

Capital Markets Day, Sept. 10, 2010, Zurich, Switzerland

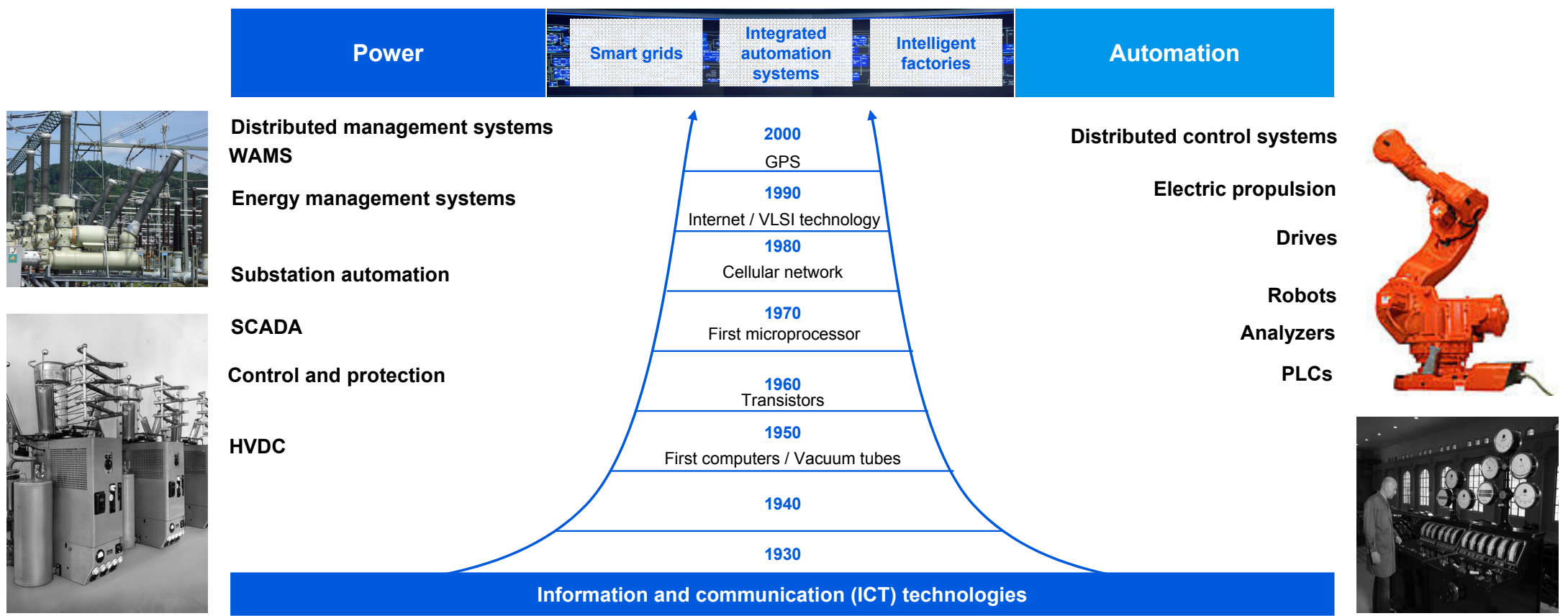
Growth through convergence

Brice Koch

Head of Marketing & Customer Solutions










A quietly astounding evolution

Convergence of power and automation



Targeting new growth beyond the cycle

Marketing and Customer Solutions

Solutions		Services		Innovation							
											
Use ABB's product and geographic scope to expand our position in markets driven by climate change, emerging economies and energy efficiency											
	Rail		Wind		Water		Solar		Shore-to-ship power		Data centers
Market *	\$16 bn	\$7 bn	\$8 - 11 bn	\$3 bn	\$15 bn (potential 5-10 years)	\$24 bn					
* ABB relevant markets											

Market-penetrating rail products and packages

Electric locomotive packages (25% of the total value)

Automation

- Traction motors
- LV components
- Traction converters
- Auxiliary converters
- Battery chargers
- Current sensors
- LV breakers
- Generators
- Turbochargers
- Frequency converters

Vacuum
interrupters



Low voltage
components



Current
sensors



Traction
converters



Surge
arresters



Circuit
breakers



Traction
motors



Battery
chargers



Auxiliary
converters



Multi-current,
multi-freq.
traction transformers



Semiconductors



Power

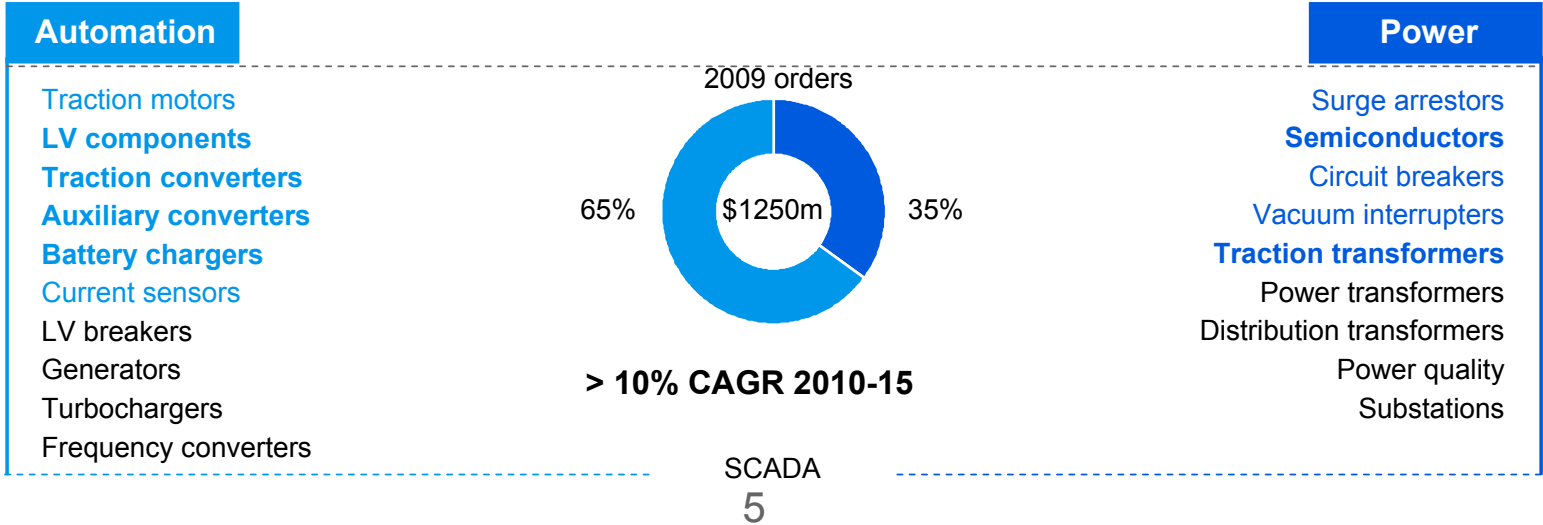
- Surge arrestors
- Semiconductors
- Circuit breakers
- Vacuum interrupters
- Traction transformers
- Power transformers
- Distribution transformers
- Power quality
- Substations

