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ABB Q1 2013 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 global economic conditions, and 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,” “outlook” or similar expressions.

There are numerous 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 presentation 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 associated with the with the volatile global economic environment and political conditions
- costs associated with compliance activities
- raw materials availability and 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.

Q1 2013: Revenue growth, improved profitability

More balanced business and regional scope

Growth

- Steady orders, higher revenues despite weak macro environment
- Order growth in mining, marine, robotics and China
- Revenues higher on execution of strong order backlog
- Emerging market orders up 10%

Execution

- Higher operational EBITDA and operational EBITDA margin¹
- T&B integration and synergies on track
- Solid execution on cost: savings of ~\$260 million in the quarter
- Power-One transaction positions ABB to tap key solar growth opportunity

Cash

- Typical Q1 weakness from net working capital build-up

¹ See definitions in Appendix

Key figures for Q1 2013

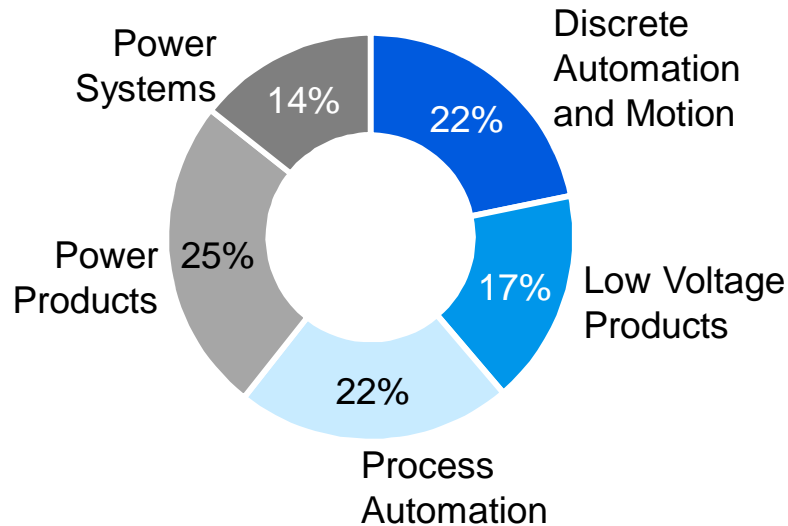
Q1 2013 performance <i>US\$ millions unless otherwise indicated</i>	Q1 2013	Q1 2012	<i>Change vs Q1 2012</i> <i>US\$</i>	<i>Change vs Q1 2012</i> <i>local currencies</i>
Orders	10'492	10'368	1%	+2% (organic ¹ : -4%)
Order backlog (end Mar.)	29'614	29'910	-1%	+2%
Revenues	9'715	8'907	9%	+10% (organic: +3%)
Operational EBITDA	1'458	1'228	19%	
Operational EBITDA margin	15.0%	13.9%		
Net income	664	685	-3%	
Basic net income per share	0.29	0.30		
Cash flow from operating activities	(223)	(22)	n.a.	

¹ Excluding Thomas & Betts

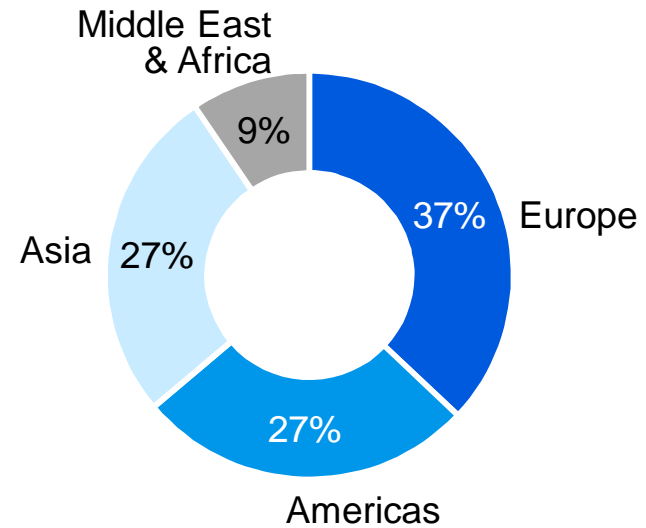
Balanced business and geographic portfolio

Orders by division Q1 2013

Non-consolidated



Orders by region Q1 2013



Modest growth across geographies in Q1 2013

Resilient performance in most regions

Order growth in selected countries, Q1 13 vs Q1 12
(in local currencies)

