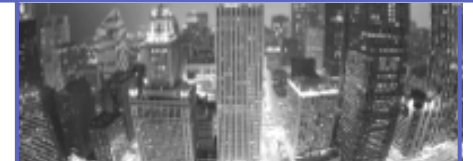
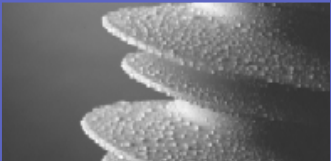


Peter Smits
Member of ABB Group
Executive Committee,
Head of Power
Technologies Division



2003 fourth quarter and full-year results

ABB Power Technologies



ABB

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.



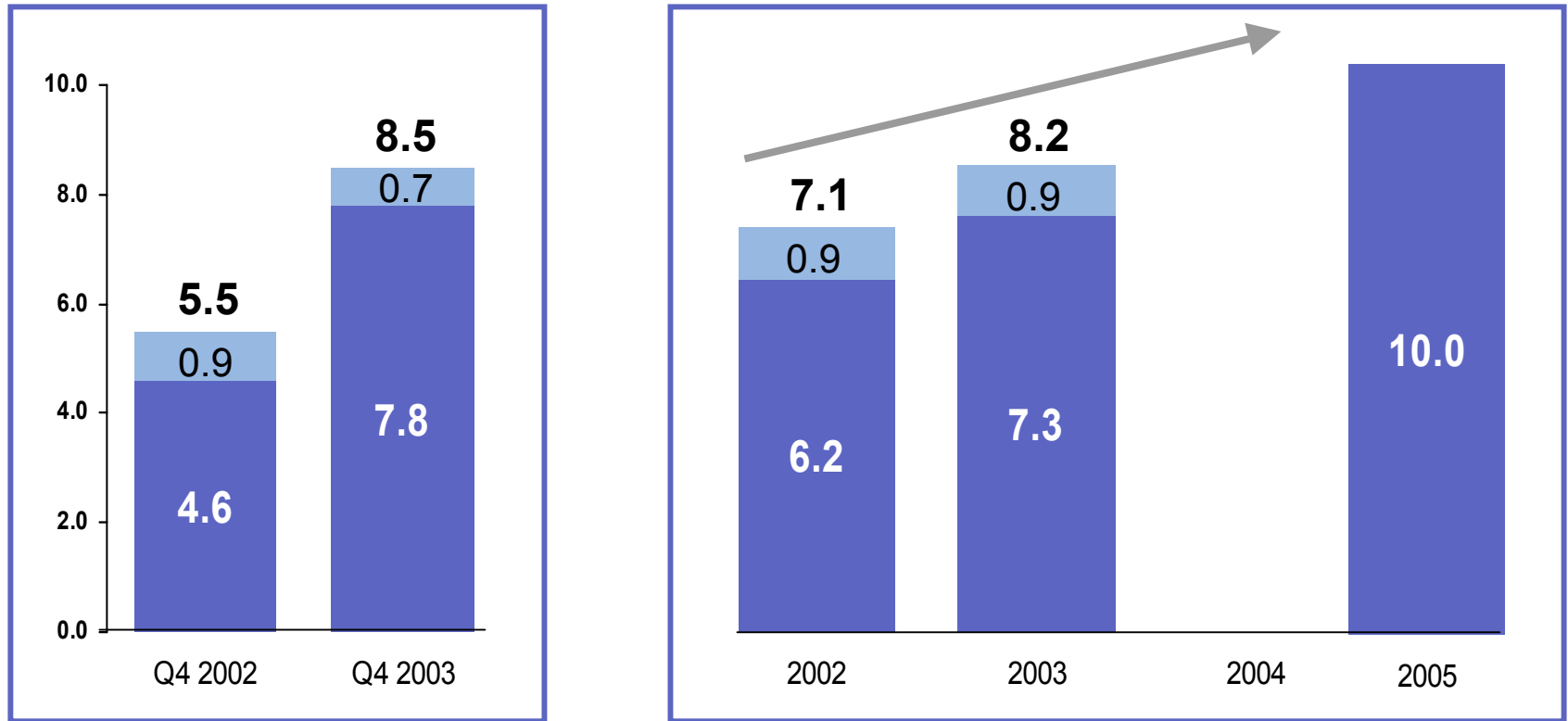
Outline



- Introduction and market review
- Financial results
- Strategic priorities
- Conclusions

