Eric Elzvik, CFO, Capital Markets Day, London, September 9, 2014

ABB – Next Level

Accelerating sustainable value creation

Power and productivity
for a better world™

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

Financial targets and capital allocation
Focused on attractive shareholder returns

Driving strong operational EPS growth[1]

- Profitable growth and margin accretion as key value drivers
- End markets growing above GDP
- Strong foundation to deliver growth

Delivering attractive CROI through disciplined investment and focus on cost

- Driving competitiveness to more than offset pricing pressure
- Continued strong cash conversion
- Improve net working capital management – large potential

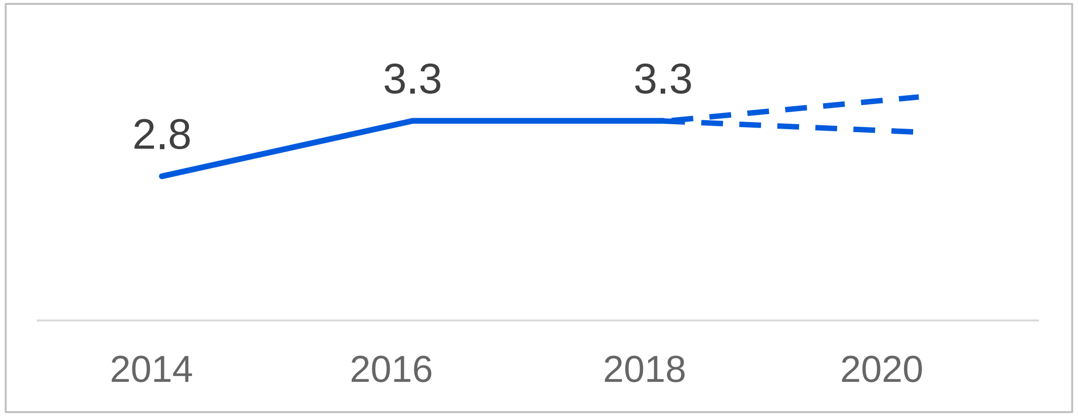
Capital allocation

- Maintain strong balance sheet to support the strategy
- Strong focus on total shareholder returns
- $ 4 billion share buyback program

[1] CAGR = compounded annual growth rate, base year is 2014 and assuming constant exchange rates

Assumptions for 2015-2020 Group financial targets
GDP and industrial capex to grow at ~3-3.5%

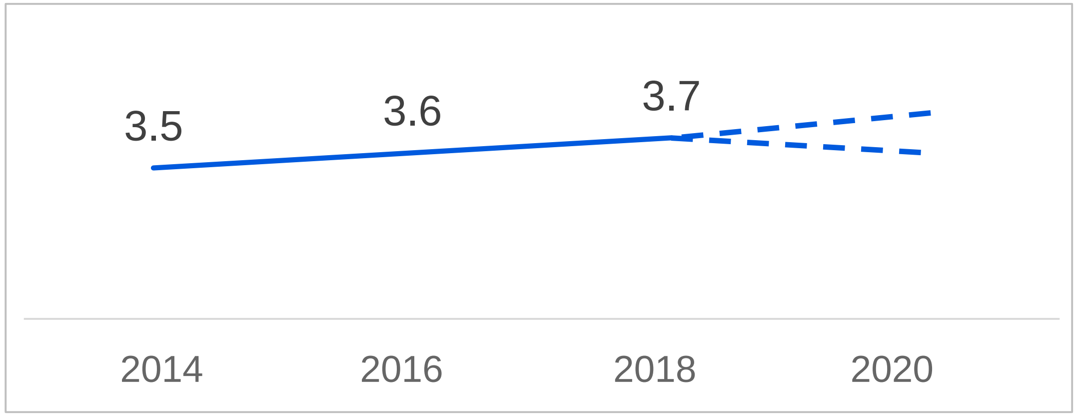
Global GDP growth in %



2/3 from emerging markets (growing ~6%)