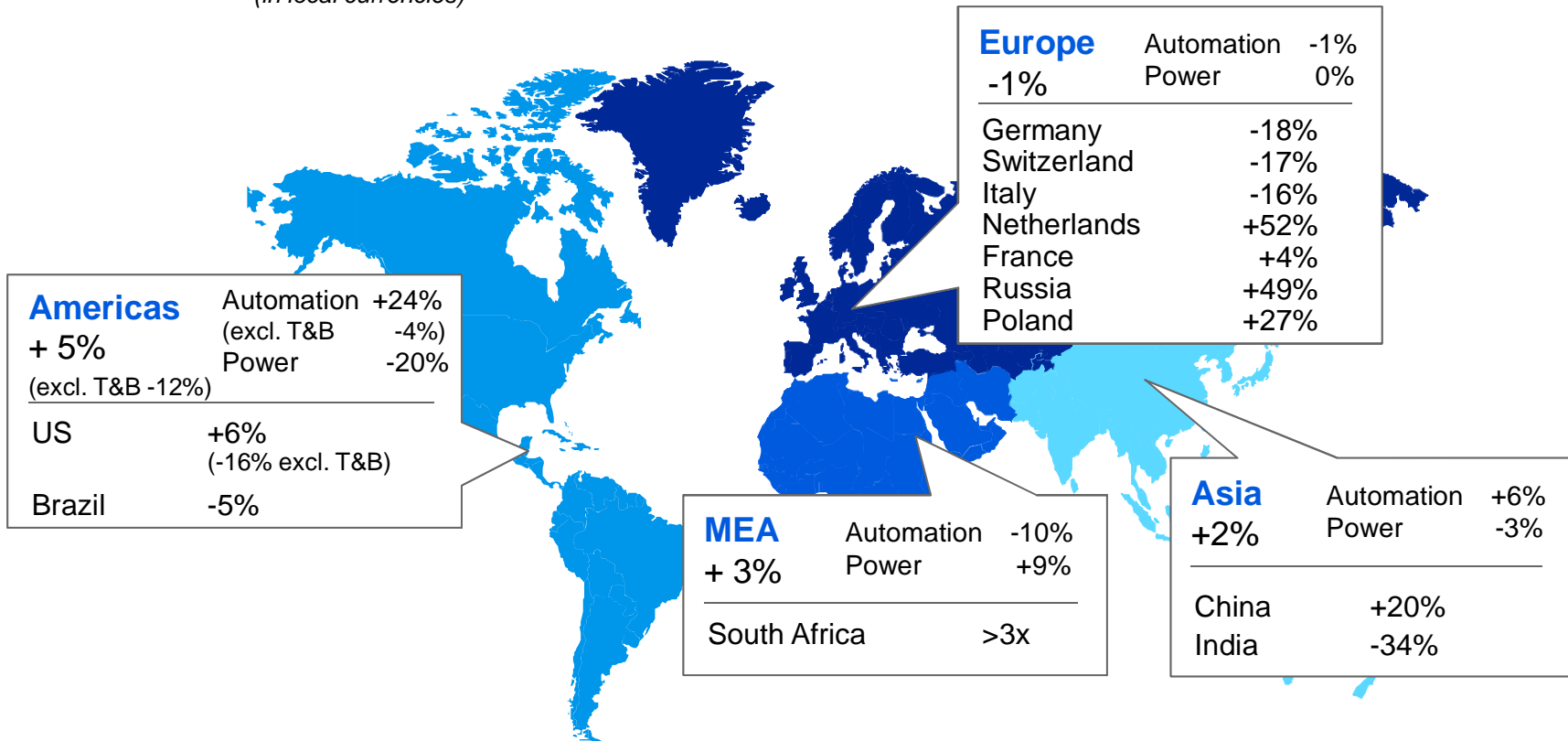


Chart 6

Key orders won in the quarter

Significant wins in service, HVDC and oil & gas



- \$260-mill. offshore oil & gas platform service (Norway)
- \$150 mill. in technology for highest-capacity UHVDC link (China)
- \$110-mill. HVDC link between Lithuania and Poland



- Electrification of offshore oil & gas processing (Australia)
- Large mine hoist system in Russia



- High-efficiency power plant control system for Enel (Italy)
- Dry-type transformers for world's highest airport (China)

Q1 2013 divisional growth overview

Order backlog provides a buffer vs softer early cycle

<i>US\$ millions unless otherwise indicated</i>	Orders	Change in local currencies	Revenues	Change in local currencies
Discrete Automation and Motion	2'485	-7%	2'327	4%
Low Voltage Products <i>(organic)</i>	1'934 1'342	47% 1%	1'777 1'185	51% 0%
Process Automation	2'500	-1%	1'978	1%
Power Products	2'859	-8%	2'489	0%
Power Systems	1'637	-15%	2'051	15%

- DM: Revenues reflect execution of strong order backlog, esp. in robotics; service revenues up 5%
- LP: Steady (organic) as early-cycle demand remained near year-earlier lows
- PA: Higher mining and marine orders offset weakness in other sectors; higher marine and service revenues
- PP: Order selectivity in a challenging market; higher share of distribution and industry-related sales
- PS: Timing and selectivity impacts orders; revenues up across all businesses

