



October 29, 2009

# ABB Q3 2009 results

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# Safe-harbor statement

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 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” or similar expressions. However, there are many risks and uncertainties, many of which are beyond our control, that could cause our actual results to differ materially from the forward-looking information and statements made in this press release and which could affect our ability to achieve any or all of our stated targets. The important factors that could cause such differences include, among others, business risks related to the financial crisis and economic slowdown, costs associated with compliance activities, the amount of revenues we are able to generate from backlog and orders received, raw materials prices, market acceptance of new products and services, 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.

# Cost take-out holds EBIT margins within target range

## Strong cash flow performance above \$1 bn

- Orders –15%\*, base order decline close to Q2 09 rates
- Revenues –5%\*, lower short-cycle sales offset backlog execution
- Backlog remains strong at \$26 bn, up 4%\* year-to-date
- EBIT of \$1.4 bn with a 17.9% EBIT margin
  - excl. provision and other adjustments, operating EBIT margin ~3.5% lower vs year-earlier
- Cost savings YTD >\$1 bn – well ahead of plan
- \$1.3 bn cash flow on lower inventory, good cash collection
- Net income at \$1 bn, incl. \$380-mill provision adjustment

**Weathering the storm through solid business execution**

\* Comparisons in local currencies

# Q3 2009 key figures

Key figures Q3 2009 vs Q3 2008	change			
	Q3 2009	Q3 2008	US\$	Local
<i>US\$ millions unless otherwise indicated</i>				
Orders received	7,060	8,885	-21%	-15%
Revenues	7,910	8,791	-10%	-5%
Order backlog	26,159	27,211	-4%	-4%
EBIT	1,419	1,291	10%	
as % of revenues	17.9%	14.7%		
Net income	1,034	927	12%	
Basic earnings per share (US\$)	0.45	0.41		
Cash from operations	1,281	1,121		

- Order backlog up 4% year to date
- Underlying operational EBIT margin = 12.4%
  - \$430 mill positive from provision adjustments
  - \$50 mill positive from mark-to-market on hedge transactions
  - \$40 mill. negative from restructuring-related costs
- Strong cash collection reflects strong operating discipline