US stronger than Eurozone with modest recovery

Industrial production in %



Industrial capex recovery

Utility capex ~2-3% CAGR

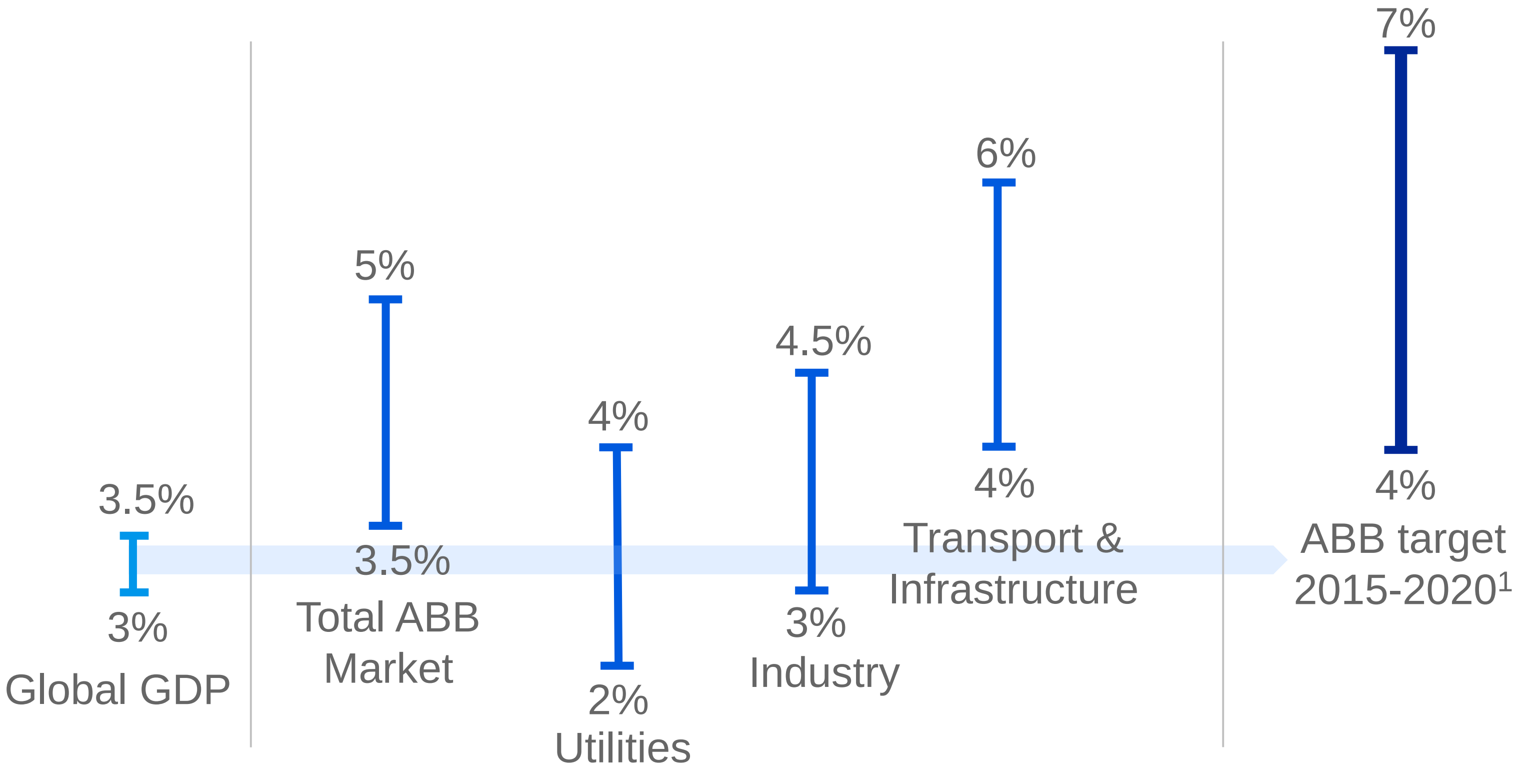
Oil prices expected to remain >$100/bbl

Mining recovery after 2016

 Source: Economist Intelligence Unit

ABB organic revenue growth target in context
Targeting above-market growth

Expected growth rates



Main drivers

