

February 14, 2013

ABB Q4 and FY 2012 results

Joe Hogan, CEO

Eric Elzvik, 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,” “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 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.

2012 summary and results overview

Joe Hogan, CEO

FY 2012: Raising dividend, solid growth, strong cash

Improved geographic scope, successful M&A

Growth

- Delivered higher¹ orders and revenues in a difficult business climate

Execution

- Cost savings and portfolio changes supported earnings and margins
- 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 and across regions
- Proposed dividend increase 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

Actions taken and progress made in all areas in 2012

1 Drive competitiveness

- Cost and productivity savings more than offset lower prices
- Actions taken in Power to deliver more consistent profitability

2 Capitalize on megatrends

- Continued to differentiate in emerging markets with deep presence, full value chain
- Energy efficiency, productivity, renewables integration continued to drive growth

3 Expand core business

- Service revenues continued to grow faster than total revenues
- Region-for-region strategy, Net Promoter Score to grow with existing customers

4 Disciplined M&A

- Strengthening position in North America, gaps filled in UPS, smart grid, e-mobility
- T&B delivering on expectations, Baldor synergies gaining traction

5 Exploit disruptive opportunities

- Breakthrough DC applications: breakers, data centers, ships, transformers
- Fundamental product redesigns to dramatically reduce raw material costs

Full Year 2012

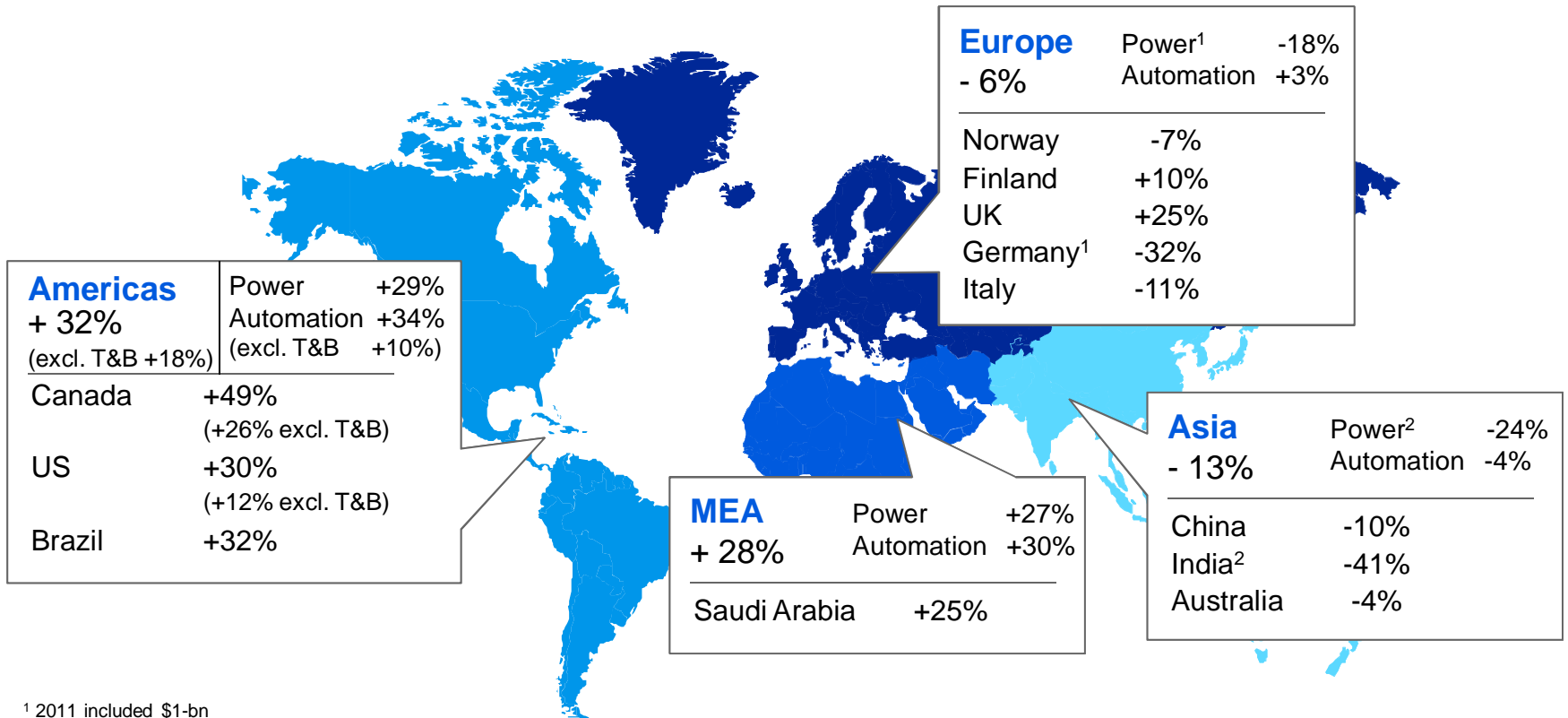
FY 2012 performance <i>US\$ millions unless otherwise stated</i>	FY 2012	FY 2011	<i>Change vs 2011</i> US\$	<i>Change vs 2011</i> local currencies
Orders	40,232	40,210	0%	+4% (organic ¹ : 0%)
Order backlog (end Dec.)	29,298	27,508	+7%	+5%
Revenues	39,336	37,990	+4%	+7% (organic: 3%)
Operational EBITDA	5,555	6,014	-8% (organic: -12%)	
Operational EBITDA margin	14.2%	15.8%	-1.6% pts (organic: -1.8% pts)	
Net income	2,704	3,168	-15%	
Earnings per share	1.18	1.38		
Dividend per share (CHF)	0.68 ²	0.65	+5% (in CHF)	
Cash from operations	3,779	3,612	+5%	
Free cash flow (FCF)	2,555	2,593		
FCF as % of net income	94%	82%		
Cash return on invested capital	12%	14%		

