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ABB

Content

- Q1 summary
- Review of results
- Outlook 2005

ABB Group - Q1 2005 summary

“A good start into 2005”

- Continued strong Group top-line growth
 - Orders up 3%* (8%)**
 - Orders of core divisions up 11% (16%), both large and base orders contributing to strong growth, weaker Europe more than offset by Americas, Asia, Middle East
 - Revenues up 6% (12%) on solid order backlog
- Group EBIT up 58%** to \$391 mill.
 - All activities improved vs 2004
 - Strongest contribution from Automation Technologies
 - Corporate cost reductions making progress
- Group EBIT margin at 7.7% from 5.5%
 - Big increase in Automation Technologies to 10.9% from 8.6%
 - Power Technologies at 7.6%, slightly lower from 8.0%

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



ABB Group - Q1 2005 summary (cont'd)

- Good \$199 mill. net income due to higher EBIT, reduced finance net and significantly lower losses in Discontinued operations
 - Net debt up vs year-end 2004 from seasonal effects and continued growth. Total debt and gearing continue to decrease.
 - Asbestos: A decisive step towards final resolution ...
 - Group targets 2005 reaffirmed, in particular 7.7-percent group EBIT target. However, 10-percent EBIT margin target for Power Technologies division can no longer be reaffirmed
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- Challenges for 2005
 - Maintain growth, albeit at somewhat reduced rate
 - Continue to drive operating performance, incl. Corporate cost
 - Manage operating issues at PT, esp. raw material exposure
 - Progress toward final asbestos resolution

Power Technologies – Q1 summary

- Orders up 10%* (15%)**; led by Middle East, Asia (India) and Americas, lower orders in Europe (especially eastern Europe)
- Growth in both base and large orders
- Revenues up 12% (17%), higher in both business areas
- EBIT up 12%** to \$163 mill. but EBIT margin lower at 7.6% from 8.0%
 - Steep rise in raw materials (mainly electrical steel, transformer oil) reduced EBIT by \$15 million vs. Q1 2004, plus other operational issues in transformers
 - Offsets higher EBIT margin in systems, lower restructuring costs
- Cash outflow of \$73 million: seasonal patterns, greater working capital requirements

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



Automation Technologies – Q1 summary

- Orders up 11%* (18%)** led by Americas, Middle East and Africa, higher orders in Europe led by eastern Europe, modest growth in Asia (significant in India)
- Base order growth continues, large orders up substantially
- Revenues grow 7% (13%), higher in all business areas in U.S. dollars and local currencies
- EBIT** up 42% at \$307 million on higher revenues, improved productivity, lower restructuring costs
- EBIT margin at 10.9% from 8.6% in Q1 2004
- Cash flow of \$67 million down \$30 million on higher working capital requirements

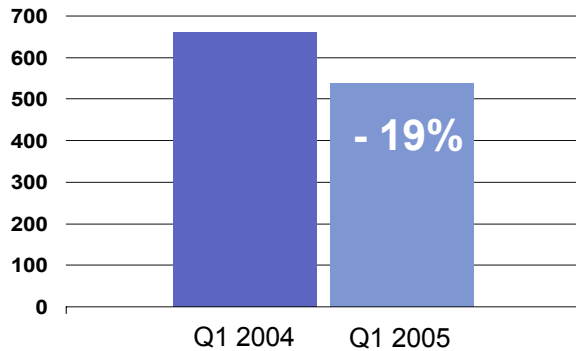
* local currency change ** (in US\$)



