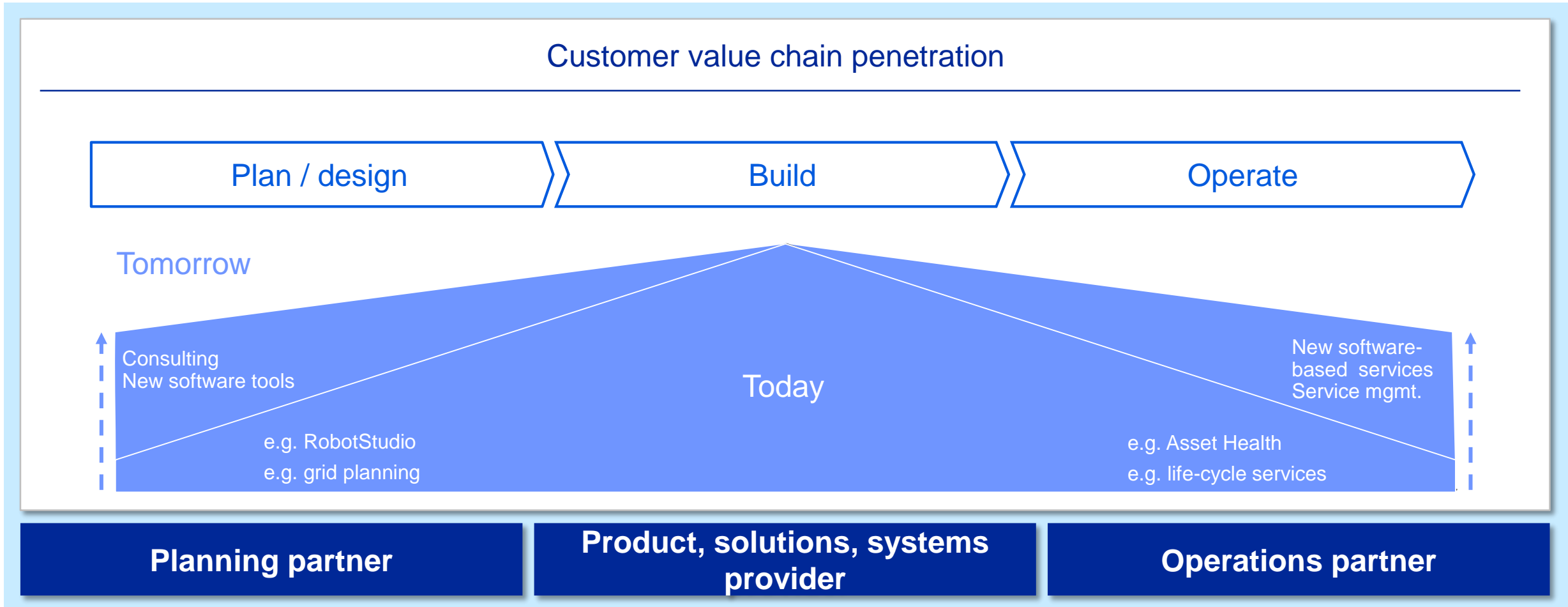
Accelerating sustainable value creation

Shifting the center of gravity



Shifting the center of gravity

Expanding customer value proposition and relevance

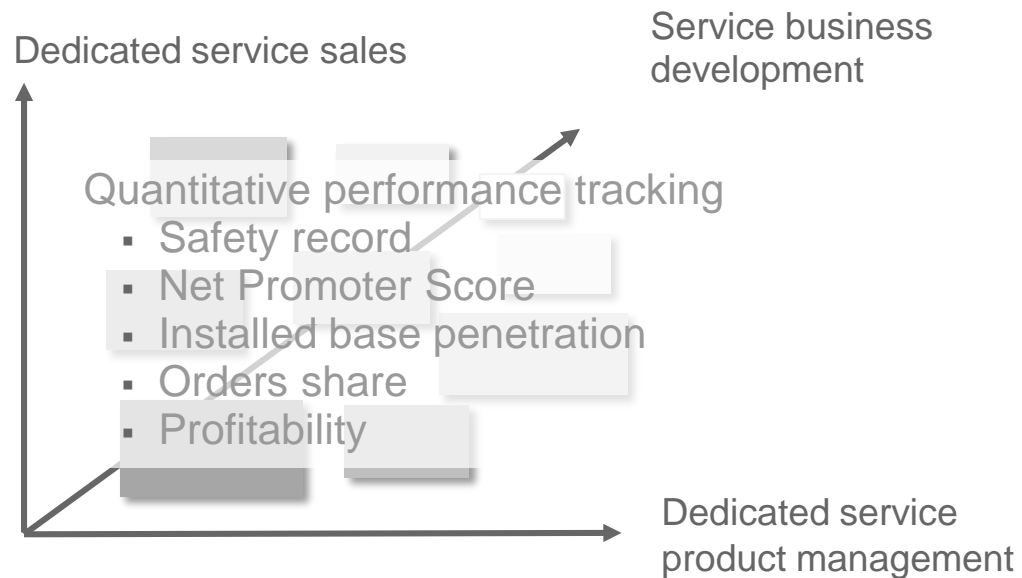


Shifting the center of gravity

Continuously increasing services / intensity and share



Rigorous implementation of existing strategy



Next level of services growth

Today

- Installed base penetration
- Service portfolio expansion

Additional levers

- Engineering, consulting expansion for target segments
- Software-based services
 - Remote monitoring
 - Analytics
- Partnerships and acquisitions