¹ Excluding Thomas & Betts; ² Proposed by Board of Directors

Balanced growth across geographies FY 2012

Mature markets outgrew most emerging markets

Order growth in countries with more than \$1 bn/yr in orders, 2012 vs 2011
(in local currencies)



¹ 2011 included \$1-bn offshore wind order in Germany

² 2011 included \$900-mill HVDC order in India

Full-year 2012 divisional overview

Solid numbers in a tough year

Division	Orders (Δ local currencies)	Revenues (Δ local currencies)	Op EBITDA margin	Change in margin vs FY 11
Power Products	+3%	+2%	14.8%	-1.5 pts
Power Systems	-10%	+2%	3.7% (ca. 7% excl. reset*)	-5.4 pts
Discrete Automation and Motion	+4%	+10%	18.4%	-0.5 pts
Low Voltage Products (organic)	+29% (0%)	+29% (0%)	18.4%	-1.5 pts (-1.4 pts)
Process Automation	+4%	+2%	12.3%	-0.1 pts

- PP margins successfully stabilized 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 demonstrated through-cycle resilience

* Reset charges in operational EBITDA were approximately \$250 million

Q4 results in detail

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 margins¹
 - PP, DM and LP² steady to higher
 - PA margin impacted by system/product mix
 - >\$300 million cost savings more than offset negative price
- PS op EBITDA margin at ca. 9% excl. reset charges

Cash

- Outstanding cash performance driven by inventory conversion, lower overdues

¹ See definitions in Appendix; ² Excluding Thomas & Betts

Key figures for Q4 2012

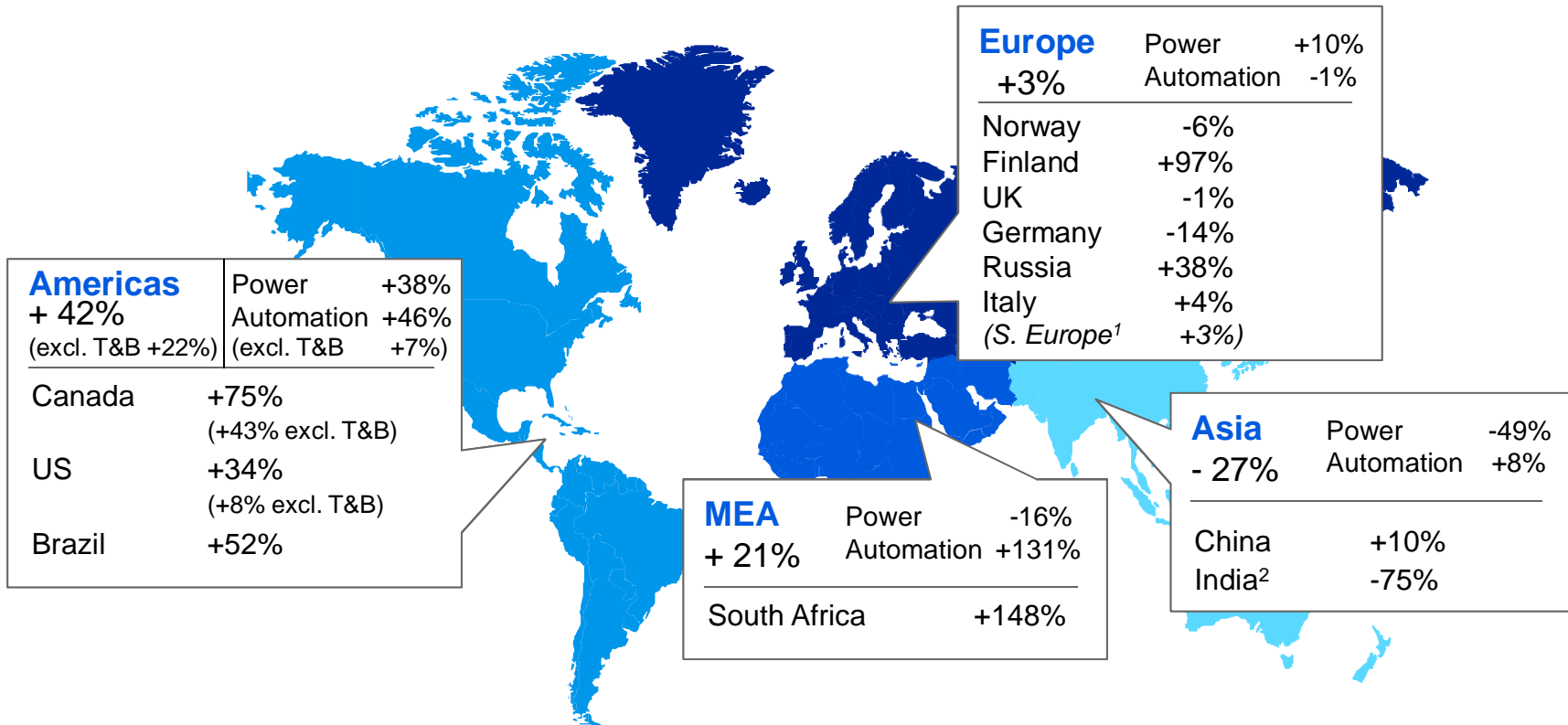
Q4 2012 performance <i>US\$ millions unless otherwise stated</i>	Q4 2012	Q4 2011	<i>Change vs Q4 2011</i> US\$	<i>Change vs Q4 2011</i> local currencies
Orders	10,517	10,160	+4%	+4% (organic ¹ : -2%)
Order backlog (end Dec.)	29,298	27,508	+7%	+5%
Revenues	11,021	10,571	+4%	+5% (organic: -1%)
Operational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

