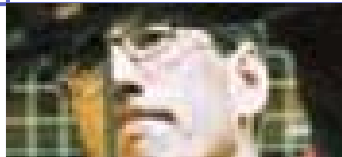


**Dinesh Paliwal**  
Member of Group  
Executive Committee,  
Head of Automation  
Technologies Division



## **2003 fourth quarter and full-year results**

**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.



# Overview: Automation Technologies



## Our offerings

- Products, services and solutions
  - Low voltage products
  - Electrical motors and drives
  - Controls and instrumentation
  - Robotics and peripherals
  - Automation software
  - Process and discrete solutions
  - Aftermarket and optimizing services

## Our markets

- Industry and utility segments
  - Chemicals and life sciences
  - Automotive and manufacturing
  - Metals and minerals
  - Pulp and paper
  - Energy: utilities, oil and gas
  - Marine and turbocharging
  - Independent channel partners

## Our resources

- 150 manufacturing, software and application centers
- 55,300 employees, plus channel partners (wholesalers, distributors, systems integrators, installers, OEMs)



# 2003 Q4 summary - Automation Technologies

US\$ millions	2003	2002	Change*	Local
Orders	2,637	2,169	22%	8%
Revenues	2,774	2,379	17%	3%
EBIT	225	107	110%	90%
EBIT Margin	8.1%	4.5%		
Restructuring	(58)	(85)		
EBIT Margin (excl. restructuring)	10.2%	8.1%		
Cash flow from operations	536	370	45%	

- Strong order bookings in China and India (both >40%) with signs of recovery in the US
- Revenues fueled by Products and Services business
- Strong earnings improvement reflected our success in productivity improvement program and push for higher gross margin
- Cash flow from operations fueled by higher earnings

\* Nominal



# 2003 FY summary – Automation Technologies

US\$ millions	2003	2002	Change*	Local
Orders	9,961	8,680	15%	2%
Revenues	9,897	8,464	17%	3%
EBIT	773	517	50%	33%
EBIT Margin	7.8%	6.1%		
Restructuring	(140)	(129)		
EBIT Margin (excl. restructuring)	9.2%	7.6%		
Cash flow from operations	848	524	62%	

- Exceeded all financial targets
- Very strong growth in emerging markets, led by automation products
- Double digit growth in Service business

\* Nominal

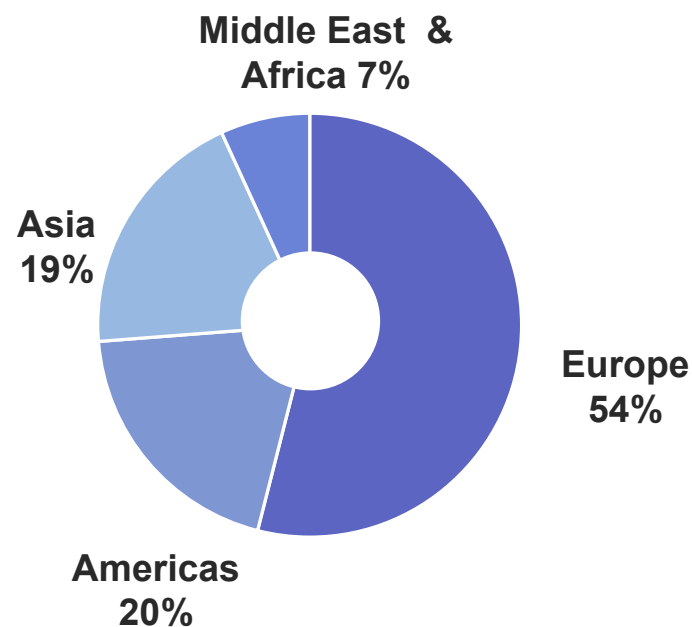


# Market demand review 2003

## By region

- Continued growth in eastern Europe
- Mixed in western Europe
- Low in North America, but signs of upturn in Q4
- Latin America steady at low levels
- Continued strong growth in Asia, Middle East and Africa

