

Peter Smits
Head of Power
Technologies Division



2005 Q2 results

Power 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.

Power Technologies division today

Power Technology Products

\$6.0 bn (62%)



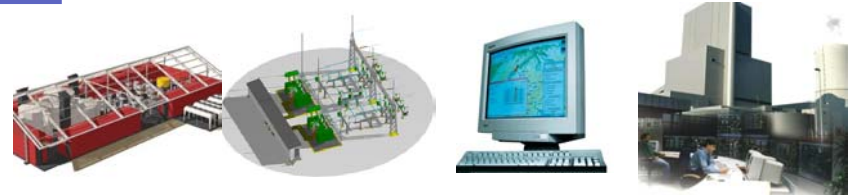
HV
Products

MV
Products

Transformers

Power Technology Systems

\$3.7 bn (38%)



Grid
Systems

Substations

Network
Management

Power
Generation

*Division
consoli-
dation
\$0.9 bn

- High-voltage and medium-voltage products, distribution and power transformers
- Main customers: Utilities, industries, EPCs, OEMs and product distributors
- 2004 revenues: \$6.0 bn ¹⁾
- Employees: 27,500

- Turnkey substations, grid systems, network management systems, power plant control systems, service
- Main customers: Utilities, industries and EPCs
- 2004 revenues: \$3.7 bn ¹⁾
- Employees: 13,000

¹ Full-year 2004 revenues (nominal rates), based on BA consolidation



Business overview Q2 2005

Power Technology Products



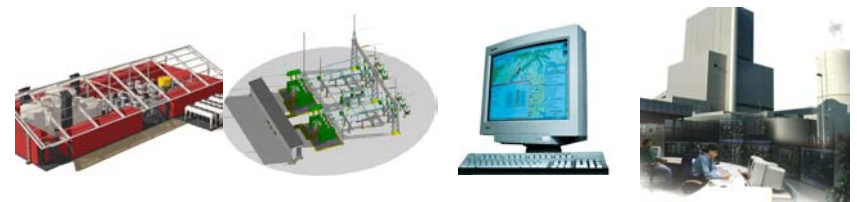
HV
Products

MV
Products

Transformers

- Strong double-digit base order growth across all business units more than compensated for a lower level of large orders
- Revenues increased in all business units; growth led by Medium Voltage Products

Power Technology Systems



Grid
Systems

Substations

Network
Management

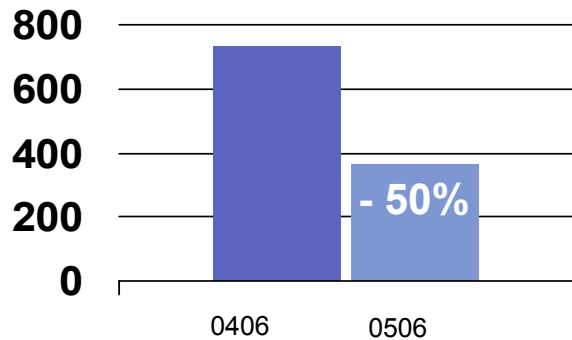
Power
Generation

- Orders in business unit Grid Systems down as last year's \$390 million "Three Gorges" order in China could not be matched. Orders up in business unit Power Generation
- Revenues flat. Due to long lead times, the strong orders received in 2004 will mainly generate revenues in H2 2005, 2006 and in H1 2007

Steady order performance in Q2 2005

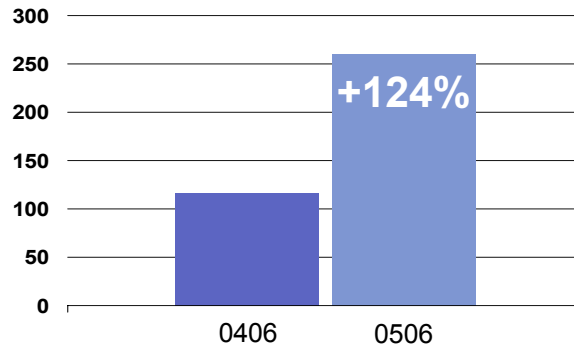
Quarter Nominal rates – consolidated division numbers

China



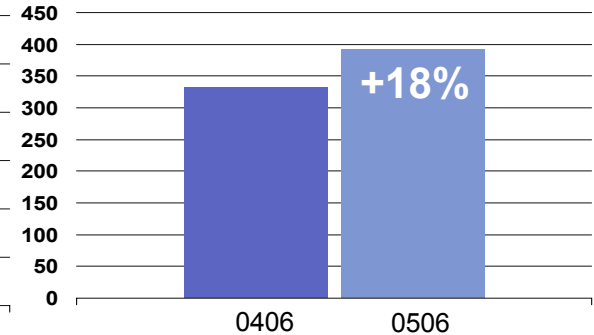
- Lower large orders ; \$390 million “Three Gorges” order booked last year.

Central/Eastern Europe



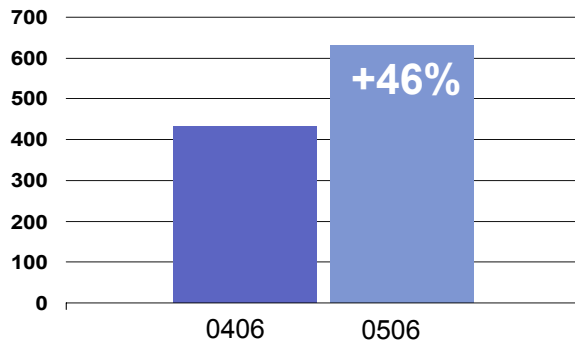
- Increased large and base business; \$110 million EstLink order booked in April.