Improved order performance in Q1 2005

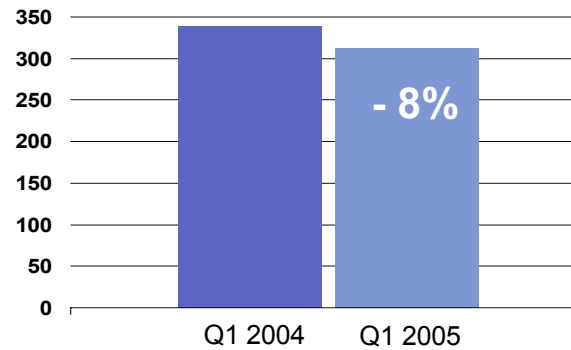
Nominal rates – core division numbers

China



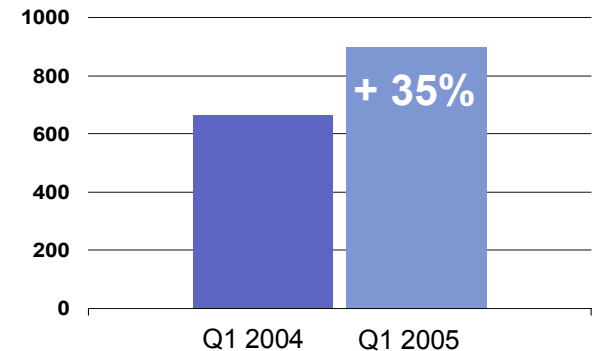
- Q1 2004 extremely strong & lower base orders in PT

Central/Eastern Europe



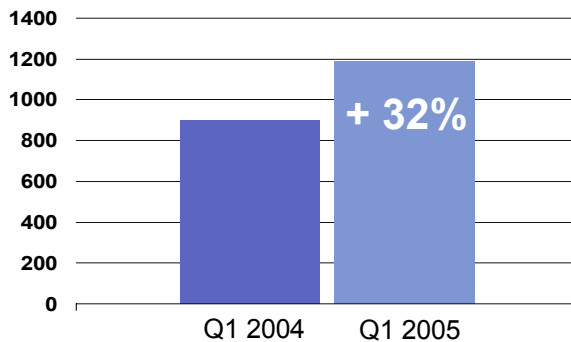
- Increase in metals/minerals & Services in AT; no large orders in PT

Asia excl. China



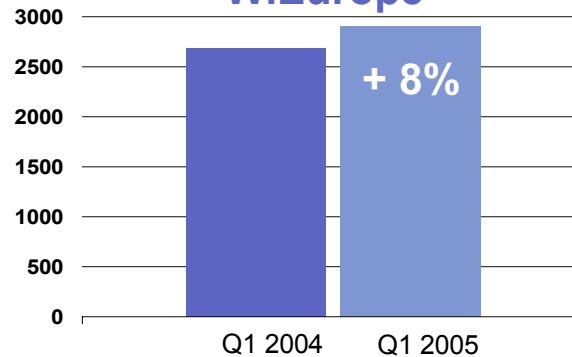
- Strong growth in India

Americas



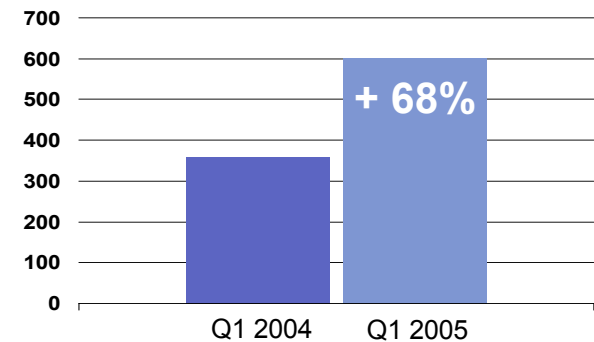
- Strong increase in North America; South America also up

W.Europe



- Strong large order growth in AT; base order growth in PT

MEA



- Large order growth in PT; AT driven by Products and Process Automation



ABB Group – Key figures

\$ million	Q1 2005	Q1 2004
Orders	6'261	5'777
Revenues	5'088	4'528
EBIT (earnings before interest and taxes)	391	247
Finance net	(41)	(79)
Discontinued operations	(16)	(88)
Net income / (loss)	199	1
Cash flow from operating activities	(235)	(128)

	31 Mar 05	31 Dec 04	30 Sep 04
Cash & marketable securities	3'651	4'200	3'708
Total debt (LT borrowings plus ST borrowings)	5'161	5'534	5'194
Net debt (total debt minus cash & marketable securities)	1'510	1'334	1'486
Equity (incl. minority interest)	3'299	3'121	3'363
Gearing (total debt / total debt plus equity incl. minority interest)	61.0%	63.9%	60.7%



EBIT* - overview

\$ million	Q1 2005	Q1 2004
Power Technologies	163	146
Automation Technologies	307	216
Core businesses	470	362
Non-core activities	9	0
Corporate	(88)	(115)
Group EBIT	391	247
<i>Group EBIT margin</i>	7.7%	5.5%