Chart 4

# Base orders still looking for the bottom

## Large orders not enough to compensate base decline

**Orders Q1 2007 to Q3 2009**  
*in local currencies*

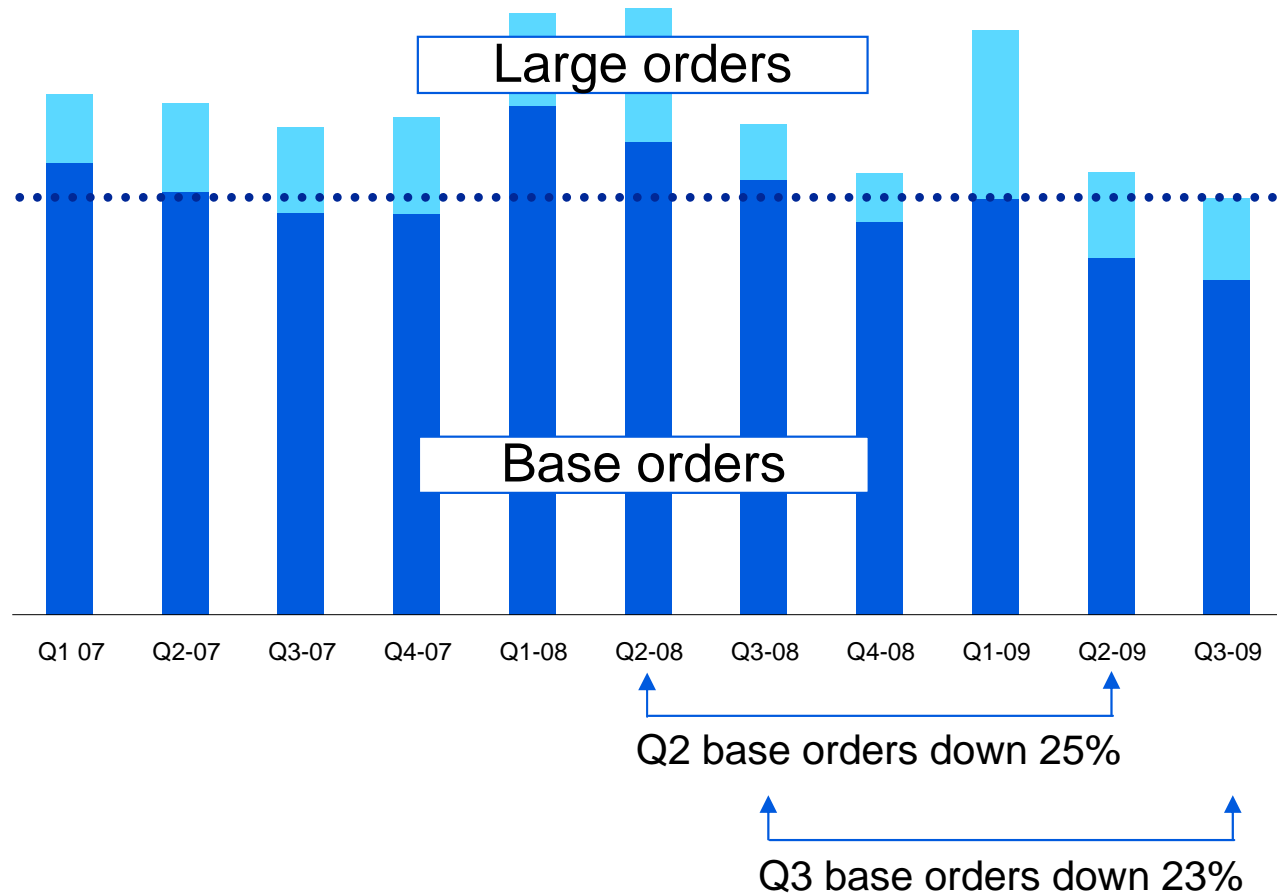


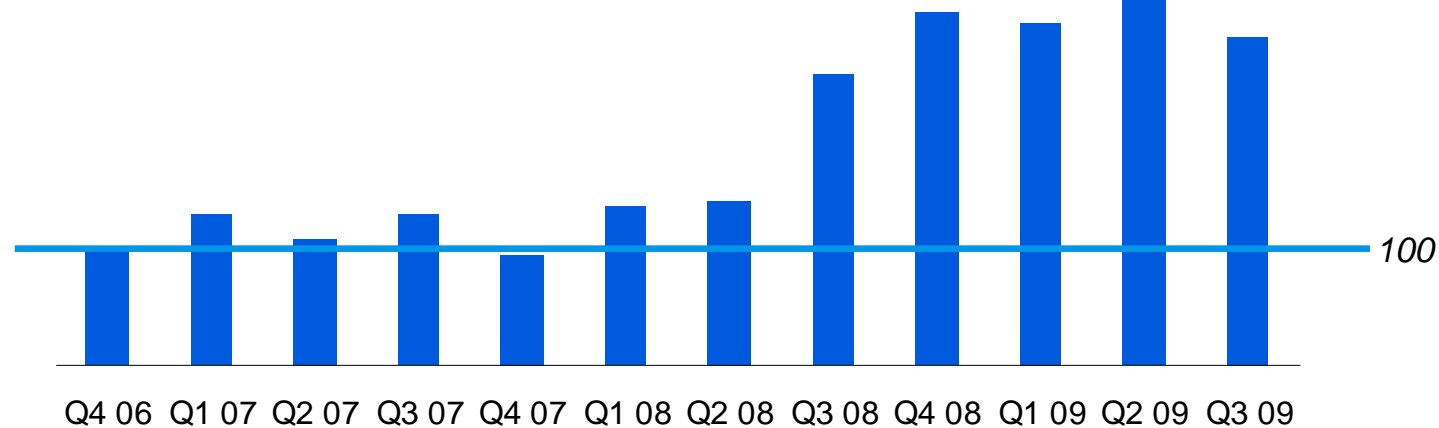
Chart 5

# Power Systems tender backlog still strong

## Several large projects awarded in Q3, more to come

### Power Systems tender backlog

rebased Q4 06 = 100



### Power Systems order backlog

US\$ millions