Market-penetrating rail products and packages

Solution example: electric locomotive packages



ABB traction packages for Stadler Rail

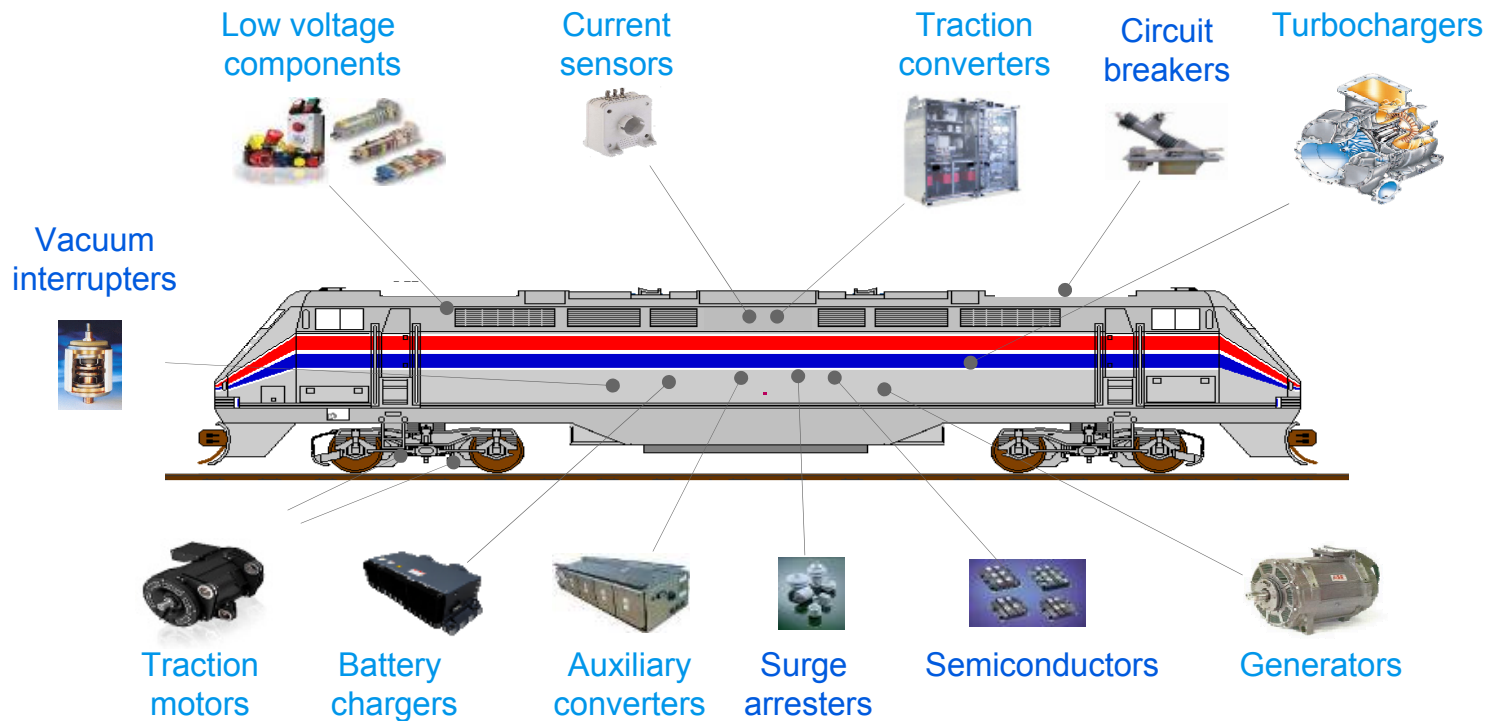


Market-penetrating rail products and packages

Diesel electric locomotive packages (25% of the total value)

Automation

- Traction motors
- LV components
- Traction converters
- Auxiliary converters
- Battery chargers
- Current sensors
- LV breakers
- Generators
- Turbochargers
- Frequency converters



Power

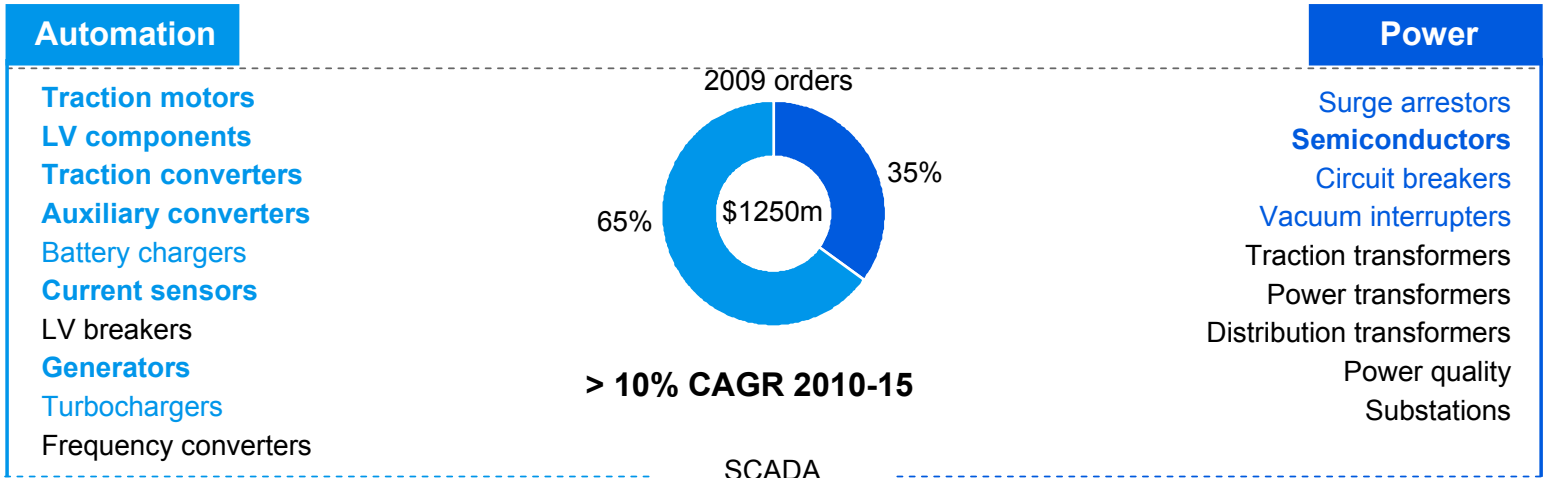
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Market-penetrating rail products and packages

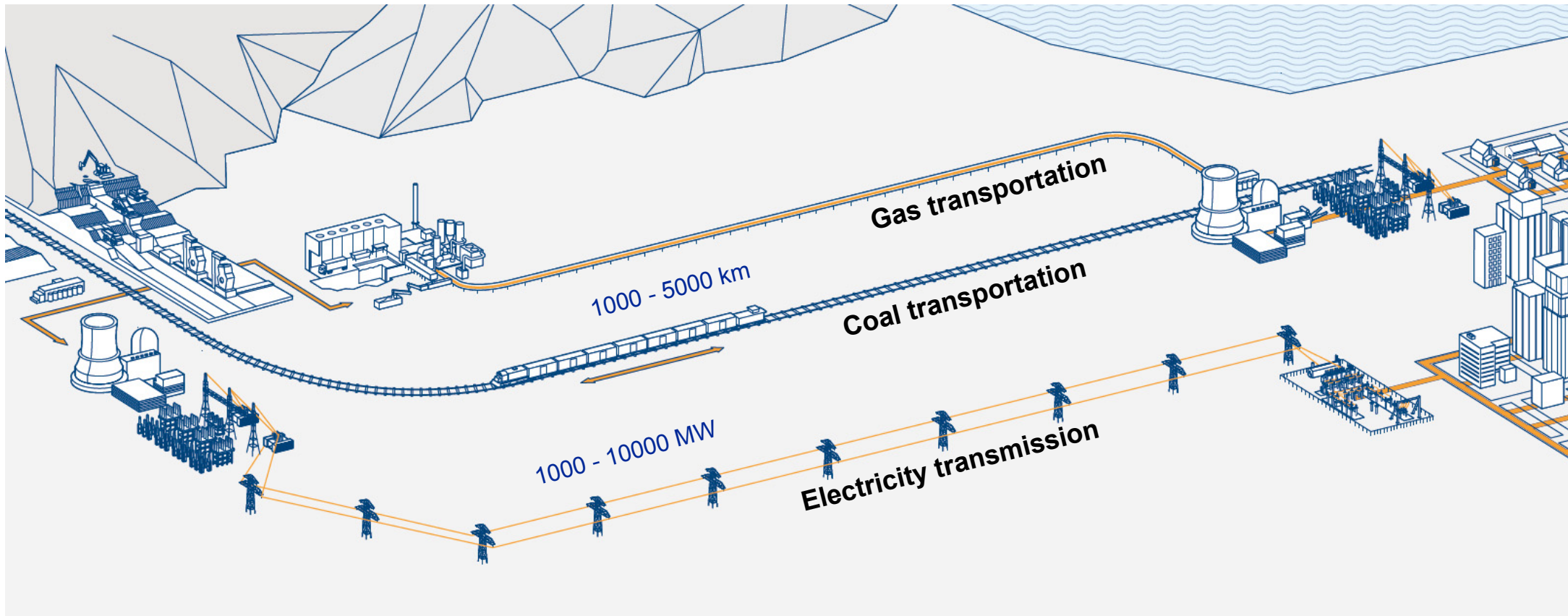
Solution example: diesel electric packages