¹ Excluding Thomas & Betts; ² At Group tax rates

Balanced growth across geographies Q4 2012

Americas, Europe and China led growth

Order growth in selected countries, Q412 vs Q411
(in local currencies)



¹ Incl. Italy, Spain, Portugal; ² Excl. Q4 2011 \$900-million HVDC order in India, orders down 7%

Q4 divisional overview: Power

PP margins stable, PS reset under way

<i>Change vs Q4 2011</i>	Orders (Δ local currencies)	Revenues (Δ local currencies)	Op EBITDA Δ US\$	Op EBITDA margin
Power Products	0%	0%	0%	+0.3 pts



- Selective transmission utility investments, distribution stable, industry led by oil & gas
- Service revenues grew faster than total revenues
- Improved op EBITDA margin mainly on favorable business mix
- Cost savings partly offset price pressure from executing the order backlog

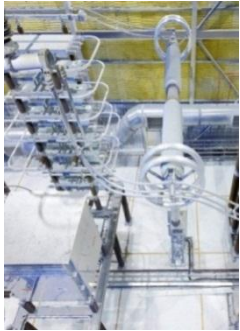
Power Systems	-24%	-4%	n.a.	-12.3 pts
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- Large orders down (\$900 mill order in Q4 2011)
- Service revenues up >20%
- Strategic reset reduces EBIT by \$350 mill, op EBITDA by \$250 mill
- Revised 2011-15 targets: Revenue CAGR 7-11%, annual op EBITDA margin 9-12%

Power Systems reset

Focus on selective growth for higher profitability



Short-term drivers for 2013

- Greater 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
- Key management changes
- 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, business model



Q4 divisional overview: Automation

Resilient performance supported by Thomas & Betts

<i>Change vs Q4 2011</i>	Orders (Δ local currencies)	Revenues (Δ local currencies)	Op EBITDA Δ US\$	Op EBITDA margin
Discrete Automation and Motion	+3%	+7%	+6%	+0.1 pts



- Increase in large orders for robotics and power electronics
- Revenues up on solid order backlog execution and services
- Higher op EBITDA and margin show returns on selling and R&D, cost control

Low Voltage Products <i>(organic)</i>	+54% (+3%)	+46% (+3%)	+45% (+4%)	-0.2 pts (+0.6 pts)
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- Organic orders and revenues reflect modest underlying industrial production growth
- Northern Europe and China higher, most other regions flat organically
- Strong top and bottom line contribution from Thomas & Betts

Process Automation	+18%	-3%	-5%	-0.2 pts
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- Oil & gas, mining and marine drove order growth in Q4
- Lower revenues on timing of project execution out of the order backlog
- Good growth in lifecycle services, continued streamlining of full service portfolio
- Lower op EBITDA margin reflects unfavorable systems/products mix

Thomas & Betts update: A strong start

Integration on track



- Q4 stand-alone vs. year-earlier period
 - Stable revenues
 - Contributed ~\$600 mill in revenues, ~\$100 mill in op EBITDA and ~\$170 mill in cash from operations
 - Q4 operational EBITDA margin 17.6% vs 16.6%¹ in Q4 2011
 - Integration on track
 - Integration costs in line with plan
 - Regional synergy plans being implemented
 - Already EPS accretive²
-
- Special items
 - PPA amortization³:
 - Q4 = \$33 mill
 - FY 12 = \$116 mill
 - FY 13 = ~\$120 mill
 - No further material acquisition-related costs expected

¹ Estimated operational EBITDA margin based on ABB definition

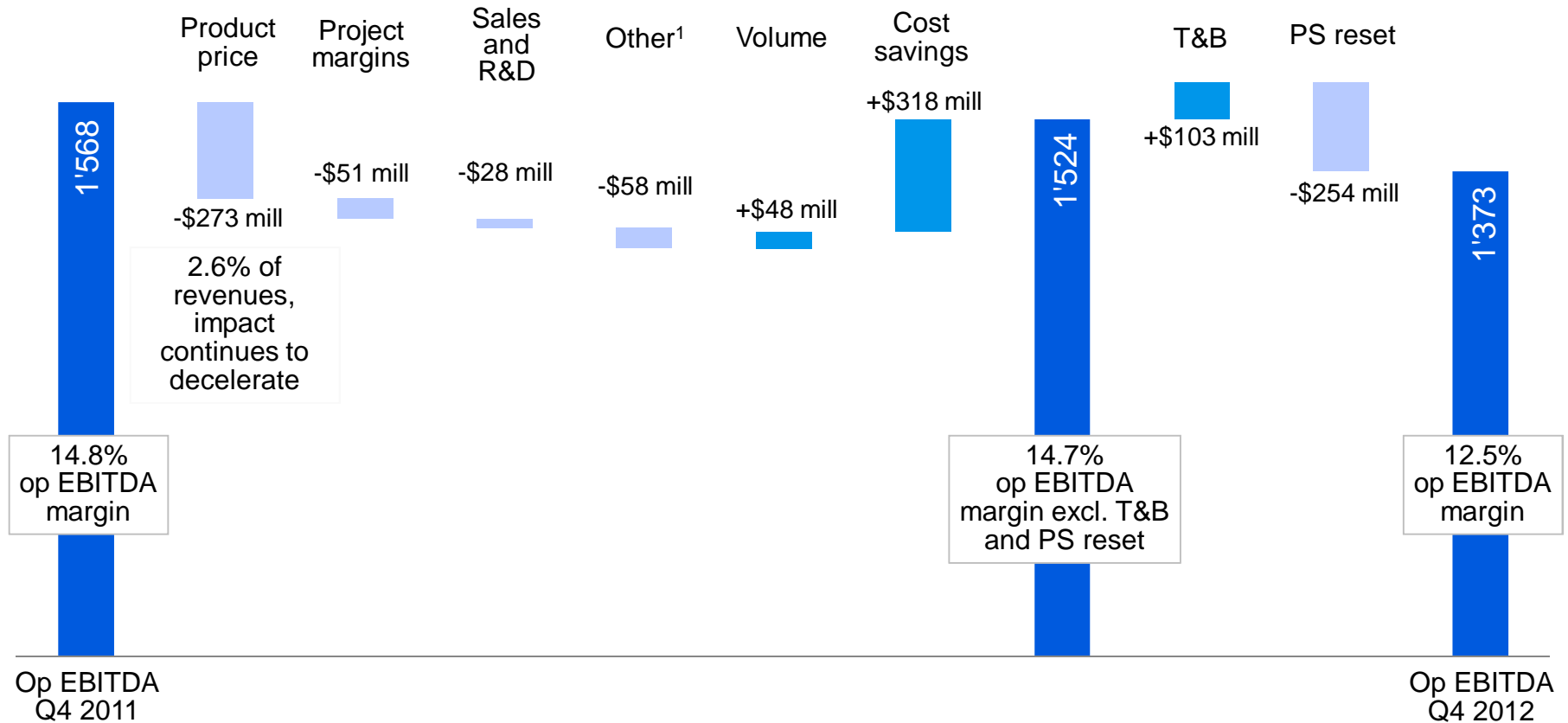
² Before one-time charges and implementation costs