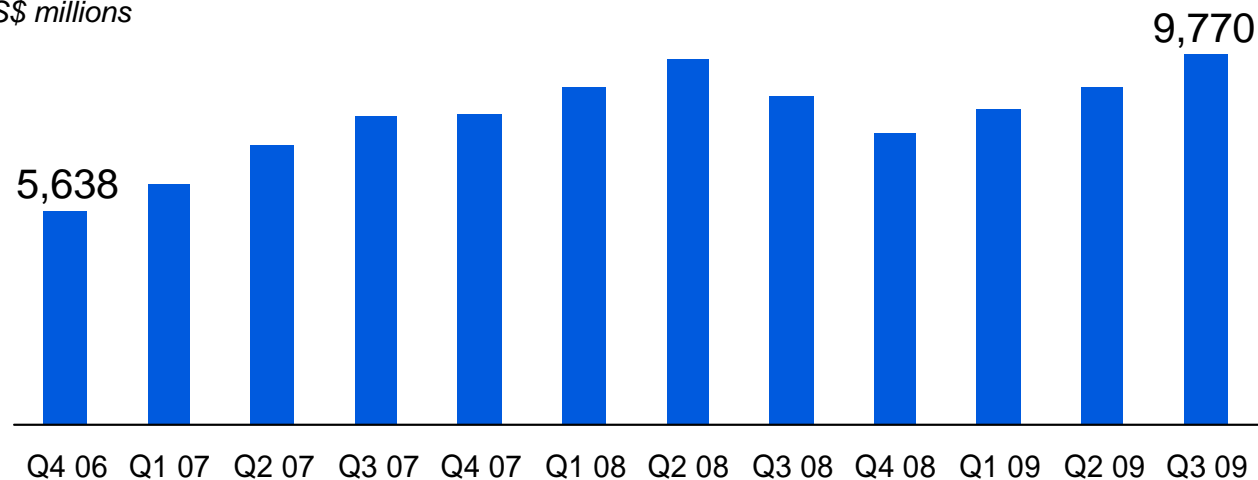


Chart 6

# Seasonal order and revenue patterns continue

## Book-to-bill 2009 >1 year-to-date

**Orders, revenues and book-to-bill development, Q3 06 to Q3 09**  
*US\$ millions, ratio of orders-to-revenues*

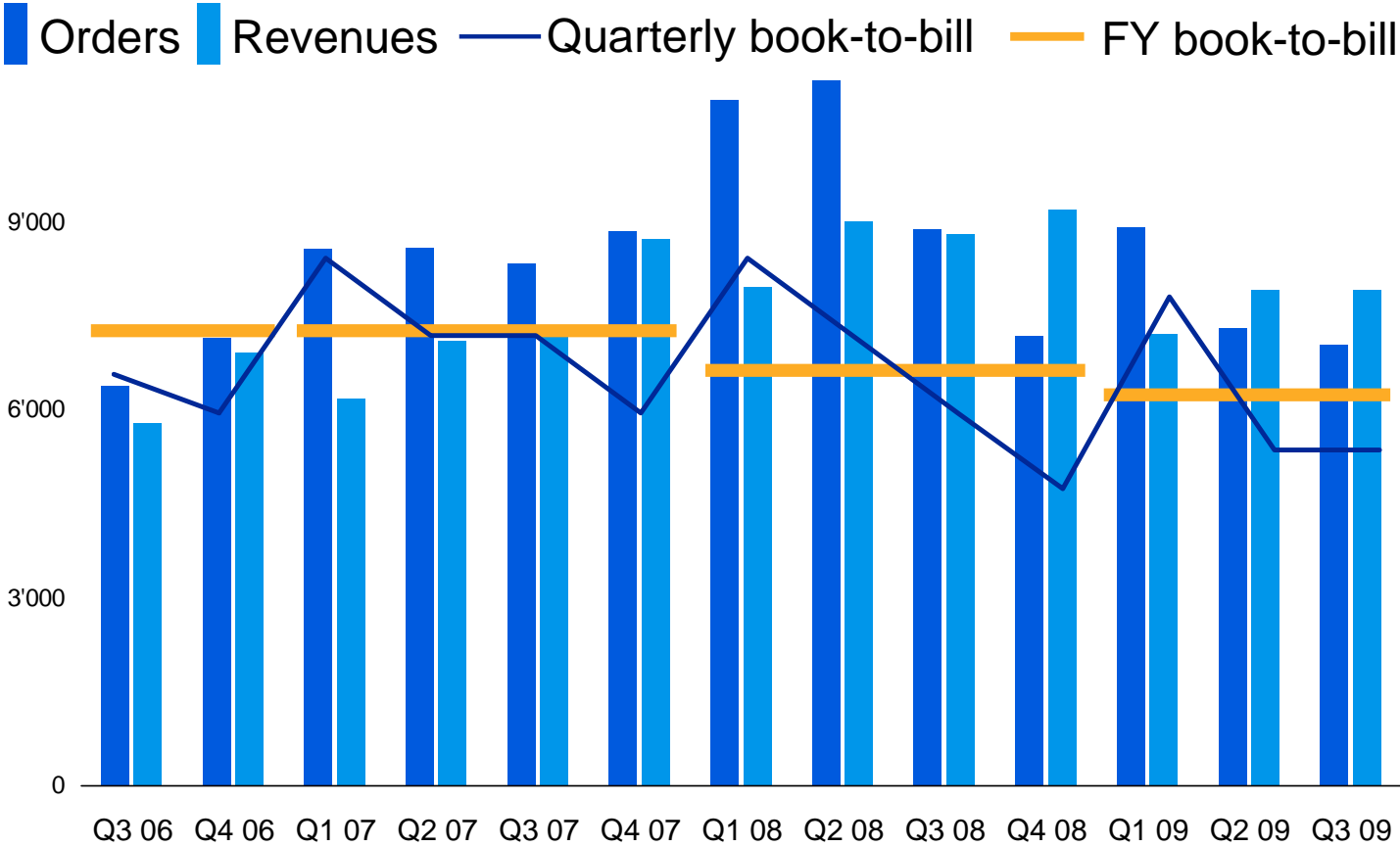


Chart 7



# Power infrastructure lifts Americas and Middle East Industrial demand significantly down vs 2008

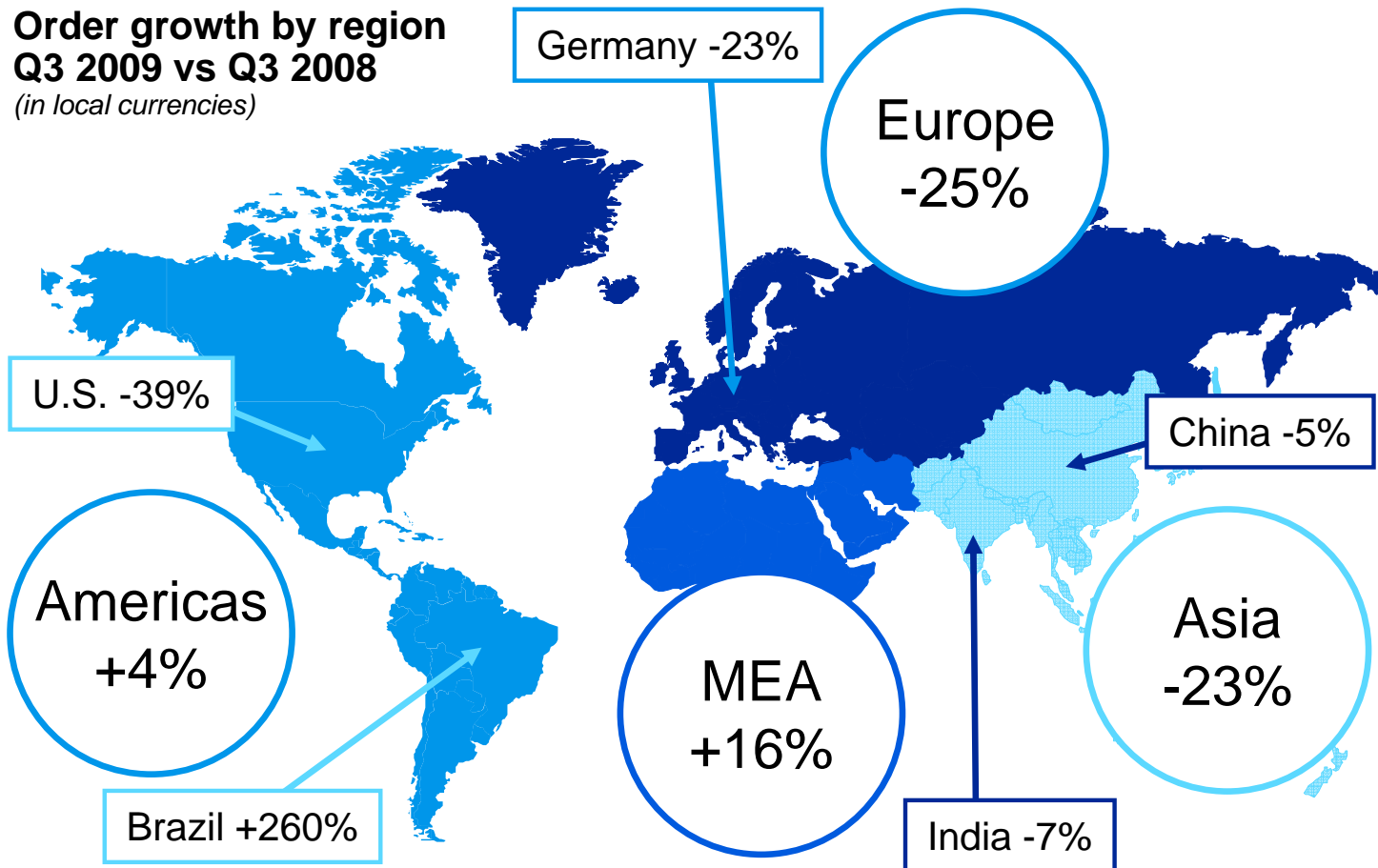
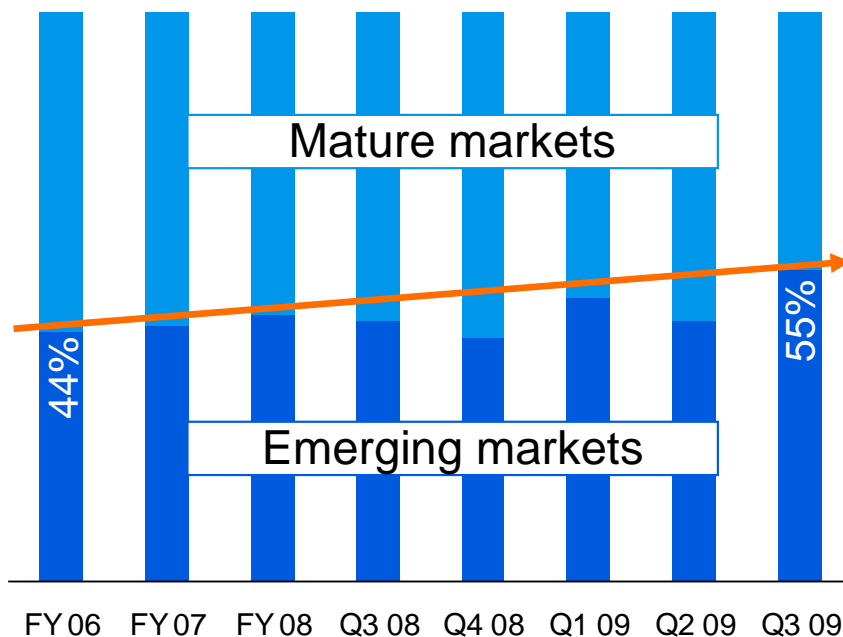