Q1 2013 divisional earnings and cash overview

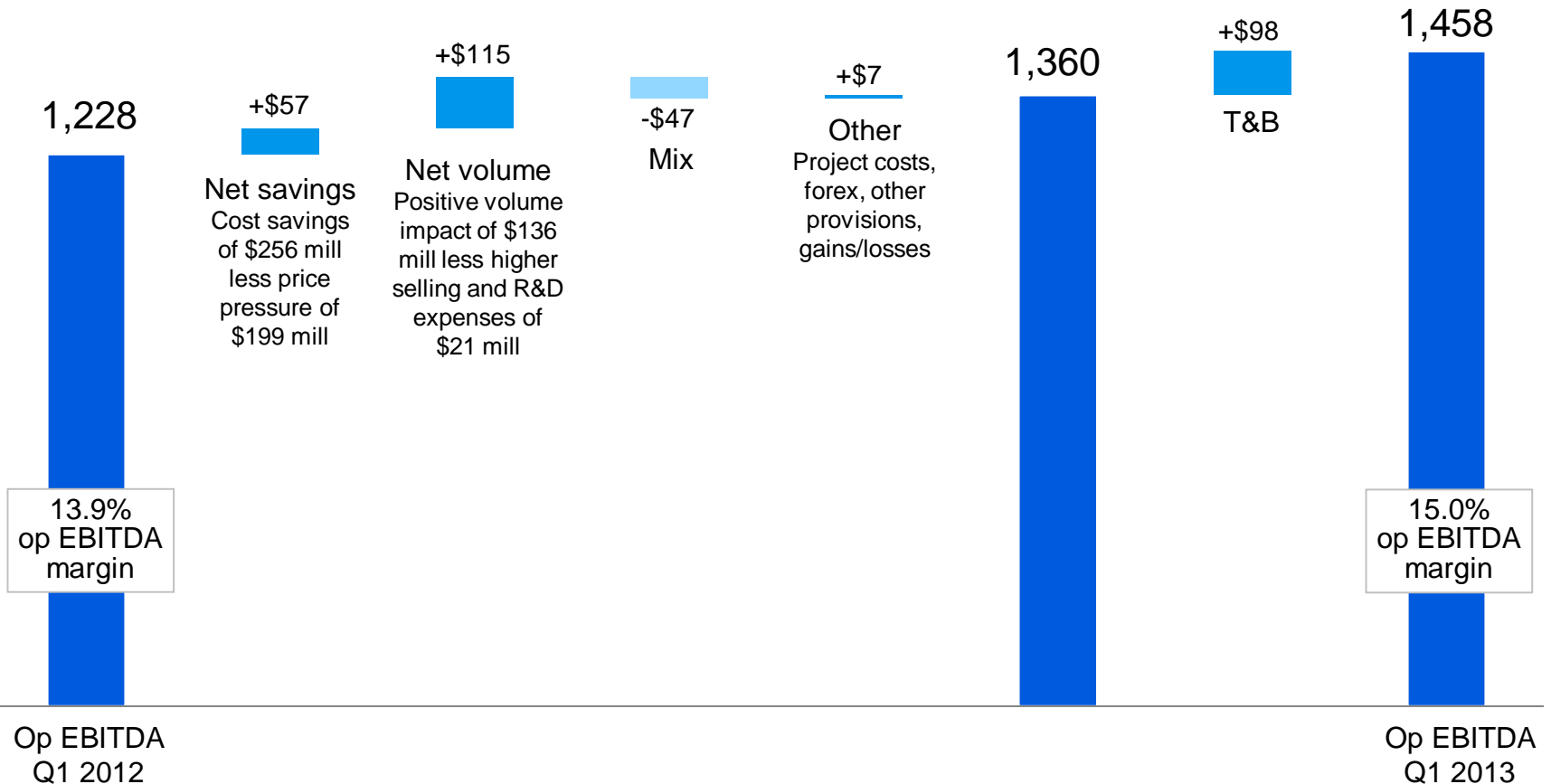
Higher margins in 4 out of 5 divisions

<i>US\$ millions unless otherwise indicated</i>	Op EBITDA	Change in US\$	Op EBITDA margin	Change in percentage points
Discrete Automation and Motion	416	0%	17.8%	-0.8
Low Voltage Products <i>(organic)</i>	320 222	62%	18.0% 18.7%	+1.4 +2.1
Process Automation	259	7%	13.1%	+0.7
Power Products	372	2%	14.9%	+0.4
Power Systems	169	44%	8.3%	+1.7

- DM: Higher revenues, less favorable mix, and R&D and selling costs up vs same quarter in 2012
- LP: Margin up organically on improved cost control and better capacity utilization
- PA: Improved project execution and higher full-service service margins
- PP: Favorable business mix, price pressure mostly offset by cost savings
- PS: Better project execution and project mix executed out of the backlog; margin up in all businesses

Operational EBITDA: Upside from cost and volume T&B contributes almost \$100 million