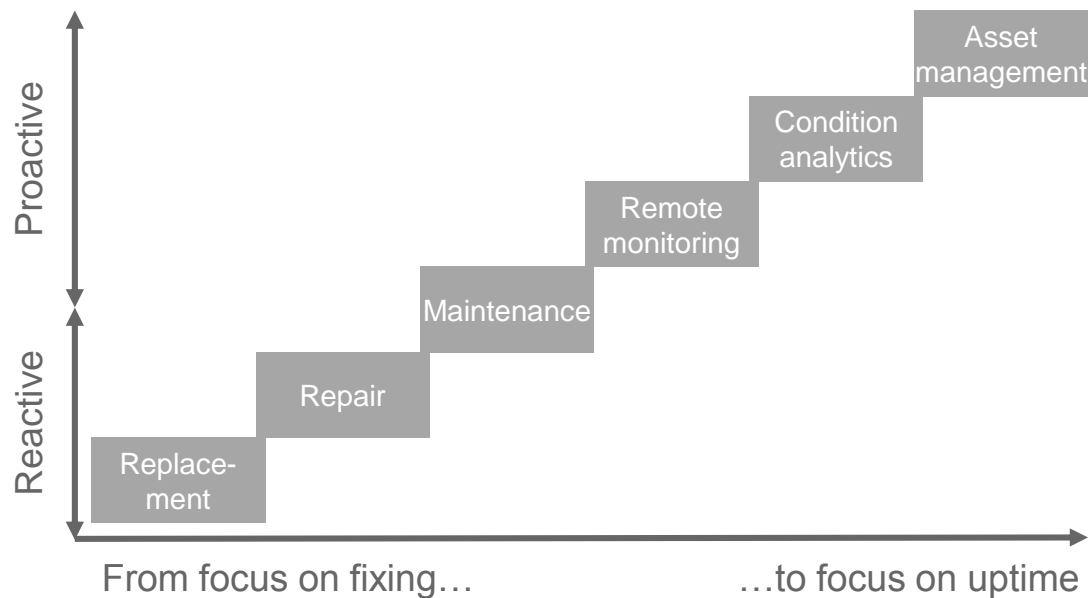
Increasing service share of revenue by 1%-point annually

Shifting the center of gravity

Continuously increasing services – example: expansion in mining



Expanded services offering



Example: remote monitoring for mining



Remote, real time monitoring



Maximization of Overall Equipment Efficiency (OEE), asset optimization

Global mining customers, e.g., Vale, Anglo American

We constantly expand high value-adding services

Shifting the center of gravity

Majority of offering with software content today



ABB software business – some facts

Embedded software: core of our electronics offering

Automation system software: a leading DCS¹ player

Application software: for design, operations, and services

> 50% of offering is software-related

> 2'600 software developers

Smallest software application



3-pole contactor

~100 lines of software code

Large software application



Network Manager

>5 mn lines of software code

Same size as avionics and control system of Boeing 787

A leading industrial software player



Shifting the center of gravity

Accelerating software-led differentiation

Software type	Strategic direction	Customer value examples
Embedded software e.g. drives	Enhance intelligence of products Increase product value	Ease of installation / integration Condition monitoring
Automation system software e.g. SCADA, 800xA DCS	Continue to expand functionality (e.g., mobile interfaces, security) Keep architecture leadership	Leaner operations Energy efficiency Faster response time
Application software e.g. Asset Health, RobotStudio	Focused expansion of value-adding applications Complementing strong presence and offering	Faster, easier design Constant optimization Service efficiency

Software is a key element of our value proposition – today and tomorrow

Shifting the center of gravity

Expanding technology leadership – innovations for customer value



“Big shift” in electrical value chain

Solar off-grid application

Solar power solution for rural power pumping



Efficient long-distance power transmission

525 kV HVDC cable



4th industrial revolution

Advanced maintenance-free sensor technology

Wireless, energy harvesting temperature, pressure sensors



Increased uptime, service efficiency

Remote robotics service



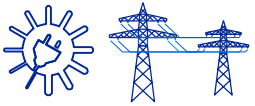
+\$1.5 bn investment in R&D annually, 8,500 R&D staff in +30 countries



Shifting the center of gravity

Focusing on high-growth segments – examples

Utilities



Large micro-grids (on- / off-grid)
Digital substations
Software for grid automation and services
Solar

Network control
Asset upgrade / retrofit

Industry



Oil & gas: facility of the future
Oil & gas: disruptive subsea offering
Mining 2.0

New robotics applications (e.g. electronics)
Food & beverage: packaging

Transport & Infrastructure



Data center electrification
Rail retrofit projects and geographic penetration
Distribution channel penetration

E-mobility: fast charging
Micro- / nano-grids including energy storage
Marine automation and electrification

We are well positioned to access high-growth segments

Shifting the center of gravity

Driving organic growth momentum through PIE



Penetration

Selling more of our existing offering to accessible customers

Distribution channel cooperation between ABB, Thomas & Betts, Baldor



Innovation

New offerings / value propositions – focused resource allocation

Emax2 – the world's first smart circuit breaker that saves energy



Expansion

Expansion into high-growth segments

New robotics packaging solutions hub in Singapore



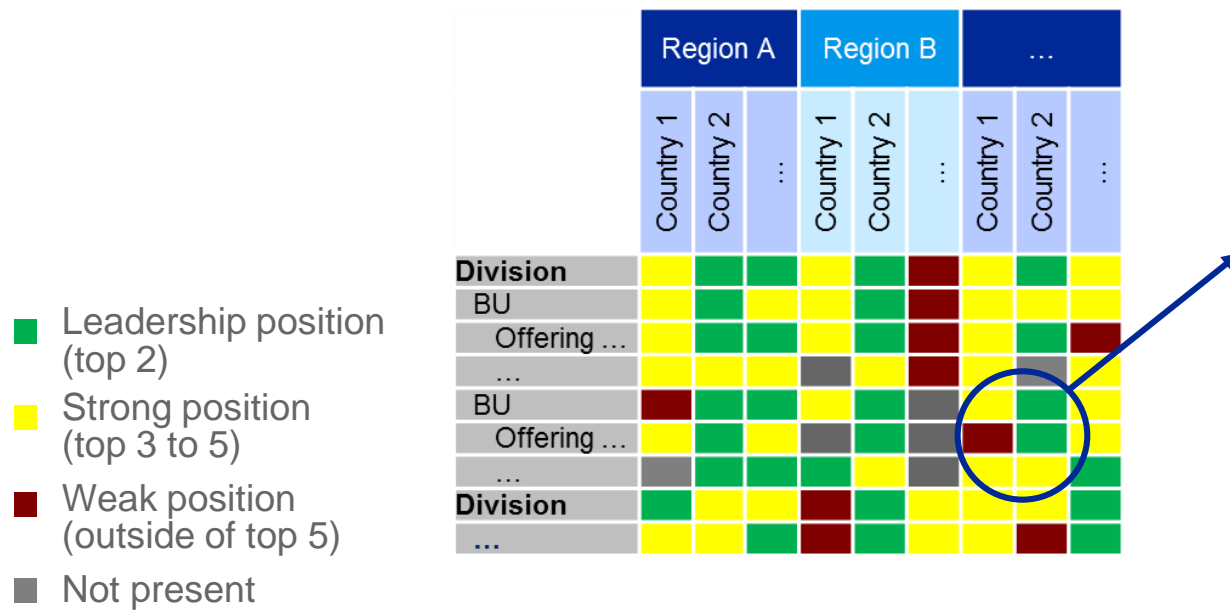
NPS¹ of 46%² (+30%-points since 2010) and order momentum up (+13% in Q2)³

