Fred Kindle
Chief Executive Officer

2004 fourth quarter and full year results

Daettwil, 17 February 2005

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Content

- Introduction and 2004 summary
- Review of results
- Outlook 2005
- ABB – an interpretation and roadmap

ABB Group – summary 2004

- Successful return to profitability after three years of heavy losses, turnaround completed in 2004
- Substantial progress in all areas of Group ….
  - Good order and revenue growth
  - Significantly higher EBIT, EBIT margin and cash flow
  - Net profit clearly positive
  - Substantial debt reduction
- …. but some negative issues remain
  - Corporate cost to be reduced
  - PT margins below expectations
  - Impact of non-recurring items still sizable
  - Final asbestos resolution further postponed

Implications for 2005

- Despite substantial progress, several challenges remain
- Achieve 2005 targets through margin improvements in core divisions, substantial reduction of corporate costs to $450 million and further divestments out of Non-core portfolio
- Continue to improve and strengthen operational set-up of Group in particular in areas of execution and people
- Find a solution to asbestos by addressing issues raised by 3rd Circuit Court of Appeals

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ABB Group – Q4 summary

- Continued volume growth with orders up 4%* (10%)** and revenues up 5% (11%)
- Group EBIT more than doubled, core divisions burdened by charges following review in year-end closing process
- One-time exit costs in discontinued operations affected net income
- Higher Group cash flow from operations based on substantial improvements in Non-core and Corporate; core divisions remain at high level
- Reclassifications of OGP into continuing operations after asbestos ruling; Power lines moved to discontinued operations as a consequence of exit decision

* Local currency change ** (in US$)

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Power Technologies – Q4 summary

- Orders up 5%* (12%)**; strength in Americas and Europe, partly offset by lower large orders in Asia (China)
- Base order growth more than offset large order gap (timing of project awards)
- Revenues up 12%* (18%)**; up in all business areas except Power Systems
- EBIT** down 6%; partly due to non-recurring charges of $45 million (write-down of notes receivable, project-related hedging costs); EBIT margin decreased to 6.4% from 8.0%
- Cash flow of $454 million in line with seasonal pattern

* Local currency change ** (in US$)

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Automation Technologies – Q4 summary

- Orders down 2%* (up 6%)**; strong growth in Americas, Middle East and Africa and modest development in Asia more than offset by strong decrease in eastern Europe (large order received in 2003)
- Base order growth continues at double-digit rate**
- Revenues up 10%* (18%)**; strong product order intake earlier in 2004
- EBIT** up 29% despite charges to streamline operations; EBIT margin up to 8.9% from 8.1%
- Cash flow of $529 million remains at seasonal high level

* Local currency change ** (in US$)

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EBIT* - overview

($ million)	Q4 2004	Q4 2003**	2004	2003**
Power Technologies	164	174	610	595
Automation Technologies	281	218	1,027	738
Core businesses	445	392	1,637	1,333
Non-core activities	(31)	(118)	(46)	(467)
Corporate	(150)	(147)	(507)	(509)
Group EBIT	264	127	1,084	357
Group EBIT margin	*4.4%*	*2.4%*	*5.2%*	*1.7%*

** reclassified

- Q4 comment
  - Combined core division EBIT continues to improve despite some non-recurring charges
  - Non-core result still negative, OGP and Building Systems losses reduced significantly
  - Negative currency impact on Corporate

* EBIT: Earnings before interest and taxes

EBIT* - Non-core activities

($ million)	Q4 2004	Q4 2003**	2004	2003**
Oil, Gas and Petrochemicals	(12)	(57)	(4)	(296)
Building Systems	(23)	(43)	(70)	(104)
Equity Ventures	22	8	69	76
Remaining Structured Finance	(5)	(6)	(14)	(65)
New Ventures	9	4	(5)	(21)
Other non-core activities	(22)	(24)	(22)	(57)
Non-core EBIT	(31)	(118)	(46)	(467)

** reclassified

- Q4 comment
  - OGP loss on $26 million depreciation charge for 2003 and 2004 as a consequence of reclassification into continuing operations
  - Building Systems break-even in Germany, loss associated with costs in other countries

* EBIT: Earnings before interest and taxes

Discontinued operations – reclassifications

- Several changes in scope of discontinued operations due to mandatory reclassifications under U.S.GAAP
- OGP reclassified to continuing operations following 3rd Circuit Court of Appeals asbestos ruling on December 2, 2004
- Most of Power lines activities moved from PT division into Discontinued operations
- Wind park project in Greece written down and moved to Discontinued operations

Discontinued operations – Net income impact

($ million)	Q4 2004	Q4 2003*	2004	2003*
Insurance	(4)	(162)	(41)	(97)
Abestos	13	8	(28)	(142)
Upstream oil and gas	(18)	(43)	(70)	(44)
Power lines	(47)	4	(75)	(10)
Wind energy	(15)	(22)	(25)	(42)
Other	(11)	(19)	(8)	(73)
Net loss	(82)	(234)	(247)	(408)