EBIT margin performance

EBIT margin before and after restructuring



Restructuring costs
EBIT margin

- Continuous improvements; exceeding our 2003 targets



World's No. 1 in Power Technologies



Our offering

Comprehensive portfolio of products, systems and services

Global presence

- 39,000 employees
- ~150 focused factories, engineering and service centers
- Presence in more than 70 countries

Our markets

Electric, gas and water utilities, Industrial and commercial customers and Channel partners

- Engineering, procurement and construction firms (EPCs)
- Original equipment manufacturers (OEMs)
- Wholesalers, distributors

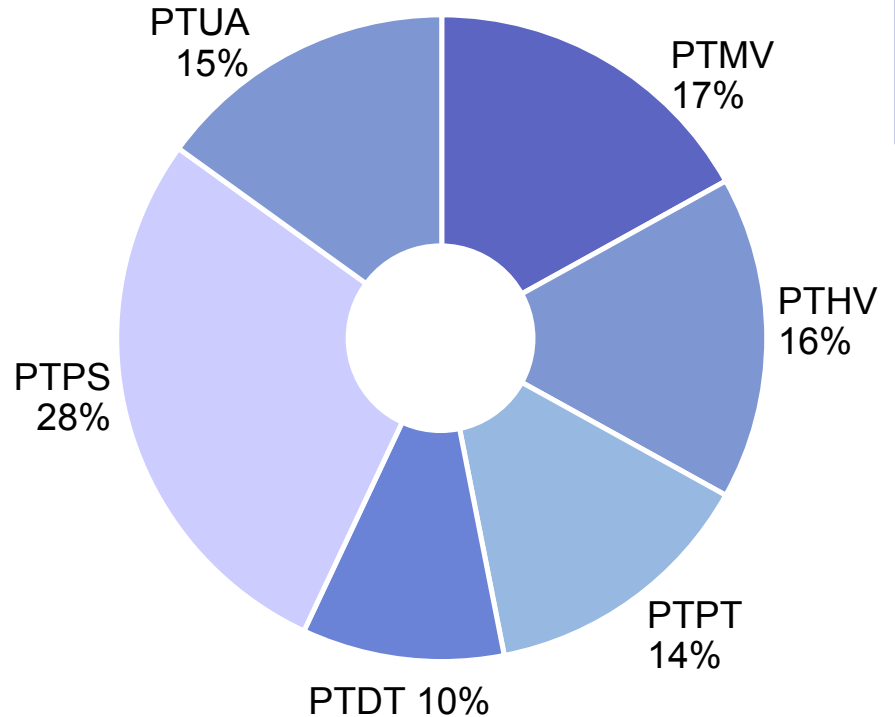
Distribution transformers and power transformers merged as of January 2004
Substation automation products moved from AT to PT division as of January 2004



Market demand review in 2003

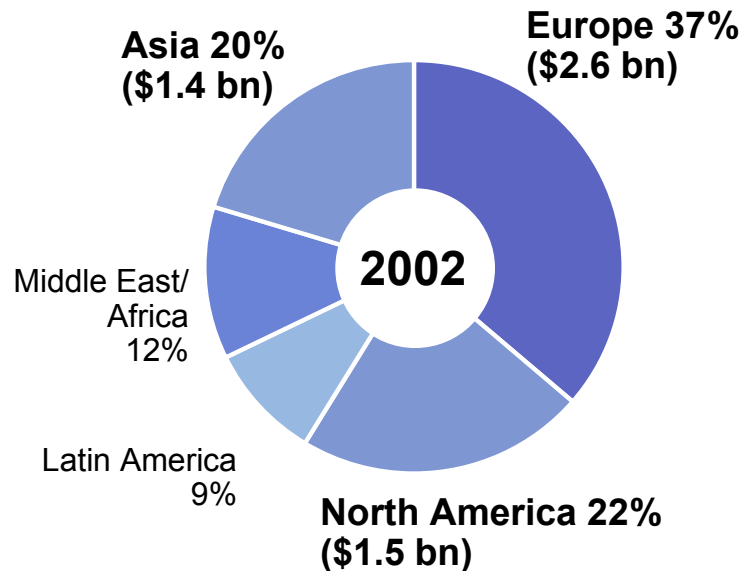
- **Utilities:** stable purchase patterns
- **Industries:** mixed depending on segment, market
- **EPCs:** mainly flat, some positive developments
- **OEMs:** strong recovery in all regions