Shifting the center of gravity

Driving organic growth momentum



Navigation check by geographies, sectors



Clear action plans

Initiatives

Country	Initiative	Description	Sponsor	...
xxx	xxx	xxx	xxx	...
xxx	xxx	xxx	xxx	...
...

Targets

	Region A		Region B		Region C	
	Country A	Country B	Country C	Country D	Country E	Country F
Initiative A	xxx	xxx	xxx	xxx	xxx	xxx
Initiative B	xxx	xxx	xxx	xxx	xxx	xxx
...

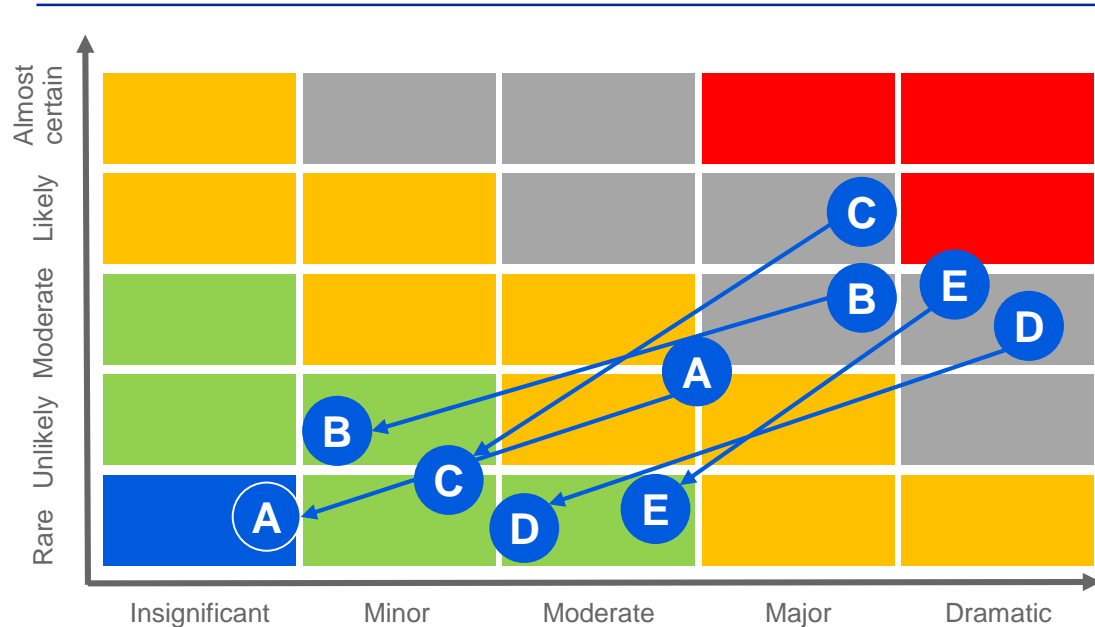
We operationalize growth in an engineering culture

Shifting the center of gravity

Reducing intrinsic business risk



Identifying relevant risks (illustrative)



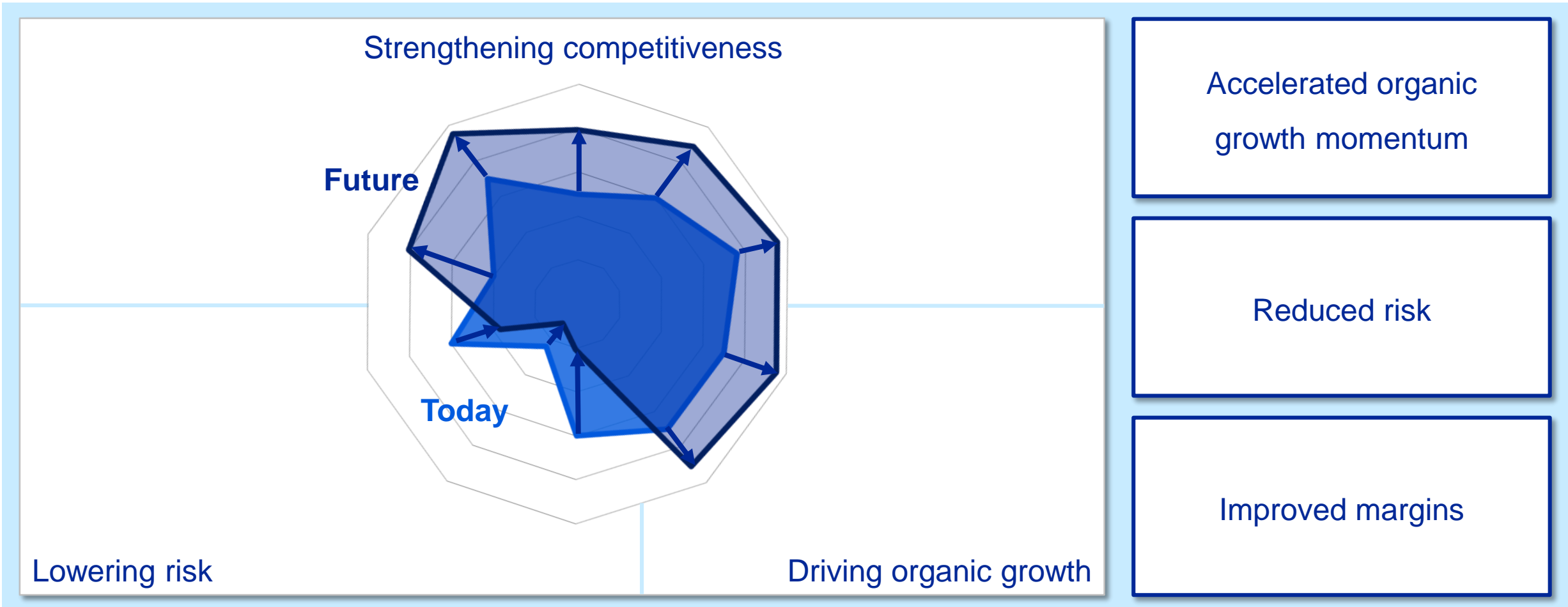
Targeted risk mitigation (examples)