Factors affecting operational EBITDA Q1 2013 vs Q1 2012
US\$ millions



Operational EPS analysis

	Q1 2013		Q1 2012		Change ¹
	US\$	EPS	US\$	EPS	
US\$ in millions, except per share data in US\$					
Net income	664	0.29	685	0.30	-3%
Restructuring-related costs ²	14	0.01	12	0.01	
FX/commodity timing differences on EBIT ²	44	0.02	-50	(0.02)	
Acquisition-related expense and certain non-operational items ²	3	0.00	-13	(0.01)	
Operational net income	725	0.32	634	0.28	+14%
Amortization related to acquisitions ²	67	0.02	47	0.02	
Operational net income, before amortization	792	0.34	681	0.30	+16%

¹ Calculated on EPS before rounding; ² Net of tax at Group tax rate

Change in reported Basic EPS reflects negative impacts from forex and acquisition-related costs and amortization

Thomas & Betts update: A strong start

Integration on track



- Q1 stand-alone vs. year-earlier period
 - Stable revenues
 - Contributed ~\$590 mill in revenues, ~\$100 mill in op EBITDA
 - Q1 operational EBITDA margin 16.6% vs 18.1%¹ in Q1 2012
 - Integration on track
 - Integration costs and cost synergies in line with plan
 - Regional revenue synergy plans being implemented
 - EPS accretive
-
- Special items
 - PPA amortization²: Q1 = \$29 mill
 FY 13 = ~\$120 mill
 - No further significant acquisition-related costs expected

¹ Estimated operational EBITDA margin based on ABB definition

² Acquisition-related amortization

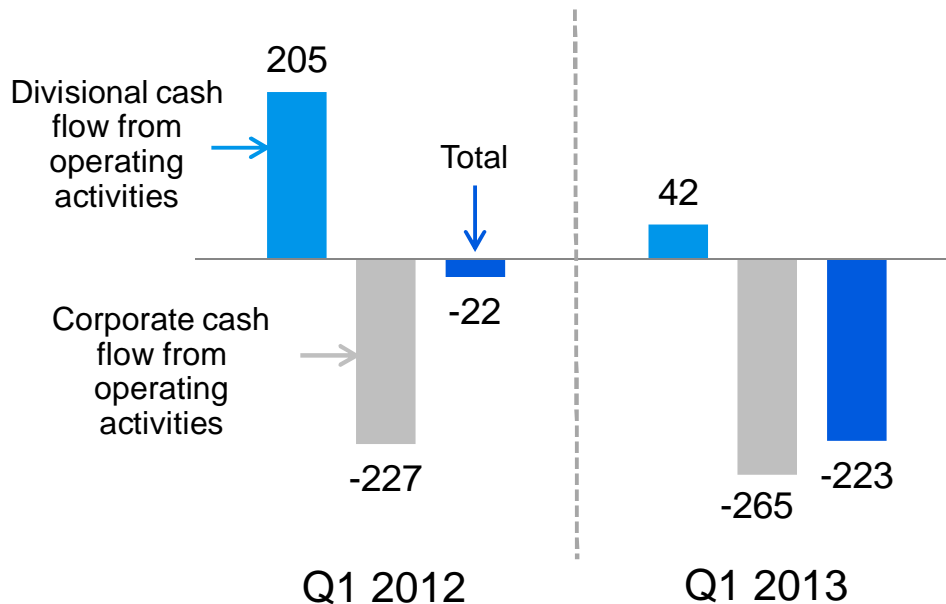
Weaker cash generation

Normal recovery expected over remainder of the year

Cash from operating activities

Q1 13 vs Q1 12

US\$ millions



- Main divisional impacts:
 - Timing of project payments
 - Lower customer advances
 - PS reset cash impacts
- Net working capital at 16.4% of revenues—continued focus in 2013

Technology and innovation

A world leader in power electronics

Power electronics



New 1000 kW central solar inverter for enhanced grid stability

DC power systems



Onboard DC grid for Norwegian offshore supply vessel

Low-voltage breaker



1st LV breaker with integrated energy management: Potential to reduce EU CO₂ emissions by 4 mill tons a year

Gearless conveyors



Gearless conveyor drive system for world's largest underground copper mine in Chile

