



April 29, 2014

ABB Q1 Presentation

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Important notices

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.

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- costs associated with compliance activities
- raw materials availability and prices
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- 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 performance. Definitions of these measures and reconciliations between these measures and their US GAAP counterparts can be found in “Supplemental Financial Information” under “Reports and Presentations” – “Quarterly Financial Releases” on our website at www.abb.com/investorrelations

Four divisions on track, orders stable, cash improved

“Step change” program launched in Power Systems

Growth¹

- Total orders steady vs Q1 2013, base orders 3% higher on positive early-cycle trend
- Base orders up in 3 biggest markets: US +5%, China +6% and Germany +8%
- Large orders 12% lower—demand from utilities and some process industries remained muted

Execution

- Group excluding Power Systems (PS) delivered higher operational EBITDA
- Cost savings in line with plan
- Cash flow improvement \$290 mill excluding the PS shortfall
- Further disciplined portfolio pruning (T&B HVAC business, Power-One's Power Solutions unit)

Power Systems disappoints, “step change” program launched

- Poor performance and charges related to project execution in offshore wind and EPC² solar
- Low-margin order backlog continues to weigh on margins
- “Step change” goes beyond strategic realignment to achieve fundamental transformation

¹ Changes in orders and revenues on a like-for-like basis. For definition see our “Supplemental Financial Information”