Traction packages for 100 Vossloh EUROLIGHT high speed trains

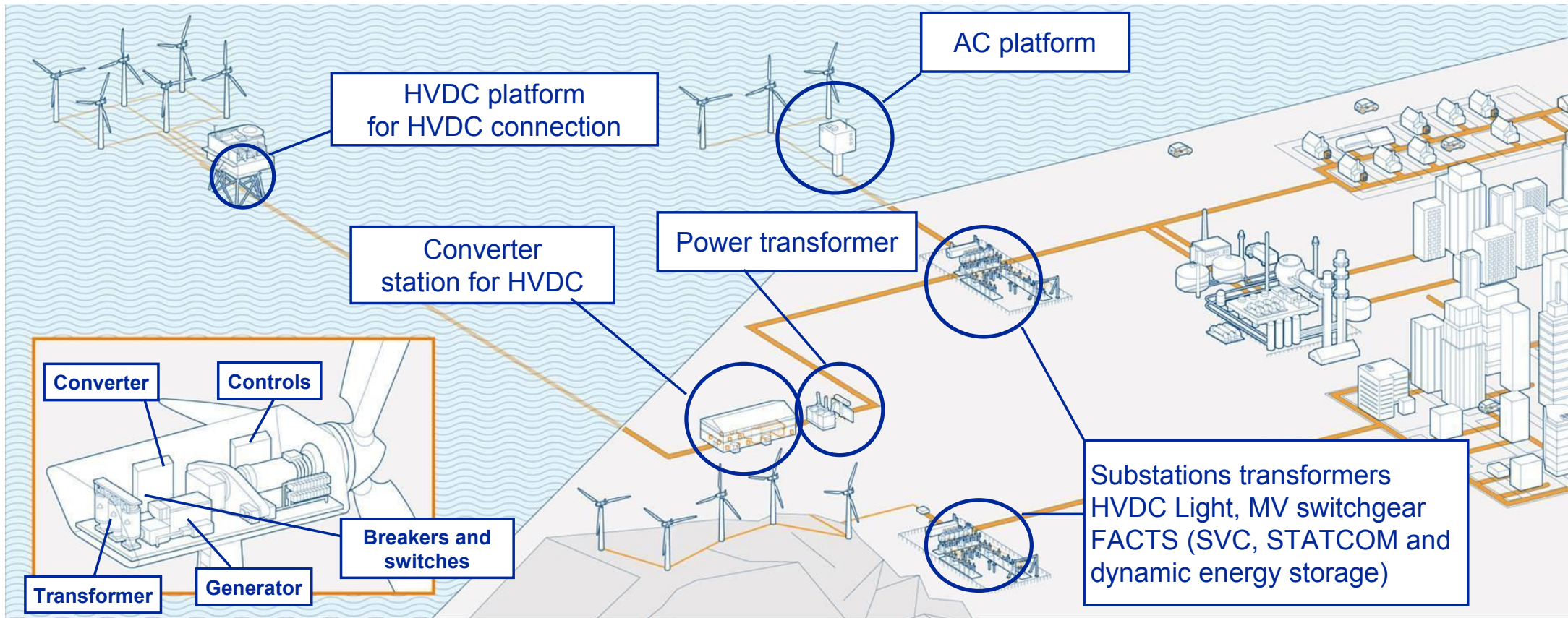


Applying bulk energy economies to energy demand ABB plays a role in all transport and transmit options



Addressing opportunities in wind power

Grouping technology across business units

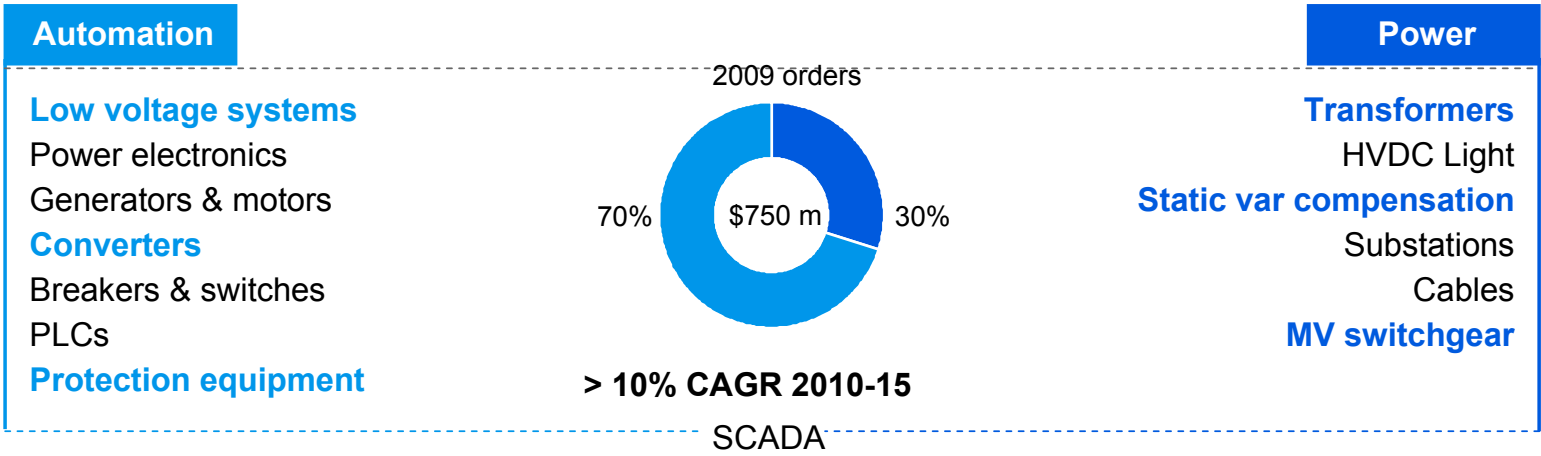


Addressing opportunities in wind power

Diverse technologies becoming solutions



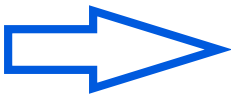
Assjo Wind farm, Sweden



Packaged competence for future smart grid business

Concentrate on concrete business opportunities

Focus area
Distribution grid automation
e-mobility
Demand response – Commercial and domestic
Distributed generation integration
Distributed storage (<1MW)
Bulk storage (>1MW)



Automation
System operation EV charging Home metering Building automation HVAC / PV control Voltage control Smart home solutions Multi-utility communications
Power
Network management Shore-to-ship power SCADA Substations Energy storage Renewables integration Grid automation Ring main units