Demand outlook heading into 2013

Short term unclear, long term remains supportive

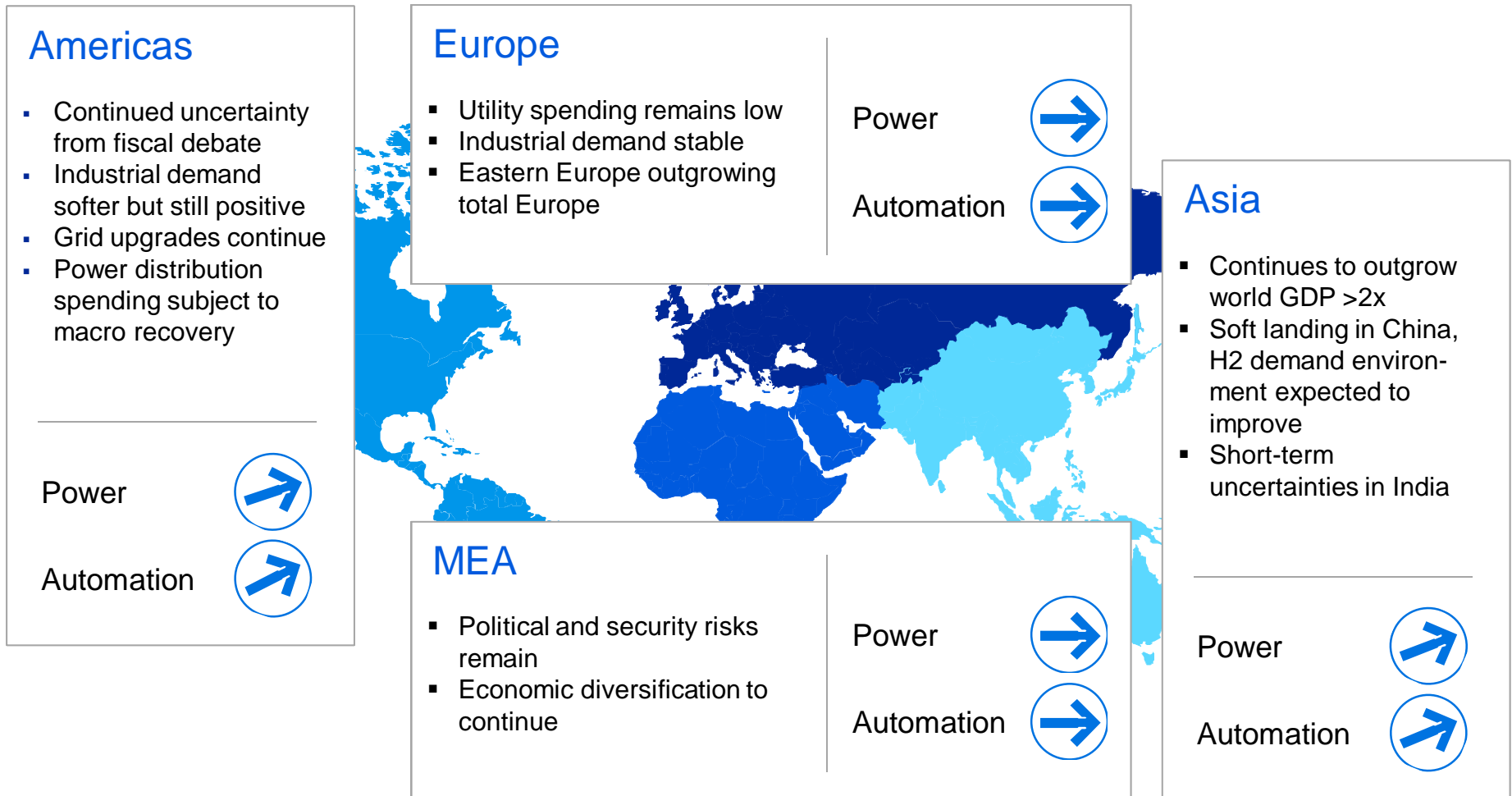


Chart 15

Outlook for the remainder of 2013

No clear trend changes visible heading into Q2 13

Growth

- Long-term growth drivers intact: Industrial productivity, power efficiency
- Market uncertainty likely to remain high in near term
- Short-term driven by GDP, government policies

Execution

- Sustain annual Power Products op EBITDA margins in the 14.5-15% range
- Cost savings and productivity improvements ~3-5% of cost of sales
- Leverage stronger automation portfolio across markets and regions
- Execute order backlog on time and at right quality
- Implement PS reset and improve project and risk management
- Further focus on growing service revenues faster than total revenues
- Drive measures to improve customer satisfaction
- Expect to close Power-One transaction in H2 2013

Cash and capital allocation

- Secure cash return on investment in both organic and inorganic growth
- Debt maturities and dividend
- Continue our dividend policy: Sustainable and steadily rising over time

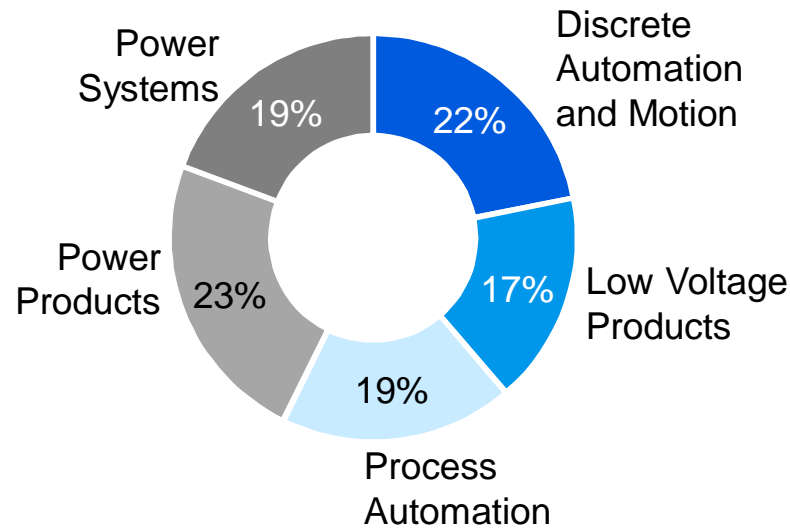
Power and productivity
for a better world™