Reduction lever	Standardization / modularization	Pooling / best practices	Commercial terms	Partnering
Risk area				
Engineering				
Installation				
Project management				
SCM				
Business model (e.g. EPX)				
Recent examples	Substations	Marine / oil & gas	Offshore wind	Offshore wind

We will deliver lower volatility, higher predictability, higher margins

Shifting the center of gravity

Summary



Profitable growth

Incremental acquisitions



~30 acquisitions since 2010, \$6 bn of revenues¹

Expansion

More than doubled presence in largest economy of the world – US
A leading position in solar

Value

Solid integration track record
Delivered synergies
Maintained strengths and teams
Live “best of both worlds”

Discipline

Successful portfolio pruning of non-core assets
Stopped pursuits in line with our criteria
Integration score card as basis to link performance with compensation

Most recent transaction: Spirit IT

ABB



Spirit it
Innovative Technologies

ABB

Gas flow computers and measurement control software

Spirit IT

Liquid flow computers and measurement control software

Portfolio completion

Enables to capture high-growth unconventional oil & gas exploration opportunities

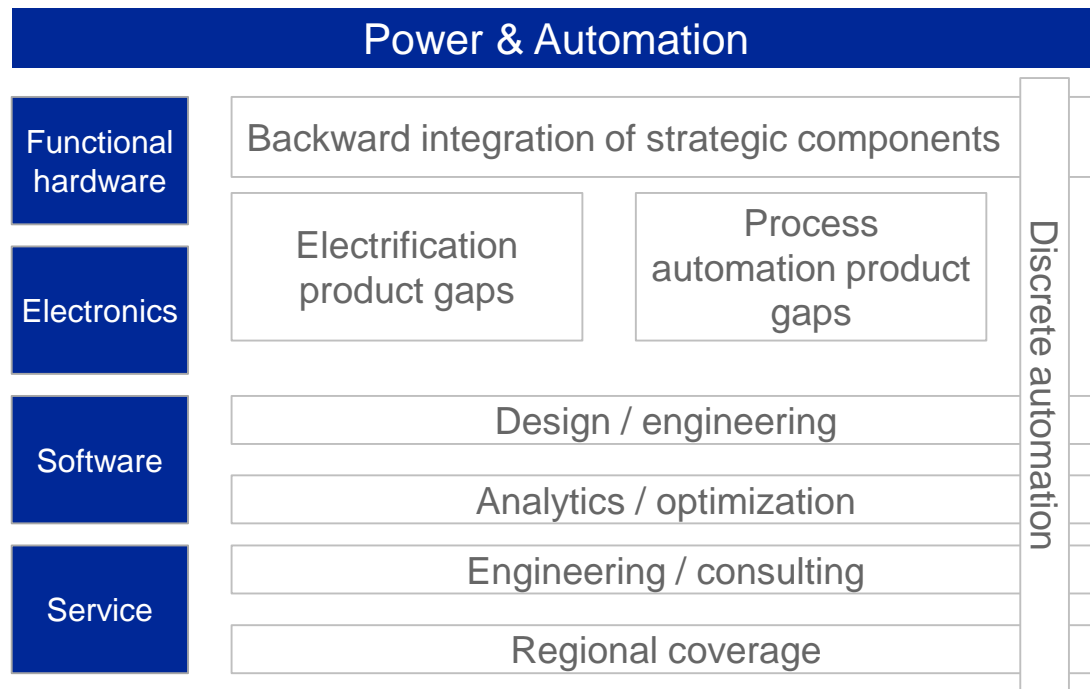
Proven track record of value enhancing M&A



Profitable growth

Clear strategic direction, proven criteria for acquisitions

Strategic direction (examples)



Criteria

- Accelerating profitable growth
- Impactful and value creating
- Complementary strengths
- Cultural fit
- Integration capabilities available
- Financial criteria
 - Return > WACC by end of year 3
 - IRR > WACC plus specific hurdles
 - Financing designed to retain "A" credit rating
 - EPS-accretive

Profitable growth

Partnerships for increased customer value



Partnership for energy storage



Packaged energy storage solutions and grid connection capabilities
Global market access



Scale in batteries from automotive and electronics
Battery integration and mgmt. system knowledge

