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Chief Financial Officer



2003 fourth quarter and full year results

19 February 2004



ABB

ABB Group – further solid progress in Q4

- Strong growth in both Core Divisions*
 - Orders up 23%
 - Revenues up 13%
 - EBIT up 98%
 - Cash flow up 34%
- Cost reduction program on track
 - Net cost savings of ca. US\$ 235 million
 - 1'400 job reductions
 - Restructuring costs US\$ 72 million
- Divestment program further advanced
 - Reinsurance business, OGP upstream (closing expected in H1 2004)
- Comprehensive US\$ 4 billion three-pillar capital strengthening program completed

* in US\$



Power Technologies – Q4 highlights

- Orders up 25%*
 - China and the Middle East: very strong; Russia: strong; Europe: modest; North America: still weak
 - Improvement in all business areas; Power Systems and High Voltage Technology leading
 - Recovery in large orders (12% of total)
- Revenues up 9%*
 - High- and Medium Voltage Technology and Transformers higher; lower in Power Systems (reflection of order book)
- EBIT up 83%
 - US\$ 170 versus US\$ 93 million on flat restructuring charges
- EBIT margin up from 4.6% to 7.8%
- Cash flow of US\$ 433 million up from US\$ 352 million

* in US\$



Automation Technologies – Q4 highlights

- Orders up 22%*
 - China and India: very strong; Rest of Asia and Europe: modest to stable; North America slightly down but signs of recovery
 - Strong in all business areas except for Robotics and Manufacturing
 - Recovery of large orders (US\$ 170 million from Poland)
- Revenues up 17%*
 - Driven by product and service business; mainly Low Voltage Products and Instrumentation, Drives, Motors and Power Electronics Systems
- EBIT up 110%
 - US\$ 225 versus US\$ 107 million on slightly lower restructuring charges
- EBIT margin up from 4.5% to 8.1%
- Cash flow of US\$ 536 million up from US\$ 370 million

* in US\$



EBIT overview

(US\$ million)	Q4 2003	Q4 2002*	2003	2002*
Power Technologies	170	93	563	433
Automation Technologies	225	107	773	517
Core Businesses	395	200	1'336	950
Group EBIT	187	1	656	346
<i>Group EBIT Margin</i>	3.7%	0.0%	3.5%	2.0%
<i>Group EBIT Margin (excluding capital gains/losses)</i>	3.8%		3.7%	

- Core divisions EBIT significantly improved both Q4, full year
- Group EBIT burdened by losses in non-core activities, corporate costs

Discontinued operations – net income impact

(US\$ million)	Q4 2003	Q4 2002*	2003	2002
Insurance	(162)	45	(97)	22
Asbestos	8	(420)	(145)	(420)
Oil, Gas and Petrochemicals	(245)	(147)	(496)	(141)
Other divested businesses	(42)	(207)	(115)	(319)
Loss from discontinued operations	(441)	(729)	(853)	(858)

* Restated

■ Q4 comments

- Insurance result moved from Non-core due to divestment; Q4 result includes book loss on divestment of US\$ 153 million
- Oil, Gas and Petrochemicals includes some US\$ 100 million write-downs, reassessment of over US\$ 120 million deferred taxes
- Other includes US\$ 22 million loss on sale of cable factory in Germany, US\$ 22 million loss on wind energy divestment



ABB Group – key figures

(US\$ million)	Q4 2003	Q4 2002*	Full Year 2003	Full Year 2002
EBIT	187	1	656	346
Finance net	(77)	(120)	(410)	(126)
Income/(loss) in Continuing operations	54	(99)	86	75
Loss in Discontinuing operations	(441)	(729)	(853)	(858)
Net Loss	(387)	(828)	(767)	(783)