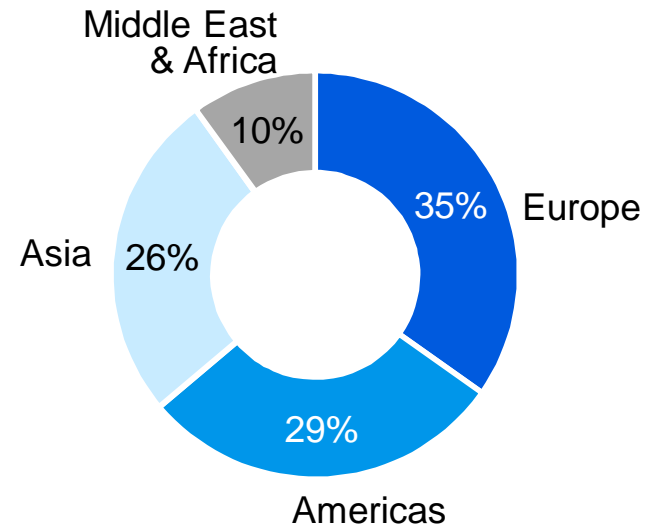
Balanced business and geographic portfolio

Revenues by division Q1 2013

Non-consolidated

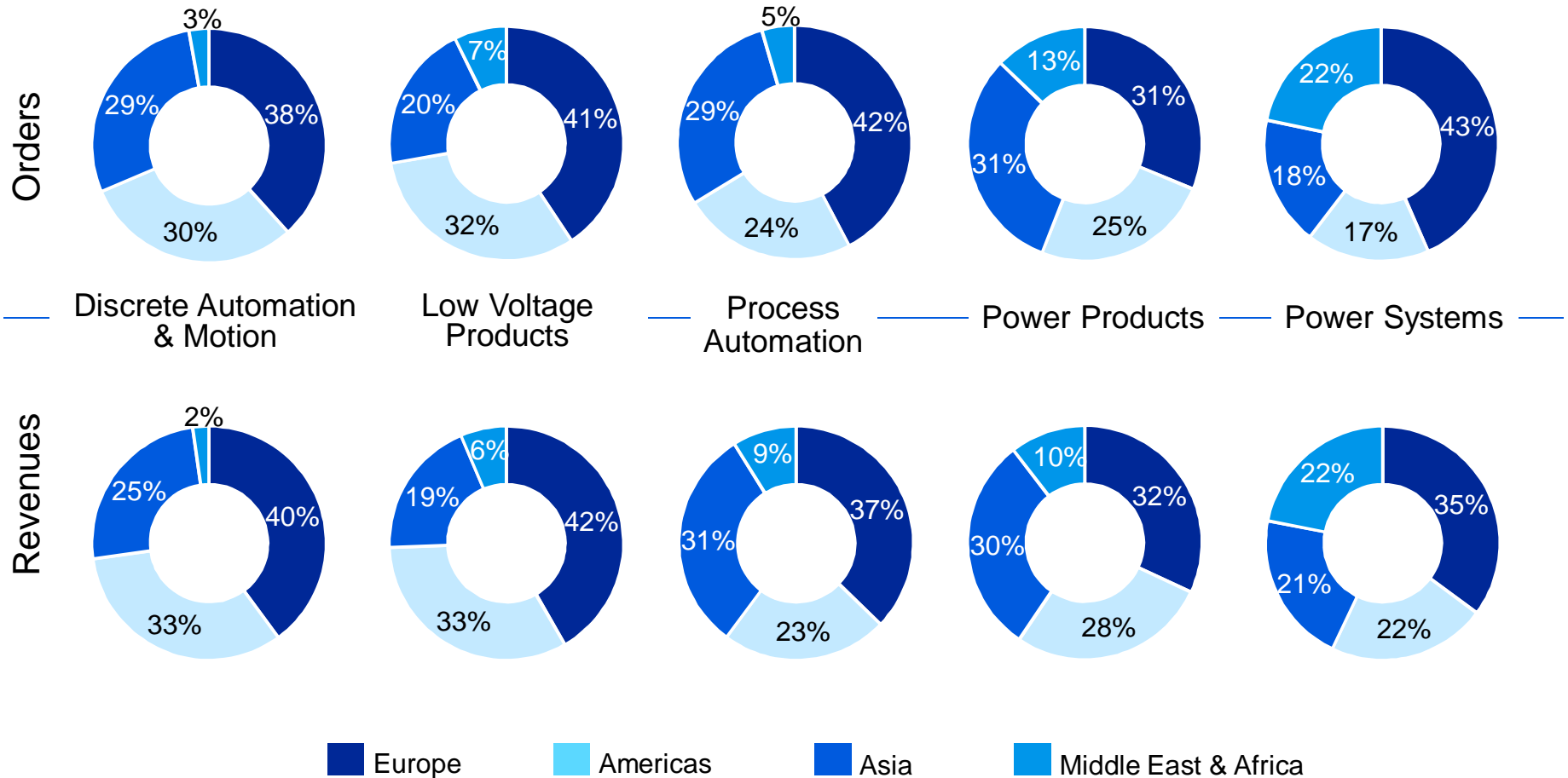


Revenues by region Q1 2013



Orders and revenues by region and division Q1 2013

Regional share of total orders and revenues by division
US\$



Order backlog by division

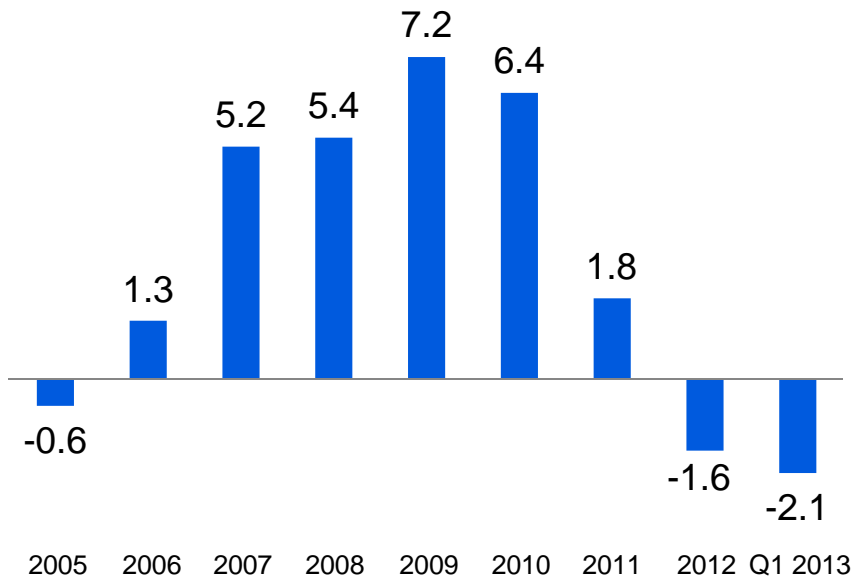
Order backlog (end March) <i>US\$ millions</i>	Q1 2013	Q1 2012	Change %	
			<i>US\$</i>	<i>Local currencies</i>
Discrete Automation and Motion	4'467	4'675	-4%	-2%
Low Voltage Products	1'246	1'049	19%	22%
Process Automation	6'784	6'483	5%	8%
Power Products	8'831	8'859	0%	2%
Power Systems	11'511	12'115	-5%	-2%
Consolidation and Other	-3'225	-3'271	1%	-2%
Total Group	29'614	29'910	-1%	2%

Solid investment grade balance sheet

Strong support for organic and inorganic growth

Net cash (debt) position 2005-Q1 2013

US\$ billions



- Total debt at \$9.1 bn
- Net debt/EBITDA at 0.4x

Uses of cash in 2013

- Annual dividend >\$1.5 bn
- ~\$900 mill bond repayment in June
- Capex ~\$1.1 bn
- Further selected M&A opportunities

Reconciliation of Operational EBITDA by Division

Q1 2013 vs Q1 2012

	ABB		Discrete Automation & Motion		Low Voltage Products		Process Automation		Power Products		Power Systems	