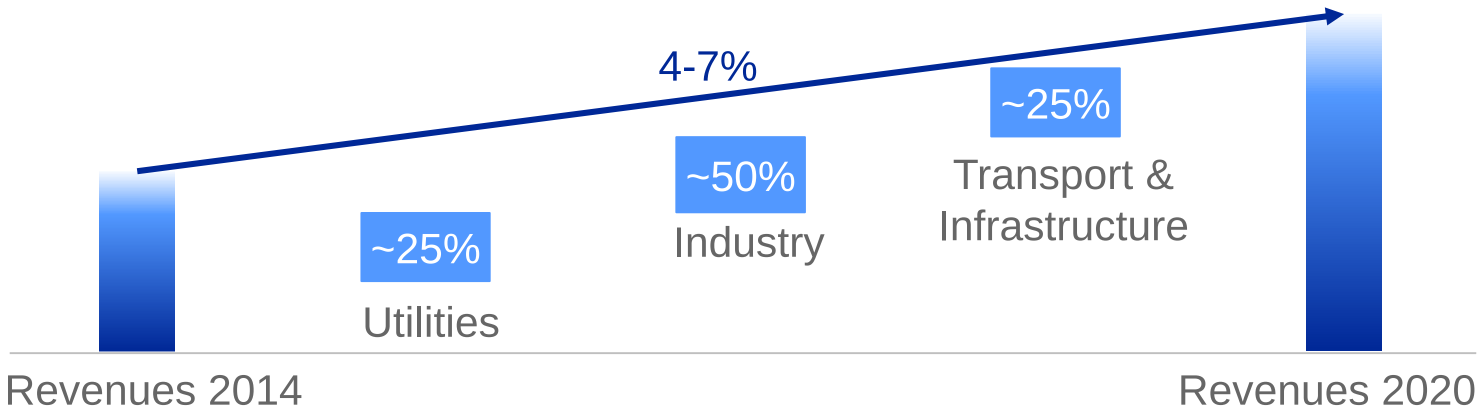
Shifting the center of gravity

- Strengthening competitiveness
- Driving organic growth momentum

[1]Average annual revenue growth on a like-for-like basis over 6 years, base year 2014

75% of growth from industry and transport & infrastructure
Shifting the center of gravity

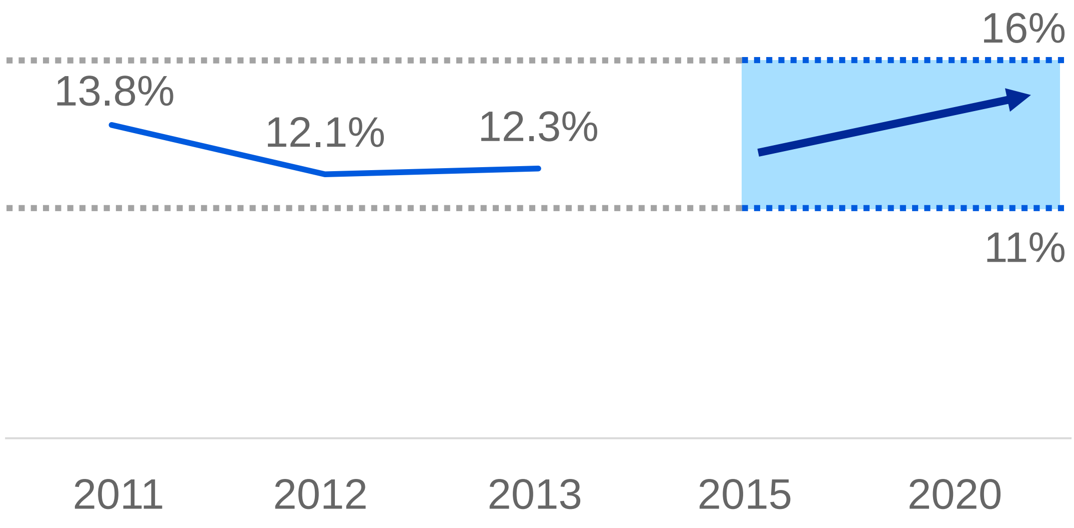
Approximate share of incremental revenue by end market



