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**Technologies Division**



**Q3 2003 results**  
**ABB Automation**  
**Technologies**



# Safe-harbor statement

This presentation includes forward-looking information and statements that are subject to risks and uncertainties that could cause actual results to differ. These statements are based on current expectations, estimates and projections about global economic conditions, the economic conditions of the regions and industries that are major markets for ABB Ltd and ABB Ltd's lines of business. These expectations, estimates and projections are generally identifiable by statements containing words such as "expects," "believes," "estimates" or similar expressions. Important factors that could cause actual results to differ materially from those expectations include, among others, economic and market conditions in the geographic areas and industries that are major markets for ABB's businesses, market acceptance of new products and services, changes in governmental regulations, interest rates, and fluctuation in currency exchange rates. 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.

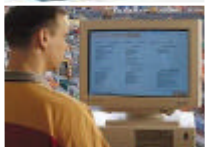


# Automation business areas & market position



**Drives, Motors and Power Electronics**

**#1**



**Control Platform & Enterprise Products**

**#1**



**Low-Voltage Products & Instruments**

**#2 - 3**



**Paper, Minerals, Marine, & Turbocharging**

**#1**



**Robotics, Automotive & Manufacturing**

**#1 - 2**



**Petroleum, Chemical, & Consumer Products**

**#2 - 3**

- 56,000 employees; 150 manufacturing, software, and application centers

# Third quarter results highlights

Q3  
2003

(MUS\$)	Q3 2003	Q3 2002	Change nominal	Change local curr.
Orders	2,361	2,036	16 %	6 %
Revenues	2,442	2,064	18 %	7 %
EBIT	181	141	28 %	21 %
EBIT margin	7.4%	6.8 %		

- Orders: Good growth in products and service businesses. More than 40 % growth in China and India
- Revenues: Products and service businesses fuelled growth
- EBIT: Up 28 % despite higher restructuring costs. Margin improved to 7.4% from 6.8% (9% before restructuring from 7.3%) due to success in productivity and cost reduction measures and growth in products and services
- Net cash from operating activities (CFO): MUSD 229 vs 198

# Third quarter business highlights

Q3  
2003

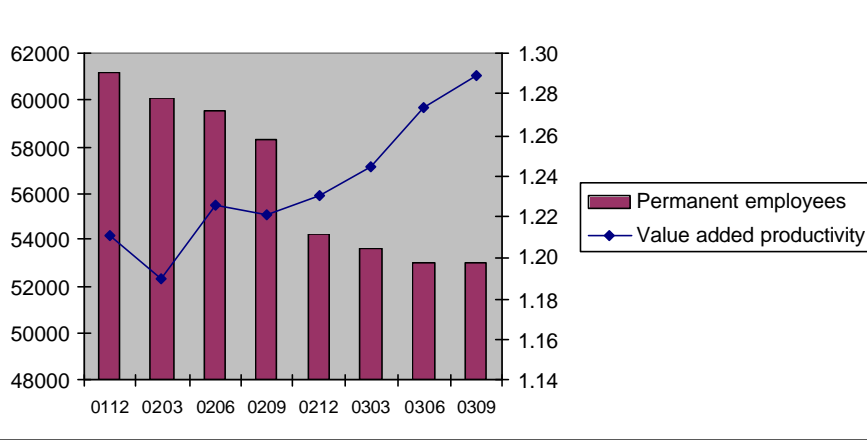
- US\$ 34 million service contract extension for Statoil facilities in the North Sea
- US\$ 30 million process automation contract for Sakhalin II oil field development
- Consulting services contract from Thai Petrochemical to identify and recommend improvements at the largest petrochemical complex in Southeast Asia
- ABB distributed control systems ranked Number One in worldwide market share by ARC Advisory Group
- Global R&D and manufacturing center for paper solutions inaugurated with financial support from the Irish government
- Compact, easier-to-configure ACS 500 low voltage AC drives introduced to the market

# Step Change cost reduction program 2003

- 544 measures in 37 countries
  - Biggest savings in U.S., Sweden, Germany and Finland
  - 170 measures completed to-date
  - 70 % of total project cost savings achieved to-date (run rate)
  - Total project on track to meet its targets
- Major cost savings include:
  - Reduced personnel cost
  - Overhead cost reduction
  - Supply management savings
- Realized cost savings January-September: US\$ 165 million
- Expected cost savings 2003: more than US\$ 200 million
- Operational EBIT improvement 2003: more than US\$ 200 million
- Target to eliminate cost more than 4% of revenues by June 2004