³ Acquisition-related amortization and inventory step-up

Operational EBITDA bridge – Q4 12 vs Q4 11

Factors affecting operational EBITDA Q4 2012

Approximations

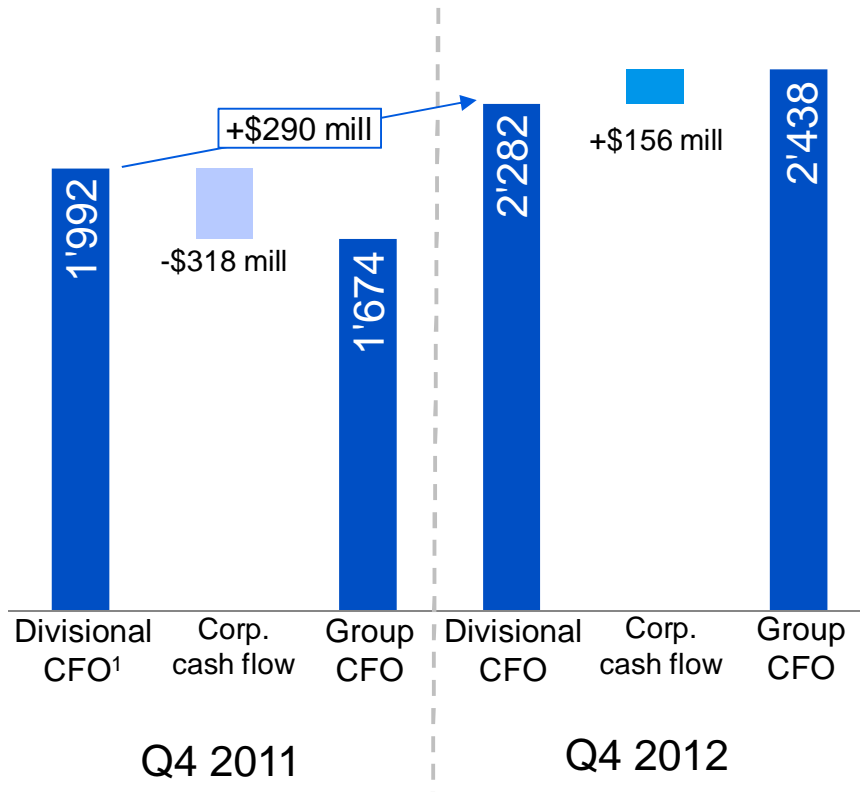


¹ Other includes FX translation effect, changes in G&A expense, commodity price impacts and other items; Business mix effects were not material in the quarter

Strong cash generation by the divisions

Inventory turnover and receivables lead improvement

US\$ millions



- 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
- Net working capital at 13.8% of revenues—continued focus in 2013

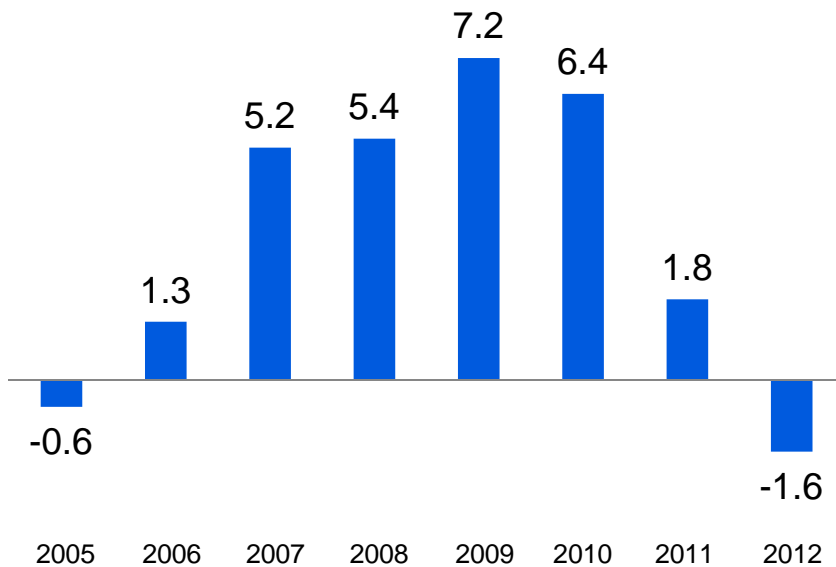
¹ Cash from operating activities

Solid investment grade balance sheet

Strong support for organic and inorganic growth

Net cash (debt) position 2005-2012

US\$ billions



- 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

Uses of cash in 2013

- Annual dividend >\$1.5 bn
- ~\$900 mill bond repayment in June
- Capex ~\$1 bn
- Further selected M&A opportunities