- Strong quarter for Automation Technologies
- Non-core positive contribution from OGP improvement
- Corporate EBIT improved by lower HQ/Stewardship costs and capital gains on real estate

* EBIT: Earnings before interest and taxes



ABB Group – key figures

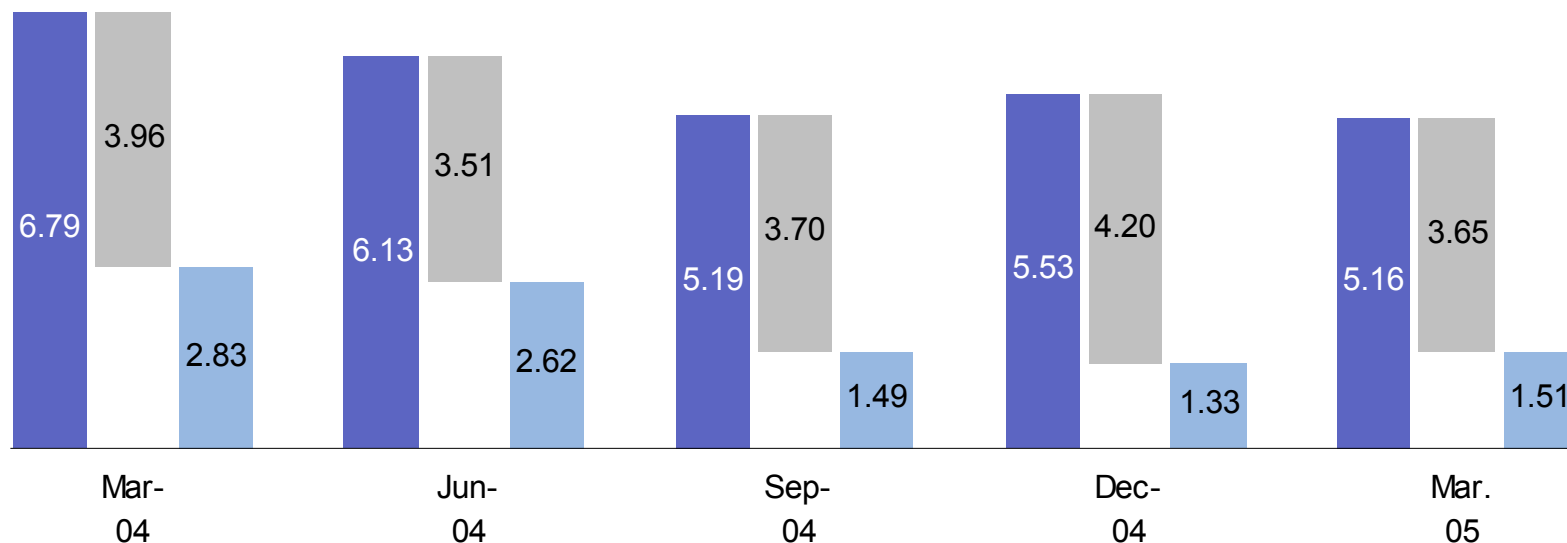
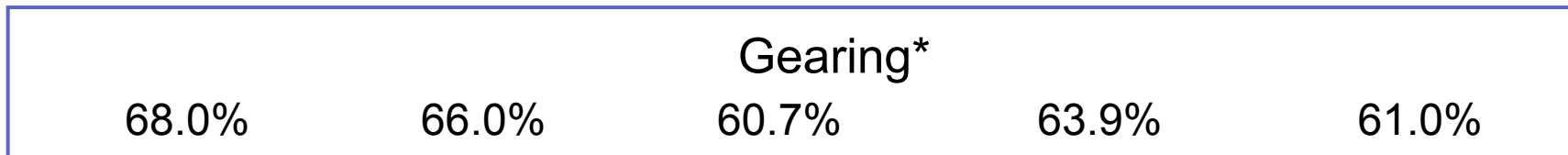
Finance net	(41)	(79)
Income from continuing operations	215	89
Loss from discontinued operations	(16)	(88)
Net income	199	1
Cash flow from operations	(235)	(128)