Chart 8

# Emerging markets continue to grow in importance

## Share of total reaches 55% in Q3

**Share of orders by region, Q3 09 vs Q3 08**  
(in local currencies)



### Q3 2009 highlights

- Large HVDC order in Brazil
- Automation Products up >10% in China
- Mexico up 17% on power transmission demand
- Orders in Algeria almost doubled (PS and PA)
- Egypt and Saudi sharply higher (mainly Power)

# Divisional overview – Later-cycle businesses steady on top line

## Key figures by division, Q3 2009

*US\$ millions, percentage change in local currencies vs same period in 2008*

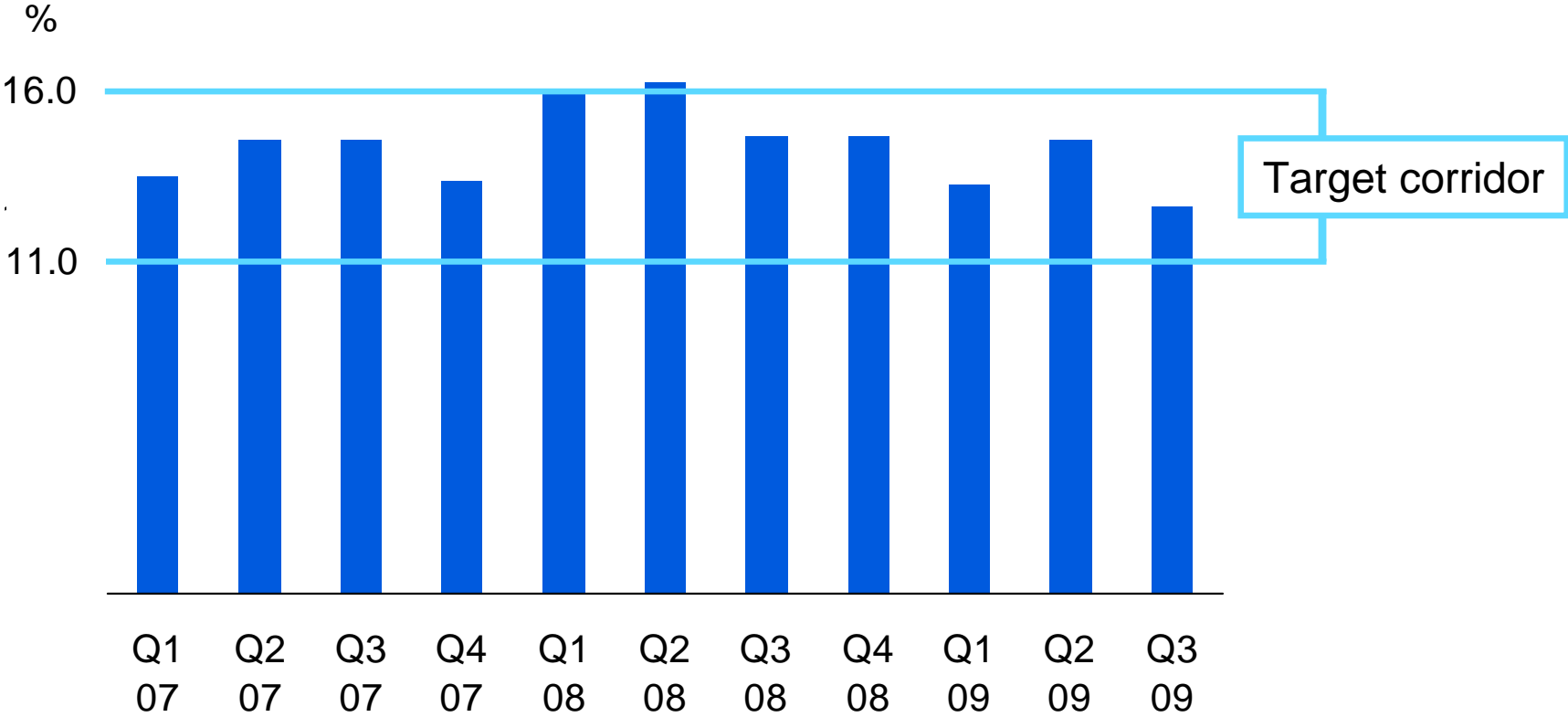
	Orders	Change	Revenue	Change	EBIT	EBIT %	EBIT % Q3 08
Power Products	2,553	-21%	2,823	-2%	477	16.9%	17.7%
Power Systems	1,991	70%	1,612	7%	117	7.3%	7.1%
Automation Products	2,033	-22%	2,234	-10%	340	15.2%	18.8%
Process Automation	1,145	-39%	1,809	0%	164	9.1%	11.4%
Robotics	169	-56%	211	-49%	-36	-17.1%	6.5%

- PS large orders significantly up, base orders lower in all divisions
- Revenues stable to higher in later-cycle divisions (PS and PA)
- Robotics accounts for 25% of Group revenue decline
- EBIT margin down in most divisions on lower cost absorption, business mix, price pressure