Packaged competence for future smart grid business

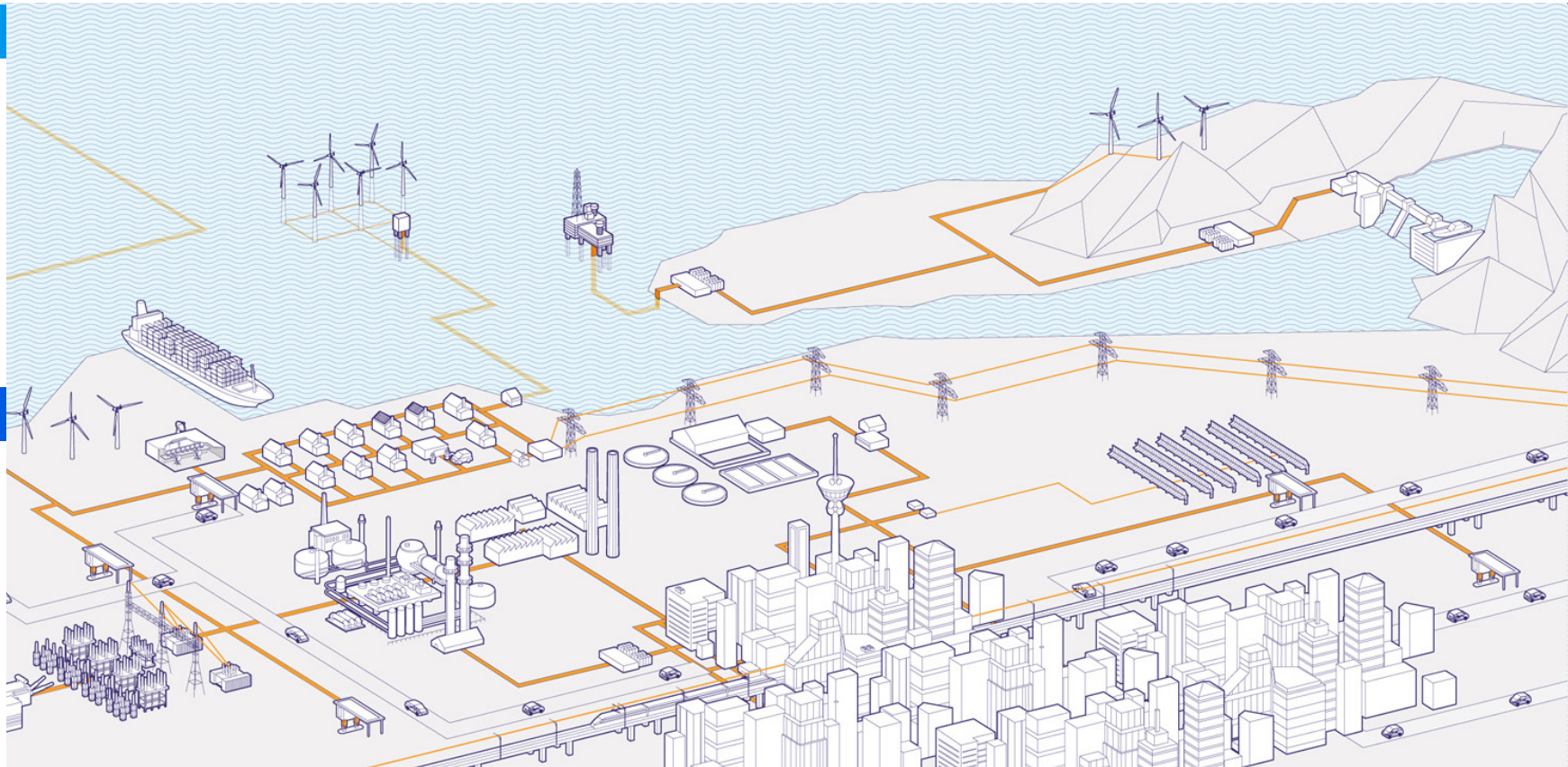
Examples of pilot projects

Automation

- System operation
- EV charging
- Home metering
- Building automation
- HVAC / PV control
- Voltage control
- Smart home solutions
- Multi-utility communications

Power

- Network management
- Shore-to-ship power
- SCADA
- Substations
- Energy storage
- Renewables integration
- Grid automation
- Ring main units



Packaged competence for future smart grid business

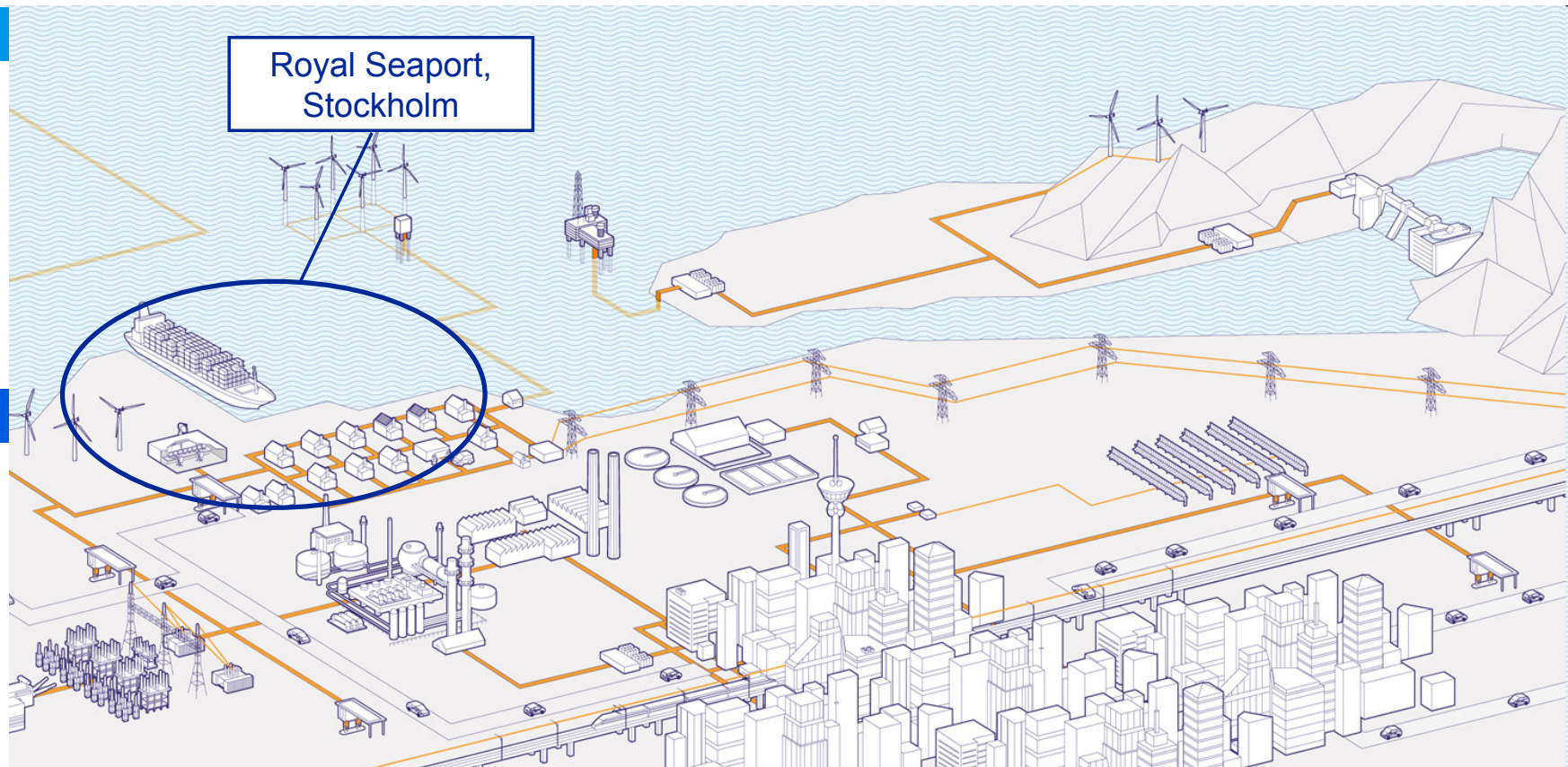
Flexible, highly responsive, low emission power for a sustainable city

Automation

- System operation
- EV charging
- Home metering
- Building automation
- HVAC / PV control
- Voltage control
- Smart home solutions
- Multi-utility communications

Power

- Network management
- Shore-to-ship power
- SCADA
- Substations
- Energy storage
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Packaged competence for future smart grid business

