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Chief Executive Officer



2004 fourth quarter and full year results

Daettwil, 17 February 2005



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Content

- Introduction and 2004 summary
- Review of results
- Outlook 2005
- ABB – an interpretation and roadmap

ABB Group – summary 2004

- Successful return to profitability after three years of heavy losses, turnaround completed in 2004
- Substantial progress in all areas of Group
 - Good order and revenue growth
 - Significantly higher EBIT, EBIT margin and cash flow
 - Net profit clearly positive
 - Substantial debt reduction
- but some negative issues remain
 - Corporate cost to be reduced
 - PT margins below expectations
 - Impact of non-recurring items still sizable
 - Final asbestos resolution further postponed



Implications for 2005

- Despite substantial progress, several challenges remain
- Achieve 2005 targets through margin improvements in core divisions, substantial reduction of corporate costs to \$450 million and further divestments out of Non-core portfolio
- Continue to improve and strengthen operational set-up of Group in particular in areas of execution and people
- Find a solution to asbestos by addressing issues raised by 3rd Circuit Court of Appeals

ABB Group – Q4 summary

- Continued volume growth with orders up 4%* (10%)** and revenues up 5% (11%)
- Group EBIT more than doubled, core divisions burdened by charges following review in year-end closing process
- One-time exit costs in discontinued operations affected net income
- Higher Group cash flow from operations based on substantial improvements in Non-core and Corporate; core divisions remain at high level
- Reclassifications of OGP into continuing operations after asbestos ruling; Power lines moved to discontinued operations as a consequence of exit decision

* Local currency change ** (in US\$)



Power Technologies – Q4 summary

- Orders up 5%* (12%)**; strength in Americas and Europe, partly offset by lower large orders in Asia (China)
- Base order growth more than offset large order gap (timing of project awards)
- Revenues up 12%* (18%)**; up in all business areas except Power Systems
- EBIT** down 6%; partly due to non-recurring charges of \$45 million (write-down of notes receivable, project-related hedging costs); EBIT margin decreased to 6.4% from 8.0%
- Cash flow of \$454 million in line with seasonal pattern

* Local currency change ** (in US\$)



Automation Technologies – Q4 summary

- Orders down 2%* (up 6%)**; strong growth in Americas, Middle East and Africa and modest development in Asia more than offset by strong decrease in eastern Europe (large order received in 2003)
- Base order growth continues at double-digit rate**
- Revenues up 10%* (18%)**; strong product order intake earlier in 2004
- EBIT** up 29% despite charges to streamline operations; EBIT margin up to 8.9% from 8.1%
- Cash flow of \$529 million remains at seasonal high level

* Local currency change ** (in US\$)



EBIT* - overview

(\$ million)	Q4 2004	Q4 2003**	2004	2003**
Power Technologies	164	174	610	595
Automation Technologies	281	218	1,027	738
Core businesses	445	392	1,637	1,333
Non-core activities	(31)	(118)	(46)	(467)
Corporate	(150)	(147)	(507)	(509)
Group EBIT	264	127	1,084	357
<i>Group EBIT margin</i>	<i>4.4%</i>	<i>2.4%</i>	<i>5.2%</i>	<i>1.7%</i>

** reclassified

■ Q4 comment

- Combined core division EBIT continues to improve despite some non-recurring charges
- Non-core result still negative, OGP and Building Systems losses reduced significantly
- Negative currency impact on Corporate

* EBIT: Earnings before interest and taxes



EBIT* - Non-core activities

(\$ million)	Q4 2004	Q4 2003**	2004	2003**
Oil, Gas and Petrochemicals	(12)	(57)	(4)	(296)
Building Systems	(23)	(43)	(70)	(104)
Equity Ventures	22	8	69	76
Remaining Structured Finance	(5)	(6)	(14)	(65)
New Ventures	9	4	(5)	(21)
Other non-core activities	(22)	(24)	(22)	(57)
Non-core EBIT	(31)	(118)	(46)	(467)

** reclassified

■ Q4 comment

- OGP loss on \$26 million depreciation charge for 2003 and 2004 as a consequence of reclassification into continuing operations
- Building Systems break-even in Germany, loss associated with costs in other countries