² Engineering, procurement and construction

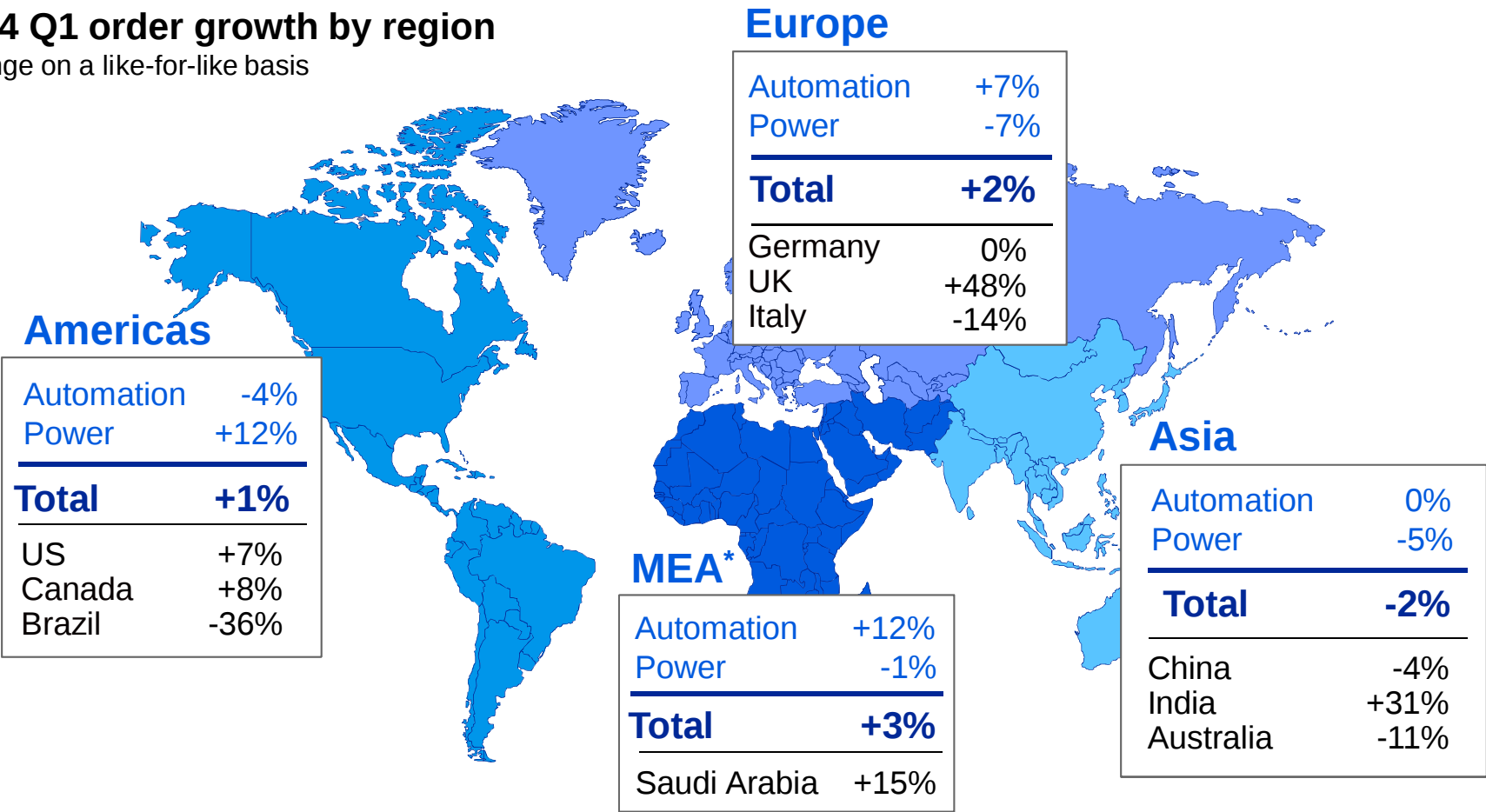
Key figures first quarter 2014

	Q1 14	Q1 13	Change		
<i>\$ millions unless otherwise indicated</i>			<i>US\$</i>	<i>Local currency</i>	<i>Like-for-like</i>
Orders	10,358	10,492	-1%	+1%	+1%
Order backlog (end March)	26,924	29,614	-9%	-9%	
Revenues	9,471	9,715	-3%	-1%	-2%
Income from operations	855	1,052	-19%		
as % of revenues	9.0%	10.8%			
Operational EBITDA	1,271	1,458	-13%		
as % of operational revenues	13.4%	15.0%			
Net income	544	664	-18%		
Basic net income per share (\$)	0.24	0.29			
Cash from operating activities	(45)	(223)			

Orders received by region overview

2014 Q1 order growth by region

Change on a like-for-like basis



* Middle East and Africa

Key figures ABB and by division first quarter 2014

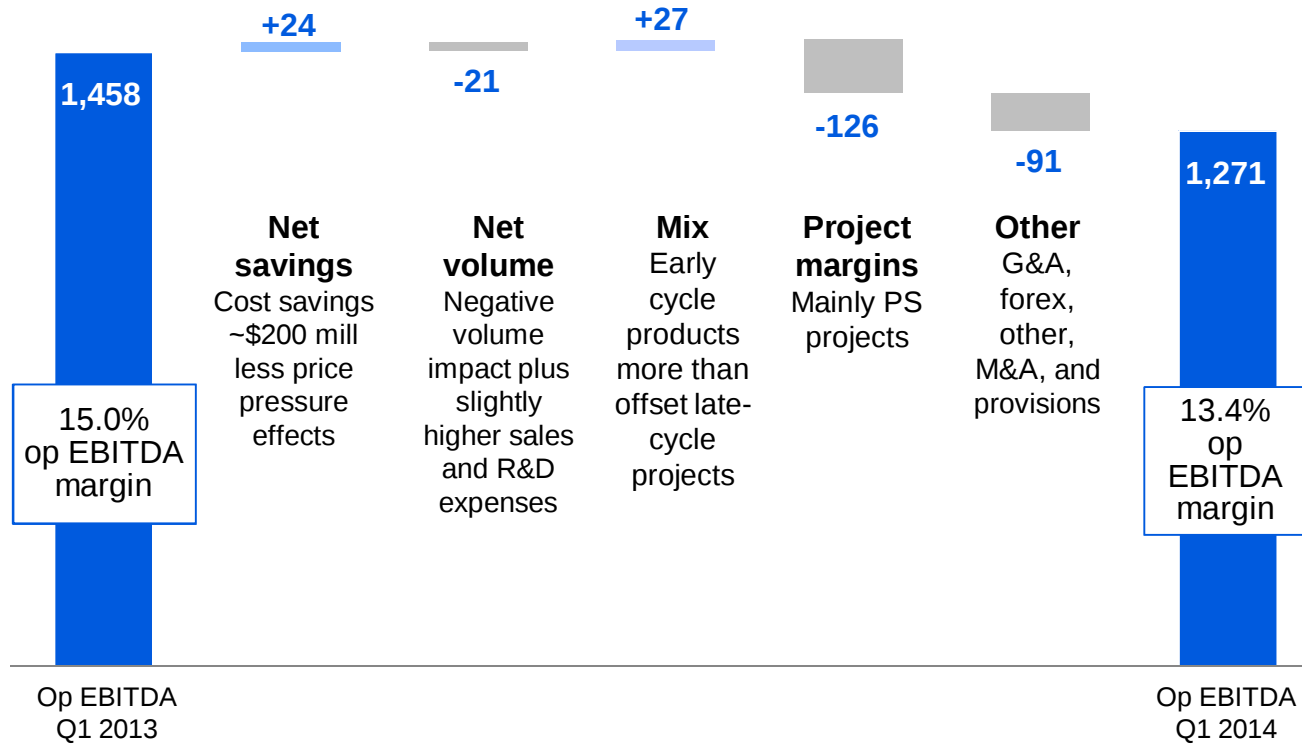
<i>US\$ millions unless otherwise stated</i>	Orders	$\triangle$ Local currency	Revenues	$\triangle$ Local currency	Operational EBITDA	$\triangle$ US\$	Operational EBITDA %	$\triangle$
Discrete Automation and Motion	2,816	+14%	2,381	+3%	395	-5%	16.6% ¹	-1.2 pts ¹
<i>Like-for-like</i>		+9%		-2%				
Low Voltage Products	1,975	+3%	1,882	+7%	346	+8%	18.4%	+0.4 pts
Process Automation	2,004	-17%	1,943	+1%	264	+2%	13.6%	+0.5 pts
<i>Like-for like</i>		-11%		+4%				
Power Products	2,725	-3%	2,391	-2%	354	-5%	14.8%	-0.1 pts
Power Systems	1,490	-6%	1,608	-19%	(29)	n.a.	-1.8%	-10.1 pts
Corporate	(652)		(734)		(59)			
ABB Group	10,358	+1%	9,471	-1%	1,271	-13%	13.4%	-1.6 pts
<i>Like-for like</i>		+1%		-2%				