Leading grid energy storage solutions

Partnership for commercial building automation



Building automation expertise



LED lighting expertise

Seamless integration of LED lighting systems and building device control

Spirit

Complementing partners

Customer value

Incremental growth

Criteria

Fit of offering and capabilities

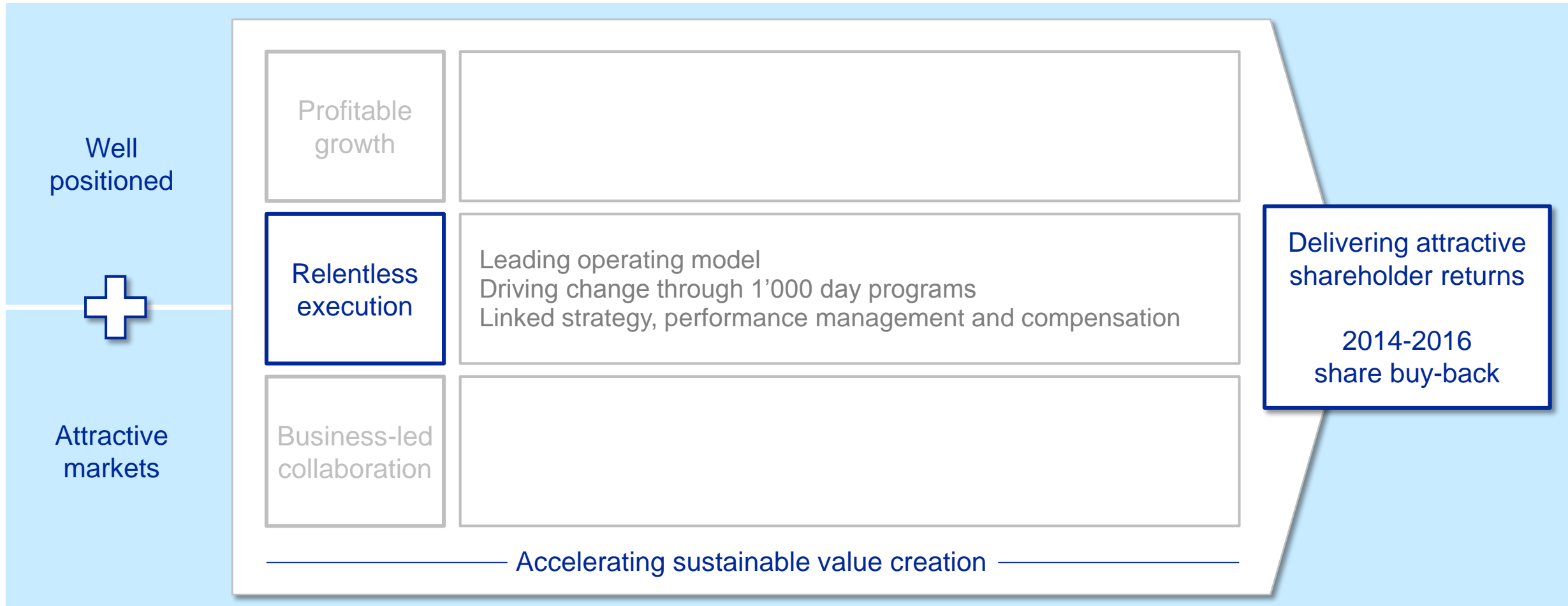
Leading players in their fields

Good cultural fit



ABB – Next Level

Relentless execution



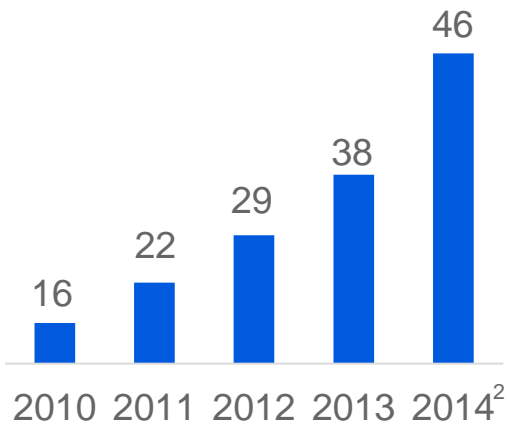
Leading operating model

Broadening success in customer satisfaction and cost / SCM

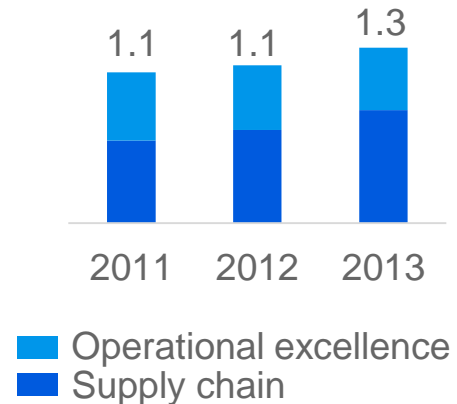


Results

Customer satisfaction –
NPS¹ in %



Cost savings
\$ billions p.a.



Focus

Keep momentum in NPS and cost Δ
Drive white collar productivity, shared services

- Enhance customer service
- Free up resources for growth
- Speed, quality, service, cost

Push capital efficiency

- Disciplined investments
- Inventory reduction

Reflected in performance management and compensation

We deliver sustainable momentum

Leading operating model

Broadening success: wider scope, Next Level results



Governance

HSE¹

Integrity

Strategy

Internal controls ...

Value chain

R&D

Marketing

Portfolio &
product
mgmt.

Sales

Engi-
neering

Manu-
facturing

SCM

Project
mgmt.

Service

Quality & Operational Excellence

Net Working Capital

Corporate & support
functions & platforms

HR

Legal & Integrity

Finance

Communications ...

Staged implementation of comprehensive operating model

Leading operating model

Relentless execution dashboard – simple, powerful performance mgmt.