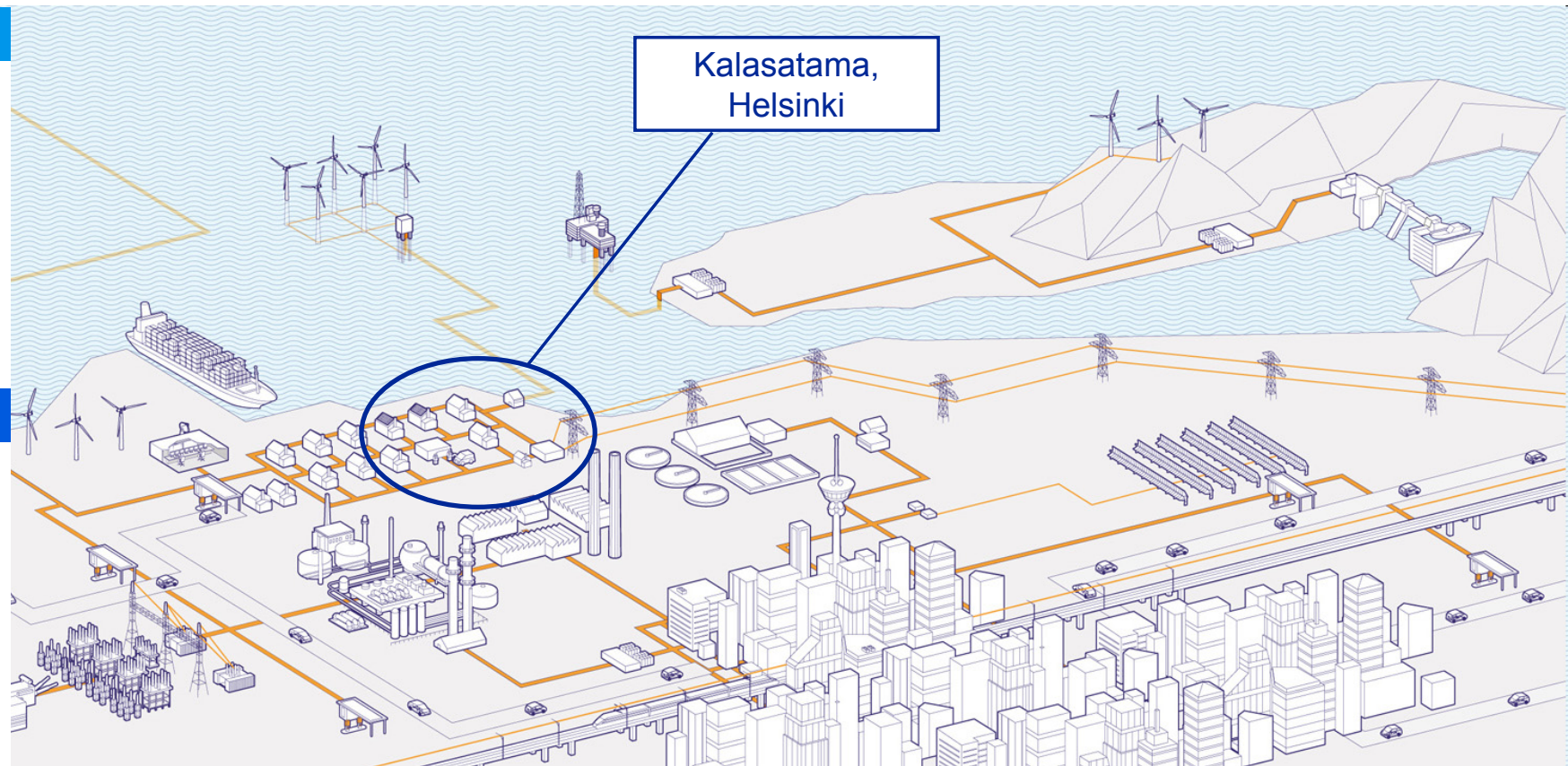
Distributed and renewable energy sources for a carbon-neutral district

Automation

- System operation
- EV charging
- Home metering
- Building automation
- HVAC / PV control
- Voltage control
- Smart home solutions
- Multi-utility communications

Power

- Network management
- Shore-to-ship power
- SCADA
- Substations
- Energy storage
- Renewables integration
- Grid automation
- Ring main units