¹ Excluding the impact of the Power-One acquisition, operational EBITDA margin in Discrete Automation and Motion was stable vs Q1 2013

Operational EBITDA Bridge

Factors affecting operational EBITDA Q1 2014 vs Q1 2013

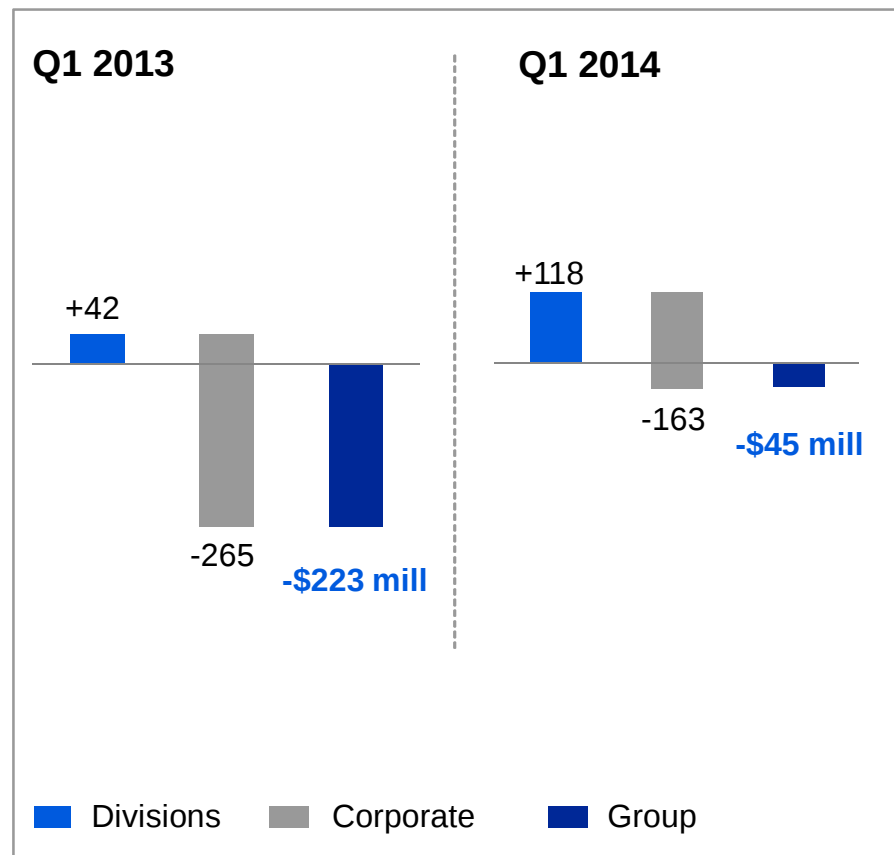
US\$ millions



Group Q1 cash flow significantly improved despite PS shortfall

Cash from operations Q1 2014 vs Q1 2013

US\$ millions



- Divisional cash flows +\$80 mill higher, despite >\$100-mill deterioration in Power Systems
- Total cash flow improved by \$290 mill excluding PS effects
- Seasonal Q1 build-up of working capital
- Driving improvements to NWC management remains a high priority
 - NWC integrated into process excellence
 - Continue to drive towards 11-14% NWC-to-revenues

Executing along our three focus areas in Q1

Profitable Growth

Penetration

- Continue push on power sales in industry and infrastructure
- Drive automation in emerging economies
- Further penetration in oil & gas