2003 revenues split
by Business Area

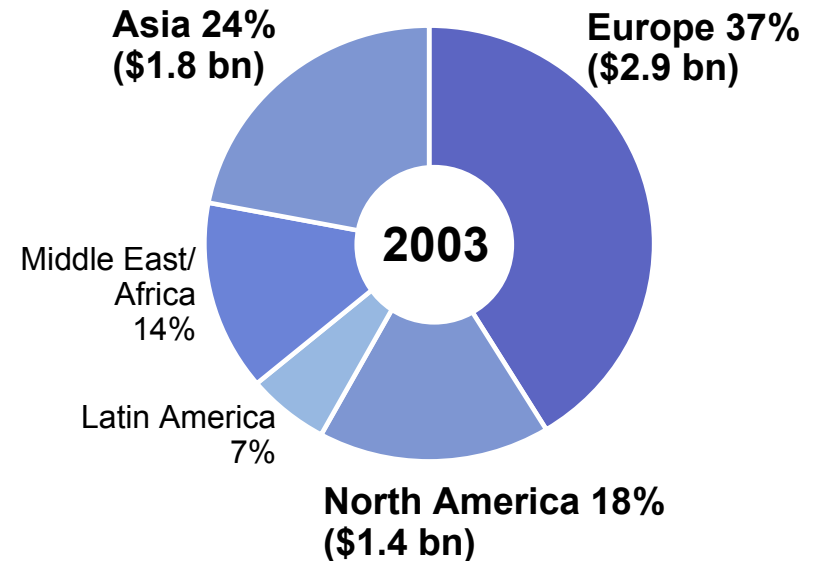


Asia, Europe offset weakness in Americas

Nominal revenues by region (destination) - consolidated



Total: US\$ 7.0 billion



Total: US\$ 7.7 billion

- Continued strong growth in Asia, Middle East/Africa
- Continued growth in eastern Europe, mixed in western Europe
- Low in North America, but signs of upturn in fourth quarter



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2003 Q4 summary - Power Technologies

US\$ millions	Q4 2003	Q4 2002	Change Nominal	Change Local
Orders	1,960	1,569	25%	12%
Revenues	2,184	2,010	9%	-3%
EBIT	170	93	83%	
EBIT Margin	7.8%	4.6%		
Restructuring	(15)	(18)		
EBIT Margin (excl. restructuring)	8.5%	5.5%		
Cash flow from operations	433	352	23%	

- Order growth in Asia, Middle East/Africa continued to offset weakness in North America
- Revenue growth in Medium-Voltage, High-Voltage products compensated for decrease in Power Systems
- Higher EBIT margins on productivity, site/product rationalization, Step Change savings
- Cash flow from operations up 23%