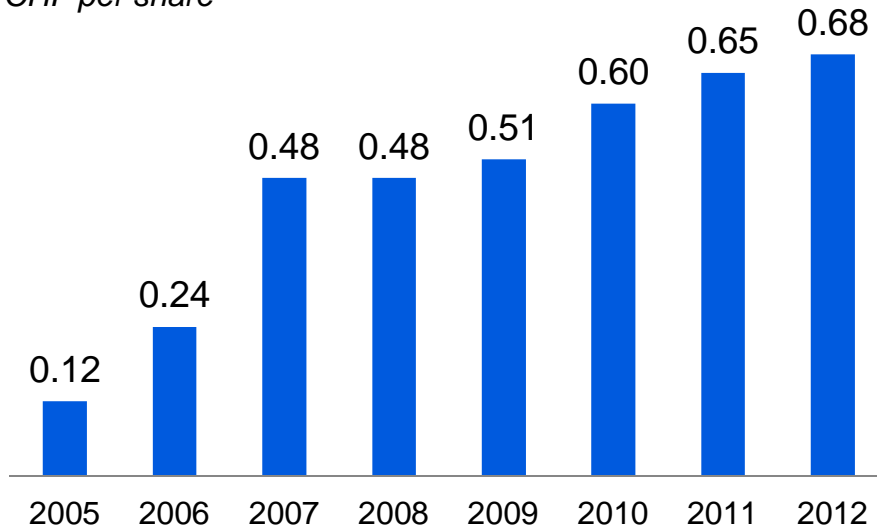
Higher dividend: CHF 0.68 per share vs 0.65 in 2011 Equivalent to 63% payout ratio, 3.6% yield¹

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

Summary and outlook

Capturing growth opportunities, driving higher productivity

Performance against our targets

In-line on most indicators as we near the halfway mark

Group targets			Progress report end 2012	
Organic ¹ revenue growth (CAGR ⁴)	7-10% ²		9% ³	Strong order backlog compensates early-cycle weakness
Op EBITDA margin corridor	13-19%		14.2%	FY 11 at 15.8% FY 12 at 14.8% (excl. PS reset)
Organic ¹ EPS growth (CAGR ⁴)	10-15%		3%	8% excl. PS reset ⁵
Free cash flow conversion	Annual avg. >90%		88%	94% in FY 2012
Cash return on invested capital	>20% by 2015		12%	Capital build-up from recent M&A

¹ Organic incl. acquisitions closed as of end-Oct 2011.

² If Baldor, Ventyx and Mincom are excl. the targeted revenue growth CAGR is 5.5-8.5%.

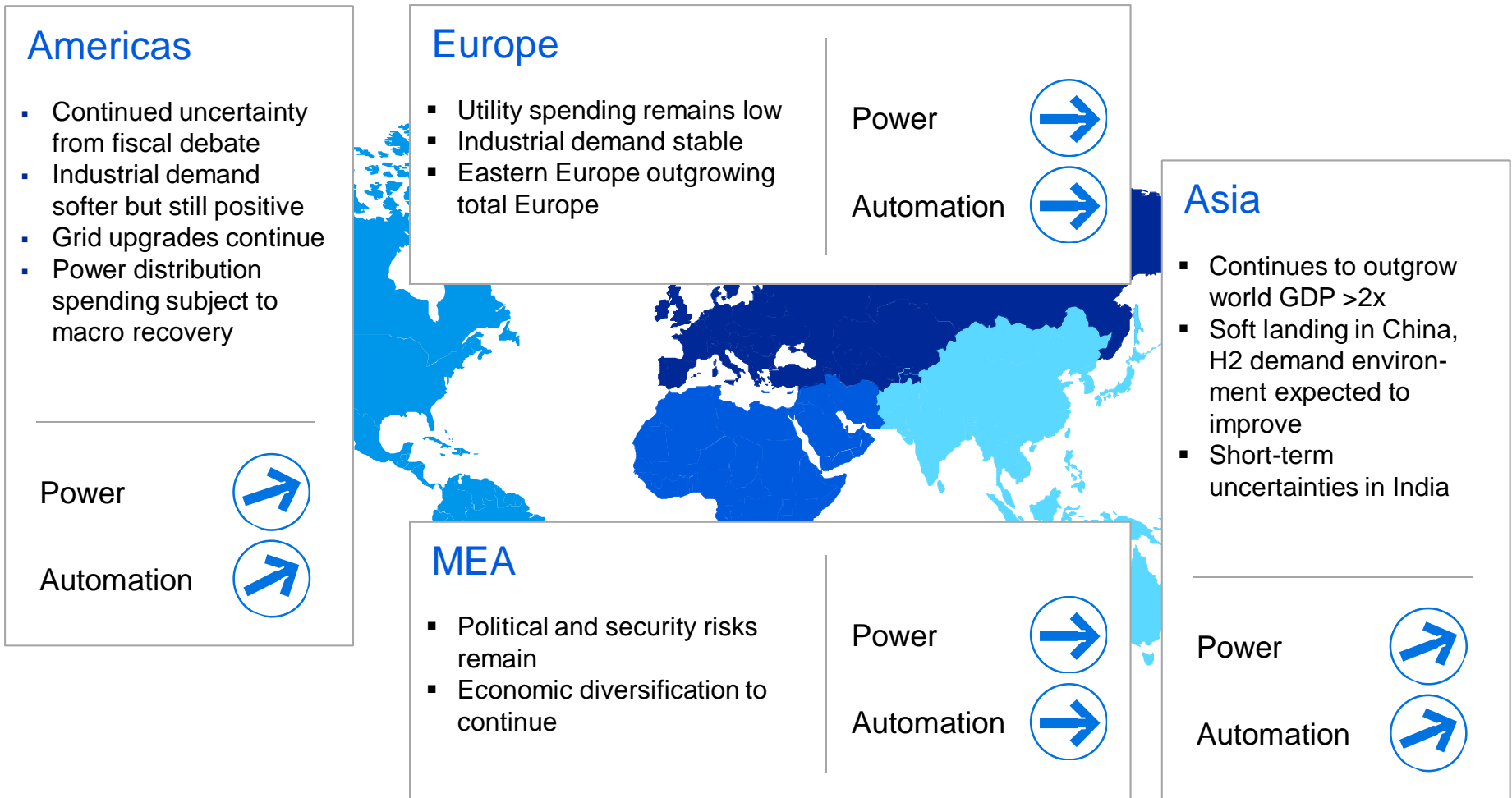
³ If Thomas & Betts, Baldor, Ventyx and Mincom are excl., the 2011-12 CAGR is 6%