Focus on high-growth segments in utilities, industry, transport & infrastructure

Attractive margin across the cycle
Target to move steadily higher

Operational EBITA[1] and margin 2011-20 in mn $, %



Main drivers

Leading operating model

Complete Power Systems “step change”

Shifting the center of gravity

Implementation of 1’000 day programs

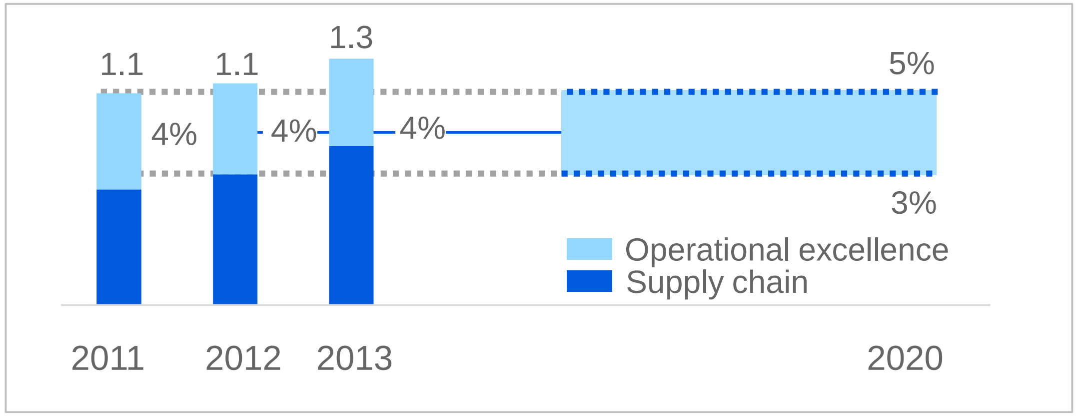
Investments in growth momentum and technology

2014 is the trough year, margin accretion starting in 2015

[1]Earnings before interest, taxes and acquisition-related amortization

Improved returns through relentless execution
Driving productivity for competitiveness

Cost savings in bn $, % COS



Further supply chain optimization

Relentless execution based on leading operating model

Continued cost savings of 3-5% COS per year

White collar productivity

Drive white collar productivity improvements through standardization, automation, and service platforms

Focus areas

- Engineering and design
- Sales and back office
- Administrative activities (e.g. Next Level of shared service centers with expanded scope)

Expect clear productivity improvement

Accelerate sustainable value creation
Multiple drivers for strong EPS growth

Illustrative

Main drivers

Operational EPS ($)

Today

Profitable growth
- Shifting center of gravity
- Incremental M&A

Margin accretion
- Leading operating model
- Completion of Power Systems “step change”
- Shifting center of gravity