Packaged competence for future smart grid business

Existing communications infrastructure to merge electricity/data networks

Automation

System operation

EV charging

Home metering
Building automation
HVAC / PV control

Voltage control

Smart home solutions

Multi-utility communications

Power

Network management

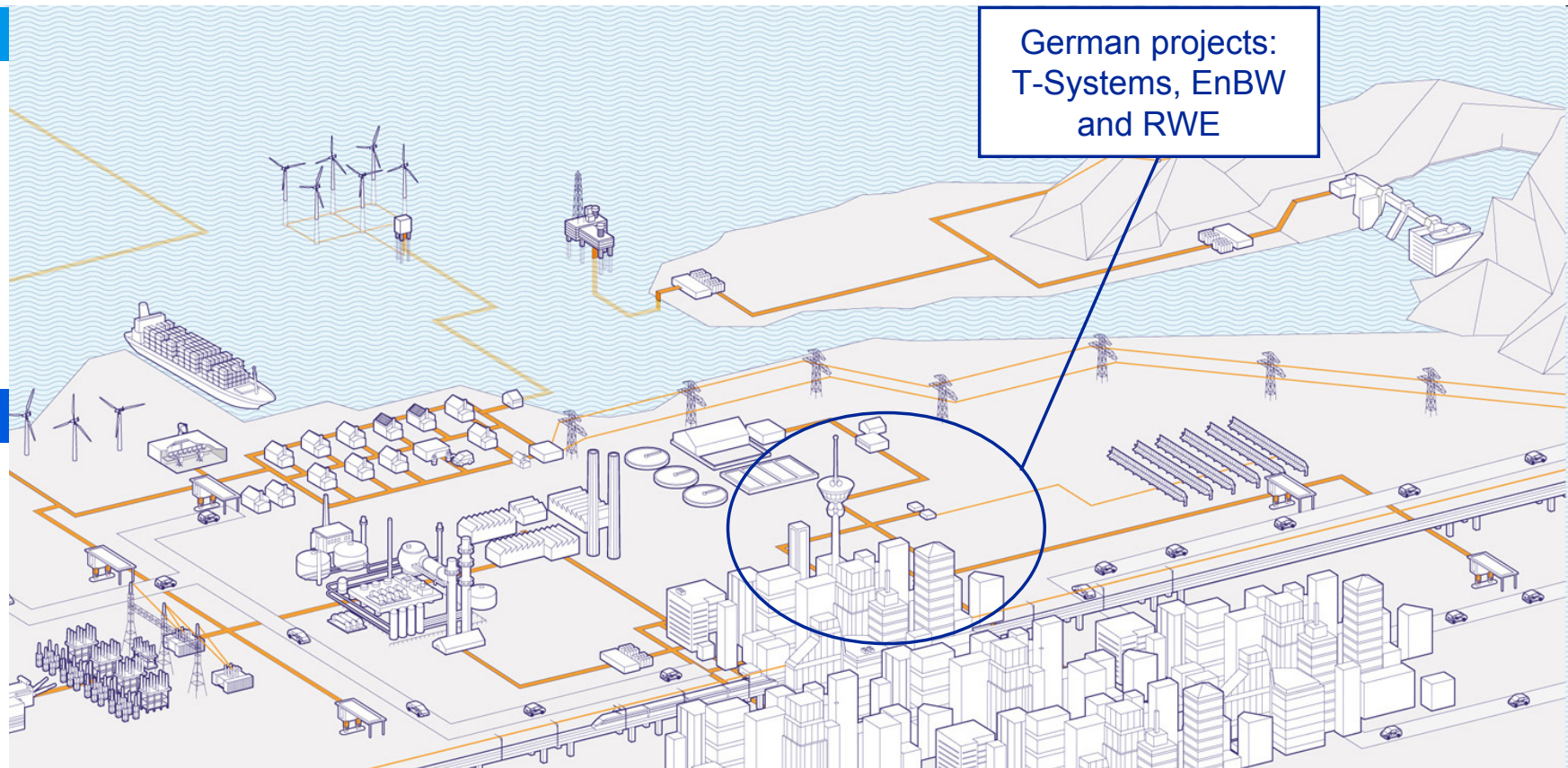
Shore-to-ship power

SCADA

Substations
Energy storage
Renewables integration

Grid automation

Ring main units



Packaged competence for future smart grid business

Meter-level data aggregation for system-level energy consumption control

Automation

System operation

- EV charging
- Home metering
- Building automation

HVAC / PV control

- Voltage control

Smart home solutions

Multi-utility communications

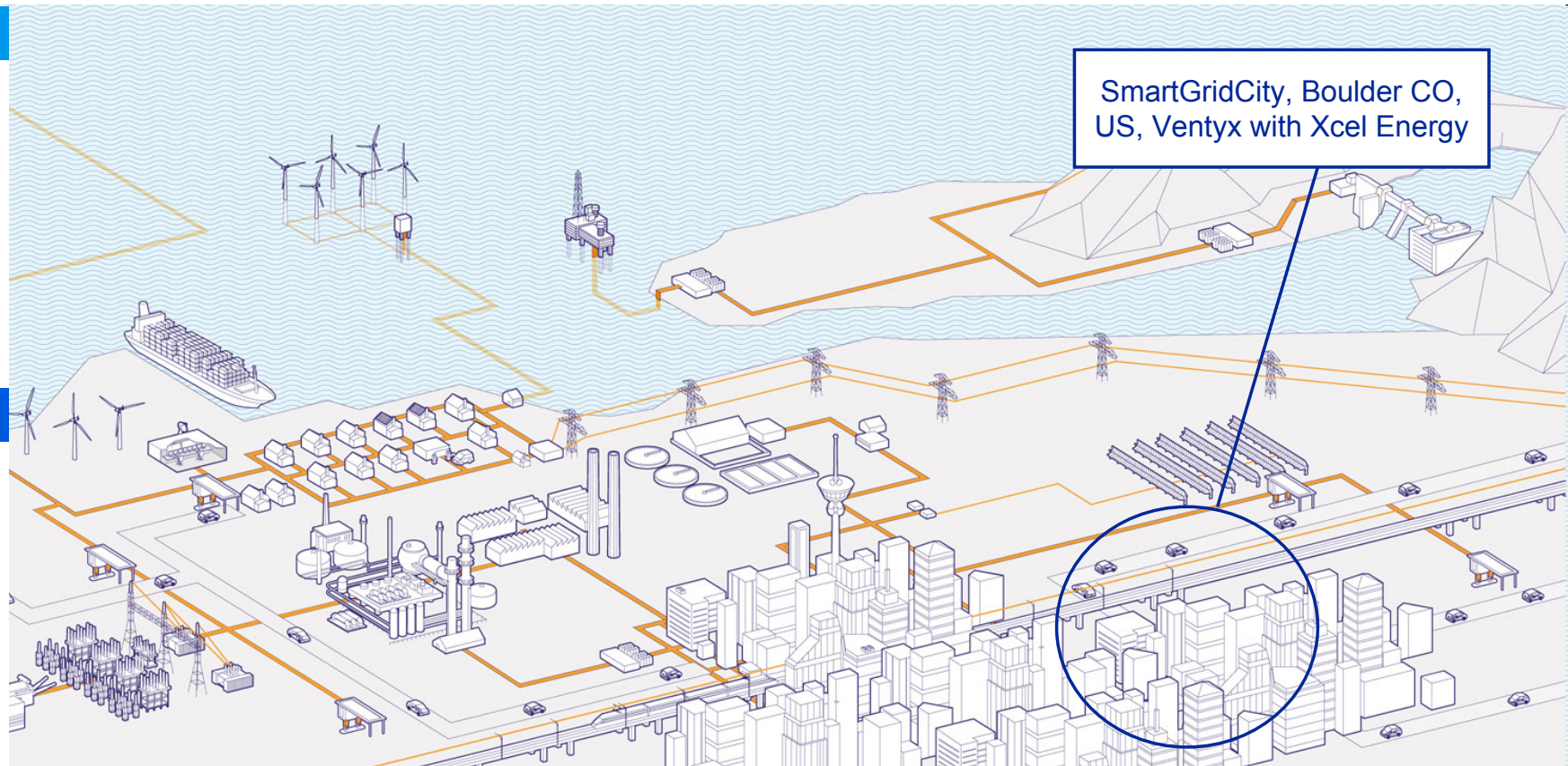
Power

Network management

- Shore-to-ship power
- SCADA
- Substations
- Energy storage
- Renewables integration

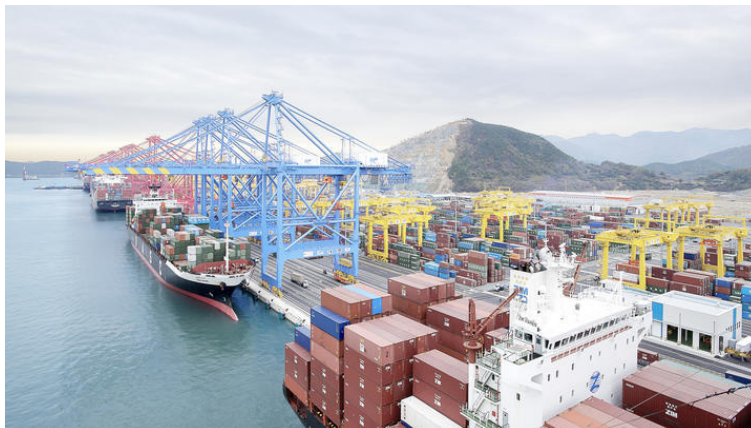
Grid automation

- Ring main units



Convergence at work

Helping solve the port emissions problem



- NOx and SOx emissions from international shipping will surpass those from land-based generation by 2020
- As of 2010, EU requires ships in harbor to use low-sulfur fuel or power-from-shore
- Shore-to-ship power reduces emissions to average >200t per ship/year
- Substantial global market potential – \$15 bn (5-10 years)
 - \$10 bn/ships (5% annual growth rate)
 - \$5 bn/ports

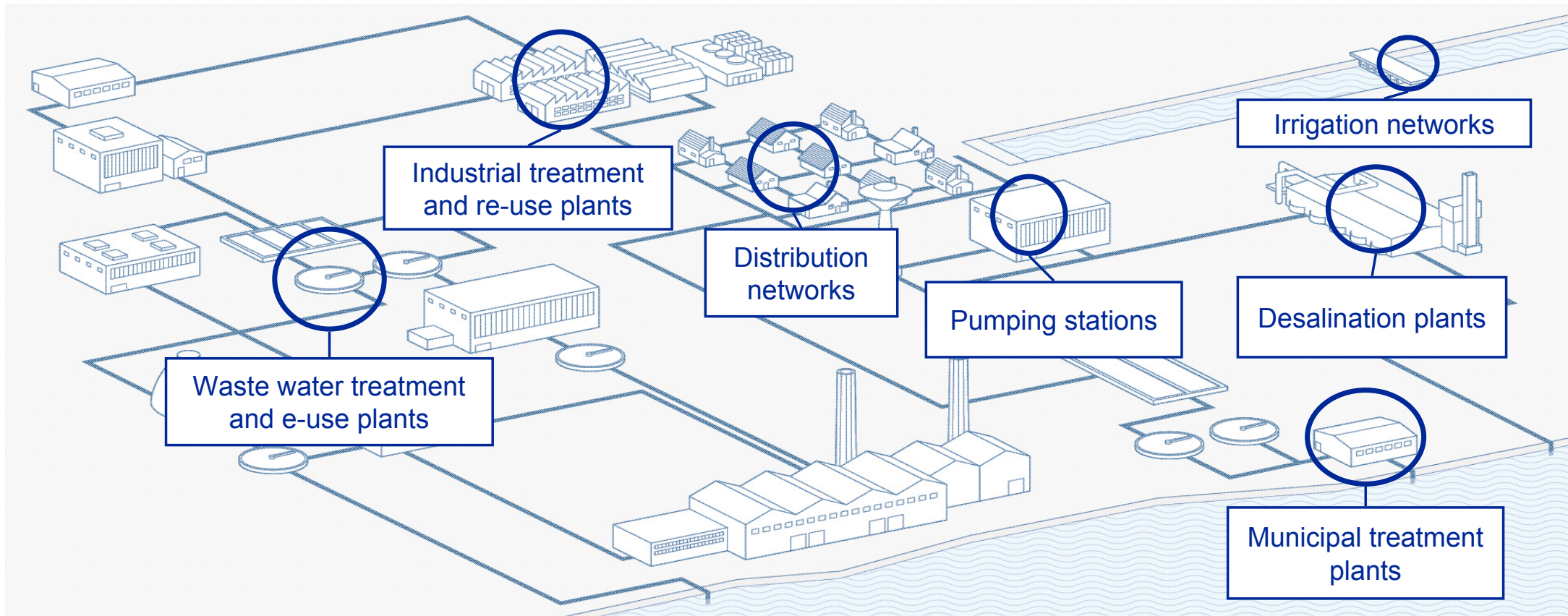
Convergence at work

Helping solve the port emissions problem



A focused water portfolio

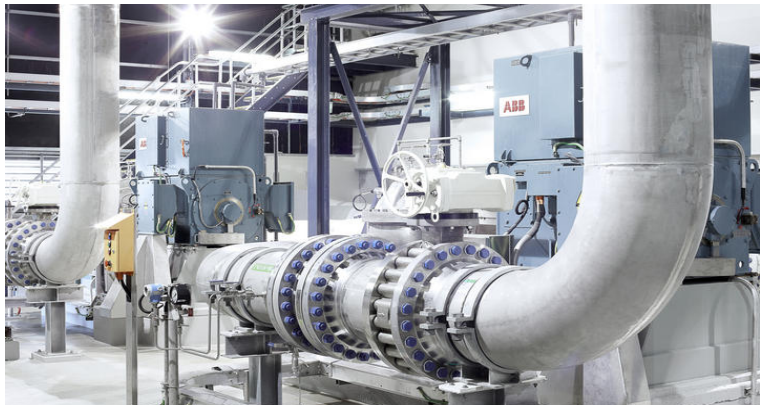
Selective market approach and the right mix