# Underlying profitability on target

## Well within the 11-16% corridor

**Operating EBIT margin\* Q1 2007 to Q3 2009**  
*in percent*

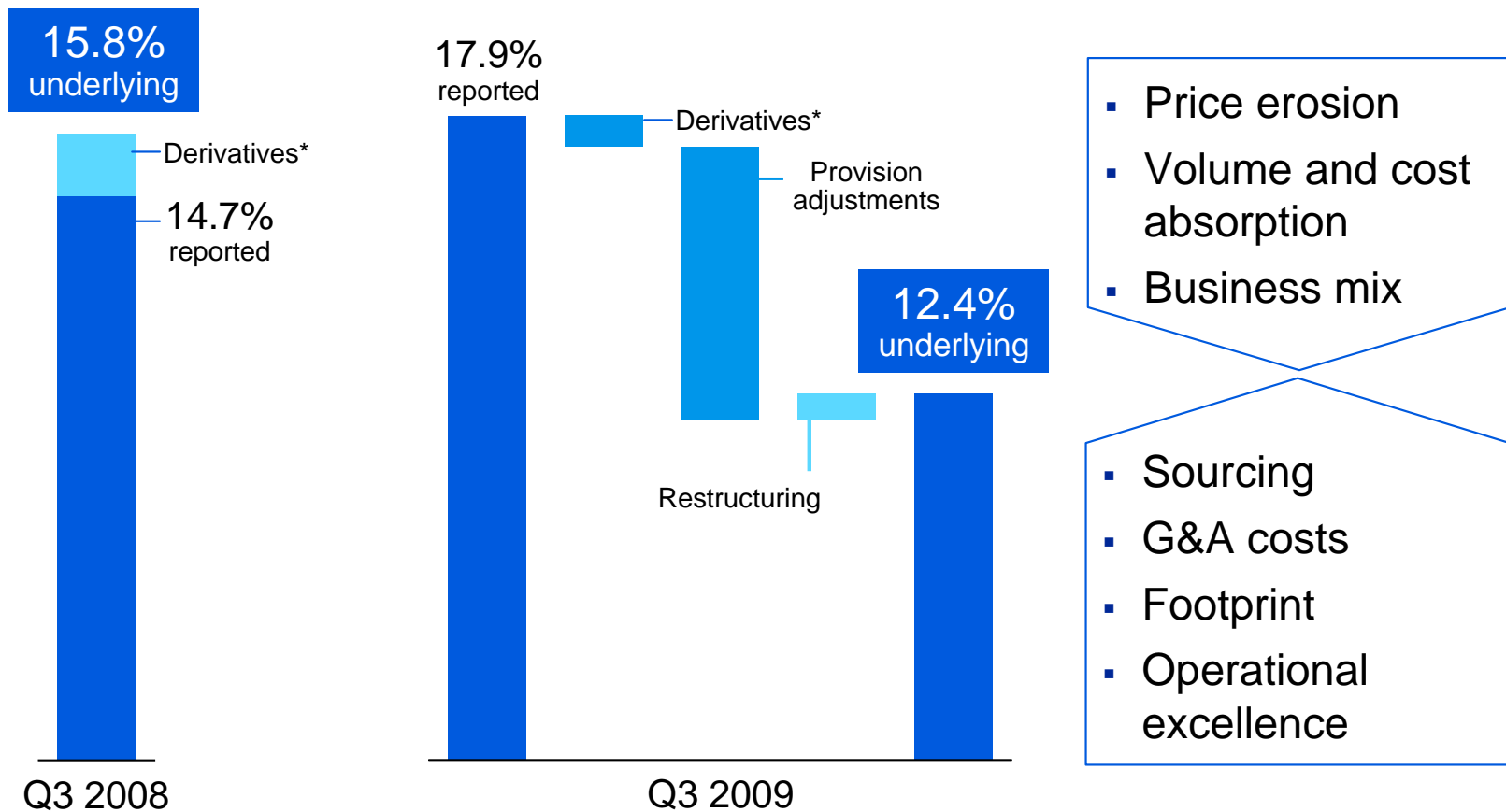


\* Reported EBIT margin adjusted for the mark-to-market treatment of hedging transactions, restructuring-related charges and adjustments to compliance-related and other provisions

# Q3 EBIT margin bridge

## Underlying EBIT margin gap vs Q3 08 at ~3.5%

### Adjustments to reported EBIT margin Q3 2009 vs Q3 2008



\* Mark-to-market treatment of hedging transactions

Chart 12

# Cost take-out well ahead of plan

## More than \$1 billion savings year-to-date

	Savings Q3	Savings YTD	Target 2010
Lower G&A expenses	~\$30 mill.	~\$80 mill.	~\$300 mill.
Adjust global footprint	~\$80 mill.	~\$150 mill.	~\$300 mill.
Operational excellence	~\$100 mill.	~\$200 mill.	~\$400 mill.
Optimize global sourcing (excl. commodity decreases)	~\$300 mill.	~\$600 mill.	~\$1 bn.
<b>TOTAL</b>	<b>&gt;\$500 million</b>	<b>&gt;\$1 billion</b>	<b>\$2 billion</b>

- Total cost since Q4 08 ~\$270 mill – expect material charges in Q4
- Current program expected to deliver well above \$2 bn target
- Additional measures ready, if needed, to meet challenging 2010

**Now aiming toward \$1.3 bn savings in 2009**



# Composition of cost take-out by division

## A different recipe for each business

Share of cost savings year-to-date by division and type

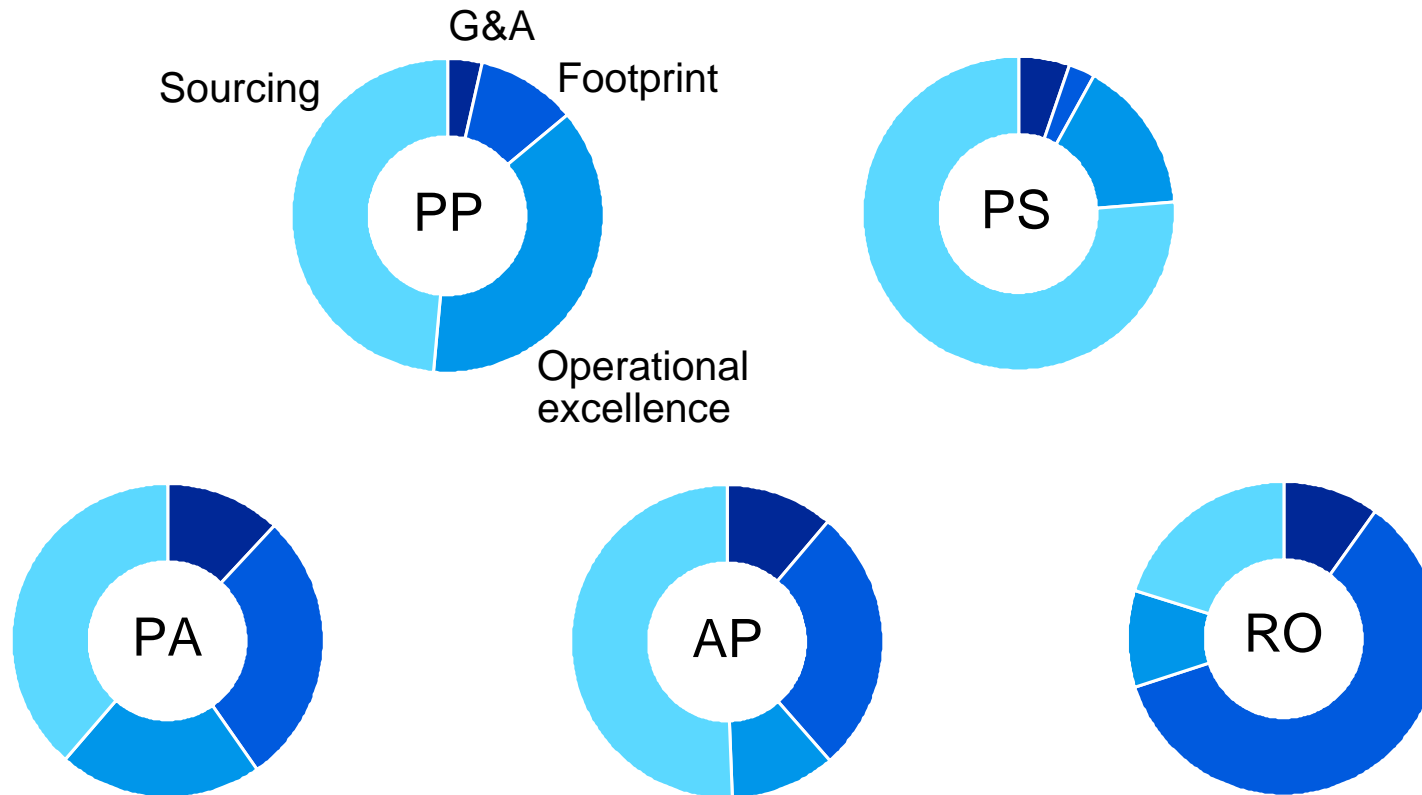
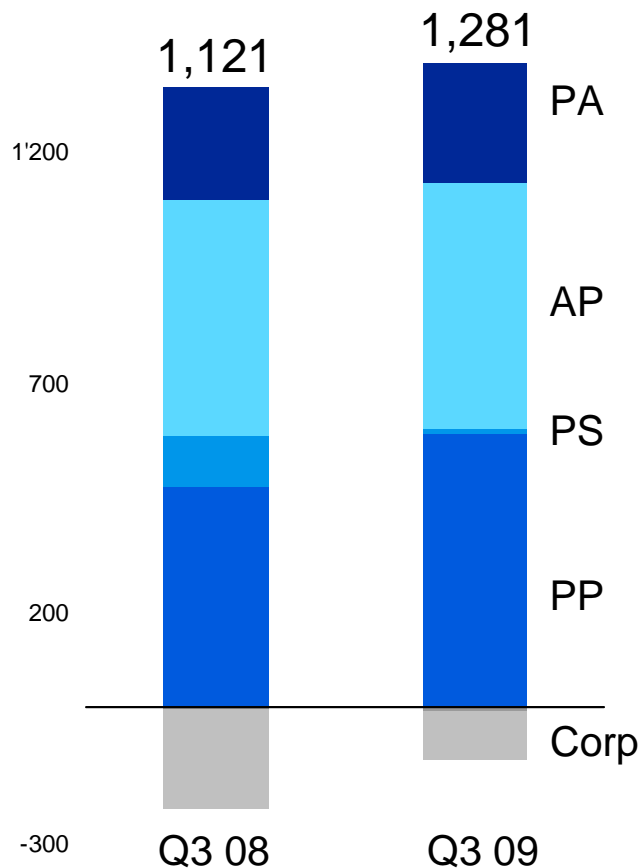