* EBIT: Earnings before interest and taxes



Discontinued operations – reclassifications

- Several changes in scope of discontinued operations due to mandatory reclassifications under U.S.GAAP
- OGP reclassified to continuing operations following 3rd Circuit Court of Appeals asbestos ruling on December 2, 2004
- Most of Power lines activities moved from PT division into Discontinued operations
- Wind park project in Greece written down and moved to Discontinued operations

Discontinued operations – Net income impact

(\$ million)	Q4 2004	Q4 2003*	2004	2003*
Insurance	(4)	(162)	(41)	(97)
Abestos	13	8	(28)	(142)
Upstream oil and gas	(18)	(43)	(70)	(44)
Power lines	(47)	4	(75)	(10)
Wind energy	(15)	(22)	(25)	(42)
Other	(11)	(19)	(8)	(73)
Net loss	(82)	(234)	(247)	(408)

* reclassified

■ Q4 comment

- Non-recurrence of \$162-million loss related to insurance divestment booked in 2003
- Upstream oil and gas includes adjustment to pension liability of \$11 million and other costs related to sale



ABB Group – key figures

\$ million	Q4 2004	Q4 2003*	2004	2003*
EBIT	264	127	1084	357
Finance net	(66)	(76)	(223)	(417)
Income from continuing operations	95	(157)	448	(371)
Loss from discontinued operations	(82)	(234)	(247)	(408)
Net income / (loss)	13	(391)	201	(779)

* reclassified

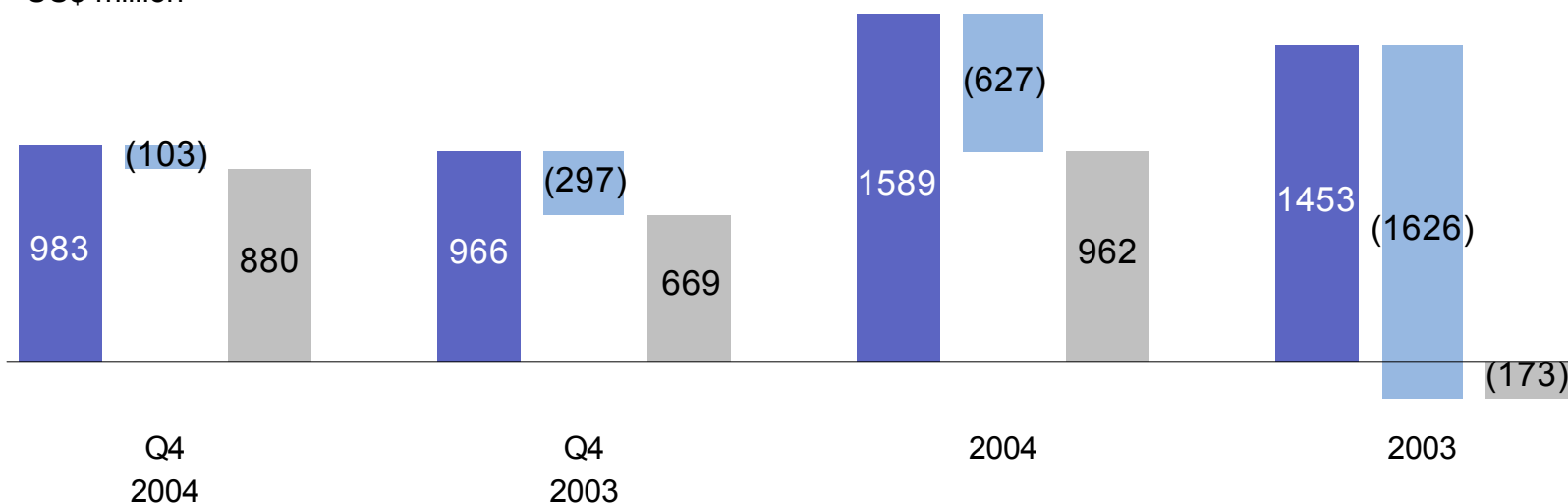
■ Q4 comment

- Finance net improved slightly on stable interest income and lower securitization costs