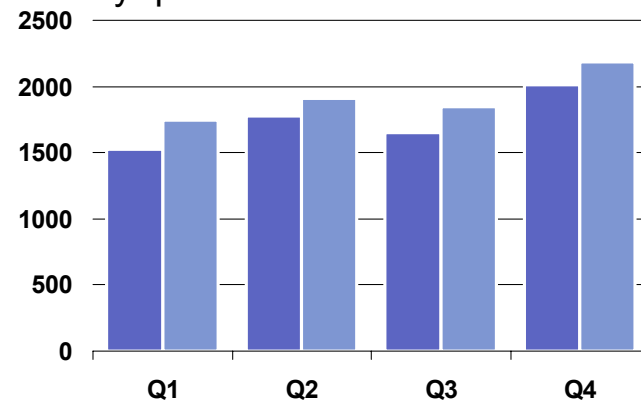


2003 FY summary – Power Technologies

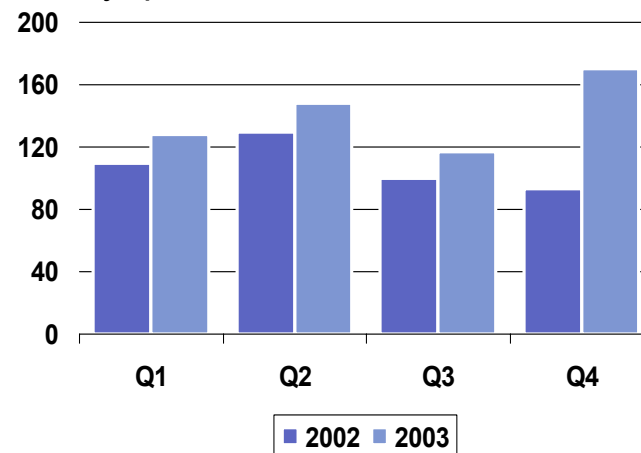
US\$ millions	FY 2003	FY 2002	Change Nominal	Change Local
Orders	7,708	6,753	14%	4%
Revenues	7,680	6,963	10%	0%
EBIT	563	433	30%	
EBIT Margin	7.3%	6.2%		
Restructuring	(64)	(59)		
EBIT Margin (excl. restructuring)	8.2%	7.1%		
Cash flow from operations	616	335	84%	

- EBIT up 30% driven by operational improvements
- Local growth 3% on comparable scope:
 - Divestments and closures
- Cash flow from operations up by 84%
- Net working capital down from 15% to 14% of revenues

Revenues in US\$ million by quarter 2003 vs. 2002



EBIT in US\$ million by quarter 2003 vs. 2002



2003 achievements

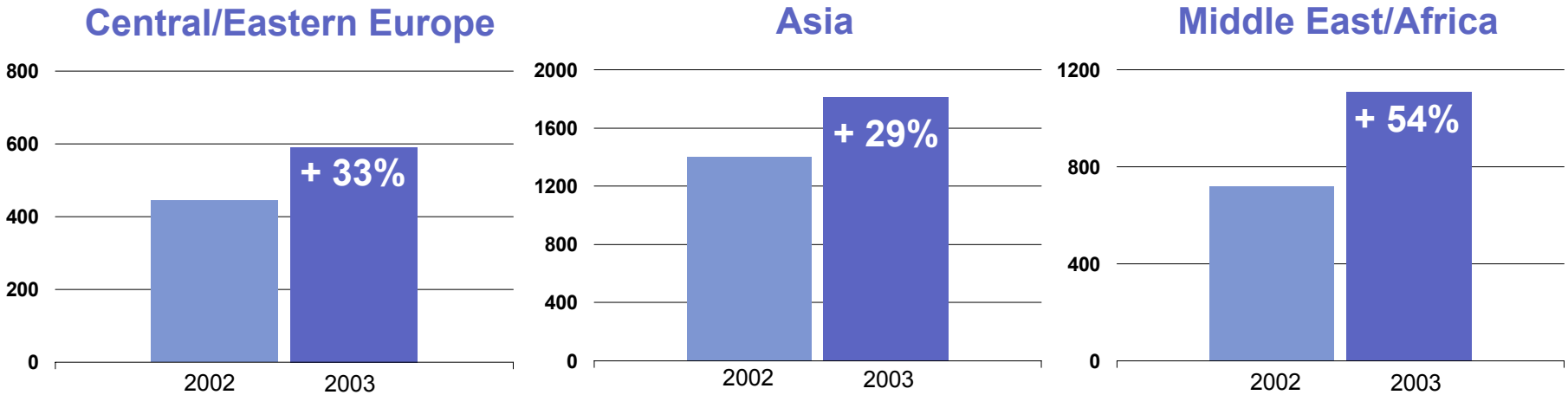
Power Technologies

- Improved order performance, increased market share
 - Further market penetration of industrial, channel partner segments
- Improved operational performance
 - Speed: reduced total cycle times
 - Product/site rationalization: 21% fewer production lines, 32% fewer product lines (2001-2003) through Focused Factory concept
 - Step Change cost reductions ahead of plan
- Cash flow from operations up US\$ 281 million (84%) on higher earnings, intensified working capital management
- ABB won “Global Energy Award” for world’s largest battery in Alaska