* reclassified

- Q4 comment
  - Non-recurrence of $162-million loss related to insurance divestment booked in 2003
  - Upstream oil and gas includes adjustment to pension liability of $11 million and other costs related to sale

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ABB Group – key figures

$ million	Q4 2004	Q4 2003*	2004	2003*
EBIT	264	127	1084	357
Finance net	(66)	(76)	(223)	(417)
Income from continuing operations	95	(157)	448	(371)
Loss from discontinued operations	(82)	(234)	(247)	(408)
Net income / (loss)	13	(391)	201	(779)

* reclassified

- Q4 comment
  - Finance net improved slightly on stable interest income and lower securitization costs

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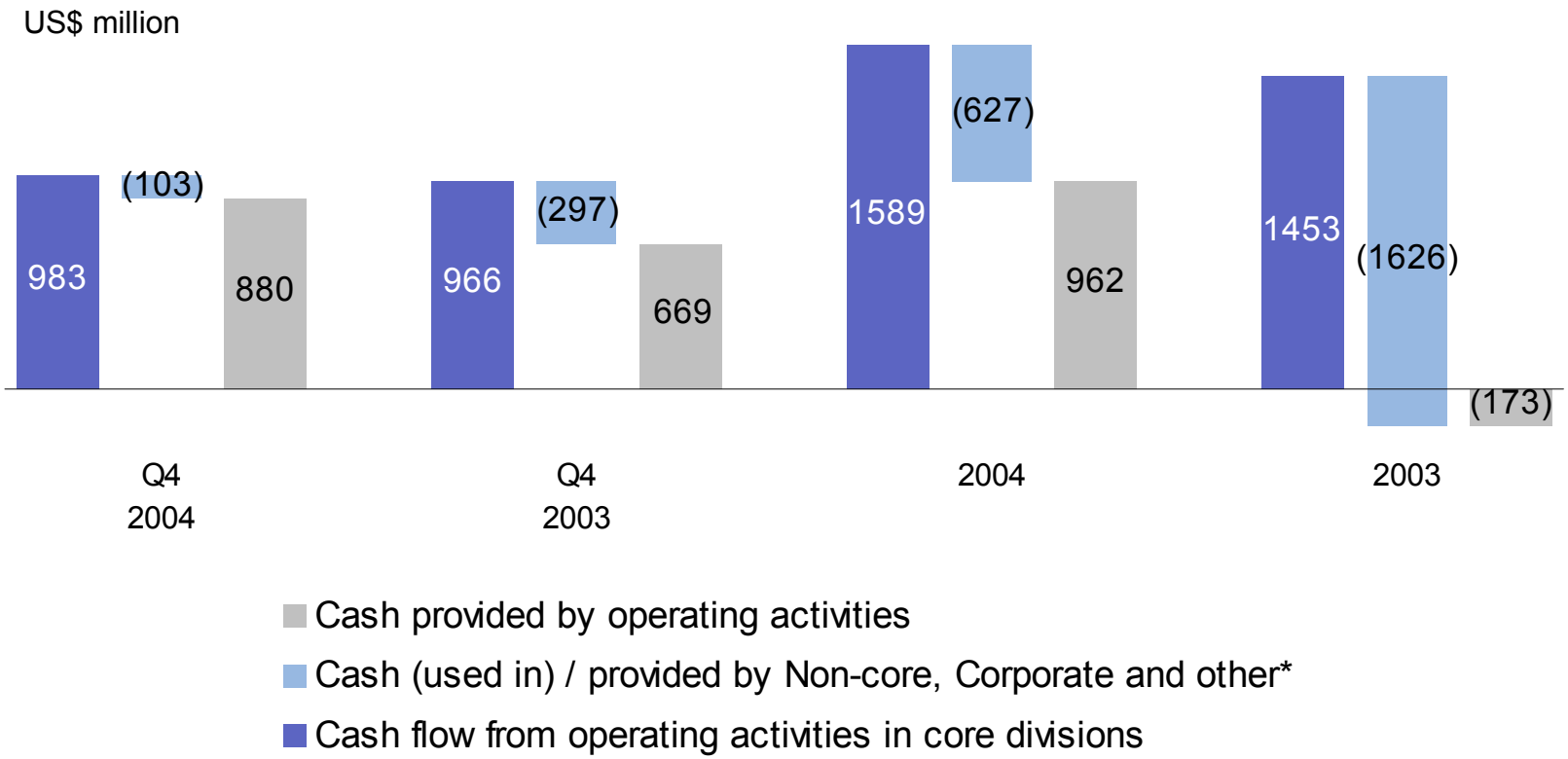
Cash flow from operating activities

Significant reduction of cash drain from Non-core, Corporate and other, coupled with higher cash generation from core activities