	Q1 13	Q1 12	Q1 13	Q1 12	Q1 13	Q1 12	Q1 13	Q1 12	Q1 13	Q1 12	Q1 13	Q1 12
Operational revenues	9'721	8'844	2'331	2'240	1'779	1'186	1'983	1'960	2'503	2'497	2'032	1'780
FX/commodity timing differences on Revenues	(6)	63	(4)	2	(2)	6	(5)	10	(14)	16	19	27
Revenues (as per Financial Statements)	9'715	8'907	2'327	2'242	1'777	1'192	1'978	1'970	2'489	2'513	2'051	1'807
Operational EBITDA	1'458	1'228	416	417	320	197	259	243	372	363	169	117
Depreciation	(205)	(166)	(34)	(33)	(47)	(26)	(16)	(16)	(51)	(42)	(20)	(16)
Amortization	(116)	(87)	(30)	(28)	(32)	(2)	(4)	(4)	(7)	(10)	(25)	(25)
<i>including total acquisition-related amortization of</i>	<i>(93)</i>	<i>(66)</i>	<i>(26)</i>	<i>(27)</i>	<i>(30)</i>	<i>(1)</i>	<i>(3)</i>	<i>(3)</i>	<i>(5)</i>	<i>(8)</i>	<i>(23)</i>	<i>(22)</i>
Acquisition-related expense and certain non-operational items	(4)	19	(2)	(4)	(2)	(3)	-	-	-	-	-	-
FX/commodity timing differences on EBIT	(62)	71	(12)	3	(3)	14	(12)	11	(24)	25	(14)	14
Restructuring-related costs	(19)	(17)	(1)	(1)	(4)	-	(3)	-	(7)	(13)	(5)	(2)
EBIT (as per Financial Statements)	1'052	1'048	337	354	232	180	224	234	283	323	105	88
Operational EBITDA margin (%)	15.0%	13.9%	17.8%	18.6%	18.0%	16.6%	13.1%	12.4%	14.9%	14.5%	8.3%	6.6%