⁴ CAGR = Compound annual growth rate, base year 2010

⁵ 2012 EPS before PS reset after tax (at 2012 full-year Group tax rate of 27%)

Demand outlook heading into 2013

Short term unclear, long term remains supportive



Examples of 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 highest total ABB pull-through
- Grow offerings to industrial customers

Automation

- 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

Technology will continue to drive growth ABB continues to break new ground in key areas

Software



New automation system for higher marine energy efficiency

Power electronics



New power electronic solutions for higher energy efficiency in rail

Smart buildings



New door entry systems for the European market

Wireless



Using waste energy for wireless applications in oil & gas

Outlook for 2013 and management priorities

Limited view short term, but clear actions for growth

Growth

- Long-term growth drivers intact: Industrial productivity, power efficiency
- Market uncertainty likely to remain high in near term
- Short-term driven by GDP, power consumption, government policies

Execution

- Sustain annual Power Products op EBITDA margins in the 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
- Continue our dividend policy: Sustainable and increasing over time

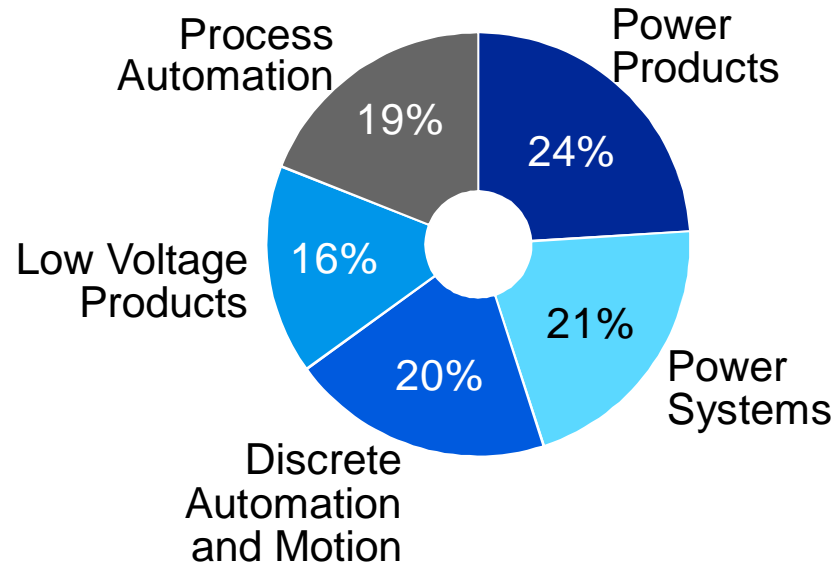
Power and productivity
for a better world™



Balanced business and geographic portfolio

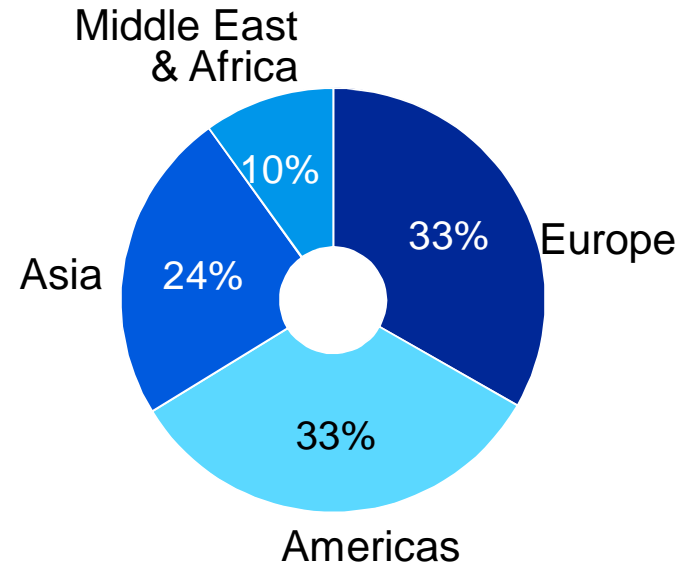
Orders by division

% of total orders Q4 2012 (non-consolidated)