		Customer			Cost			Cash						Total points	2013 baseline points
KPI		OTD Request in Place	CCRP's Resolved on Time	Field Failure Rate Metric in Place	Cost reductions as % cost	OPQ as % COS	Productivity Coefficient	DPO		Inventory Turns		DSO			
	Details						Δ* Actual	Δ*	Actual	Δ*	Actual	Δ*	Actual		
ABB	Points Actual														
	2014-06														
PS	Points Actual														
	2014-06														
PP	Points Actual														
	2014-06														
LP	Points Actual														
	2014-06														
DM	Points Actual														
	2014-06														
PA	Points Actual														
	2014-06														
Δ*: Delta improvement from prior year end															

Rigorous measurement driving continuous improvement

Leading operating model

Completing Power Systems “step change”



Situation

Small number of complex project situations with operational issues

Low-margin projects in the backlog weigh on profits

Need to improve operational and risk management

Much better grip on situation compared to beginning of year

Status

Base business growth on track

Leadership strengthened

Off-shore wind situation improving

- New business model implemented
- Capabilities enhanced
- Key project milestones achieved

Solar EPC: on track to close 90% by end of 2014

Cost out plans on target

Strategy

Adapt the business model

- Derisk EPC, change business model
- Remain turnkey provider with right risk-return profile
- New model: system integrator

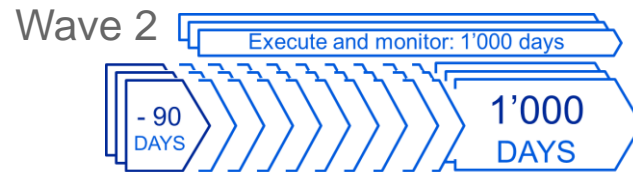
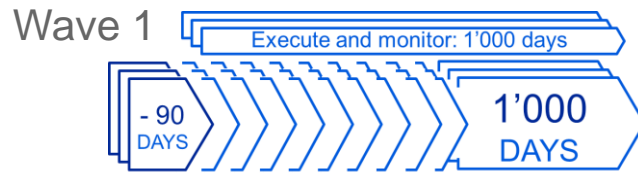
Grow the profitable base business

- Leverage market visibility and channels, strong global presence
- Consulting and services
- High-growth opportunities

Good progress made, solid grip on risks for 2014 / 2015, actions underway

Driving change through 1'000 day programs

Clearly defined objectives, milestones, accountabilities



Objective: “say-do”

- Focus on high-impact strategic priorities
- Align whole organization behind these priorities
- Develop and execute clear plans towards success
- Dedicate appropriate management resources

Approach: focused waves

- Focused implementation in waves
- Executive sponsor, business owner, allocated teams
- Coordinated by project office reporting to CEO
- High quality implementation plans
- Progress tracking on Executive Committee level, linked to performance management and compensation

Examples

Geographies: e.g. Africa

Operations: e.g. Net Working Capital

Jill Lee newly appointed Head of Next Level program, reporting to CEO

Linking strategy, performance management, and compensation

Balanced scorecard, robust targets



Financials

Financial KPIs

Operations

Relentless execution dashboard

Change

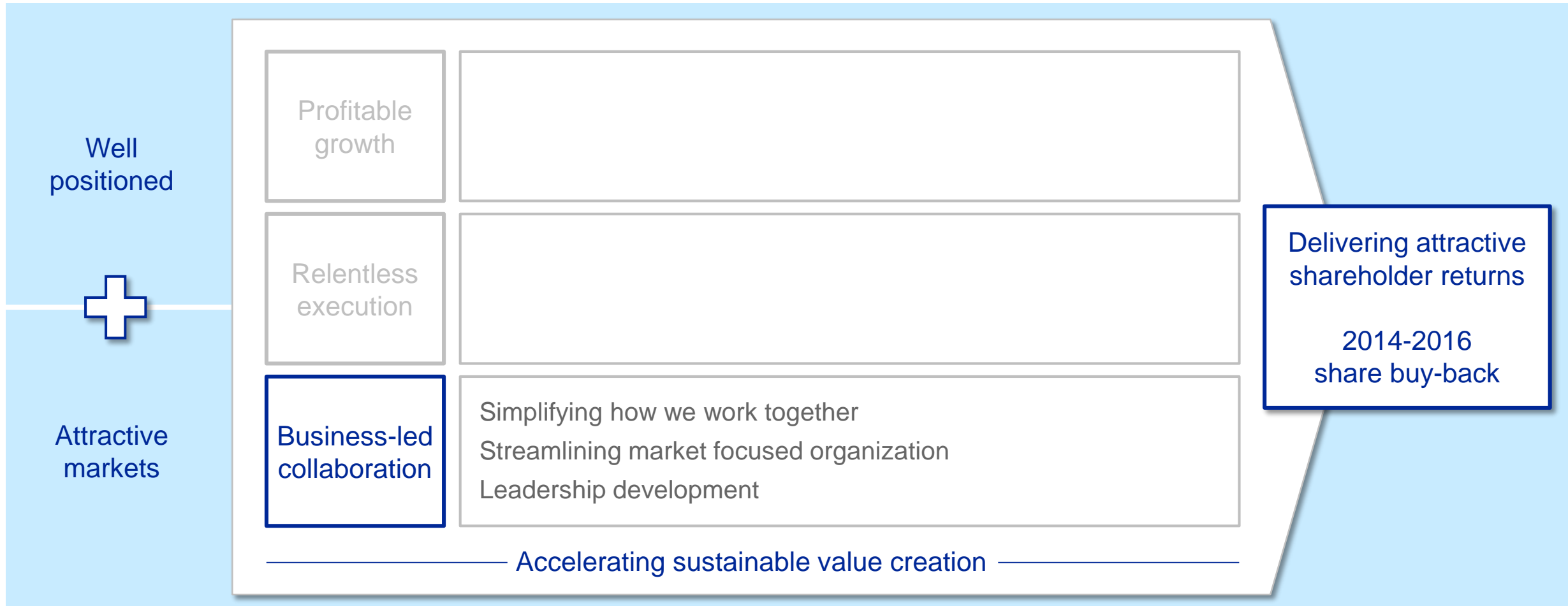
1'000 day programs

Leadership

Behavioral / leadership targets

Aligned incentives with institutional and individual performance

ABB – Next Level Business-led collaboration



Simplifying how we work together

Key principles



Customer-focused

Next level of external focus in daily operations
Strengthened cross-business customer collaboration
Effective empowerment closest to the customer