* Incl. Treasury activities

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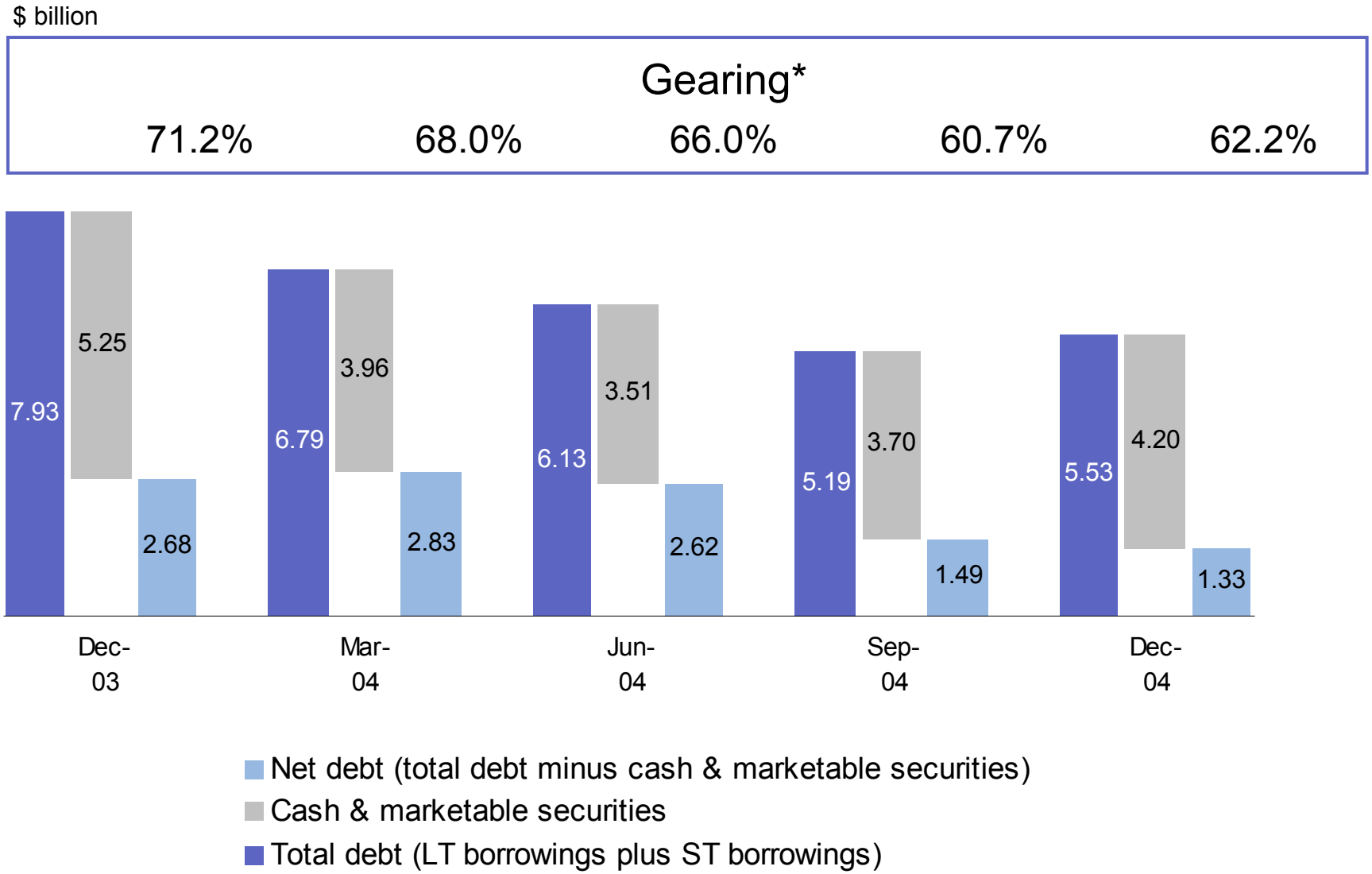
Net debt and gearing development