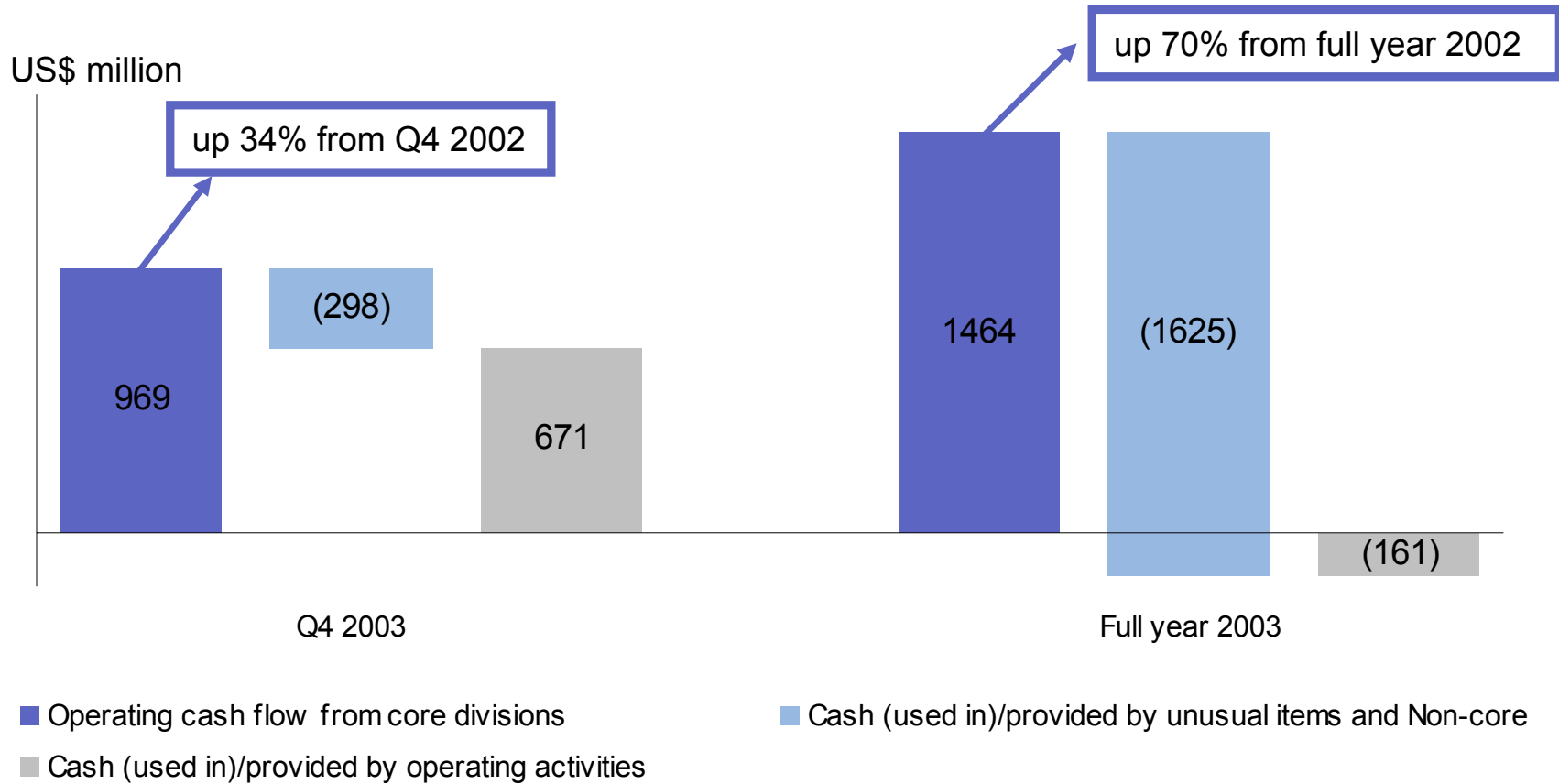
* restated

■ Q4 comments

- Finance net improvement mainly reflects non-recurrence of financial losses in 2002
- Discontinuing operations heavily impacted by mainly non-cash project losses, write-offs and settlements in OGP; book loss on sale of reinsurance



Cash flow from operating activities



Significant improvement in core division cash generation offset by cash drain in discontinuing operations, asbestos and Non-Core