Below EBIT
- Optimize finance net
- Maintain effective tax rate ~27%

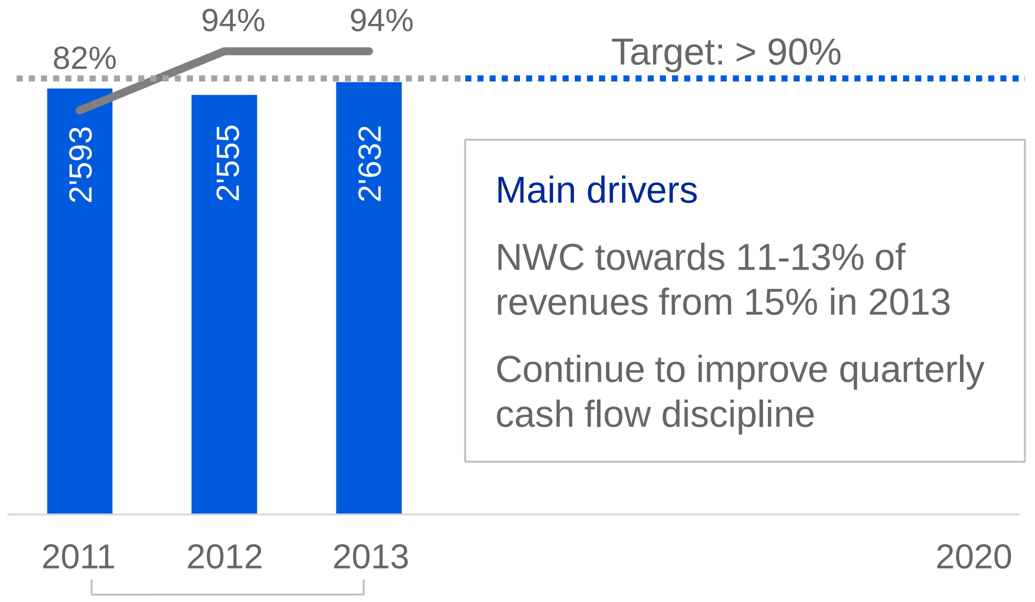
Operational EPS ($)

2020

Delivering operational EPS CAGR of 10-15%

Strong cash generation
Significant untapped potential in net working capital

Free cash flow and conversion to net income in mn $, %



Avg. conversion 2011-13 = 90%

Main drivers

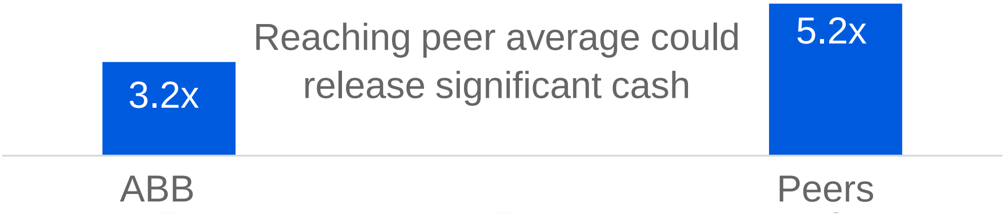
NWC towards 11-13% of revenues from 15% in 2013

Continue to improve quarterly cash flow discipline

Improvements deep into the value chain

For customer	For ABB
Shorter lead times	Higher inventory turns
On-time delivery	Earlier payment
Faster delivery cycles	Optimal supplier terms

Inventory[1] turns vs peers[2]

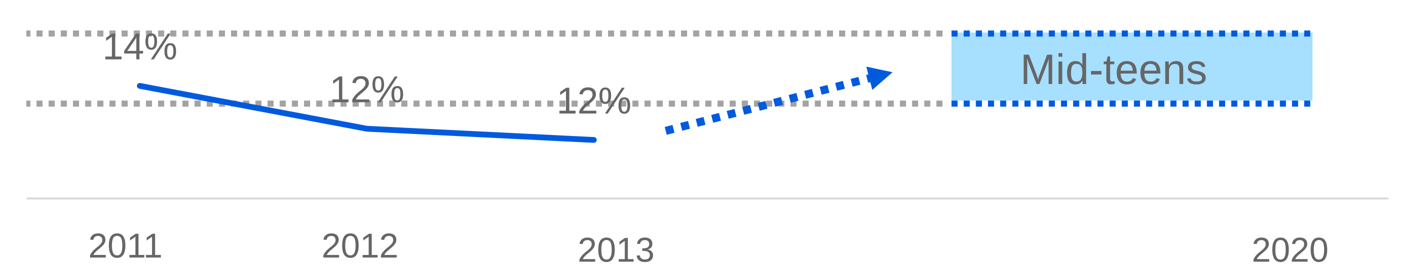


Reaching peer average could release significant cash

[1]Total inventory including unbilled receivables, net; [2]2013 Gartner Supply Chain: Top 10 industrial average