Improved order performance

1. Key growth regions in US million



2. Key market penetration

- OEM program, more than 50% growth
- Growth through EPC channel, 18% growth
- Penetration of industrial end-user base, more than 10% growth

US\$ 2 billion in orders equals 25% increase compared to 2002

Figures in nominal currencies and based on orders



Improved operational performance

Operational cost savings of approx. US\$ 200 million
(before restructuring costs and price mix)

	US\$ million
Supply chain management <ul style="list-style-type: none">■ Semi-finished and fabricated component products■ Transport logistics	74
Site, product rationalization <ul style="list-style-type: none">■ Personnel expenses from 25% to 23%■ Job reductions: 7%	70
Quality management <ul style="list-style-type: none">■ Activities to improve operational excellence	36
Overhead cost reductions	13

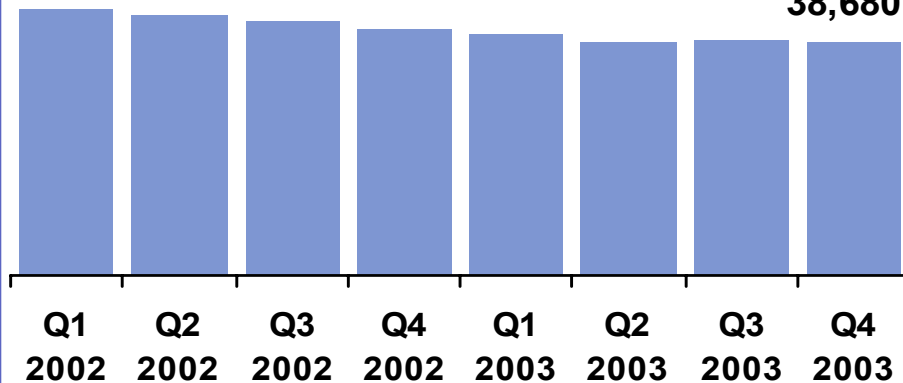
EBIT contribution: US\$ 100 million



Jobs and productivity

Total employees¹⁾

44,325



38,680

Job reductions

(based on permanent employees):²⁾

- 2002 vs. 2001: -9%
- 2003 vs. 2002: -7%
- Over two years: -15%

Productivity

- Continuous productivity improvements as a result of focused factories and focused engineering
- Further standardization of modules
- Elimination of underperformers and subcritical units

1) As reported

2) Based on permanent employees and scope adjusted for divestments, acquisitions and other business shifts



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Strategic priorities 2004

Power Technologies

- Profitable growth, cost competitiveness
- Market penetration
 - Capitalize on leadership with comprehensive portfolio and strong local presence
 - Leverage installed base for service and retrofit business
- Expansion
 - Target high-growth regions, high-end technologies
 - Focus on technologies that prevent power outages
- Speed
 - Focused Factories and Focused Engineering
 - Further streamline product portfolio by using platforms