## Revenues by end destination

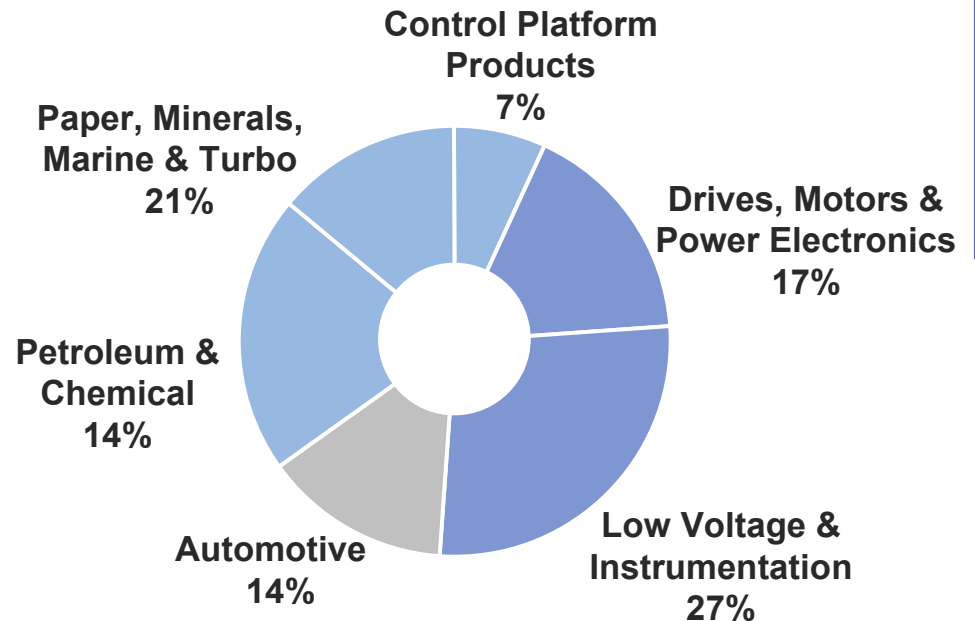


# Market demand review 2003

## By industries served

- Consumer / Life Sciences slightly up
- Oil & Gas up
- Petroleum / Chemicals flat
- Minerals / Mining down, price pressure
- Paper, Marine, Turbochargers flat
- Automotive still down, price pressure

## Revenues by business area\*



\* Before eliminations



**Process Automation**  
42%



**Manufacturing Automation**  
14%



**Automation Products**  
44%

Main activities based on 2003 revenues



# 2003 achievements

## *Automation Technologies*

- Improved operational performance
  - Cost reduction and productivity actions US \$245 million
  - Combined six business areas into three to improve costs, competitiveness
- Improved productivity
  - Revenue productivity up 10%
  - Jobs reduction of 12%
- Significant growth
  - Revenues in China up 46%, India up 29% and Eastern Europe up 45%
  - Service business continues double-digit growth
  - Group account orders up 19%



# 2004 strategic priorities

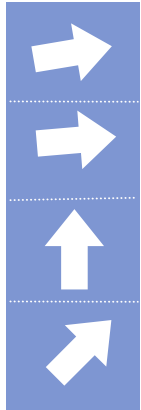
## *Automation Technologies*

- Continue cost and productivity improvements, including savings from simplified management structure
- Continue aggressive service approach to huge installed base
- Leverage US\$ 20 billion process automation base through new common Industrial IT platform
- Execute regional strategies in Asia and Americas
- Continue recognized track record for innovation



# Improved market prospects for 2004

## ■ Regions



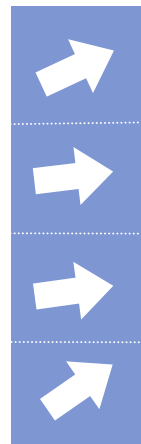
Europe to begin recovery

Upturn begins in N. America, Latin America flat

Asia continued strong growth

Middle East and Africa higher

## ■ Industries



Healthy growth in chemicals and life sciences

Gradual recovery in marine, minerals and paper

Activity to pick up in automotive

General industry growth somewhat greater than in 2003

# Revenue growth and EBIT margin targets\*

	2003A	2005
Revenue growth (local)	3.1%	3.3%**
EBIT margin (nominal)	7.8%	10.7%

\* Targets exclude major acquisitions, divestments and business closures.

\*\* Compound annual growth rate 2002 - 2005.



# Conclusions

- **Solid performance in 2003 confirms strategy**
  - Five consecutive quarters of earnings and revenue growth
  - Cost reductions and productivity gains ahead of plans
  - Strong cash flow from improved earnings
- **Continued focus in 2004 on operational excellence**
  - Productivity with cost reduction and portfolio focus
  - Expanded service offerings for large installed base
  - Further build on strong position in developing markets
  - Continue regional strategy focus in Asia and North America



**ABB**