# Productivity, job reductions

Employees and Productivity



## 12-months achievements:

- Productivity up 9% based on value added vs same quarter last year
- Jobs reduced by 9% (permanent employees) in 12 months

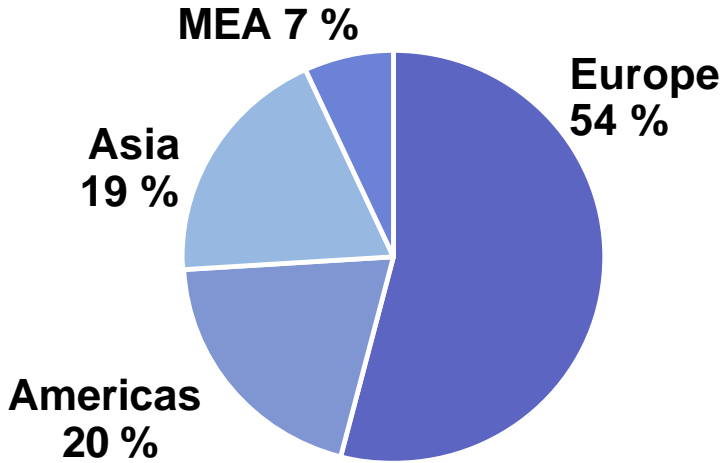
## Restructuring scenario 2003-2004

- Anticipated restructuring: 1% of revenues p.a.
- Average payback: less than 18 months

# Asia, Europe offset weakness in Americas

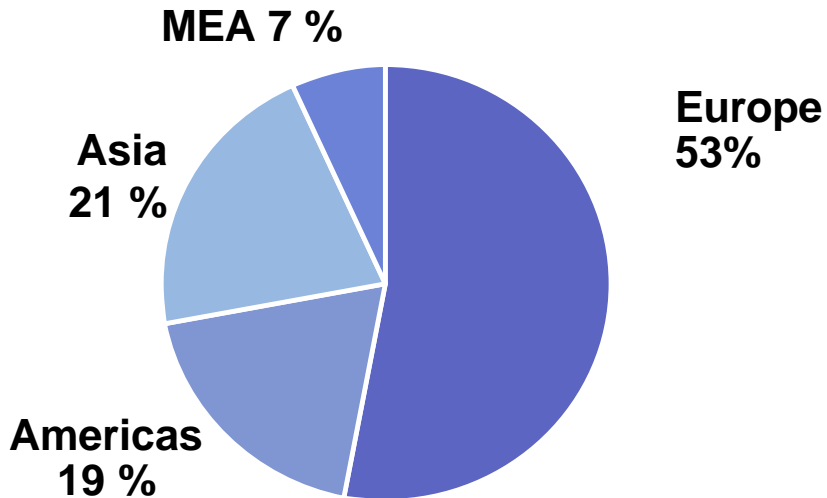
*Nominal revenues by region*

1 – 9 / 2002



Revenues: US\$ 6,096 mill.

1 – 9 /2003

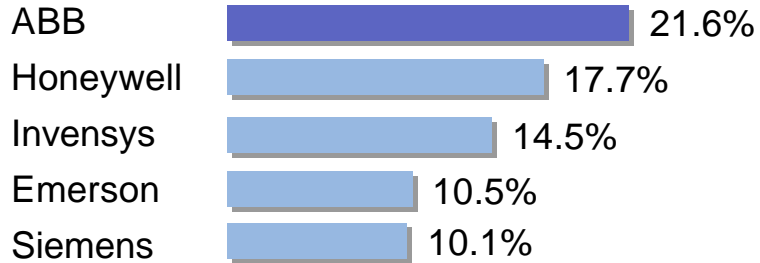


Revenues: US\$ 7,135 mill.