Capital strengthening programs

Q3 2003

- CHF 1 billion convertible bond 2010

Q4 2003

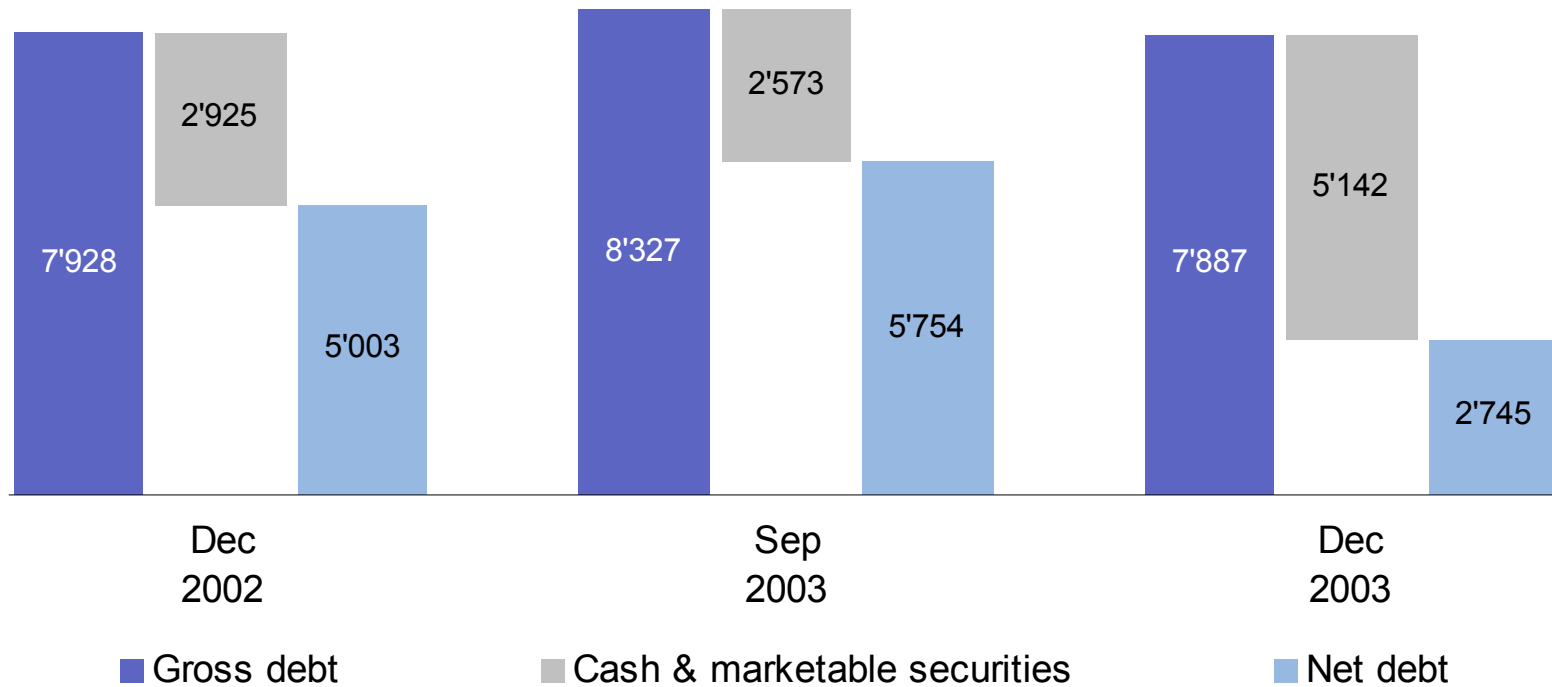
- US\$ 2.5 billion rights issue
- Euro 650 million bond 2011
- US\$ 1 billion unsecured credit facility (stand-by)

- Two-step capital strengthening program in 2003
 - Convertible bond launched in August 8x oversubscribed
 - US\$ 4 billion three-pillar program completed in December
 - Rights issue with 99.4% take-up
 - Bond 5x oversubscribed
 - Credit facility as stand-by
- Balance sheet restored to appropriate levels for industrial company
- Liquidity improved

Market reaction to capital strengthening programs is strong vote of renewed confidence in ABB

Net debt and gearing development

US\$ million



Gearing*

December 2002
86%

September 2003
87%

December 2003
70%



Divestment program well advanced

Divested in 2003

- Aircraft and car leasing portfolio US\$ ~110 million (VIE)
- Building Systems US\$ ~230 million
- Stake in Swedish Export Credit Corp. US\$ ~150 million
- Shares in Sinopec US\$ ~80 million
- Two Equity Ventures in Australia US\$ ~90 million