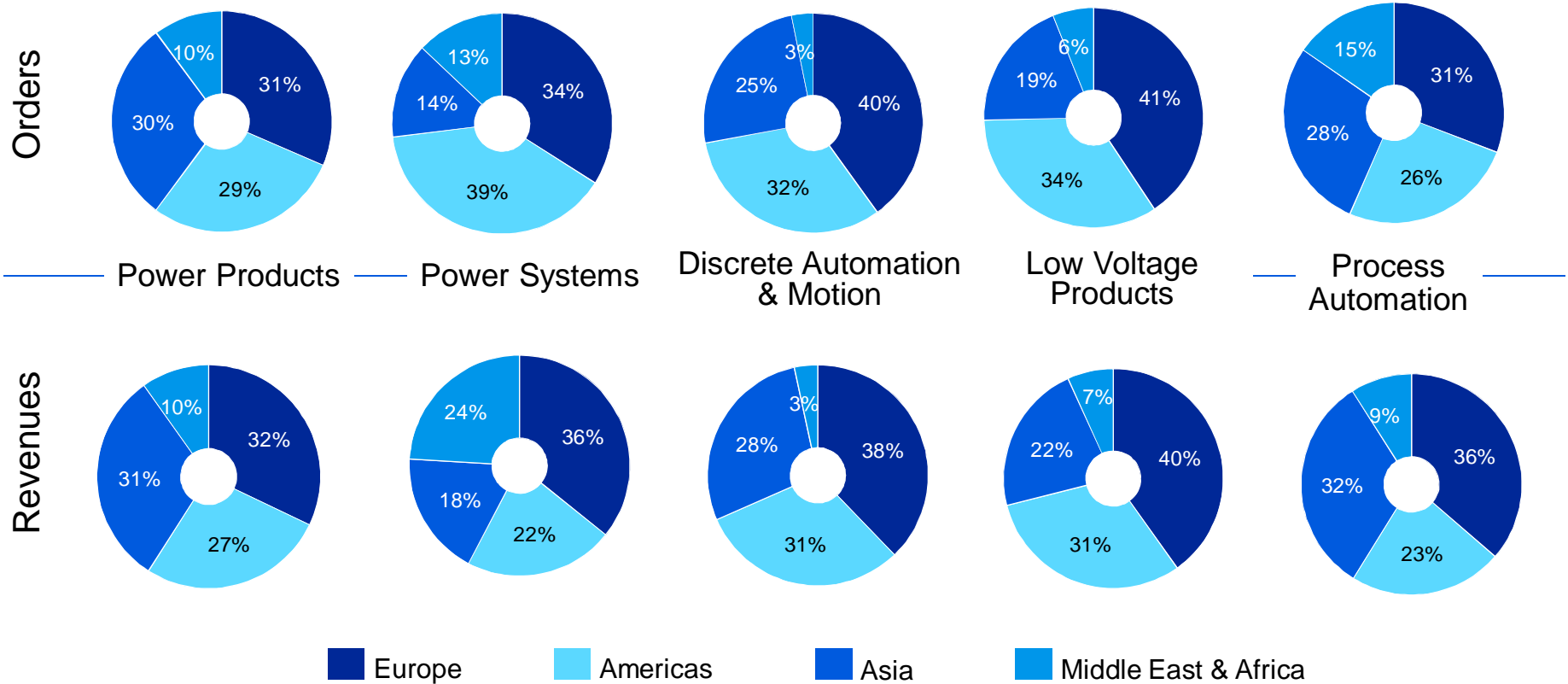
Orders by region

% of total orders Q4 2012



Orders and revenues by region and division Q4 2012

Regional share of total orders and revenues by division
US\$



Reconciliation of Operational EBITDA by Division

Q4 2012 vs Q4 2011

Operational EBITDA Q4 2012 vs Q4 2011

	ABB		Power Products		Power Systems		Discrete Automation & Motion		Low Voltage Products		Process Automation	
	Q4 12	Q4 11	Q4 12	Q4 11	Q4 12	Q4 11	Q4 12	Q4 11	Q4 12	Q4 11	Q4 12	Q4 11
<i>\$ millions unless otherwise indicated</i>												
Operational revenues	11'003	10'569	3'052	3'102	2'276	2'400	2'488	2'366	1'965	1'350	2'232	2'308
FX/commodity timing differences on Revenues	18	2	16	(19)	(4)	12	1	(1)	5	(2)	(2)	9
Revenues (as per Financial Statements)	11'021	10'571	3'068	3'083	2'272	2'412	2'489	2'365	1'970	1'348	2'230	2'317
Operational EBITDA	1'373	1'568	461	460	(55)	238	435	411	370	256	259	272
Depreciation	(210)	(174)	(45)	(43)	(19)	(21)	(37)	(32)	(56)	(27)	(16)	(15)
Amortization	(131)	(91)	(9)	(10)	(26)	(24)	(34)	(29)	(35)	(2)	(6)	(5)
<i>including total acquisition-related amortization of</i>	<i>107</i>	<i>69</i>	<i>7</i>	<i>8</i>	<i>23</i>	<i>21</i>	<i>31</i>	<i>29</i>	<i>33</i>	<i>2</i>	<i>4</i>	<i>5</i>
Acquisition-related expenses and certain non-operational items	(79)	(20)	-	-	(67)	-	(1)	(3)	(2)	-	(1)	-
FX/commodity timing differences on EBIT	35	(53)	10	(10)	26	(15)	(1)	(8)	(5)	1	7	(2)
Restructuring-related costs	(125)	(107)	(38)	(44)	(49)	(33)	9	(1)	(13)	(19)	(21)	(7)
EBIT (as per Financial Statements)	863	1'123	379	353	(190)	145	371	338	259	209	222	243
Operational EBITDA margin (%)	12.5%	14.8%	15.1%	14.8%	-2.4%	9.9%	17.5%	17.4%	18.8%	19.0%	11.6%	11.8%