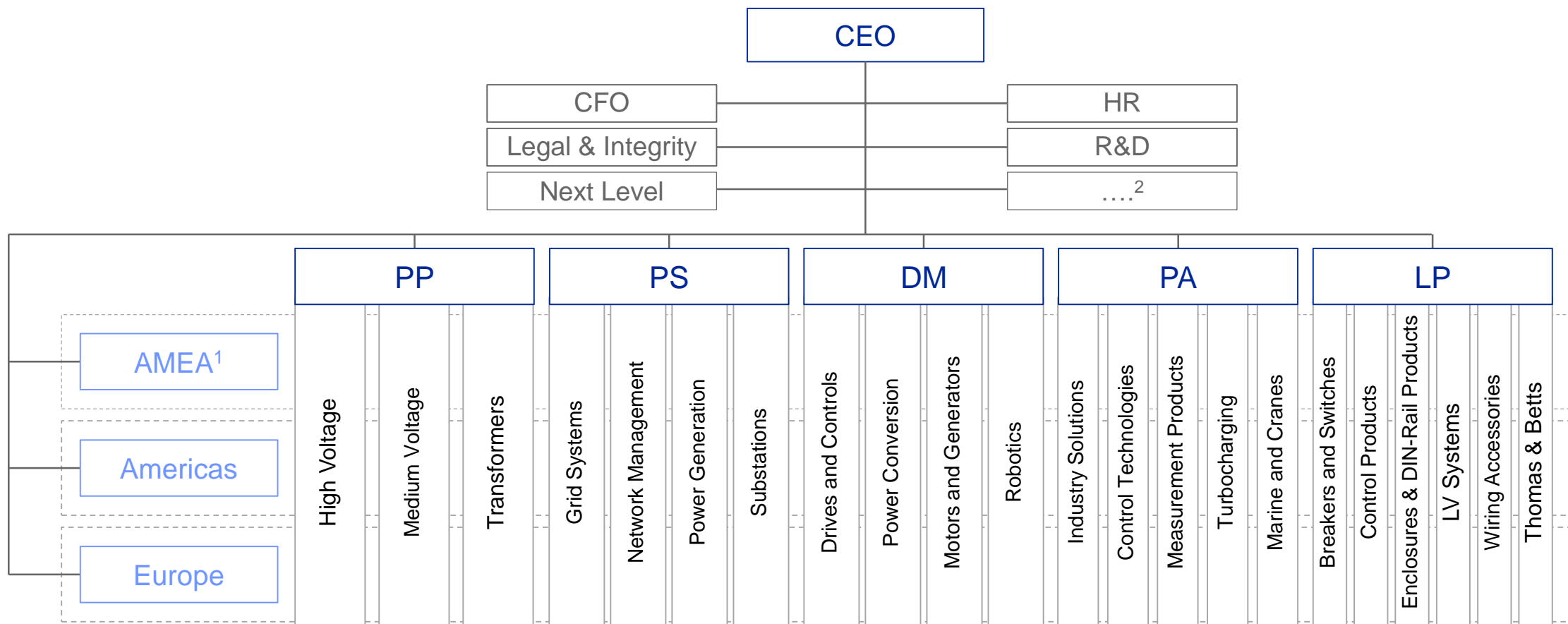
Business-oriented

Undiluted global business line responsibility as core of ABB
Efficiency and effectiveness through shared service centers

Clear, simple, efficient

Simple and fast internal processes
Clear roles and responsibilities for everyone

New organization as of January 2015



Leadership development

Executive Committee as of January 2015



Ulrich Spiesshofer
CEO



Bernhard Jucker
Power
Products

Division Leaders



Claudio Facchin
Power
Systems



Pekka Tiitinen
Discrete Automation
and Motion



Peter Terwiesch
Process
Automation



Tarak Mehta
Low Voltage
Products



Eric Elzvik
CFO

Corporate Officers



Jean-Christophe
Deslarzes
Human Resources



Diane
de Saint Victor
Legal & Integrity



Frank Duggan
AMEA

Regional Leaders



Greg Scheu
Americas



Veli-Matti Reinikkala
Europe

David Constable proposed for election as new member of the Board of Directors



David Constable



President and CEO of Sasol, a leading integrated energy and chemicals company based in South Africa

Former Group President of Operations of Fluor (29 years in leadership positions)

52 years old

Canadian national

A wealth of industrial experience

Solid track record in change programs, reset operating models and processes
Strong experience in EPC and process industries
First hand world-class project execution experience
Broad international background (North / South America, Africa)