Asia excl. China



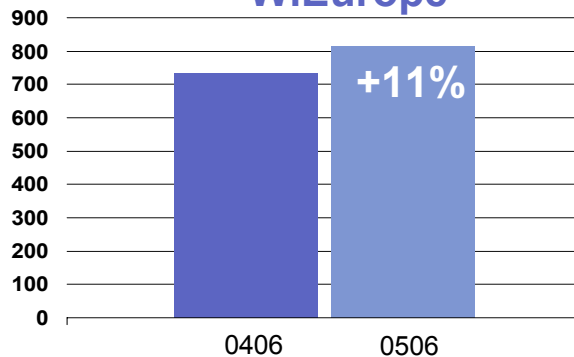
- Strong order growth driven by India

Americas



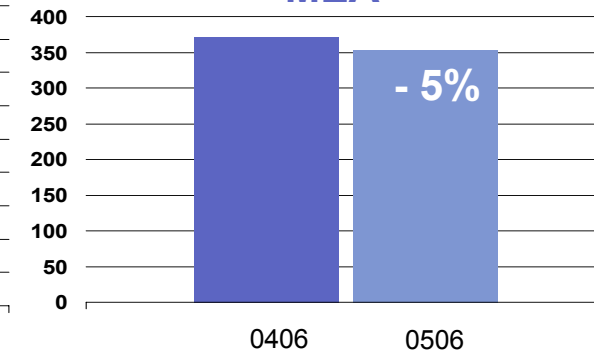
- Strong large- and base order growth in South America, driven by Brazil. Growth in North America driven by base orders.

W.Europe



- Steady growth in base orders

MEA



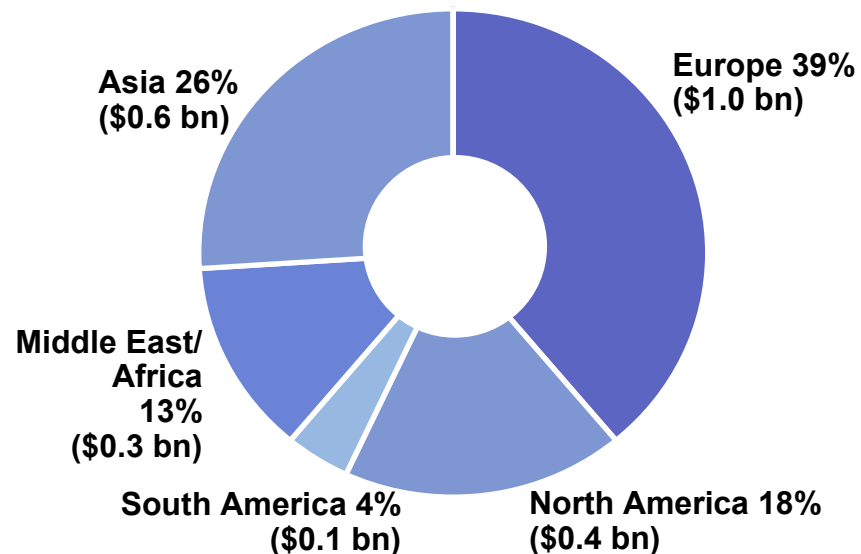
- Mainly due to timing of large orders



Q2 2005 revenue development

- Revenues up in North America on improved demand; South America flat
- Modest growth in Western Europe, double digit increase in Central- and Eastern Europe
- Growth in India remained strong; single digit growth in rest of Asia
- Single digit increase in MEA

Q2 2005 revenues by region



Total: \$2.4 billion

Summary Q2 2005

MUSD	Q2 2005	Q2 2004	Change Nominal	Change Local
Orders	2,819	2,714	4%	0%
Revenues	2,399	2,242	7%	4%
EBIT	138	184	-25%	
EBIT Margin	5.8%	8.2%		
Cash flow from operations	101	35		

- EBIT margin decline in Transformers (announced consolidation program), and Systems (provision for potential regulatory expenses) more than offset improvements in Medium Voltage- and High Voltage Products
- EBIT margin adjusted for impact from Transformer consolidation program [\$-66 million] at 8.5%
- Higher cash flow from operations driven by net working capital reduction

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 good 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



ABB

Macro trends for 2005 and beyond



North America (market size: \$10 bn)

- Aged infrastructure needs to be refurbished
- Reliability concerns trigger T&D investments



Europe (market size: \$11.4 bn)

- Need for interconnections and power grid upgrades in new and potentially future EU member states



China (market size: \$10.3 bn)

- Continued strong government commitment to power infrastructure
- Prospect of the world's most modern power grid



India (market size: \$1.4 bn)

- Rural electricity delivery seen lifting demand for power distribution products and systems



Middle East/Africa (market size: \$8.2 bn)

- Oil and gas sector expected to be main demand driver for power transmission, distribution

Rest of world (market size: \$4.7 bn)

- Latin America and Asia excl. China and India