Business-led collaboration

Relentless execution

Innovation

- Energy efficiency
- Smart grid

Expansion

- New partnerships in target markets
- Microgrids

Q1 examples



- Medium-voltage switchgear for UK rail network
- Robotics/automation package for food company in Indonesia
- Medium-voltage drives for Shell refinery in the Netherlands



- IEC 5 motors for Europe
- 3D grid planning and simulation

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- Philips in building automation
- Solar inverters for rural Africa

Executing along our three focus areas in Q1

Profitable
Growth

- Combined expertise across divisions to create greater customer value

Business-led
collaboration

- Multi-division footprint expansion

Relentless
execution

- Joint channel development

Q1 examples



- Swedish rail \$200-million upgrade order



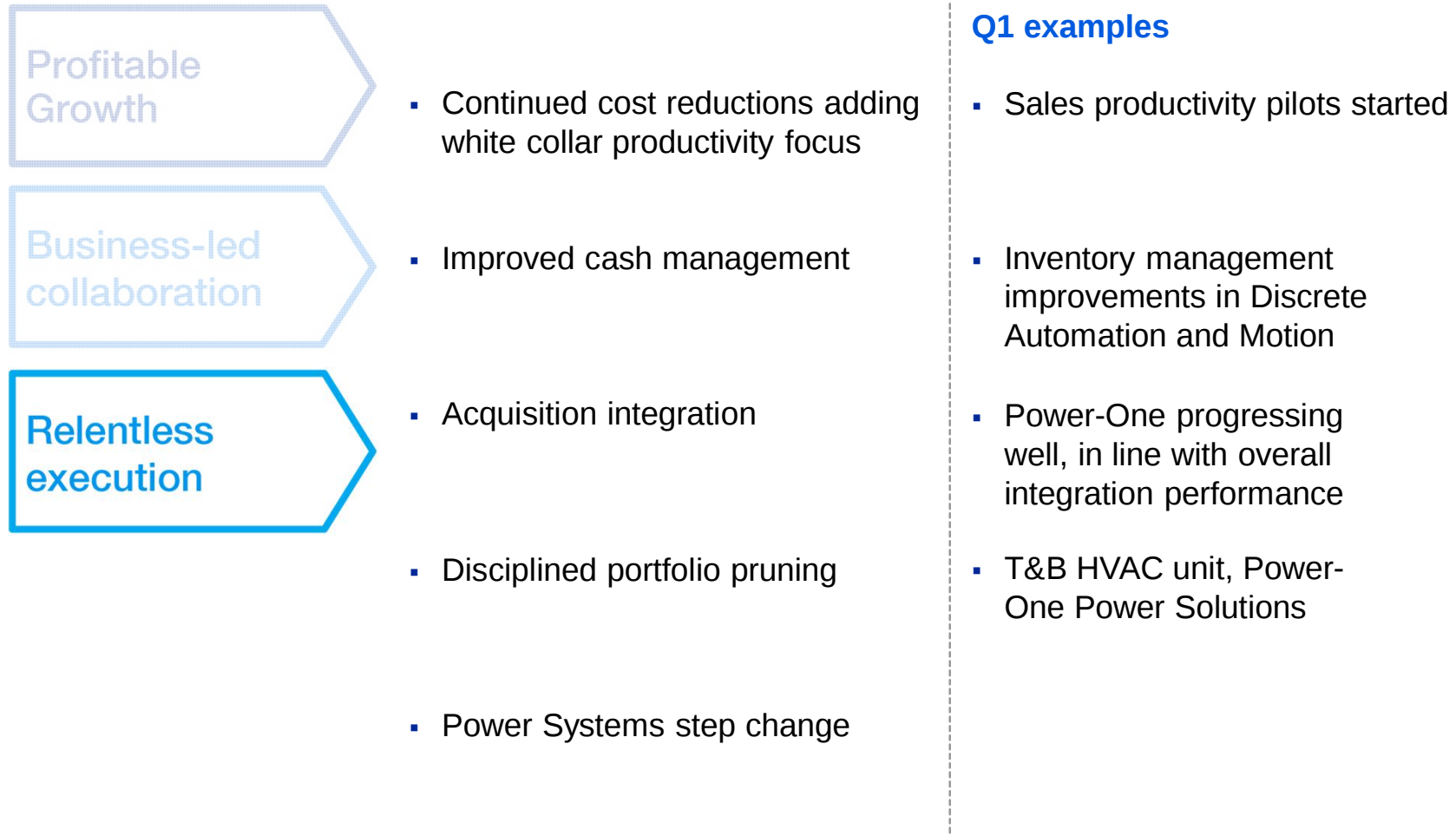
ABB's new plant in Sorocaba, Brazil

- \$300 mill in China, \$200 mill in Brazil



- Combine power and automation channels to Tier 1, 2, and 3 cities China

Executing along our three focus areas in Q1



Power Systems step change

In-depth review revealed need for deeper “step change” program

- Projects, portfolio, execution, people, go-to market/business model

Focus areas

1. EPC*: Adjust offshore wind business model and risk/reward hurdles, re-allocate management resources
2. Large project execution: Cost and cash management plus change management across businesses
3. Base orders growth with higher value-add and profitability (e.g., service)
4. Long-term strategy: Business model and portfolio, return on investment