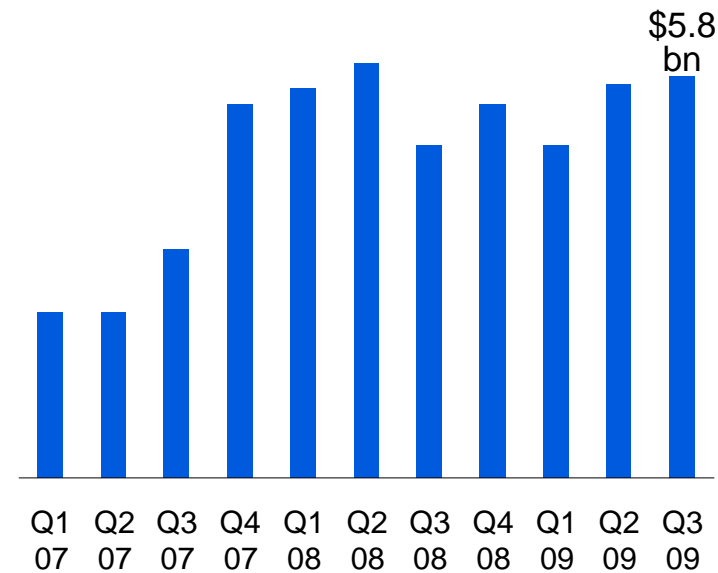
Chart 14

# Strong cash flow reflects lower inventories and improved cash collection

**Cash from operations by division**  
US\$ millions



**Net cash\* Q1 07 to Q3 09**  
US\$ billions, end of period



- Annual dividend of \$1 bn paid in July

\* Cash & equivalents plus marketable securities & short-term investments, less total debt

# Market outlook: Late-cycle industrial trends still unclear

## Emerging market exposure remains key

- Middle East, India, China economies continue to grow
  - “Buy China” leads to more competitive environment
- Europe and U.S. remain slow and uncertain
- Resilient oil & gas and power transmission demand
- Other infrastructure, e.g., rail and water, also supportive
- Industrial CAPEX still on hold in most sectors
- Limited credit restrains some customer investment
- Service business shows first signs of recovery

ABB weathering the storm with strong order backlog, cost focus, emerging markets and portfolio scope

# Summary: Cost-savings hold EBIT within target range

## Focus on cost, ready for growth

- Further weakness in base orders – not fully offset by large orders
- Revenues: Lower volumes & prices in short-cycle offset backlog
- Backlog still strong and extending well beyond 2010
- EBIT challenged by volumes & prices but cost take-out keeps margins on target
- Cost savings well ahead of plan – already above \$1 bn
- Good cash flow on lower inventories and better cash collection

### Outlook

- Negative base order trend continues - timing of recovery unclear
- Steady growth in power transmission and oil & gas
- Focus our operational execution around cost

We don't take a recovery for granted – keep working on cost structure but ready to capture rebound opportunities

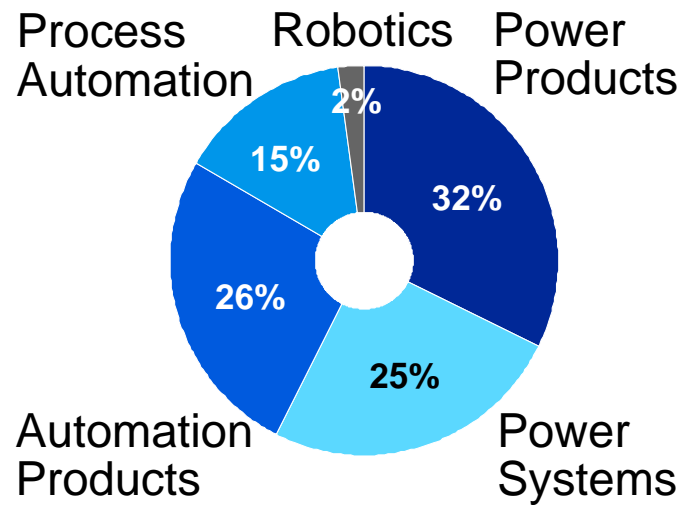
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for a better world™**