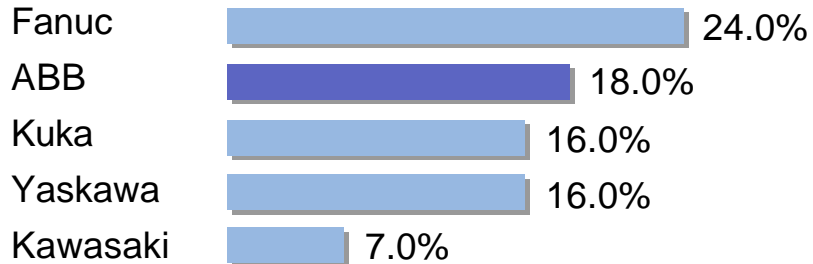


# Product market positions

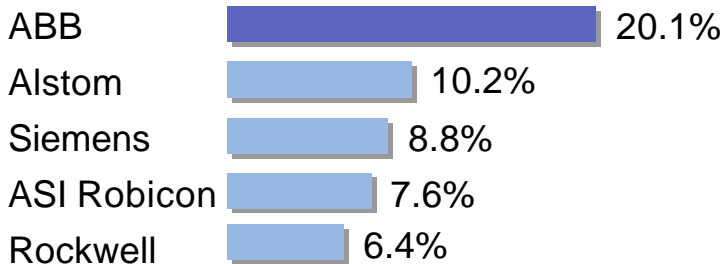
## Distributed Control Systems



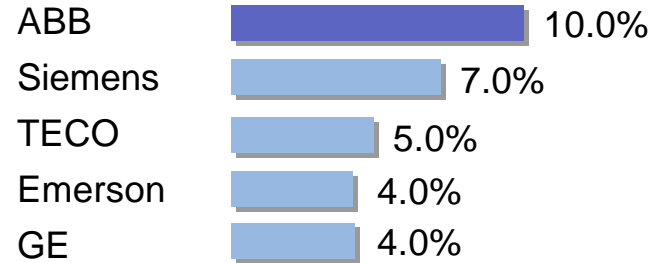
## Robotics



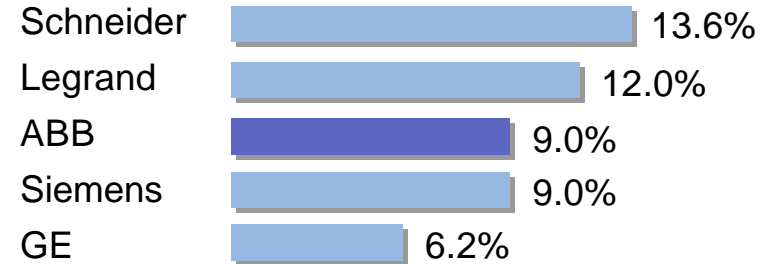
## High-Power AC Drives



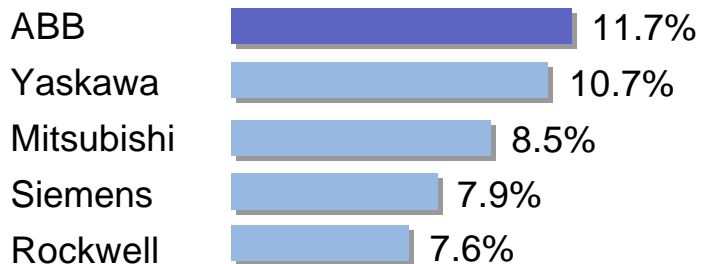
## Electrical Machines



## Low Voltage Products

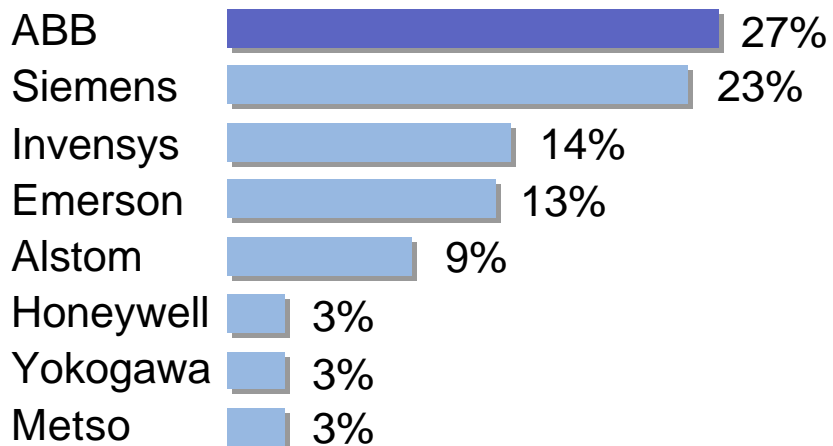


## Low-Power AC Drives

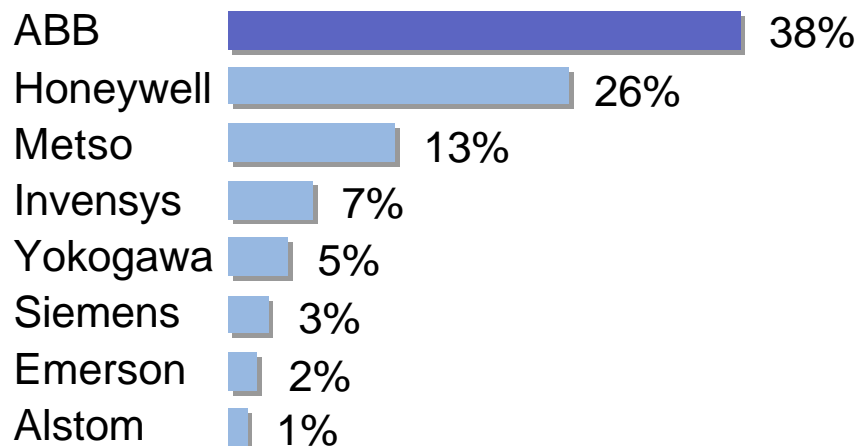


# Industry market positions

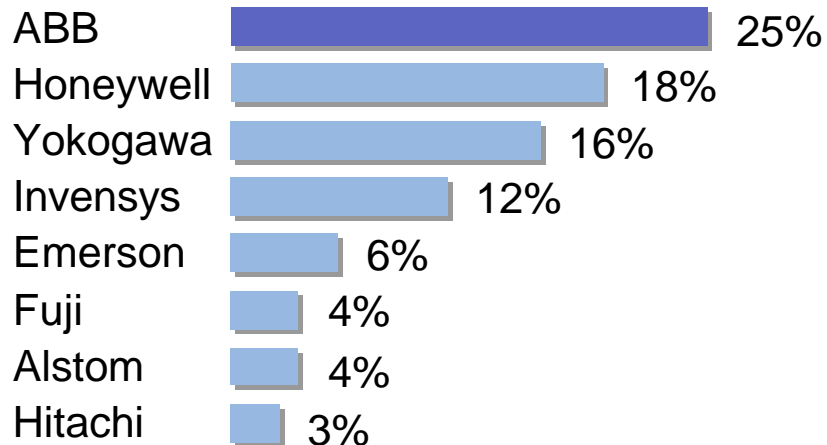
## Power Industry



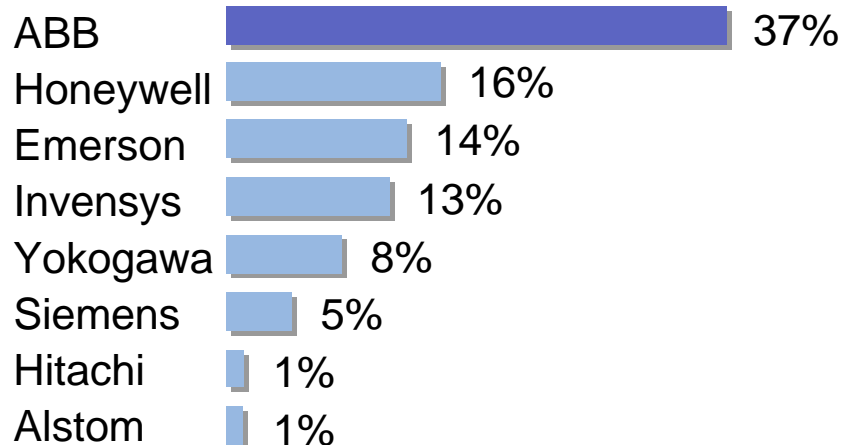