Actions taken

1. Stop bidding for solar PV EPC (follows exits from low-value-add EPC water)
2. Management changes (stronger in project/risk management, turnarounds, e.g., external resources added to support PS “Step Change”)
3. Focused hiring of service resources
4. Restructuring and cost take-out efforts being implemented

* EPC:
Engineering,
Procurement
and Construction
contracts

Transformation will take longer than originally expected, and will continue to weigh on margins. Long-term we remain confident that the outcome will be a strong, more profitable and competitive business

Q1 summary

Q1 Results

- Four of five divisions on track
- Positive early-cycle development offsets lower large orders
- Revenues reflect lower opening order backlog
- Group earnings excluding Power Systems up
- “Step change” program launched to deepen PS business transformation
- Cash flow improved despite PS setback

Outlook

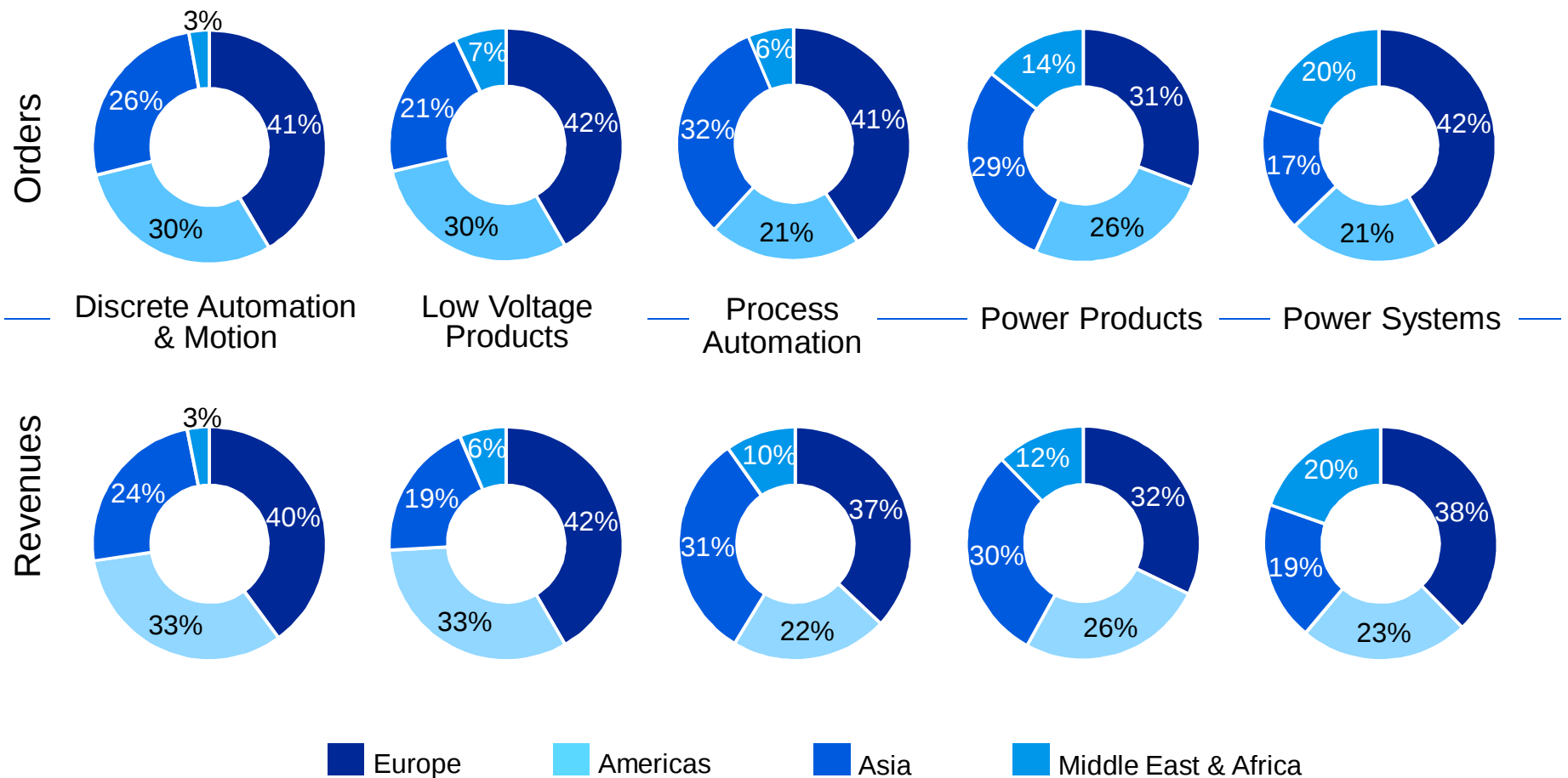
- Reiterate Q4 macro outlook
 - Encouraging early-cycle indicators
 - Uncertainty remains on pace of recovery in key markets
- Organic growth initiatives are key management priority
- Execution on cost, productivity and integration to continue
- More time needed for step change to improve PS margins
- Good progress on longer-term strategy planning ahead of Capital Markets Day in September