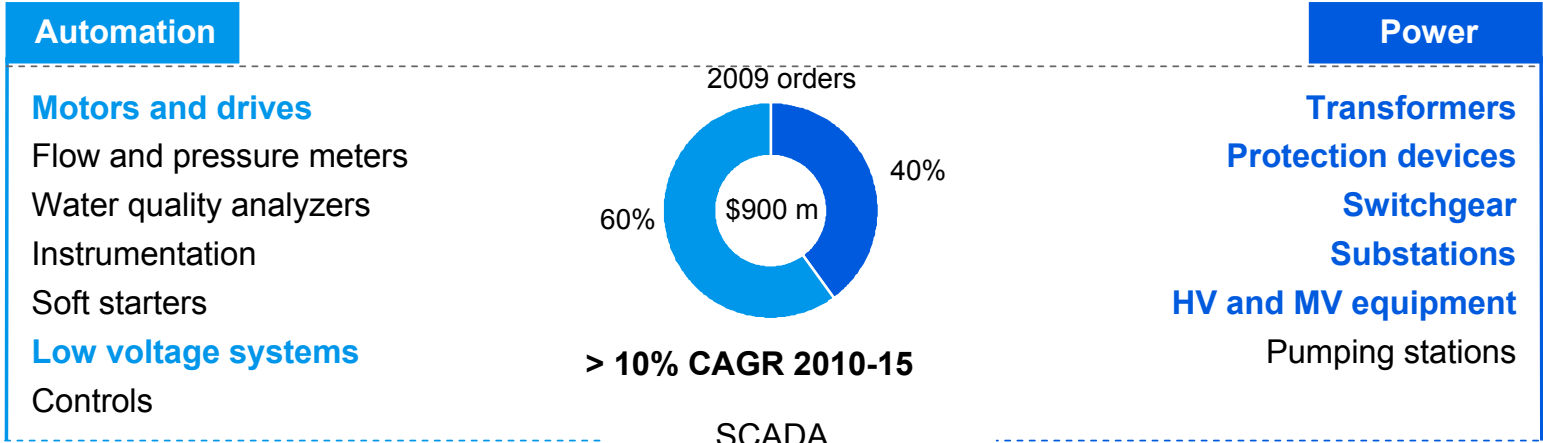
A focused water portfolio

Selective market approach and the right mix

Magtaa
desalination plant,
Algeria



Project includes
design, engineering,
erection and
commissioning of the
electrical system



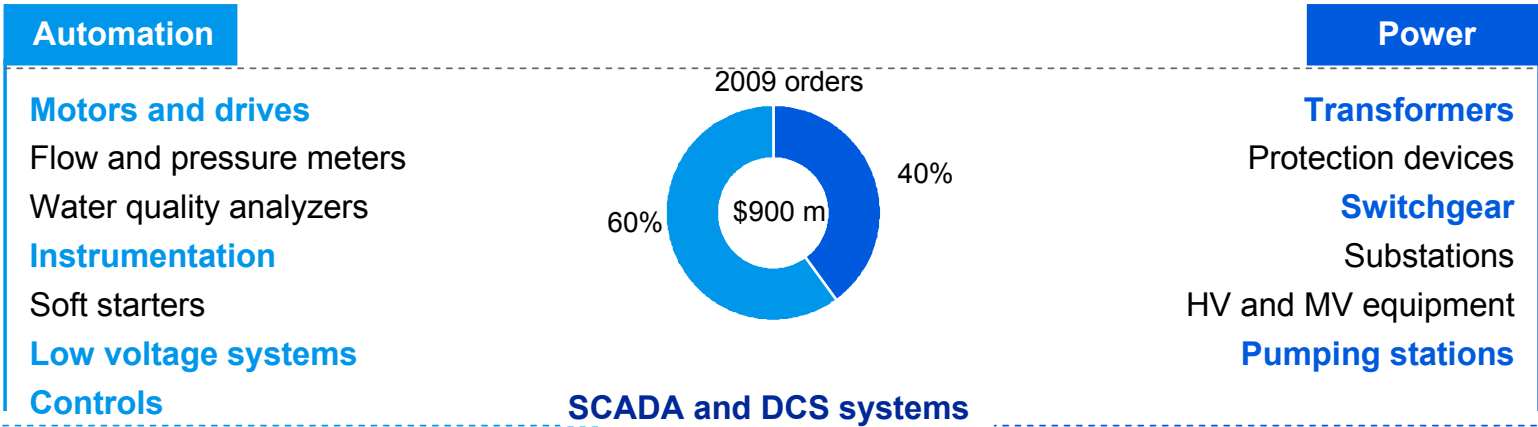
A focused water portfolio

Selective market approach and the right mix

Shuweihat Water
Transmission
Scheme, UAE

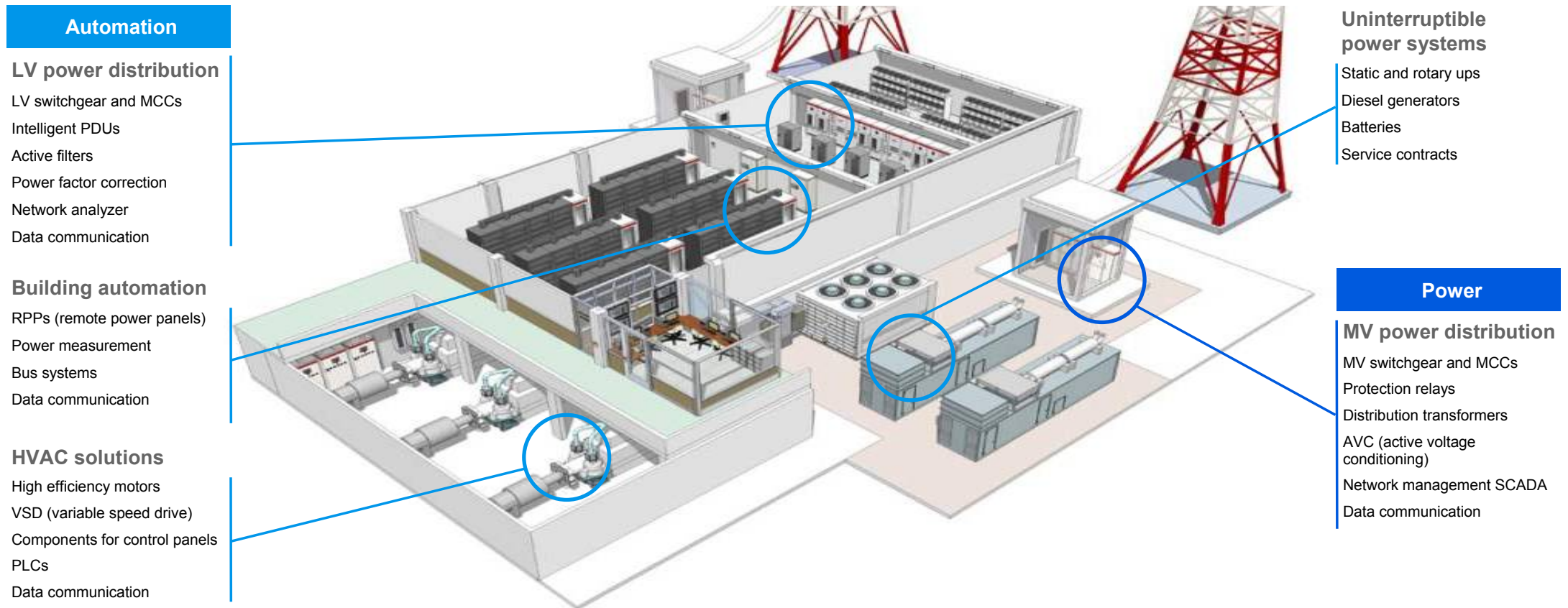


Project includes
complete erection
and commissioning
of electrical and
mechanical works