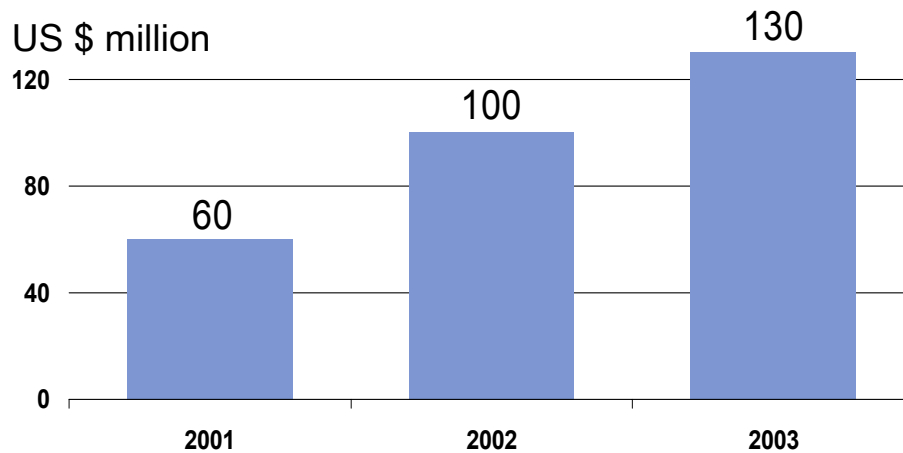
Leverage comprehensive portfolio

Market penetration

Customer:
Bombardier



- Example: More than doubled volume to Bombardier Transportation 2001-2003 through dedicated account management



- Intensified cooperation in 2003
- Frame agreement giving potential of US\$ 500 million covering broad range of ABB products



Grow service with large installed base

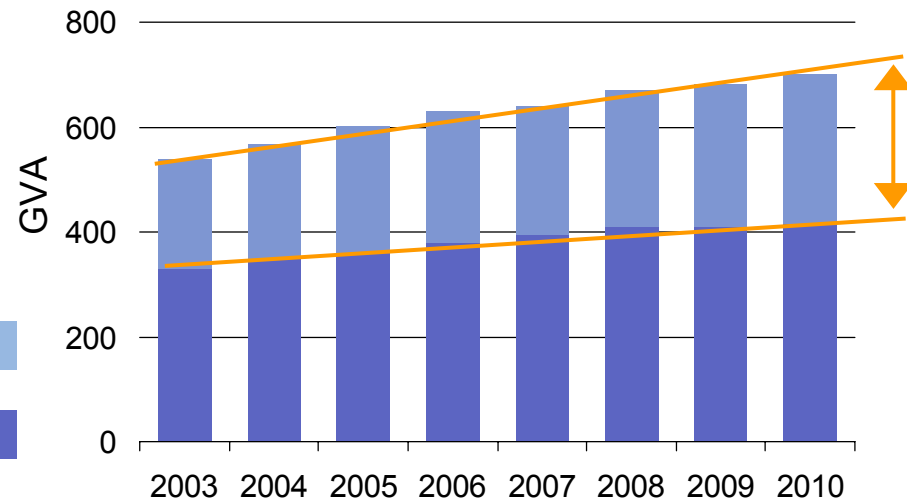
Market penetration

- ABB has largest installed base
- Large replacement need for T&D products and systems
 - Average equipment age in the U.S. is 35 years

Focus on replacement of transmission equipment



- Total global transformer demand:



Replacement, retrofit, repair

New transformers/
power consumption growth

Source: Booz, Allen and Hamilton



Opportunities from power outages

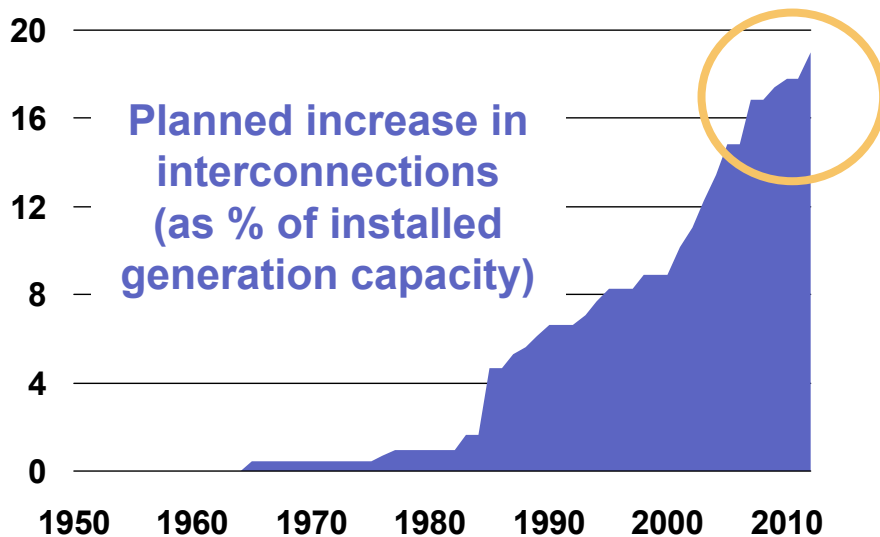
Expansion

North America

- Transmission expenditures expected to double
- ABB with leading position in North American T&D market