Reconciliation of non-GAAP measures 1

(\$ in millions)

	Year ended Dec. 31,	
	2012	2011
Free Cash Flow <i>(= Net cash provided by operating activities adjusted for i) changes in financing receivables and ii) purchases of property, plant and equipment and intangible assets and iii) proceeds from sales of property, plant and equipment)</i>		
Net cash provided by operating activities <i>adjusted for the effects of:</i>	3'779	3'612
Purchases of property, plant and equipment and intangible assets	(1'293)	(1'021)
Proceeds from sales of property, plant and equipment ⁽¹⁾	40	57
Changes in financing receivables and other non-current receivables ⁽¹⁾	29	(55)
Free Cash Flow	2'555	2'593
Net Income attributable to ABB	2'704	3'168
Free Cash Flow as % of Net Income (conversion rate)	94%	82%
⁽¹⁾ Included in "Other investing activities" in the Interim Consolidated Statements of Cash Flows		

Reconciliation of non-GAAP measures 2

(\$ in millions)

Cash Return on Investment (CROI) <i>CROI = (Net cash provided by operating activities + Interest paid) / Capital invested</i>	Year ended Dec. 31,	
	2012	2011
Net cash provided by operating activities	3'779	3'612
Interest paid	189	165
Adjustment to annualize the net cash provided by operating activities of certain acquisitions ⁽¹⁾	(8)	27
Adjusted cash return	3'960	3'804
Capital Invested <i>Capital Invested = Fixed Assets + Net Working Capital + Accumulated Depreciation and Amortization</i>		
Property, plant and equipment, net	5'947	4'922
Goodwill	10'226	7'269
Other intangible assets, net	3'501	2'253
Investments in equity-accounted companies	213	156
Total Fixed Assets	19'887	14'600
Less: deferred taxes in certain acquisitions ⁽²⁾	(1'773)	(693)
Total Fixed Assets, adjusted	18'114	13'907
Receivables, net	11'575	10'773
Inventories, net	6'182	5'737
Prepaid expenses	311	227
Accounts payable, trade	(4'992)	(4'789)
Billings in excess of sales	(2'035)	(1'819)
Employee and other payables	(1'449)	(1'361)
Advances from customers	(1'937)	(1'757)
Accrued expenses	(2'096)	(1'822)
Net Working Capital	5'559	5'189
Accumulated depreciation of property plant and equipment	6'599	6'121
Accumulated amortization of intangible assets including goodwill ⁽³⁾	2'321	1'900
Accumulated Depreciation and Amortization	8'920	8'021
Capital Invested	32'593	27'117
CROI	12%	14%

⁽¹⁾ Thomas & Betts (2012) and Baldor (2011)
⁽²⁾ Thomas & Betts and Baldor (2012) and Baldor (2011)
⁽³⁾ Includes accumulated goodwill amortization up to Dec. 31, 2001. Thereafter goodwill is not amortized (under U.S. GAAP) but subject to annual testing for impairment.

Reconciliation of non-GAAP measures 3

(\$ in millions)

Net Working Capital as a Share of Revenues	Dec. 31, 2012
	Net Working Capital (as defined above)
Revenues	39'336
Adjustment to annualize revenues of certain acquisitions ⁽¹⁾	915
Adjusted Revenues	40'251
Net Working Capital as a Share of Revenues	13.8%
⁽¹⁾ Thomas & Betts	

(Net Debt) Net Cash <i>= Cash and equivalents plus Marketable securities and short-term investments, less Total debt</i>	Dec. 31,	
	2012	2011
Cash and equivalents	6'875	4'819
Marketable securities and short-term investments	1'606	948
Cash and Marketable Securities	8'481	5'767
Short-term debt and current maturities of long-term debt	2'537	765
Long-term debt	7'534	3'231
Total Debt	10'071	3'996
(Net Debt) Net Cash	(1'590)	1'771

Net Debt to EBITDA <i>= Net debt / (Earnings before interest and taxes + Depreciation and amortization)</i>	Dec. 31, 2012
	Net Debt (as defined above)
Earnings before interest and taxes	4'058
Depreciation and amortization	1'182
Earnings before interest, taxes, depreciation and amortization (EBITDA)	5'240
Net Debt to EBITDA	0.3

Appendix: Definitions 1

- **Acquisition-related amortization:** amortization expense on intangibles arising on acquisitions and the cost of sales impact from fair valuing inventory in an acquisition
- **FX/commodity timing differences on EBIT:** the sum of i) unrealized gains and losses on derivatives (foreign exchange, commodities, embedded derivatives), ii) realized gains and losses on derivatives where the underlying hedged transaction has not yet been realized, and iii) unrealized foreign exchange movements on receivables/payables (and related assets/liabilities).
- **Operational EBITDA:** Earnings before interest and taxes (EBIT) excluding depreciation and amortization, adjusted for i) unrealized gains and losses on derivatives (FX, commodities, embedded derivatives), ii) realized gains and losses on derivatives where the underlying hedged transaction has not yet been realized, iii) unrealized foreign exchange movements on receivables/payables (and related assets/liabilities), iv) restructuring and restructuring-related expenses, and v) acquisition-related expenses and certain non-operational items.
- **Operational EBITDA margin:** Operational EBITDA as a percentage of Operational revenues
- **Operational revenues:** Revenues adjusted for i) unrealized gains and losses on derivatives, ii) realized gains and losses on derivatives where the underlying hedged transaction has not yet been realized, and iii) unrealized foreign exchange movements on receivables (and related assets).

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