Cash proceeds*:
US\$ ~1'230 million

Signed

- Oil, Gas and Petrochemicals
 - sales agreement signed for Upstream for US\$ 925 (plus US\$ 50 million earn-out)
- Insurance
 - US\$ 425 million proceeds

On course to reach proceeds
of over US\$ 2 billion once
completed

Still to come

- Building Systems in Switzerland and Germany

* including US\$ ~570 million from sales out of the remaining Structured Finance leasing and other financial portfolios, machinery and real estate

Step Change program

- Fourth quarter 2003
 - Savings of ca. US\$ 235 million
 - Restructuring costs US\$ 72 million
 - ca. 1'400 job reductions
- Full year 2003 achievement
 - Savings of ca. US\$ 655 million
 - Restructuring costs US\$ 234 million
 - ca. 7'100 job reductions
- 2004 expectations
 - Realization of full US\$ 900 million in savings
 - Total Step Change restructuring costs lower than original US\$ 500 million forecast

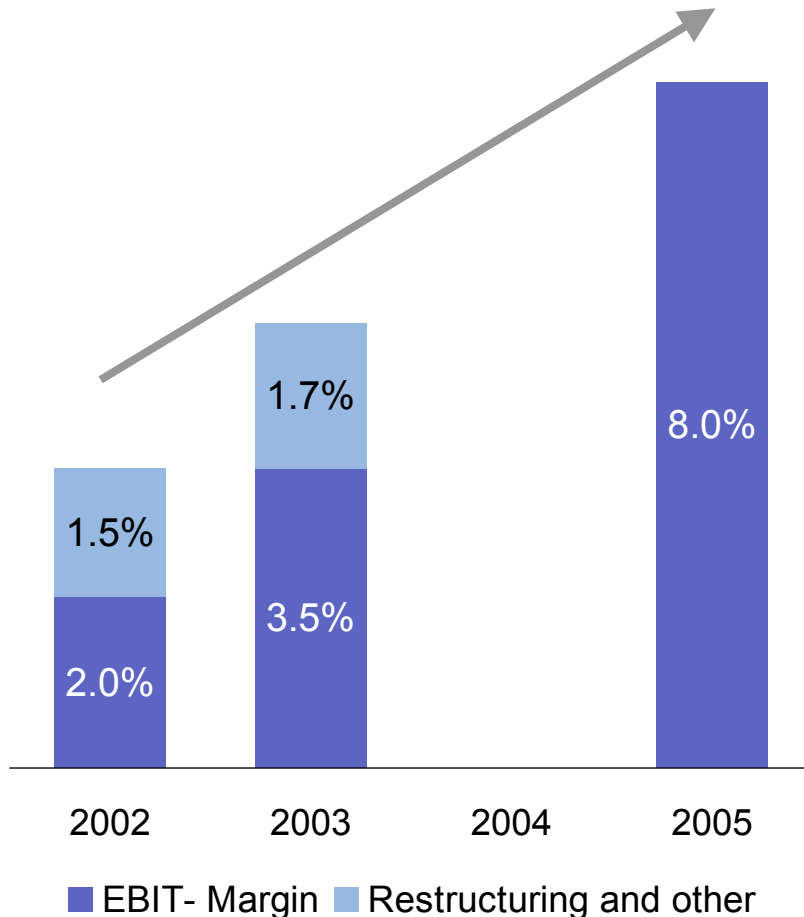
Update on asbestos

- Solution of asbestos issue through CE Plan of Reorganization
 - Total value of plan is ca. US\$ 1.2 billion*
 - Liability is fully provisioned*
- Progress so far
 - Plan approved by Delaware Bankruptcy Court on 10 July
 - Confirmation by District Court on 8 August
 - 3rd Circuit Court of Appeals hearing set for 4 February 2004 postponed
- Confident that plan will be confirmed

*excluding contingent liability of US\$ 100 million (NPV of US\$ 50 million booked to P&L in Q3 2003) and mark to market effect on shares to be contributed



On track to reach Group margin target 2005



- Expectations for 2004
 - Growth in market demand to continue
 - Asia remains robust; North America and Europe to pick-up especially in second half
 - Continued focus on operational excellence, completion of Step Change
 - Reduced impact from Non-core activities
 - Further improvement in profitability expected
- Group margin target 2005 confirmed

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