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

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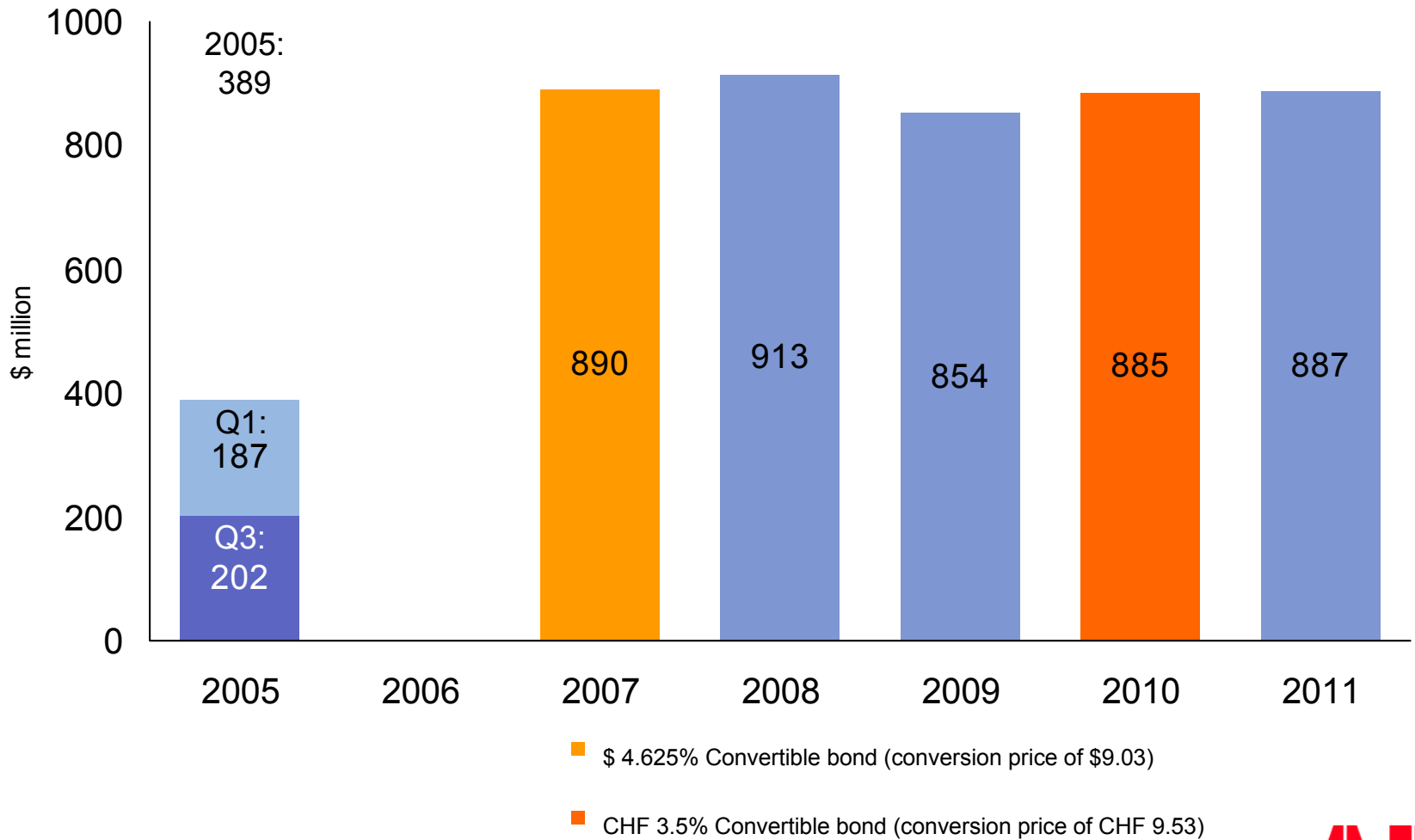
Maturity profile of debt securities* (as of December 31, 2004)

Total debt securities of approx. $4.8 billion



* Based on December 31, 2004 FX rates

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Update on asbestos

- Confirmation of ABB's Chapter 11 Plan of Reorganization for U.S. subsidiary Combustion Engineering reversed by 3rd Circuit Court of Appeals on December 2, 2004
  - Case remanded back to District Court
  - Lower courts to receive additional information on CE settlement trust, two-trust structure
  - Discussions under way to amend plan to reflect 3rd Circuit Court comments
- Inclusion of ABB Lummus Global Inc. and Basic Inc. in plan ruled not appropriate
  - ABB reviews other options
  - There are currently about 11'000 asbestos claims against ABB Lummus Global Inc., which have been provided for

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2005 outlook

- Markets: continued demand growth expected in all regions, especially Asia and Americas
- Raw material prices: no further worsening of 2004 trend expected but rather stabilization at high level with softening in some areas
- Currencies: no “crystal ball”
- Committed to deliver 2005 targets

	Group	AT	PT
Revenue growth** (local currencies)	4.0%	3.3%	5.3%
EBIT margin (nominal)	7.7%* (8.0%)	10.7%	10.0%

Gearing Target of 50%

* Change of 2005 Group margin target from previously communicated 8.0% to 7.7% solely reflects reclassification of oil, gas and petrochemicals activities into continuing operations