**ABB**

# Balanced business and geographic portfolio

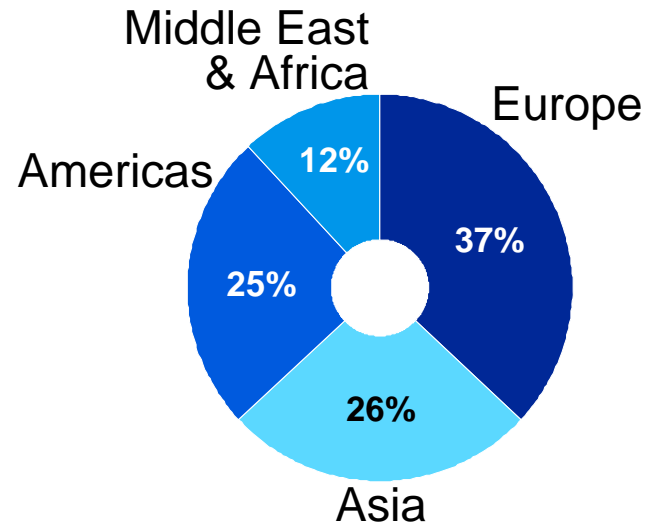
## Orders by division

*% of total orders Q3 2009 (non-consolidated)*



## Orders by region

*% of total orders Q3 2009*



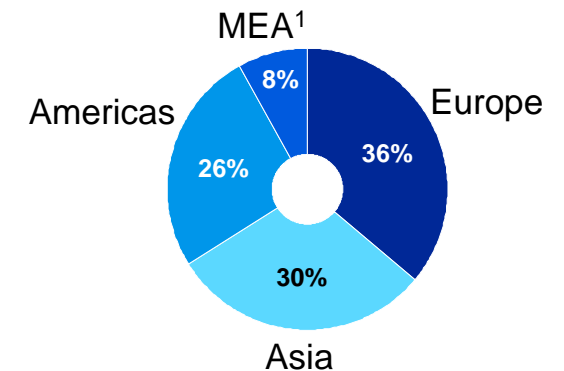
# Power Products Q3 2009 summary

## Key data Q3 2009

*US\$ millions unless otherwise stated*

	Q3 2009	Q3 2008	Change	
			US\$	Local
Orders received	2,553	3,409	-25%	-21%
Order backlog (end Sep)	8,712	9,081	-4%	-4%
Revenues	2,823	3,034	-7%	-2%
EBIT	477	536	-11%	
as % of revenues	16.9%	17.7%		
Cash from operations	592	479		

## Orders by region Q3 2009



- Orders declined on lower industrial demand, price decreases from both market conditions and pass-through of lower commodity cost
- Revenues from backlog offset by reduction in industry-related business – also delays in customer acceptances
- EBIT and EBIT margin were lower on revenue decline and mix
- Cash flow improved, largely due to inventory reduction

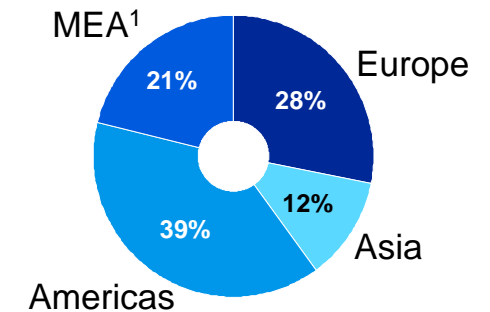
# Power Systems Q3 2009 summary

## Key data Q3 2009

*US\$ millions unless otherwise stated*

	Q3 2009	Q3 2008	Change	
			US\$	Local
Orders received	1,991	1,293	54%	70%
Order backlog <i>(end Sep)</i>	9,770	8,661	13%	14%
Revenues	1,612	1,601	1%	7%
EBIT	117	113	4%	
as % of revenues	7.3%	7.1%		
Cash from operations	11	111		

## Orders by region Q3 2009



- Strong increase in power transmission orders more than compensated for lower industrial demand
- Revenues up on execution of strong backlog
- EBIT positively impacted by mark-to-market treatment of forex hedging, offset by provisions mainly for Russia
- Cash from operations impacted by higher net working capital needed for projects in execution

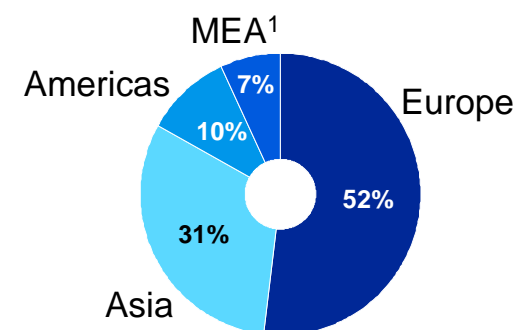
# Automation Products Q3 2009 summary

## Key data Q3 2009

*US\$ millions unless otherwise stated*

	Q3 2009	Q3 2008	Change	
			US\$	Local
Orders received	2,033	2,741	-26%	-22%
Order backlog (end Sep)	3,940	4,380	-10%	-12%
Revenues	2,234	2,612	-14%	-10%
EBIT	340	491	-31%	
as % of revenues	15.2%	18.8%		
Cash from operations	536	509		

## Orders by region Q3 2009



- Continued weak demand in industrial and construction markets
- Orders grew in China but down in rest of Asia and other regions
- Revenues from backlog only partly offset lower book-to-bill product sales
- EBIT and EBIT margin down mainly due to lower revenues, lower capacity utilization in standard product businesses, restructuring
- Cash flow improved, primarily due to inventory reduction

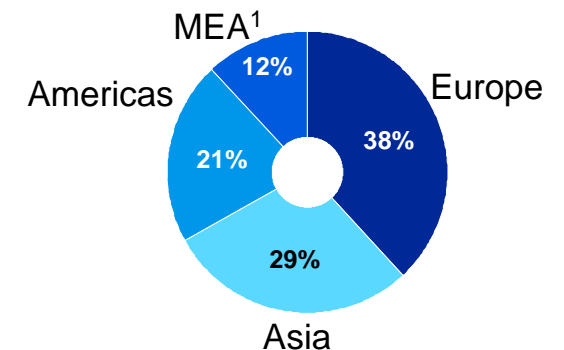
# Process Automation Q3 2009 summary

## Key data Q3 2009

*US\$ millions unless otherwise stated*

	Q3 2009	Q3 2008	Change	
			US\$	Local
Orders received	1,145	1,969	-42%	-39%
Order backlog <i>(end Sep)</i>	6,064	7,146	-15%	-16%
Revenues	1,809	1,920	-6%	0%
EBIT	164	218	-25%	
as % of revenues	9.1%	11.4%		
Cash from operations	254	243		