- Finance net improves mainly on non-recurrence of \$35-million bifurcation expense on dollar-convertible bond in Q1 2004 (\$28 million net impact)
- Discontinued operations includes \$18 million expense on mark-to-market valuation of ABB shares reserved for asbestos trust
- Cash used in operations increased on higher working capital and cash outflow for non-core related to provisions and upstream OGP



Net debt and gearing development

\$ billion



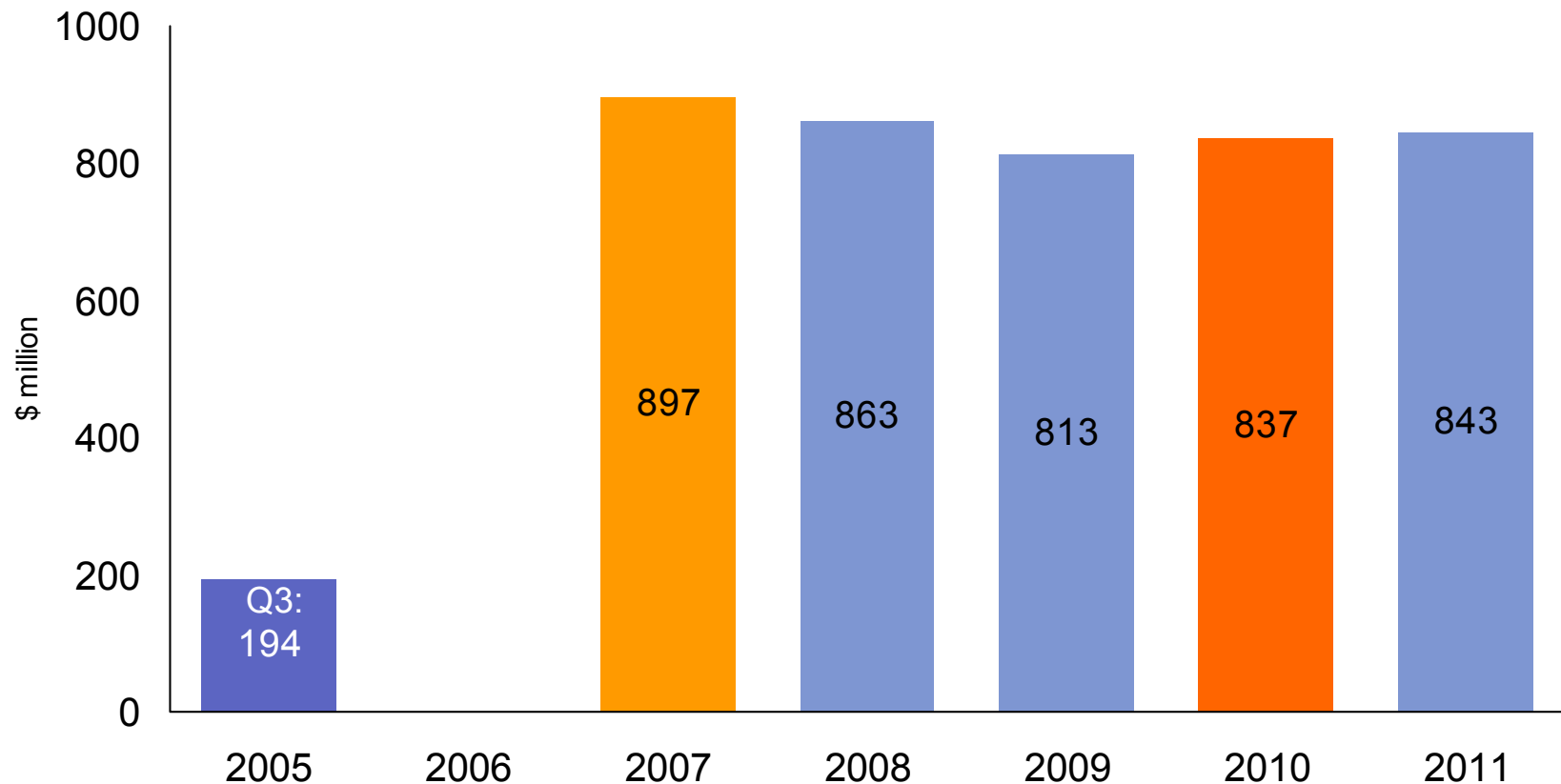
- Net debt (total debt minus cash & marketable securities)
- Cash & marketable securities
- Total debt (LT borrowings plus ST borrowings)