** Annual average growth rate 2002 – 2005

Targets exclude major acquisitions, divestments and business closures

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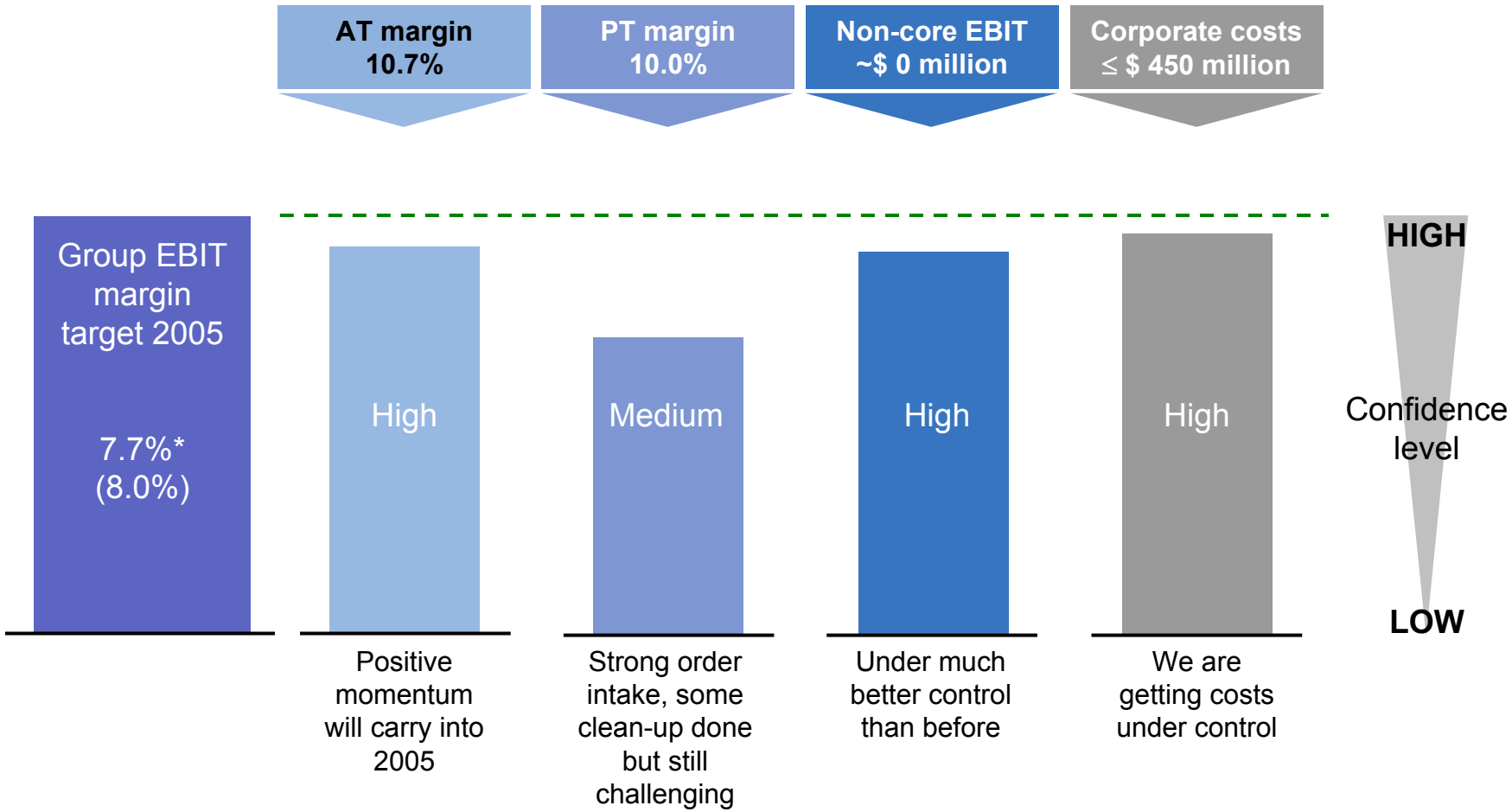
2005 Group margin target: on track



* Change of 2005 Group margin target from previously communicated 8.0% to 7.7% solely reflects reclassification of oil, gas and petrochemicals activities into continuing operations

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ABB's quest for the future: to create value…