Reconciliation of non-GAAP measures 1

(\$ in millions)

Net Working Capital as a percentage of Revenues <i>= Net Working Capital / Adjusted Revenues for the trailing 12 months</i>	Mar. 31, 2013
Receivables, net	11,941
Inventories, net	6,267
Prepaid expenses	322
Accounts payable, trade	(4,705)
Billings in excess of sales	(1,920)
Employee and other payables	(1,372)
Advances from customers	(2,002)
Accrued expenses	(1,878)
Net Working Capital	6,653
<i>Revenues for the three months ended:</i>	
March 31, 2013 / 2012	9,715
December 31, 2012 / 2011	11,021
September 30, 2012 / 2011	9,745
June 30, 2012 / 2011	9,663
Adjustment to annualize revenues of certain acquisitions ⁽¹⁾	308
Adjusted Revenues for the trailing 12 months	40,452
Net Working Capital as a percentage of Revenues	16.4%

⁽¹⁾ Thomas & Betts

Reconciliation of non-GAAP measures 2

(\$ in millions)

Net (Debt), Net Cash <i>= Cash and equivalents plus Marketable securities and short-term investments, less Total debt</i>	Mar. 31, 2013
Cash and equivalents	5,455
Marketable securities and short-term investments	1,591
Cash and Marketable securities	7,046
Short-term debt and current maturities of long-term debt	1,683
Long-term debt	7,430
Total debt	9,113
Net (Debt), Net Cash	(2,067)

Net Debt to EBITDA <i>= Net Debt / EBITDA for the trailing 12 months</i>	Mar. 31, 2013
Net Debt (as defined above)	(2,067)
<i>Earnings before interest and taxes for the three months ended:</i>	
March 31, 2013	1,052
December 31, 2012	863
September 30, 2012	1,146
June 30, 2012	1,001
<i>Depreciation and amortization for the three months ended:</i>	
March 31, 2013	321
December 31, 2012	341
September 30, 2012	307
June 30, 2012	281
Total EBITDA for the trailing 12 months	5,312
Net Debt to EBITDA	0.4

Chart 24

Appendix: Definitions 1

- **Acquisition-related amortization:** amortization expense on intangibles arising on acquisitions and the cost of sales impact from fair valuing inventory in an acquisition.
- **FX/commodity timing differences on EBIT:** the sum of i) unrealized gains and losses on derivatives (foreign exchange, commodities, embedded derivatives), ii) realized gains and losses on derivatives where the underlying hedged transaction has not yet been realized, and iii) unrealized foreign exchange movements on receivables/payables (and related assets/liabilities).
- **Operational EBITDA:** Earnings before interest and taxes (EBIT) excluding depreciation and amortization, adjusted for i) unrealized gains and losses on derivatives (FX, commodities, embedded derivatives), ii) realized gains and losses on derivatives where the underlying hedged transaction has not yet been realized, iii) unrealized foreign exchange movements on receivables/payables (and related assets/liabilities), iv) restructuring and restructuring-related expenses, and v) acquisition-related expenses and certain non-operational items.
- **Operational EBITDA margin:** Operational EBITDA as a percentage of Operational revenues.
- **Operational revenues:** Revenues adjusted for i) unrealized gains and losses on derivatives, ii) realized gains and losses on derivatives where the underlying hedged transaction has not yet been realized, and iii) unrealized foreign exchange movements on receivables (and related assets).

Appendix: Definitions 2

- **Operational net income:** Net income adjusted for the net-of-tax impact (using the Group's effective tax rate) of i) unrealized gains and losses on derivatives (FX, commodities, embedded derivatives), ii) realized gains and losses on derivatives where the underlying hedged transaction has not yet been realized, iii) unrealized foreign exchange movements on receivables/payables (and related assets/liabilities), iv) restructuring and restructuring-related expenses, and v) acquisition-related expenses and certain non-operational items.
- **Operational EPS:** Operational net income before amortization per share.
- **Operational net income, before amortization:** Operational net income adjusted for the net-of-tax impact (using the Group's effective tax rate) of Acquisition-related amortization.

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