Cash flow from operating activities

Significant reduction of cash drain from Non-core, Corporate and other, coupled with higher cash generation from core activities

US\$ million



- Cash provided by operating activities
- Cash (used in) / provided by Non-core, Corporate and other*
- Cash flow from operating activities in core divisions

* Incl. Treasury activities



Net debt and gearing development

\$ billion

Gearing*

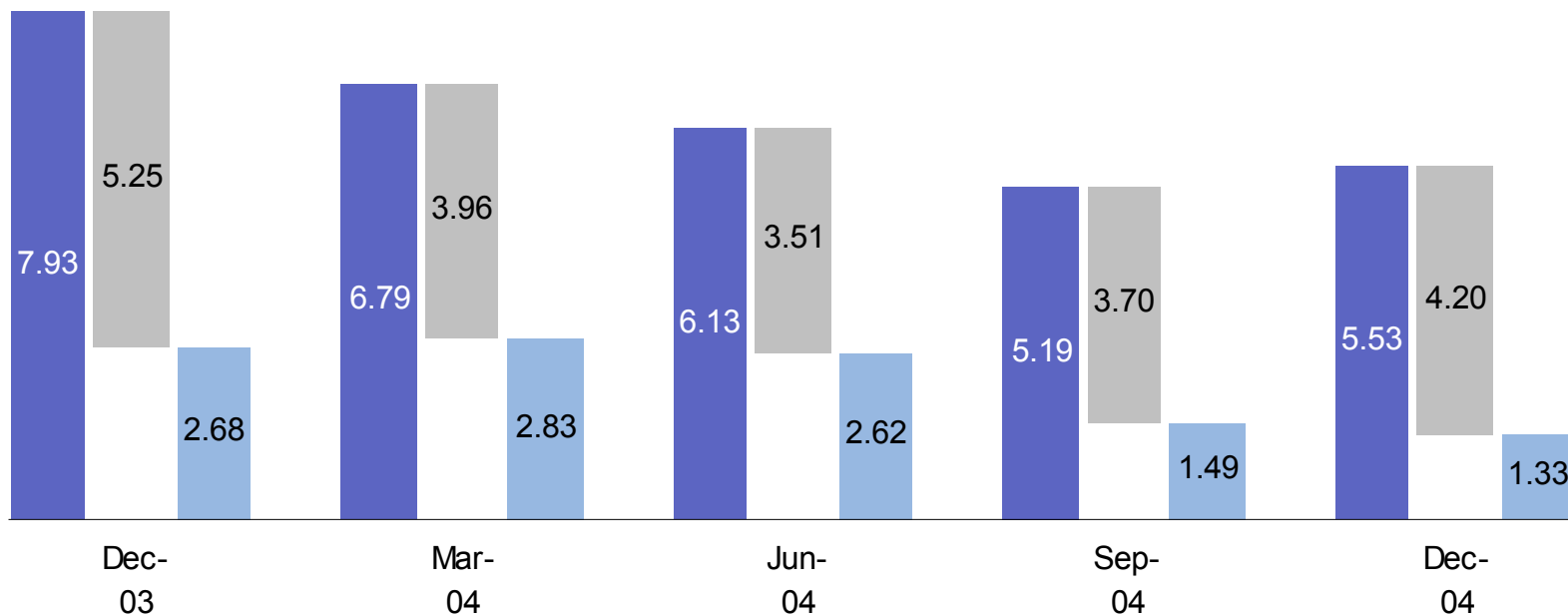
71.2%

68.0%

66.0%

60.7%

62.2%



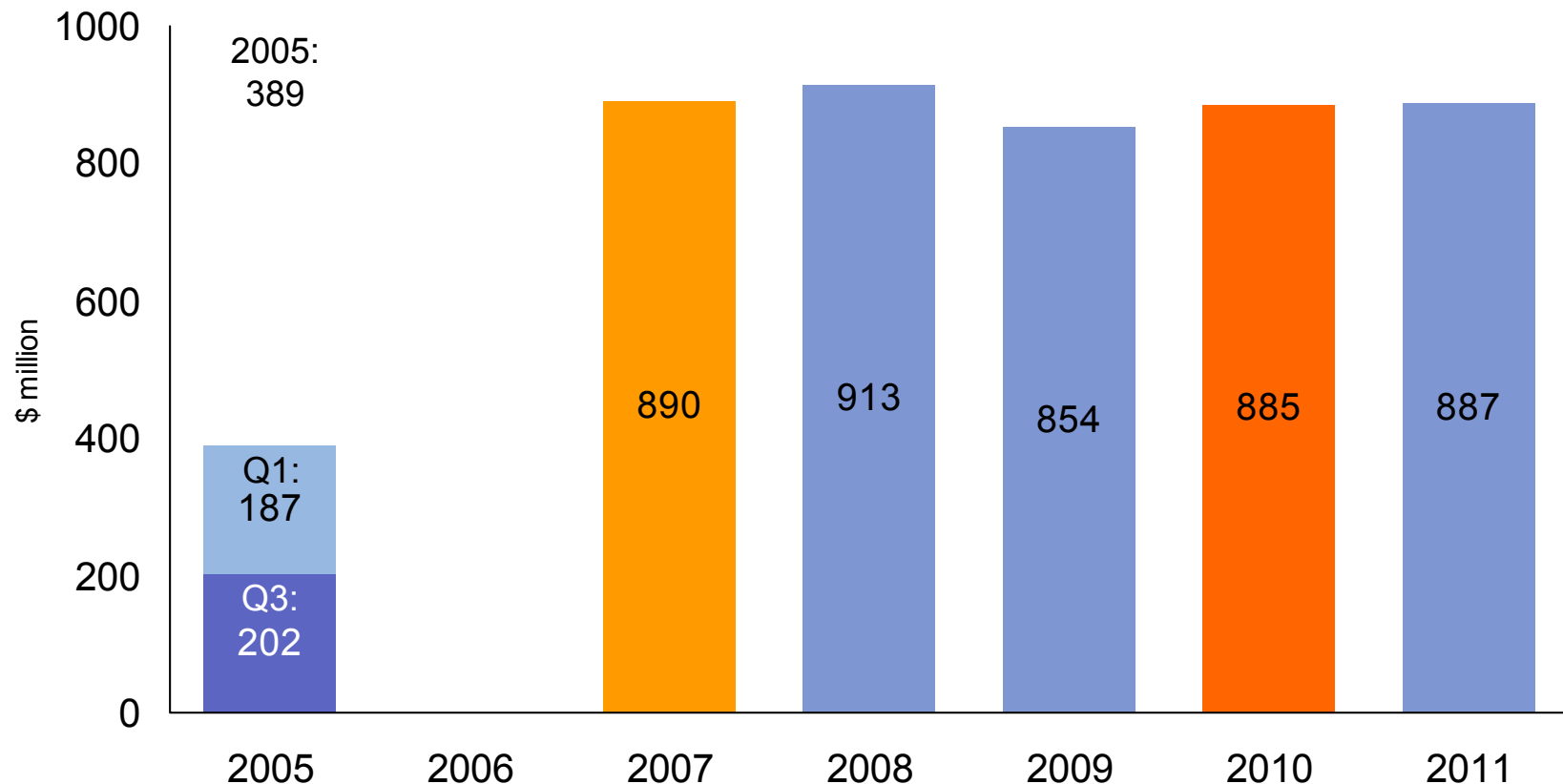
- Net debt (total debt minus cash & marketable securities)
- Cash & marketable securities
- Total debt (LT borrowings plus ST borrowings)

* Total debt / (total debt plus equity incl. minorities)



Maturity profile of debt securities* (as of December 31, 2004)

Total debt securities of approx. \$4.8 billion



■ \$ 4.625% Convertible bond (conversion price of \$9.03)

■ CHF 3.5% Convertible bond (conversion price of CHF 9.53)

* Based on December 31, 2004 FX rates



Update on asbestos

- Confirmation of ABB's Chapter 11 Plan of Reorganization for U.S. subsidiary Combustion Engineering reversed by 3rd Circuit Court of Appeals on December 2, 2004
 - Case remanded back to District Court
 - Lower courts to receive additional information on CE settlement trust, two-trust structure
 - Discussions under way to amend plan to reflect 3rd Circuit Court comments
- Inclusion of ABB Lummus Global Inc. and Basic Inc. in plan ruled not appropriate
 - ABB reviews other options
 - There are currently about 11'000 asbestos claims against ABB Lummus Global Inc., which have been provided for