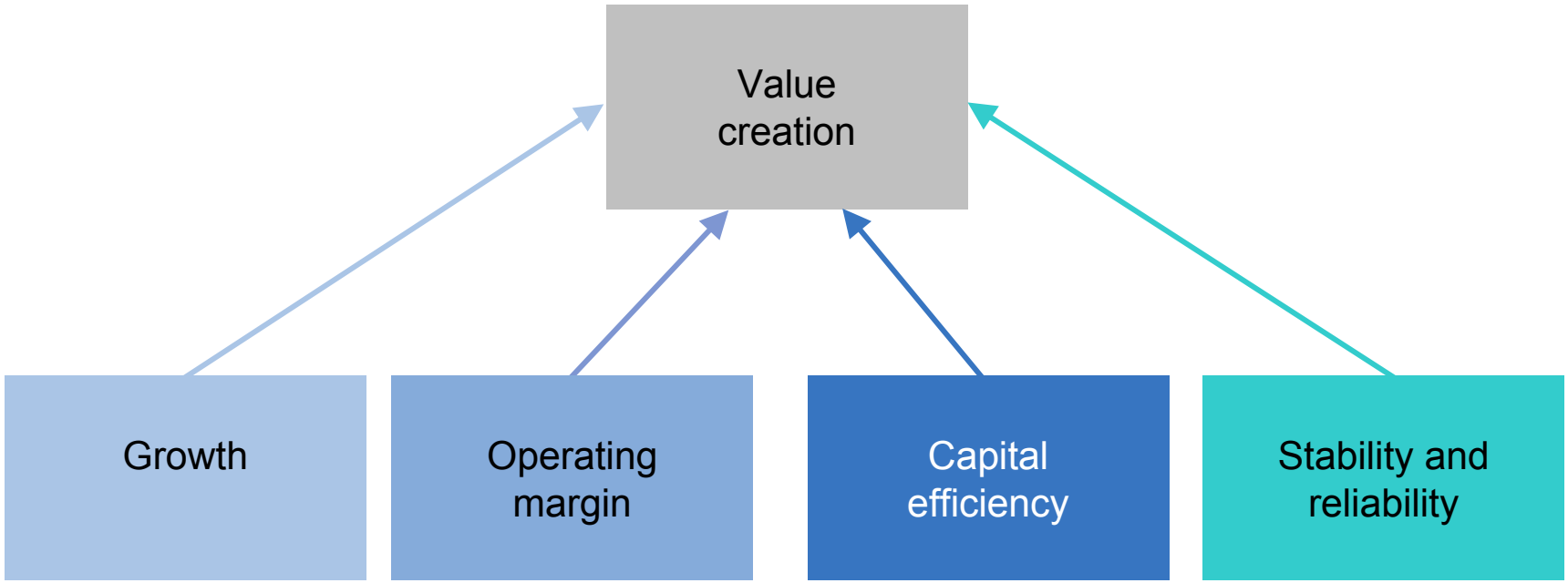

ABB subscribes to "triple bottom line" concept

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ABB's focus before 2001: growth and balance sheet