Power and productivity
for a better world™



Orders and revenues by region and division Q1 2014

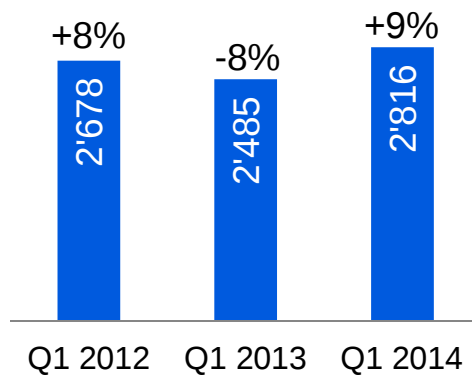
Regional share of total orders and revenues by division



Discrete Automation and Motion Q1 2014 summary

Orders received

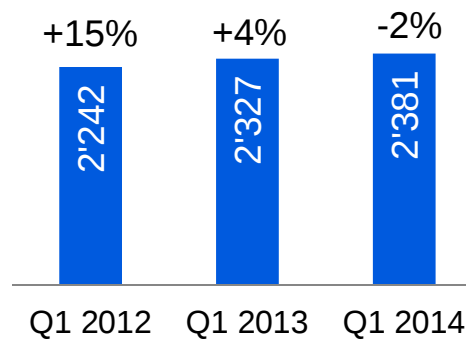
US\$ mill., y-o-y change



- Early-cycle businesses continued to grow, compensating lower demand for products used in later-cycle process industries
- Orders also benefited from a large rail order in Sweden and organic growth initiatives across the portfolio, especially in service

Revenues

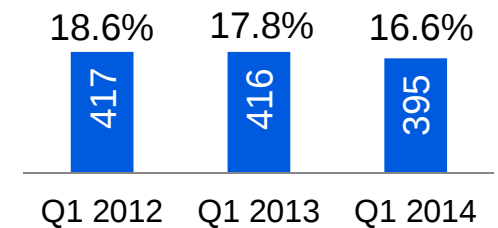
US\$ mill., y-o-y change



- Lower opening order backlog in large motors, MV drives compared to same period in 2013
- Service revenues increased at a double-digit pace.

Operational EBITDA

US\$ mill., op EBITDA margin in %



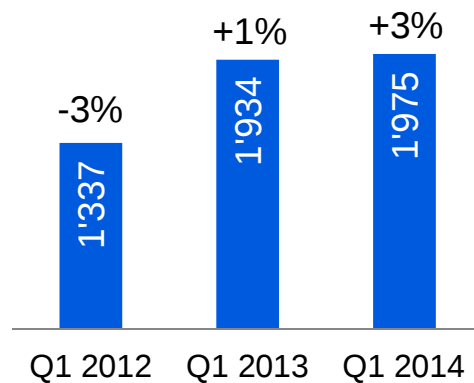
- Operational EBITDA margin steady excl. dilutive effect from Power-One acquisition

Note: Changes in orders and revenues above are on a like-for-like basis. For a definition, see our "Supplemental Financial Information"

Low Voltage Products Q1 2014 summary

Orders received

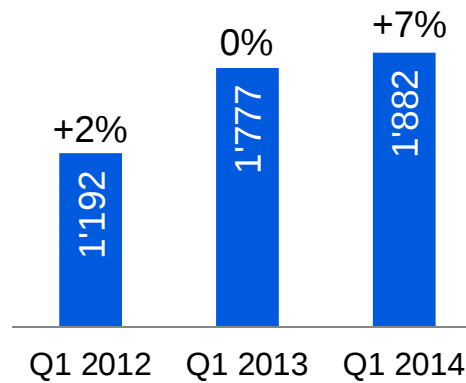
US\$ mill., y-o-y change



- Increase in orders reflects generally positive business environment in early-cycle industrial and building sectors in most regions, plus market penetration measures in a number of key markets.