## Pulp & Paper



## Metals & Mining

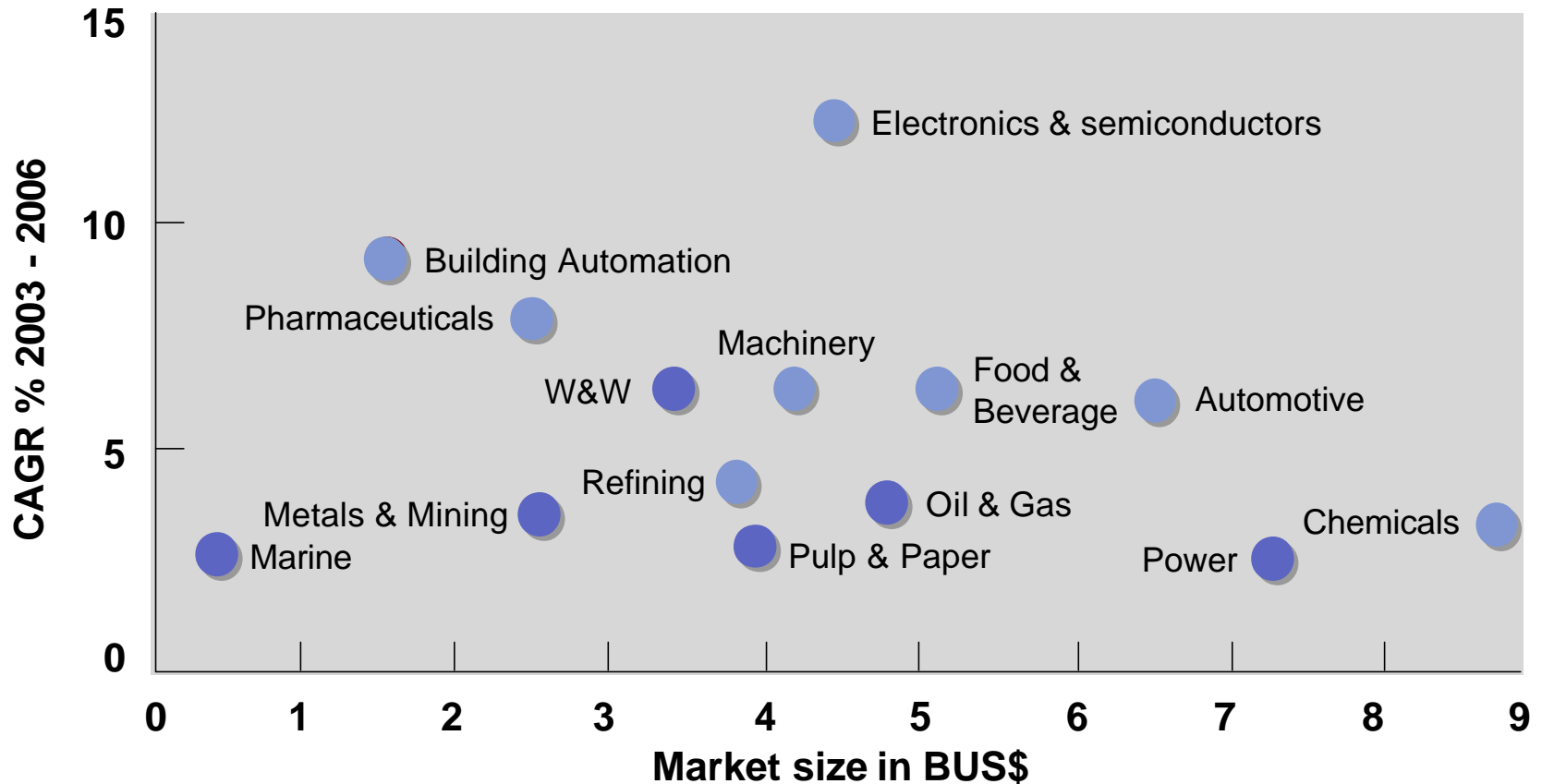


## Oil & Gas



# Industry Market size and growth

Underlying market growth 2003-2006 for the division: 2-3%



ABB's market position:

● Leadership (No. 1-2)

● Midsized

# Market outlook relevant to Automation Technologies



**Europe:** Mixed, growth in Eastern Europe



**N. America:** Weak



**Latin America:** Growth from low baseline



**Asia:** Growth, led by China and India



**Middle East, Africa:** Growth in large projects



**Automotive:** Flat



**Hybrid:** Growth in pharma, fine chem, F&B, W&W



**Heavy Process:** Chem, refining, P&P, metals, cement



**Power:** Some growth in boiler optimization and infrastructure projects

# Automation Technologies: Priorities

- Continue to reduce costs, increase productivity
- Continue application of Focused Factory concept to Focused Engineering Centers for increased speed and efficiency
- Capitalize on strong market positions, large installed base, innovative portfolio, balanced geographic scope
- Continue driving cost savings and productivity gains to the bottom line
- Deliver on 2003 targets!



A leader in power and automation technologies that enable utility and industry customers to improve performance while lowering environmental impacts.