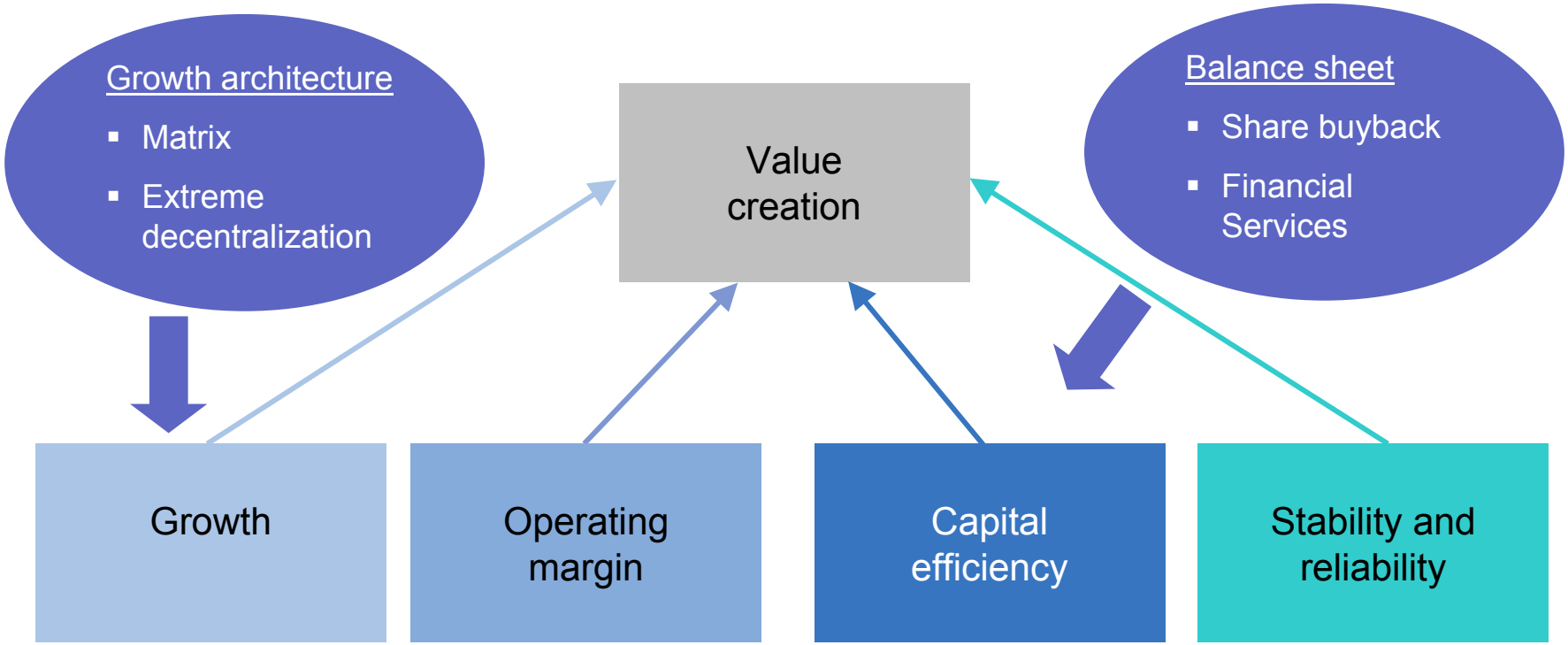

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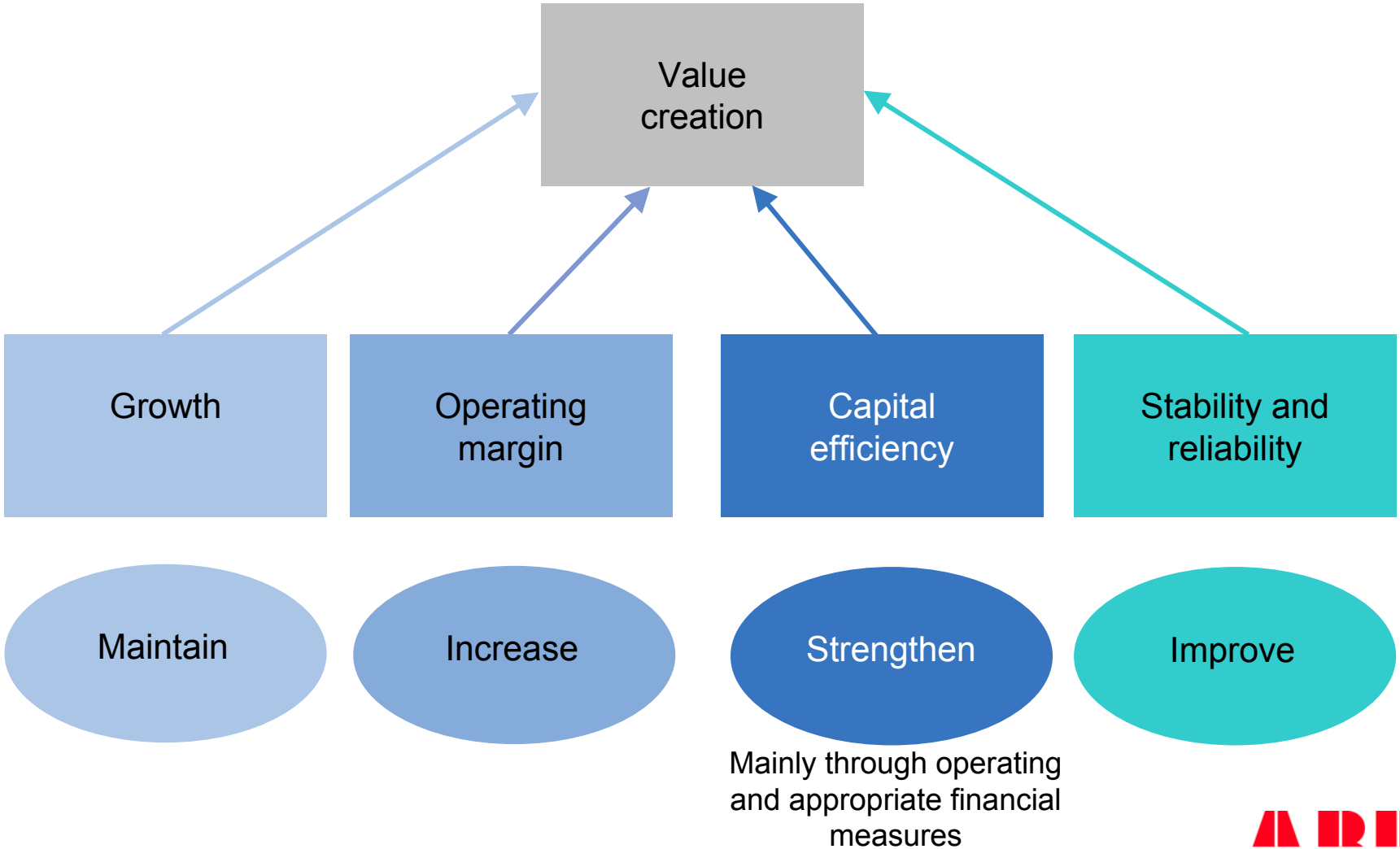
ABB today: operating performance and reliability



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The three core topics in leading a company

Strategy

- Important topic but usually overrated
- Strategy is key issue only "once in five years"

ABB situation

- New core portfolio selected
- Good foundation for future success

Execution

- Takes diligence, discipline, stamina
- Less fashionable than strategy but very valuable

ABB situation

- Much improved in last 3 years
- Focus area for next years

People

- Most important topic, base for everything
- No quick fixes, building an effective team takes time

ABB situation

- Great potential, not exploited yet
- Improvement process started 2 years ago

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Examples of ongoing and new initiatives

Strategy

- New ABB strategic plan in development "Evolution"
- Introduction of regular strategy review cycle (on operational and Board level)
- New set of financial targets will be announced in Q2 2005

Execution

- Introduction of a more comprehensive business review process
- In general, strengthening of corporate monitoring (but not centralization)
- Increased focus on operational topics such as project management
- "Speed" by itself is not enough ➔Impact

People

- Many necessary processes installed in last 2 years
- Stronger focus on management development and evaluation
- Leadership behavior is core topic (incl. compliance)

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Cash flow from operating activities