Revenues

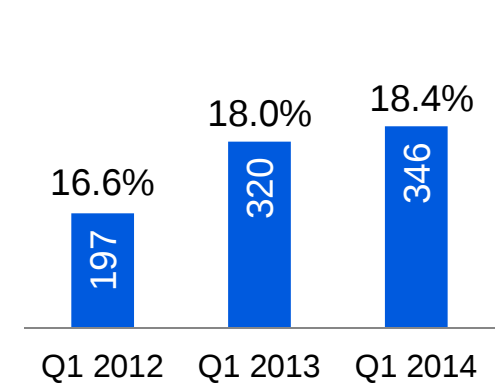
US\$ mill., y-o-y change



- Revenues grew in all regions in the quarter and benefited from the execution of system orders out of the backlog

Operational EBITDA

US\$ mill., op EBITDA margin in %



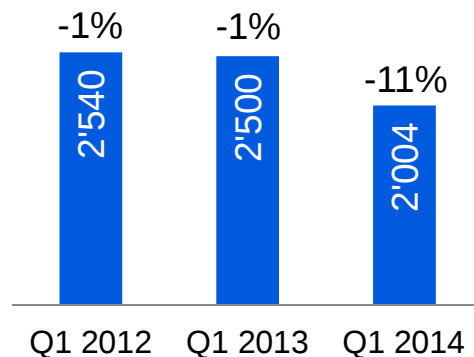
- Operational EBITDA and margin increased on higher revenues and improved project execution in low-voltage systems
- Increased profitability despite higher spending to drive sales growth and greater investments in R&D

Note: Changes in orders and revenues above are on a like-for-like basis. For a definition, see our "Supplemental Financial Information"

Process Automation Q1 2014 summary

Orders received

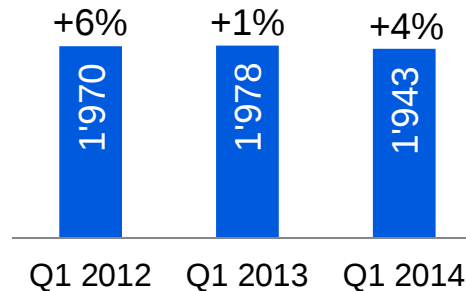
US\$ mill., y-o-y change



- Double-digit increase in oil and gas orders and higher demand for measurement products and turbocharging were more than offset by a strong decline in mining orders vs. high level in Q1 2013

Revenues

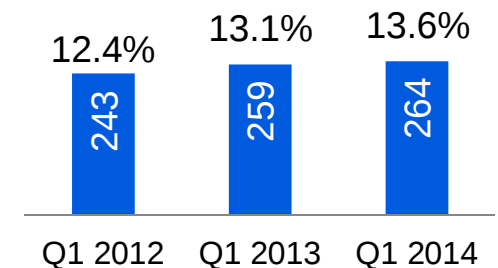
US\$ mill., y-o-y change



- Revenues were modestly higher on execution of the strong order backlog in oil and gas and marine

Operational EBITDA

US\$ mill., op EBITDA margin in %



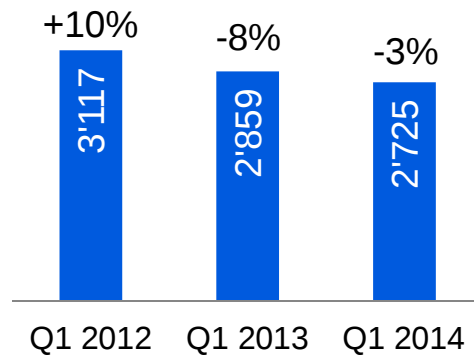
- Improved operational EBITDA and margins primarily reflect solid project execution out of the order backlog and continued strict cost control

Note: Changes in orders and revenues above are on a like-for-like basis. For a definition, see our "Supplemental Financial Information"

Power Products Q1 2014 summary

Orders received

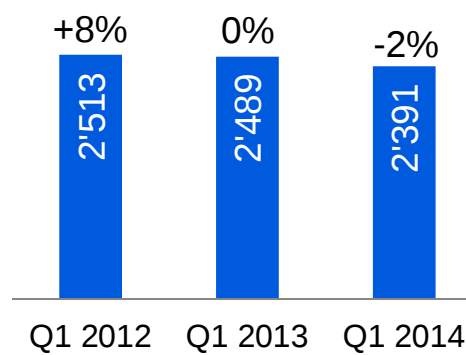
US\$ mill., y-o-y change



- Industrial and power distribution orders increased
- Large orders were lower as utilities remained cautious in transmission investments