2005 outlook

- Markets: continued demand growth expected in all regions, especially Asia and Americas
- Raw material prices: no further worsening of 2004 trend expected but rather stabilization at high level with softening in some areas
- Currencies: no “crystal ball”
- Committed to deliver 2005 targets

	Group	AT	PT
Revenue growth** (local currencies)	4.0%	3.3%	5.3%
EBIT margin (nominal)	7.7%* (8.0%)	10.7%	10.0%

Gearing Target of 50%

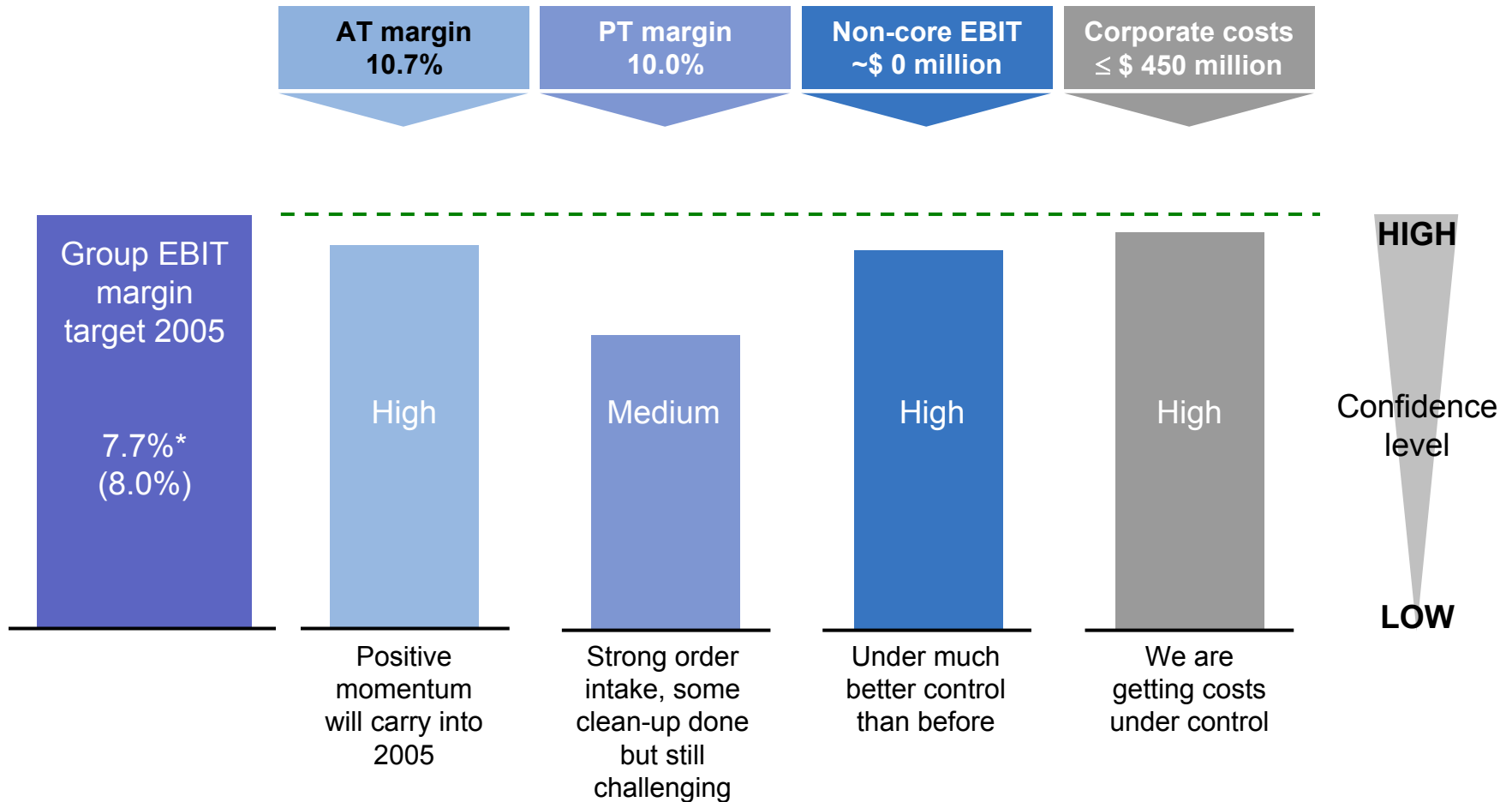
* Change of 2005 Group margin target from previously communicated 8.0% to 7.7% solely reflects reclassification of oil, gas and petrochemicals activities into continuing operations