## Orders by region Q3 2009



- Steady growth in oil & gas but still weak in other sectors - large orders down >50%
- Revenues up on backlog in marine, minerals, oil & gas but offset by lower pulp & paper, product sales and service
- EBIT and margin reflect product/system mix, mark-to-market treatment of hedging transactions with negative impact
- Cash flow up, mainly on timing of project payments and measures to improve net working capital management

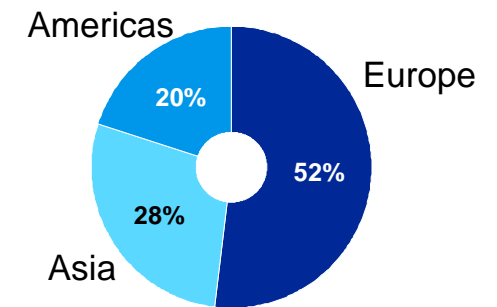
# Robotics Q3 2009 summary

## Key data Q3 2009

*US\$ millions unless otherwise stated*

	Q3 2009	Q3 2008	Change	
			US\$	Local
Orders received	169	400	-58%	-56%
Order backlog (end Sep)	367	665	-45%	-46%
Revenues	211	431	-51%	-49%
EBIT	(36)	28	n/a	
as % of revenues	-17.1%	6.5%		
Cash from operations	(5)	(9)		

## Orders by region Q3 2009



- Orders reflect significant drop in global manufacturing vs Q3 2008
- Revenues down on lower opening order backlog, reduced service
- EBIT loss related to low factory loading, declining service revenues, further capacity adjustments and footprint changes

# Below the EBIT line

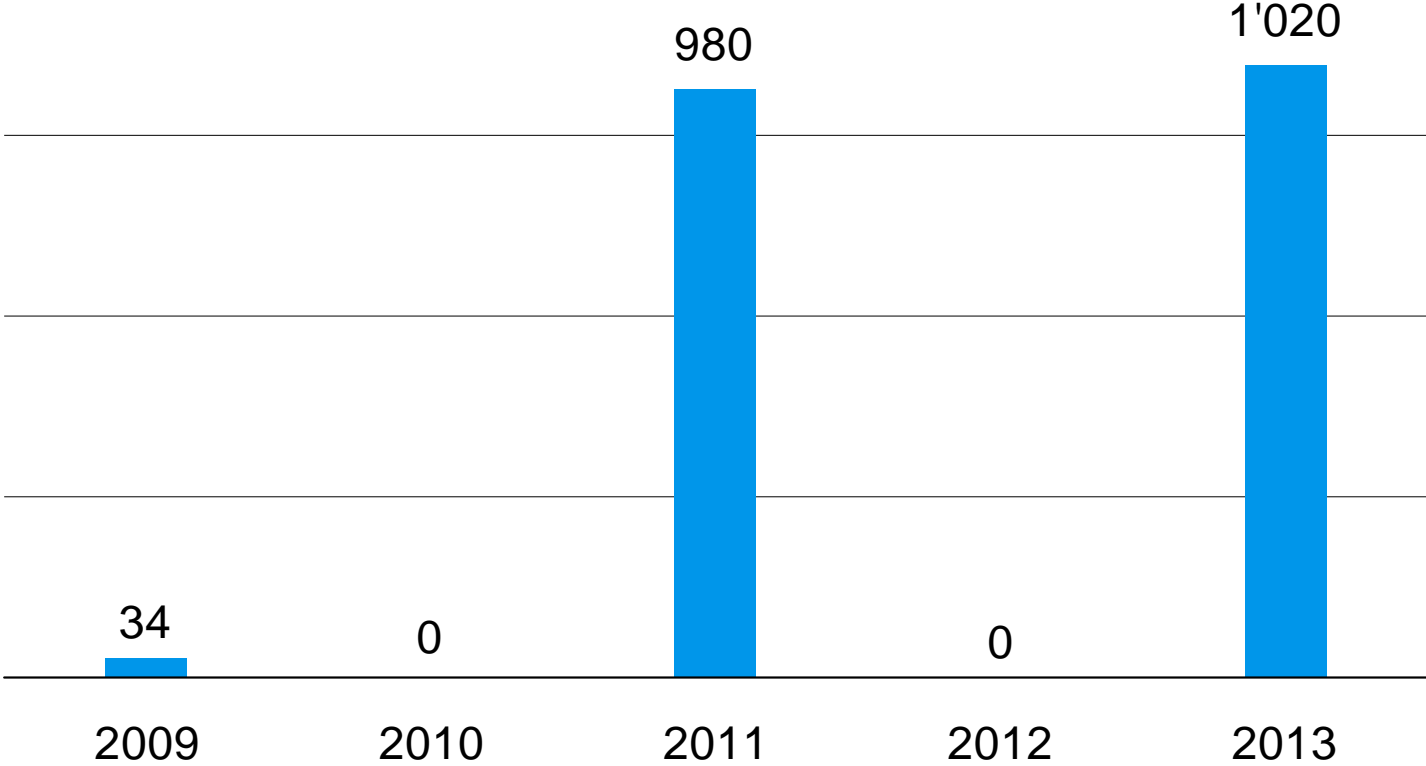
	Q3 2009	Q3 2008
Finance net	(38)	13
Provision for taxes	(297)	(331)
Income from continuing operations	1'084	973
Discontinued operations	4	6
Non-controlling interest*	(54)	(52)
<b>Net income</b>	<b>1'034</b>	<b>927</b>

- Finance net includes negative impact from higher interest expense in Russia
- Significant EBIT gain not subject to tax

\* Formerly "Minority interest"

# Maturity profile of debt securities

Total debt securities of approx. \$2 billion as of Sept 30, 2009



Based on Sept 30, 2009 FX rates



# Reconciliation of financial measures to US GAAP

<b>EBIT margin</b>	
Earnings before interest and taxes (EBIT)	1,419
Revenues	7,910
<b>EBIT margin (EBIT as % of revenues)</b>	<b>17.9%</b>
<b>Net cash</b>	
Short-term debt and current maturities of long-term debt	(218)
Long-term debt	(2,219)
<b>Total debt</b>	<b>(2,437)</b>
Cash and equivalents	5,502
Marketable securities and short-term investments	2,779
<b>Cash and marketable securities</b>	<b>8,281</b>
<b>Net cash</b>	<b>5,844</b>

Chart 27

For more information, call ABB Investor Relations  
or visit our website at [www.abb.com/investorrelations](http://www.abb.com/investorrelations)

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