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



Maturity profile of debt securities* (as of March 31, 2005)

Total debt securities of approx. \$4.447 billion



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

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

* based on March 31, 2005 FX rates



Update on asbestos

- Term-sheet agreement announced March 21 2005
- Basis for an amended Chapter 11 Plan of Reorganization for U.S. subsidiaries Combustion Engineering (CE) and ABB Lummus Global
- Brings plan into conformity with U.S. 3rd Circuit Court ruling of December 2004
- Additional \$232 million to pay present and future claimants, according to US GAAP booked in 2004 accounts
- April 5 status hearing with bankruptcy court
- Two months to submit documentation for amended plan
- Preparations ongoing



2005 outlook

- Markets: Continued demand growth in both divisions expected, however no longer at double-digit rate
- AT on track to meet 10.7% EBIT margin target
- Non-core activities and Corporate also on target
- PT goal of 10% EBIT margin has become unlikely; due to current unpredictability of raw material prices, new target issued with Q2 earnings announcement
- Main goal in reshaping debt on balance sheet is to maximize economic value, e.g., securitization vs. interest-bearing debt

Targets exclude major acquisitions, divestments and business closures



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Appendix

EBIT* - Non-core activities

\$ million	Q1 2005	Q1 2004
Oil, Gas and Petrochemicals	9	1
Building Systems	(19)	(17)
Equity Ventures	23	22
Other non-core activities	(4)	(6)
Non-core EBIT	9	0

Q1 comment

- Higher EBIT in OGP on 23% increase in revenues
- Building Systems: Restructuring in Germany (weak market), costs to wind down some activities
- Other – Remaining Structured Finance, New Ventures, Logistics Systems with small impact

* EBIT: Earnings before interest and taxes



EBIT* - Corporate

\$ million	Q1 2005	Q1 2004
Headquarters / Stewardship	(79)	(99)
Research & Development	(23)	(21)
Other *	14	5
Corporate EBIT	(88)	(115)

* includes consolidation, Real Estate and Treasury Services

Q1 comment

- Headquarters / Stewardship lower costs reflect ongoing initiatives
- Other costs include capital gains of \$17 million from real estate
- Most of 2005 Sarbanes-Oxley costs still to come

* EBIT: Earnings before interest and taxes



Discontinued operations – Net income impact

\$ million	Q1 2005	Q1 2004
Asbestos	(19)	(27)
Power lines	(3)	(9)
Other	6	(52)
Net loss	(16)	(88)

Q1 comment

- Asbestos includes \$18 million expense on mark-to-market valuation of ABB shares reserved for asbestos trust
- Other includes \$30-mill. loss in reinsurance in 2004, provision release on metering disposal in 2005