Cash return on investment (CROI) shows further room for improvement
Focus on both cash flow and capital

CROI development 2011-2020



Main drivers

Cash from operations: 10-15% operational EPS growth CAGR

NWC: increase inventory turns

Disciplined capital investments and M&A

Attractive long-term cash returns

Overview of 2015-2020 targets

Group targets and divisional operational EBITA margin targets

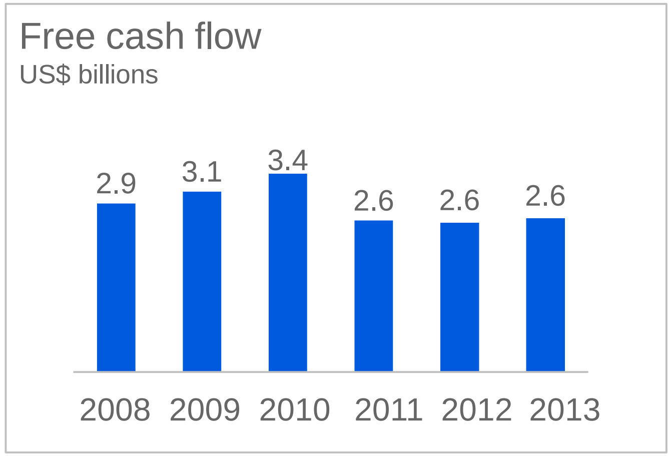
Group	
Revenue growth[1]	4-7%
Operational EBITA %[2]	11-16%
Operational EPS growth CAGR[3]	10-15%
FCF conversion to net income	>90%
CROI %[4]	Mid-teens

Divisions	
Discrete Automation and Motion	14-19%
Low Voltage Products	15-19%
Process Automation	11-15%
Power Products	12-16%
Power Systems	7-11%[5]

[1]Average annual revenue growth on a like-for-like basis over 6 years, base year 2014; [2]Target is on a full-year basis; [3]CAGR = Compound annual growth rate, base year is 2014 and assuming constant exchange rates; [4]Temporary reduction possible in the event of larger acquisitions; [5]The margin target for Power Systems will be in effect as of January 1, 2016 after concluding the “step change” program

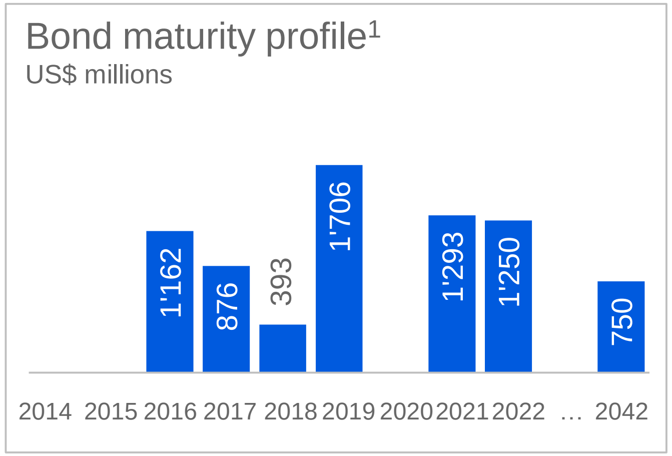
Strong financial foundation supports execution of the strategy
Balance sheet strength and financing flexibility