Revenues

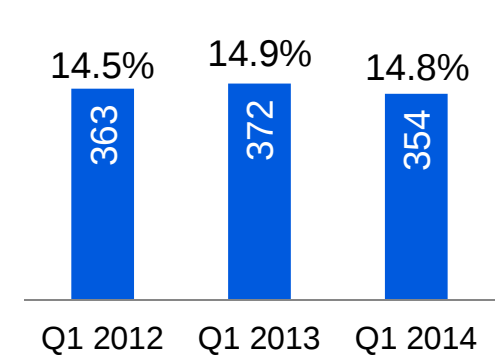
US\$ mill., y-o-y change



- Revenue decline mainly due to the lower opening order backlog

Operational EBITDA

US\$ mill., op EBITDA margin in %



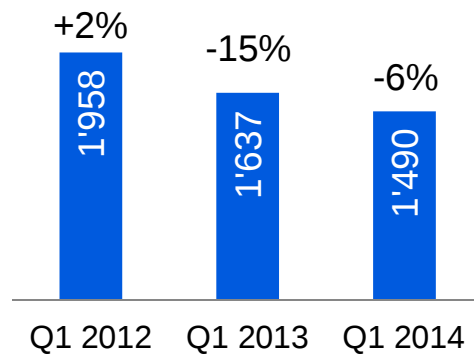
- Operational EBITDA margin was steady as the result of continued cost savings and solid execution

Note: Changes in orders and revenues above are on a like-for-like basis. For a definition, see our "Supplemental Financial Information"

Power Systems Q1 2014 summary

Orders received

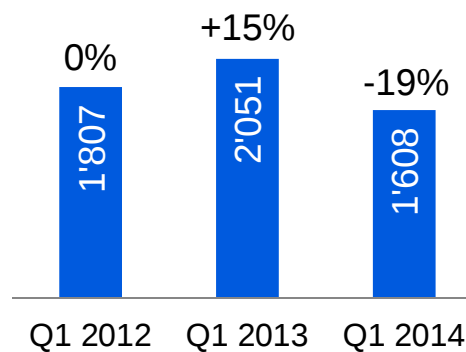
US\$ mill., y-o-y change



- Large orders at the same level as last year
- Utility investments in power transmission remain cautious and the selectivity focus on margin and pull-through continues

Revenues

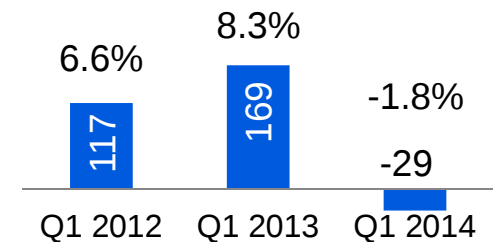
US\$ mill., y-o-y change



- Revenues impacted by the lower opening order backlog and execution delays in select projects

Operational EBITDA

US\$ mill., op EBITDA margin in %



- Operational EBITDA loss mainly reflects the impact of project-related charges
- Lower revenues also affected earnings

Note: Changes in orders and revenues above are on a like-for-like basis. For a definition, see our "Supplemental Financial Information"

Operational EPS analysis

	Q1 14		Q1 13		
<i>US\$ millions, except per share data in US\$</i>	EPS ¹		EPS ¹		△ ²
Net income (attributable to ABB)	544	0.24	664	0.29	-18%
Restructuring and restructuring- related expenses ³	34	0.01	14	0.01	
Acquisition-related expenses and certain non-operational items ³	8	0.00	3	0.00	
FX/commodity timing differences in Income from operations ³	18	0.01	44	0.02	
Amortization rel. to acquisitions ³	72	0.03	67	0.03	
Operational net income	676	0.29	792	0.34	-15%

¹ EPS amounts are computed separately, therefore the sum of the per-share amounts shown may not equal to the total

² Calculated on basic earnings per share before rounding

³ Net of tax at Group-effective tax rate

Chart 21

Order backlog by division

Order backlog (end March) <i>US\$ millions</i>	Q1 2014	Q1 2013	Change %	
			<i>US\$</i>	<i>Local currencies</i>
Discrete Automation and Motion	4,839	4,467	8%	7%
Low Voltage Products	1,161	1,246	-7%	-6%
Process Automation	5,836	6,784	-14%	-13%
Power Products	8,277	8,831	-6%	-6%
Power Systems	9,280	11,511	-19%	-19%
Consolidation and Other (incl. Inter-division eliminations)	(2,469)	(3,225)		
Total Group	26,924	29,614	-9%	-9%

For more information, call ABB Investor Relations
Or visit our website at www.abb.com/investorcenter

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