Europe

- Similar opportunities evolve



EU target for cross-border interconnection capacity is 20%

Today's average is only 7%

Source: EU Directorate General for Energy and Transport, 2000



Technologies to prevent outages

Expansion

HVDC and HVDC Light

- Connect power grids
- Cross Sound Cable project instrumental for restoring power on Long Island
- 2003 Engineering Award for Murraylink

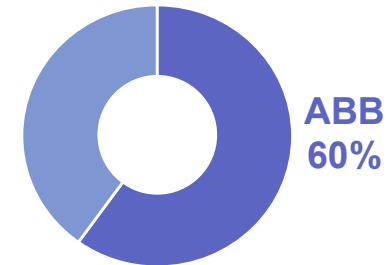
FACTS (Flexible AC Transmission Systems)

- Boosts existing power lines
- Market grew 50% last 3 years

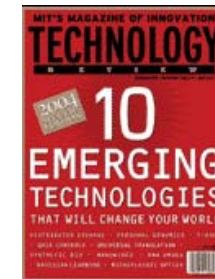
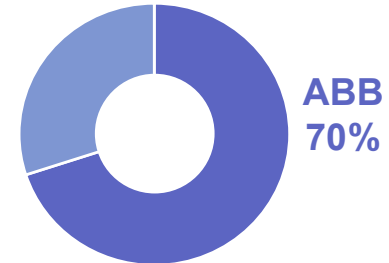
Wide Area Monitoring System

- ABB real-time grid control recognized by Massachusetts Institute of Technology (MIT)
- Pilot project for Switzerland-Italy power corridor

HVDC market share



FACTS market share



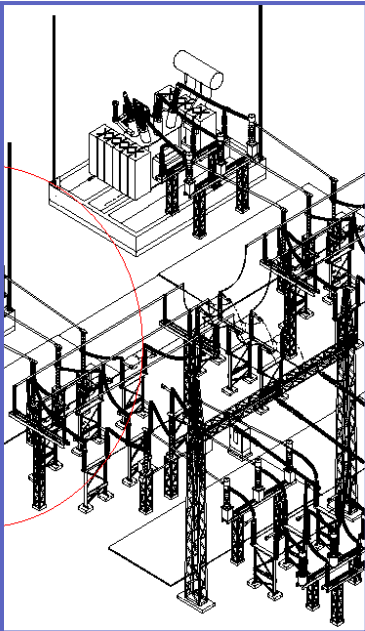
World HVDC market 2004/2005: US\$ 1.2 billion
World FACTS market 2004/2005: US\$ 1.1 billion



Focused Engineering

Speed

Substation
design



Focused Engineering

- Product configurators deployed in all BAs
- System configurator deployment started Q1 2003
 - Cut lead-time on tenders by up to 90%
 - Cut engineering cost 30%
 - Integrate supply management to achieve further cost reductions
- Example in 2003: US\$18 million substation order, Gdansk, Poland

Streamline product platforms

Speed

Common
HV breaker
chamber

Example: High-voltage breakers

- One group of interrupters for all HV breaker applications
- Substantially fewer components
 - 8 technologies → 1 platform
 - 6 production sites → 1 focused factory
- Impact
 - 50% cycle-time reduction
 - 20% engineering cost reduction
 - Leverage for US\$ 600 million business
- First product delivery
 - 145 kV Gas-insulated switchgear (Dec. 03)

**15% EBIT improvement
for this product line**



Improved market prospects for 2004



Europe: Mixed; good growth in Central Eastern Europe



N. America: Weak, U.S. seen higher in second half



Latin America: Slightly higher, esp. in large infrastructure projects



Asia: Continued strong growth, led by China, India



Middle East, Africa: Continued growth



Utilities: Driven by higher investment



Industries: In line with moderate economic growth



EPCs: Mainly in emerging markets



OEMs: Signs of upturn in all regions



Revenue growth and EBIT margin targets*

Power Technologies

	2003A	2005
Revenue growth (local)	3% ^{**}	5.3% ^{***}
EBIT margin (nominal)	7.3%	10.0%

* Targets exclude major acquisitions, divestments and business closures.