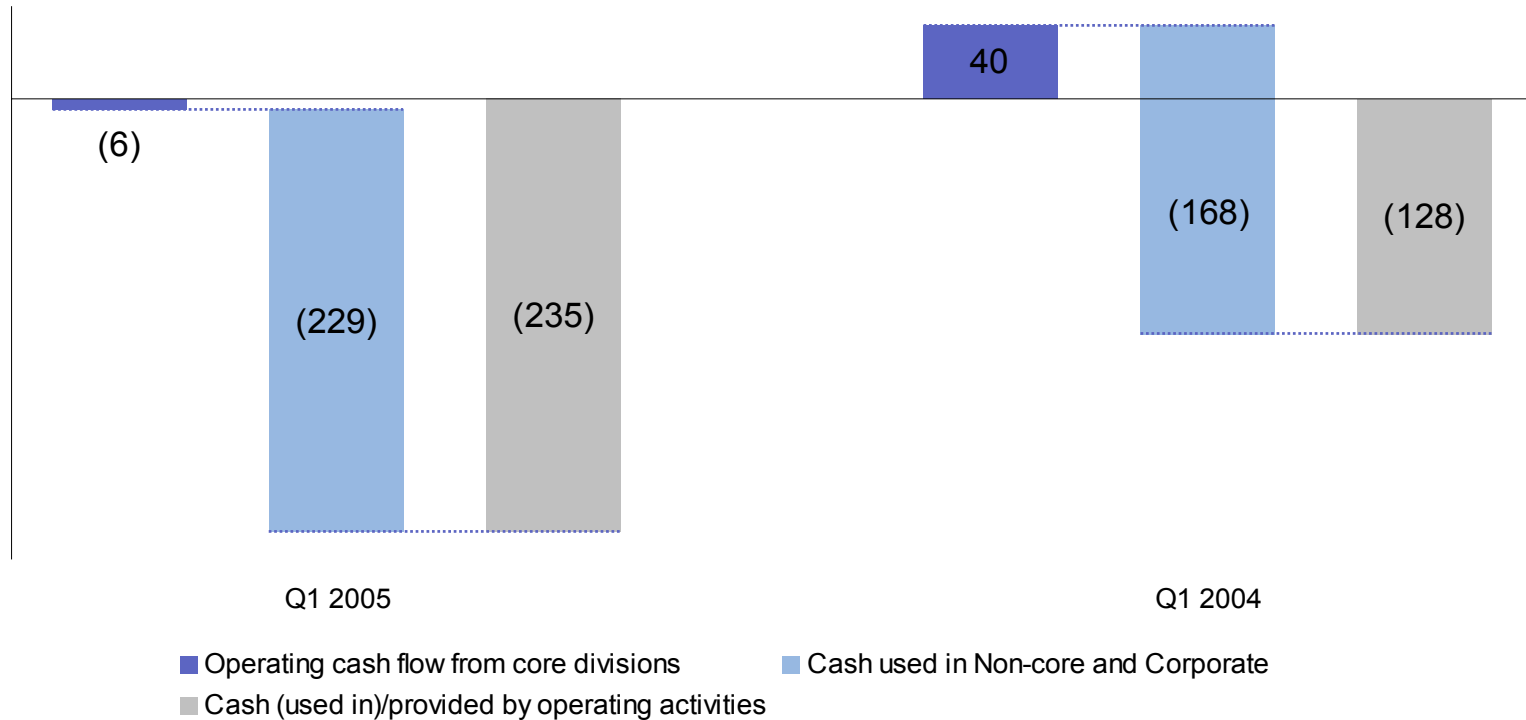
Cash Flow from operating activities

\$ million		Q1 2005	Q1 2004
	<i>Cash-effective earnings</i>	320	139
	<i>Marketable securities</i>	1	41
	<i>Net operating working capital</i>	(556)	(308)
Net cash from operating activities		(235)	(128)
	<i>Combustion Engineering</i>	(1)	(21)
	<i>Non-core activities</i>	(124)	7
	<i>Corporate and other¹</i>	(104)	(154)
Cash used in Non-core and Corporate		(229)	(168)
Cash flow from operating activities of core divisions		(6)	40