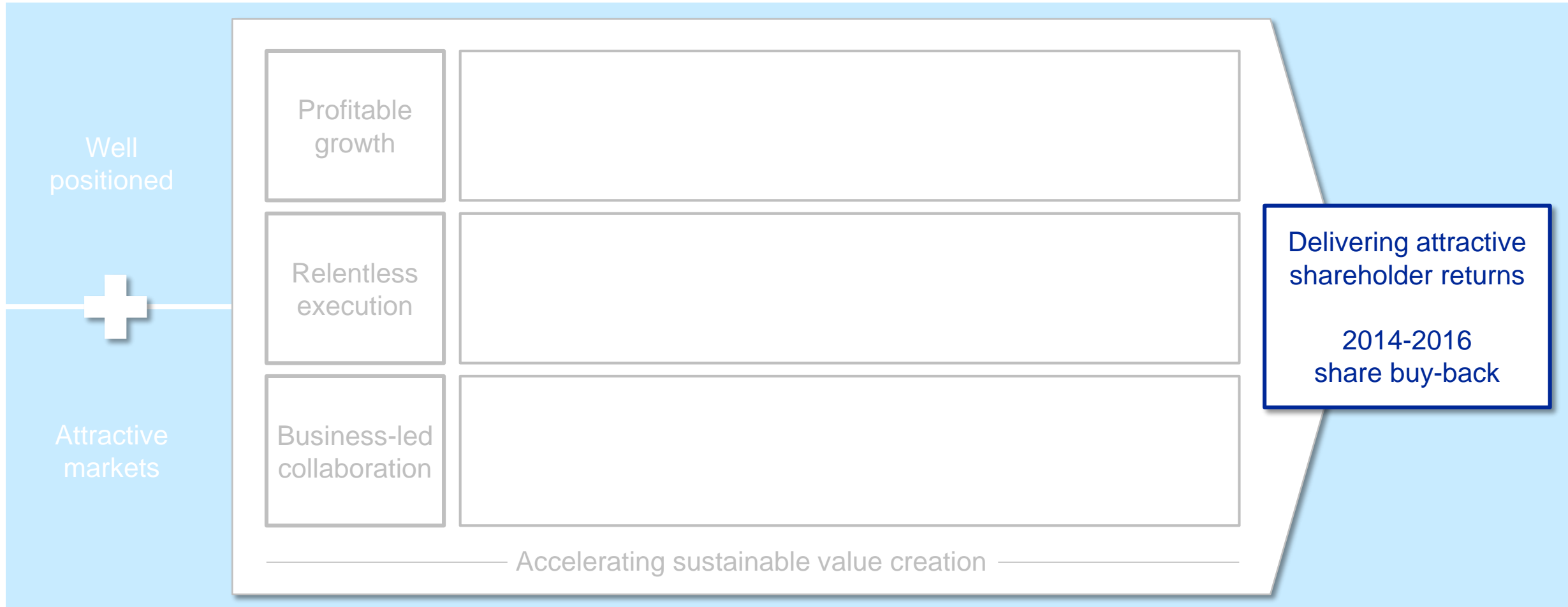
A strong complementary addition to the Board of Directors

Strengthening Board experience in process industries, EPC and Africa, a growth region for ABB

ABB shareholders will vote on the nomination of David Constable as new Board member at the April 30, 2015 Annual General Meeting

ABB – Next Level

Shaping a global leader in power & automation



Delivering attractive shareholder returns

Group financial targets 2015-2020

Revenue growth ¹	4-7%
Operational EBITA % ²	11-16%
Operational EPS growth CAGR ³	10-15%
FCF conversion to net income	>90%
CROI % ⁴	Mid-teens

Shareholders participate in strong cash generation through \$4 bn share buy-back

Shaping a global leader in power & automation

How we will deliver

New

- Shifting center of gravity of portfolio
- Comprehensive operating system
- 1'000 day programs
- Performance management stronger linked to strategy
- Simple, customer-focused organization, leadership appointments

Recently added

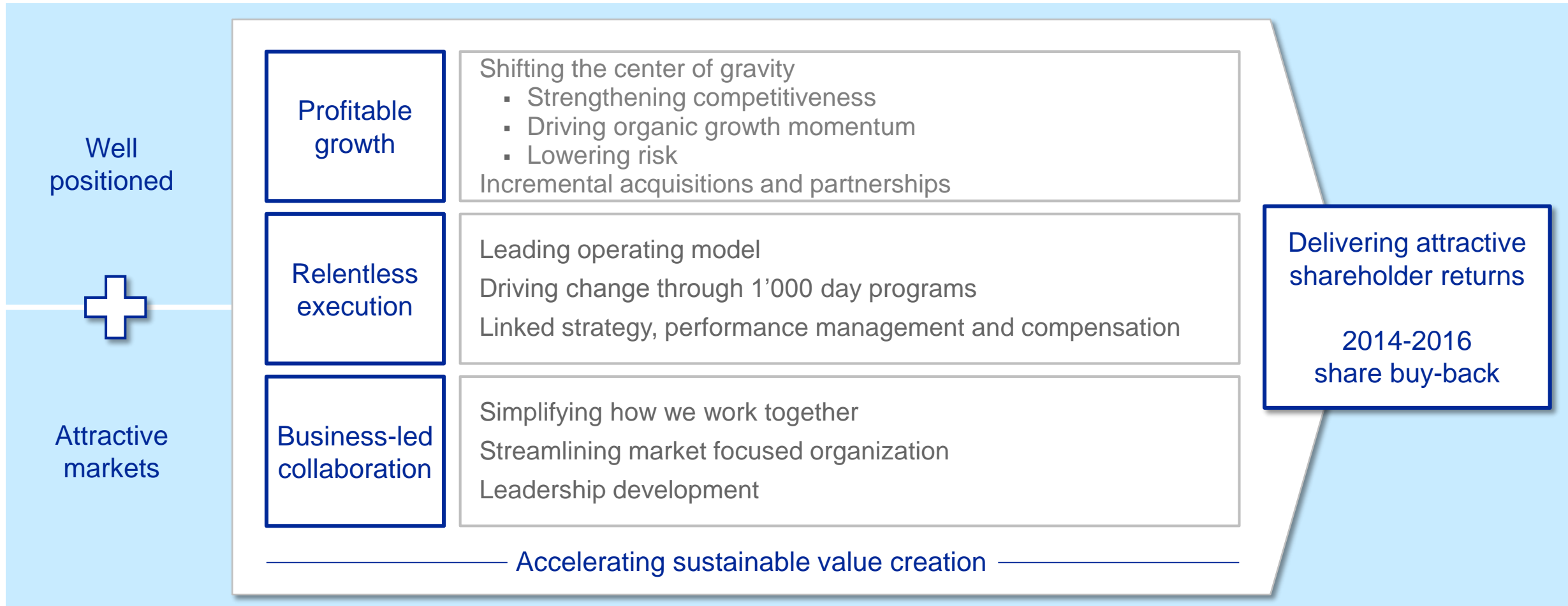
- Accelerated organic growth momentum through PIE
- White collar productivity
- NWC management
- Power Systems “step change”
- Relentless execution dashboard

What stays

- Health, safety, and environment, integrity first
- Power & automation focus
- Cost take-out discipline
- Focused, incremental M&A
- Unique global team and culture

ABB – Next Level

Shaping a global leader in power & automation



Power and productivity
for a better world™