** Annual average growth rate 2002 – 2005

Targets exclude major acquisitions, divestments and business closures



2005 Group margin target: on track



* Change of 2005 Group margin target from previously communicated 8.0% to 7.7% solely reflects reclassification of oil, gas and petrochemicals activities into continuing operations



ABB's quest for the future: to create value...

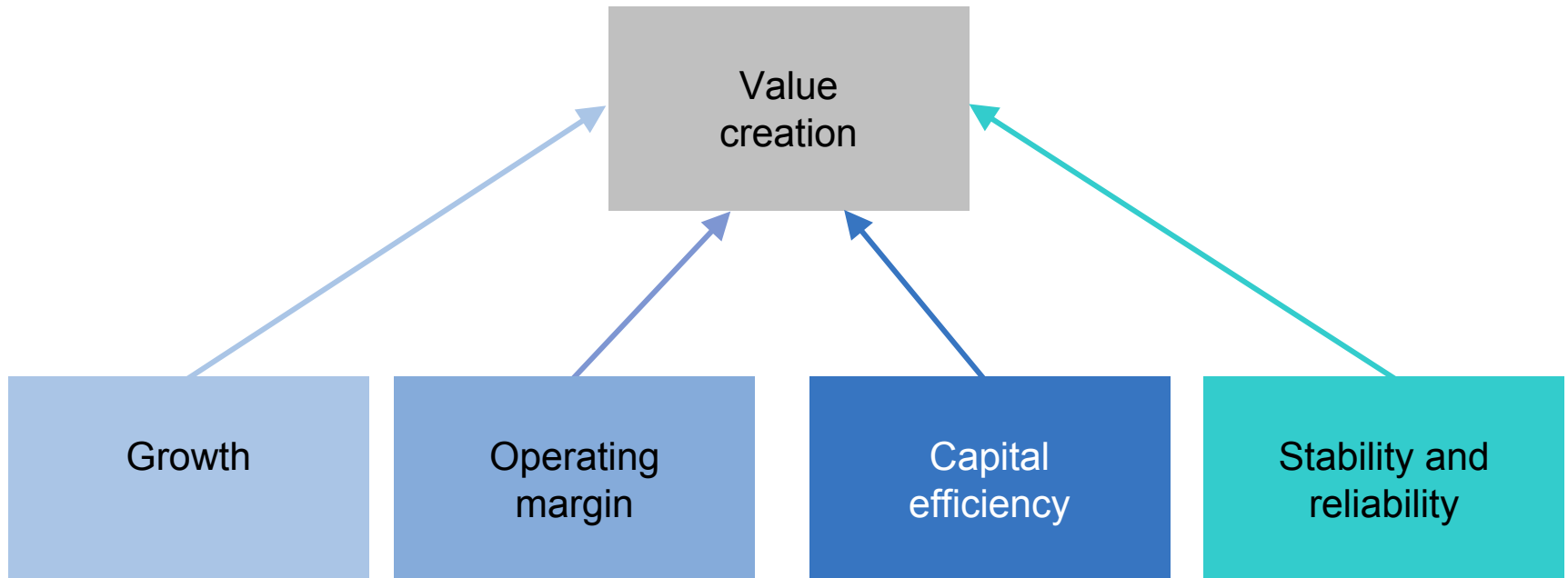


ABB subscribes to "triple bottom line" concept

ABB's focus before 2001: growth and balance sheet

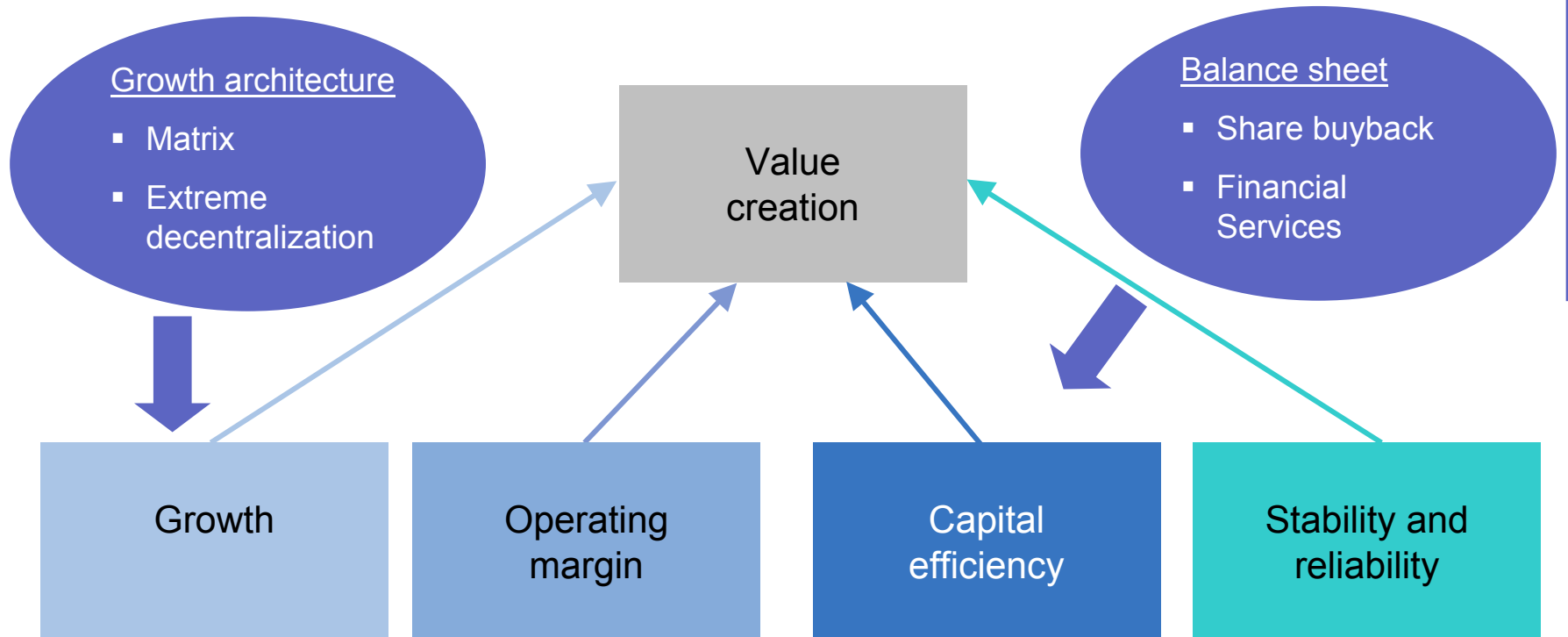
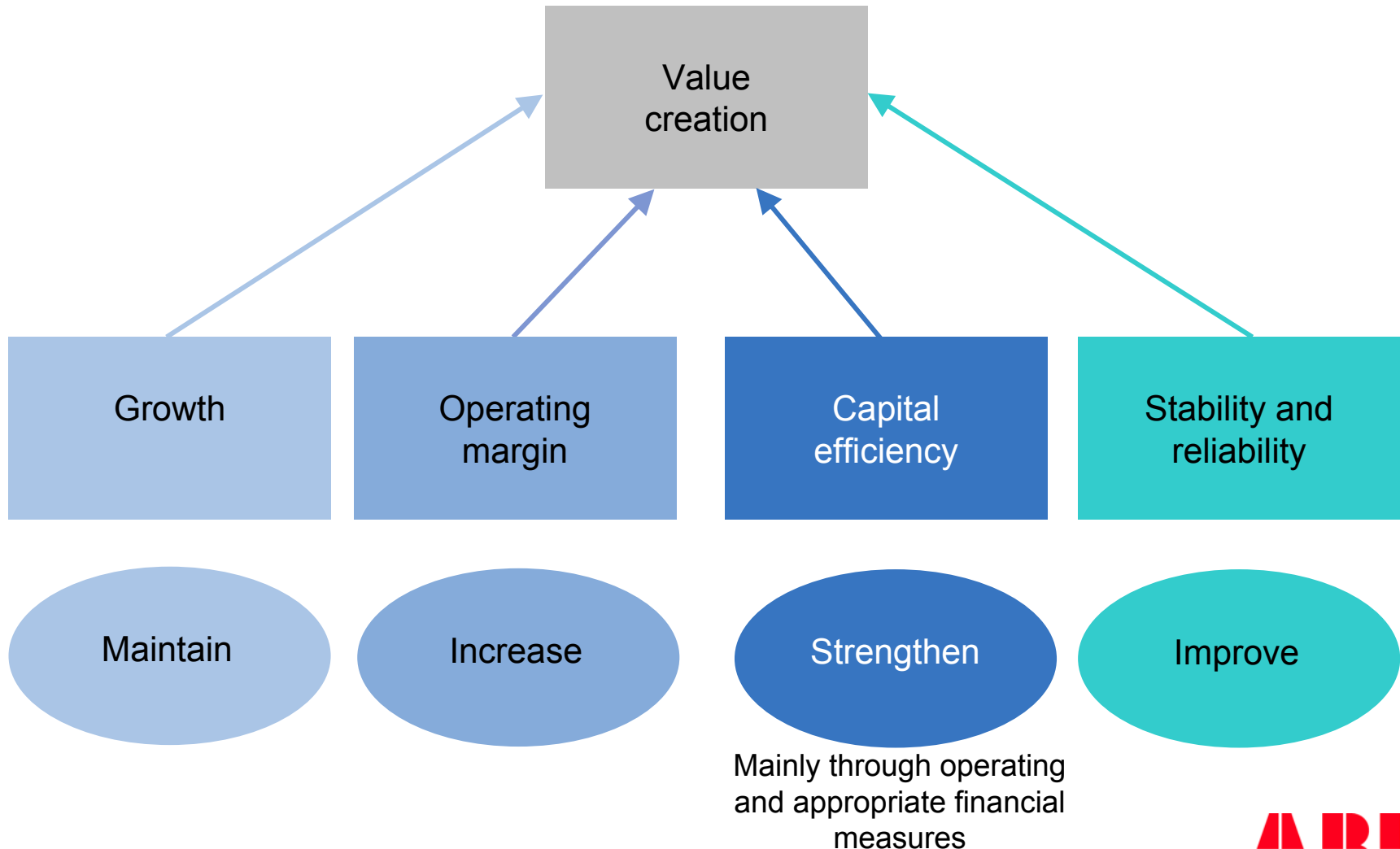


ABB today: operating performance and reliability



The three core topics in leading a company

Strategy

- Important topic but usually overrated
- Strategy is key issue only “once in five years”

ABB situation

- New core portfolio selected
- Good foundation for future success



Execution

- Takes diligence, discipline, stamina
- Less fashionable than strategy but very valuable

ABB situation

- Much improved in last 3 years
- Focus area for next years



People

- Most important topic, base for everything
- No quick fixes, building an effective team takes time

ABB situation

- Great potential, not exploited yet
- Improvement process started 2 years ago



Examples of ongoing and new initiatives

Strategy

- New ABB strategic plan in development “Evolution”
- Introduction of regular strategy review cycle (on operational and Board level)
- New set of financial targets will be announced in Q2 2005

Execution

- Introduction of a more comprehensive business review process
- In general, strengthening of corporate monitoring (but not centralization)
- Increased focus on operational topics such as project management
- “Speed” by itself is not enough → Impact

People

- Many necessary processes installed in last 2 years
- Stronger focus on management development and evaluation
- Leadership behavior is core topic (incl. compliance)

ABB