A consistent cash generator



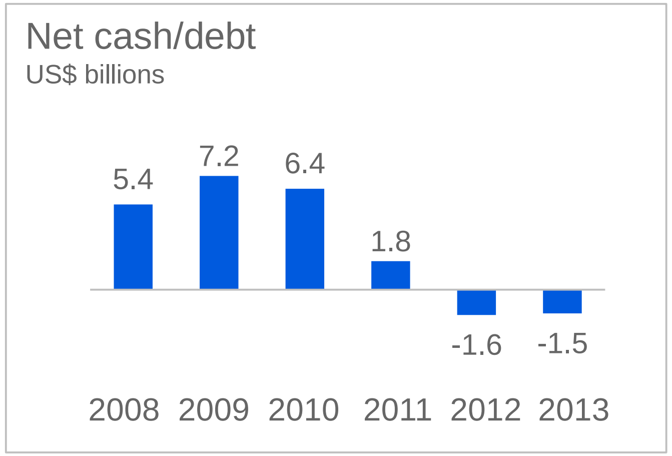
Sufficient cash to fund growth and pay consistent dividends

Long-term debt at attractive rates



Maturities funded from free cash flow

Solid balance sheet



Single “A" rating, solid base for funding

Our solid balance sheet makes us a reliable, long-term “bankable” partner for our customers

[1]Principal amount in US$ million using end of June 2014 exchange rates

Priorities for capital allocation
Balance between investing in future growth and returns to shareholders

Fund organic growth, R&D, and capex at attractive CROI

Steadily rising sustainable dividend

Value-creating acquisitions

Returning additional cash to shareholders

Attractive shareholder returns supported by 2015/16 share buy-back of $4 bn

ABB launches $4 billion share buy-back over 24 months
Driving attractive shareholder returns

Shareholders to participate in ABB's strong cash generation and financial position

Successful portfolio pruning generates > ~$1 billion pre-tax proceeds

Confidence in cash generation today and in the future

Running ABB with an efficient balance sheet

Approx. ¾ of the buyback program for a reduction of share capital and the remainder to support its employee share plans globally

Committed to attractive shareholder returns

A clear plan to accelerate sustainable value creation
Delivering attractive shareholder returns

Attractive growth and profitability targets

- 4-7% revenue growth, above market
- Cost savings will support operational EBITA margin accretion

Focus on cash and asset efficiency

- Material benefit from net working capital reduction
- Continued strong cash conversion >90%

Driving shareholder value through EPS and CROI

- Operational EPS growth of 10-15% CAGR and CROI in the mid-teens
- Strong balance sheet supports execution of the strategy

Power and productivity
for a better world™

ABB

Performance versus previous 2011-2015 targets at the end of 2013

Status and outlook

	Group targets	Status FY 2013	Expectations for the 2011-15 period
Organic[1] revenue growth (CAGR[2])	5.5-8.5%[3]	5.3%	2014 a challenging year; CAGR 4-5% over current planning cycle due to slower economic recovery and PS
Op EBITDA margin corridor	13-19%	14.5%	Continue to deliver within the range Power Systems to move towards target corridor
EPS[4] growth (CAGR[2])	10-15%	3%	Drive towards 10% CAGR[2]
Free cash flow conversion	Annual avg. >90%	90%	Sustain within the target range
Cash return on invested capital	>20% by 2015	11.6%[5]	Aim for mid-teens CROI by 2015

[1]Organic excludes all acquisitions greater than $50 million revenues closed after 2011 as well as Baldor, Ventyx and Mincom
[2]CAGR = Compound annual growth rate, base year 2010; [3]If Baldor, Ventyx and Mincom are included then CAGR is 7-10%;
[4]Basic EPS; [5]Estimated to account for Power-One annualized cash flow

Comparison new EBITA margin targets vs previous

Operational % (full-year basis)	New target EBITA%	Approx. of previous target in EBITA%	Previous EBITDA% targets
Discrete Automation and Motion	14-19%	14-19%	16-21%
Low Voltage Products	15-19%	14-20%	16-22%
Process Automation	11-15%	10-14%	11-15%
Power Products	12-16%	12-18%	14-20%
Power Systems	7-11%	8-11%	9-12%
ABB	11-16%	11-17%	13-19%

[1]Previous operational EBITDA target expressed as operational EBITA;