$ million	Q4 2004	Q4 2003	2004	2003
Cash-effective earnings	235	112	942	(431)
Marketable securities	1	(16)	43	13
Net operating working capital	644	573	(23)	245
Net cash from operating activities	880	669	962	(173)
Combustion Engineering	5	(55)	(45)	(388)
Oil and Gas Upstream	(5)	91	(148)	(39)
Non-core activities	136	(15)	79	(715)
Corporate and other [1]	(239)	(318)	(513)	(484)
Cash (used in)/provided by Non-core and Corporate and other	(103)	(297)	(627)	(1626)
Cash flow from operating activities of core divisions	983	966	1,589	1,453

[1] incl. Treasury activities

Significant reduction of cash drain from Non-core, Corporate and other, coupled with higher cash generation from core activities

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ABB Group – Key figures

$ million	Q4 2004	Q4 2003*	2004	2003*
Orders	5,216	4,726	21,689	19,701
Revenues	5,971	5,357	20,721	20,427
EBIT (earnings before interest and taxes)	264	127	1,084	357
Finance net	(66)	(76)	(223)	(417)
Discontinued operations	(82)	(234)	(247)	(408)
Net income / (loss)	13	(391)	201	(779)
Cash flow from operating activities	880	669	962	(173)

	31 Dec 04	30 Sep 04	31 Dec 03
Cash & marketable securities **	4,200	3,708	5,256
Total debt (LT borrowings plus ST borrowings)	5,534	5,194	7,934
Net debt (total debt minus cash & marketable securities)	1,334	1,486	2,678
Equity (incl. minority interest)	3,357	3,363	3,202
Gearing (total debt / total debt plus equity incl. minority interest)	62%	61%	71%

* reclassified

** excluding insurance activities

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EBIT* - Corporate

(US$ million)	Q4 2004	Q4 2003**	2004	2003**
Headquarters / Stewardship	(128)	(94)	(421)	(352)
Research & Development	(24)	(21)	(91)	(92)
Other ***	2	(32)	5	(65)
Corporate EBIT	(150)	(147)	(507)	(509)

** reclassified

*** includes consolidation, Real Estate and Treasury Services

- Q4 comment
  - Headquarters / Stewardship cost higher on currency movements and write-down of e-business investment.

* EBIT: Earnings before interest and taxes

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Restructuring charges – EBIT* impact

$ million	Q4 2004	Q4 2003**	2004	2003**
Power Technologies	(11)	(14)	(51)	(61)
Automation Technologies	(38)	(58)	(72)	(139)
Core businesses	(49)	(72)	(123)	(200)
Non-core activities	(20)	(50)	(32)	(111)
Corporate	(7)	(25)	(10)	(29)
Group	(76)	(147)	(165)	(340)

* Earnings before interest and taxes

** reclassified

* EBIT: Earnings before interest and taxes

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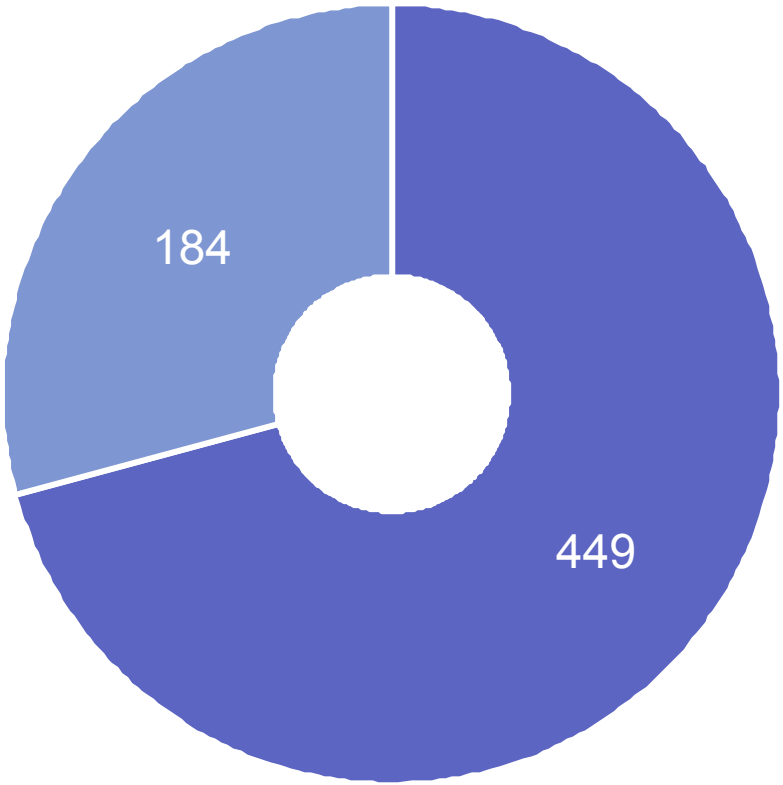
Composition of short-term debt * (as of December 31, 2004)

Total short-term debt of $ 633 million



Maturing LT borrowings**

Other ST debt

* Short-term debt = debt maturing prior to December 31, 2005

** The maturing long-term borrowings of $449 million include debt securities of $389 million maturing in 2005

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