** Local growth 3% on comparable scope

*** Compounded annual growth rate 2002-2005



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Conclusions

Power Technologies

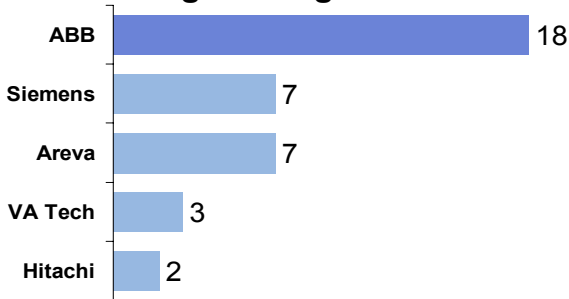
- Solid performance in 2003 confirms strategy
 - EBIT margin exceeded target
 - Cash Flow from operations 84% above last year
- Continued focus on profitable growth and cost competitiveness in 2004



ABB

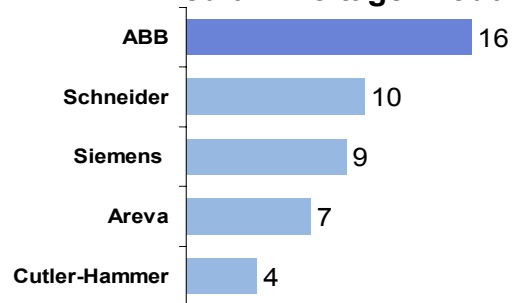
Market and competitors overview

High Voltage Products



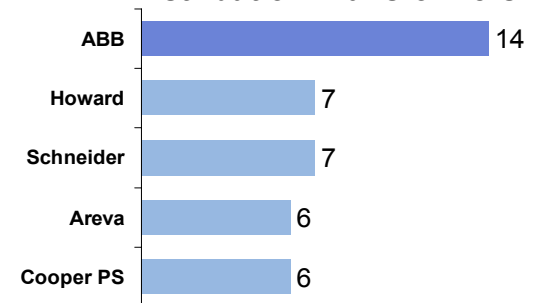
World Market Size 6.4 BUSD

Medium Voltage Products



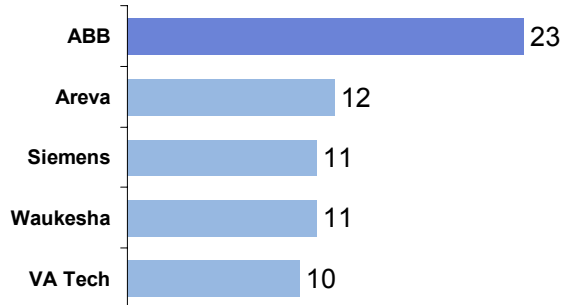
World Market Size 8.5 BUSD

Distribution Transformers



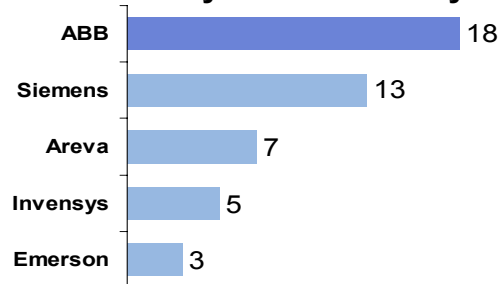
World Market Size 6.7 BUSD

Power Transformers



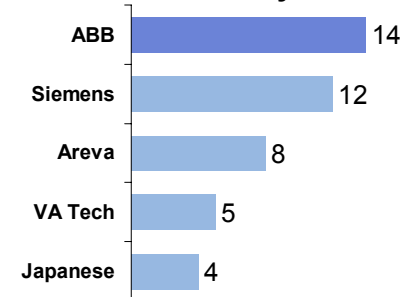
World Market Size 5.4 BUSD

Utility Automation Systems



World Market Size 8.2 BUSD

Power Systems



World Market Size 14 BUSD