¹ incl. Treasury activities

Cash flow from operating activities

US\$ million



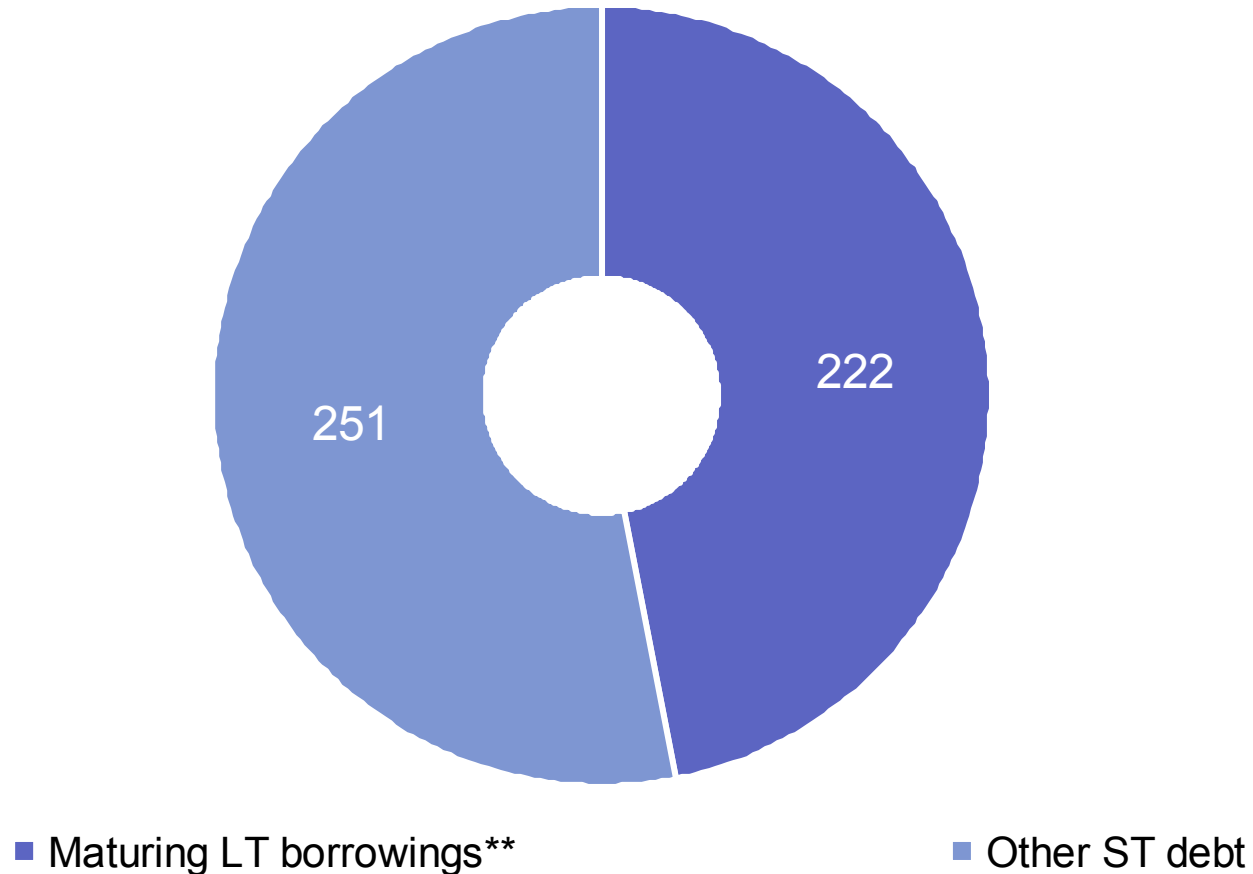
Q1 comment

- Higher working capital requirements in divisions to support growth
- Higher cash outflow from Non-core (provisions, upstream OGP)



Composition of short-term debt * (as of March 31, 2005)

Total short-term debt of \$ 473 million



* Short-term debt = debt maturing prior to March 31, 2006

** Maturing long-term borrowings incl. debt securities of \$194 million maturing in Q3 2005



AT market expectations for 2005

Regions

- **W. Europe:** Modest growth across most customer segments; automotive to remain flat
 - **E. Europe:** Continued strong growth
 - **Americas:** Higher demand seen in most sectors in North America; strong growth in Latin America
 - **Asia:** In China and India, strong demand continues in most sectors, although some slowdown compared to 2004 growth rate
 - **Middle East and Africa:** Growth, especially in minerals and chemicals
-

Business Areas

- **Automation Products:** Steady demand improvement across most industries; building industry remains sluggish in Europe
- **Process Automation:** Strongest sectors will be Marine, Minerals, Chemicals, and Pharmaceuticals; Oil & Gas to remain on current high level; Pulp & Paper still flat
- **Manufacturing Automation:** U.S. and Asia automotive to maintain momentum, little improvement seen in Europe



PT market expectations for 2005

Regions

- **W. Europe:** Utility investments mixed, depending on regulatory and political factors
- **E. Europe:** Strong growth led by need for infrastructure upgrade
- **Americas:** Reliability concerns drive U.S. transmission investments, increased investments in Latin America
- **Asia:** Continued strong demand, led by India
- **Middle East and Africa:** Positive market environment continuing

Business Areas

- **Power Technology Products:** Growing demand for high-voltage and medium-voltage products and transformers in Asia, Middle East, North America and Europe; increased demand for service and retrofit in mature markets
- **Power Technology Systems:** Increased demand for interconnections, especially in Asia, Middle East and Eastern Europe, continued high demand for distribution substations



Safe-harbor statement

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