Broad value proposition for data centers

Combining technologies to feed an energy-hungry segment



Market evolution drives new service offerings

New service offerings enable transformation of installed base



Expanding market opportunity

Growing installed base and new segment opportunities plus customer outsourcing
\$60 bn+ market



Comprehensive offerings, evolving business models

Convergent upgrade and retrofit packages, preventative maintenance, Full Service® and contracted services all focused on total lifecycle



Increasing people and R&D resources

Customer service organizations in more than 60 countries servicing the entire portfolio. Product development roadmap now in place

Goal to take service share of ABB revenues to 20 – 25% by 2015

Summary

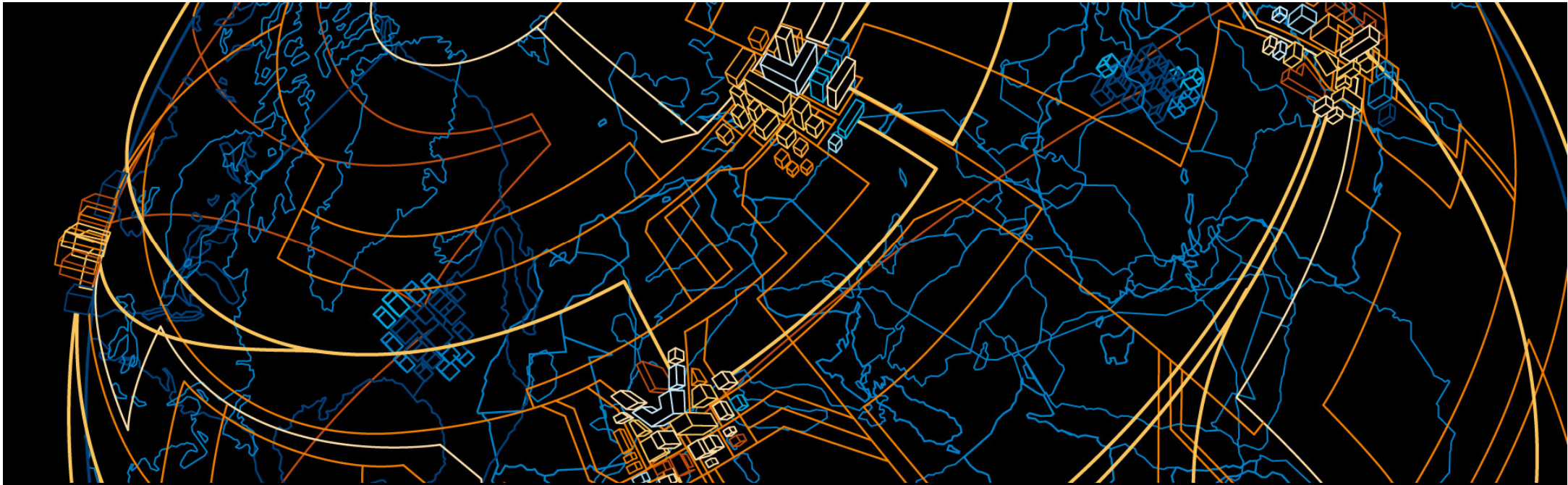
Bringing power and automation technologies together for the future

- Customers are seeking solutions – more than products and systems
- Efficiency is the key to a sustainable energy future
- Integration of renewables and better reliability is getting increasingly important
- Managing and optimizing two-way flow of power and information becomes vital
- Technology will remain a key differentiator to address the market opportunities

ABB has the portfolio, domain expertise and footprint to deliver the needed solutions

Power and productivity
for a better world™





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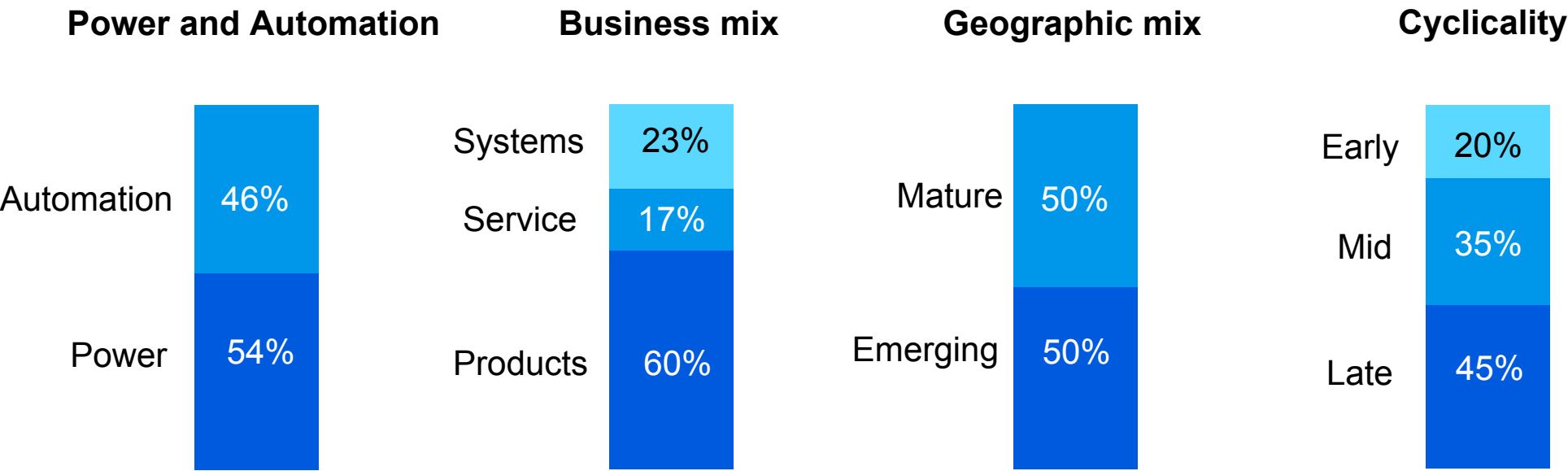
ABB's financial strength

Michel Demaré, CFO & Head of Global Markets

A dynamic, multi-dimensional portfolio

Re-focused to address today's opportunities and challenges

Share of revenues H1 2010

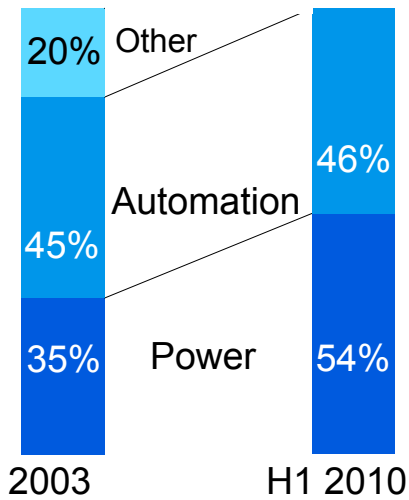


A dynamic, multi-dimensional portfolio

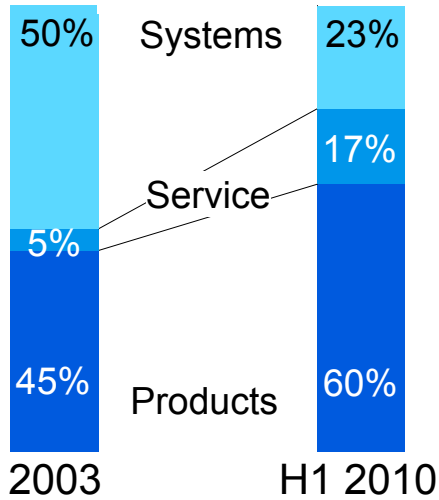
Mitigates against market cycles

Share of revenues 2003 vs H1 2010

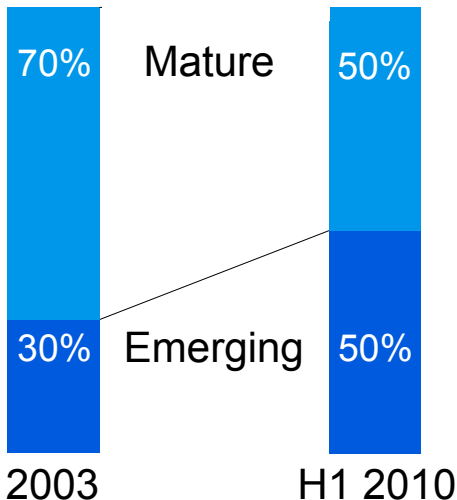
Power and Automation



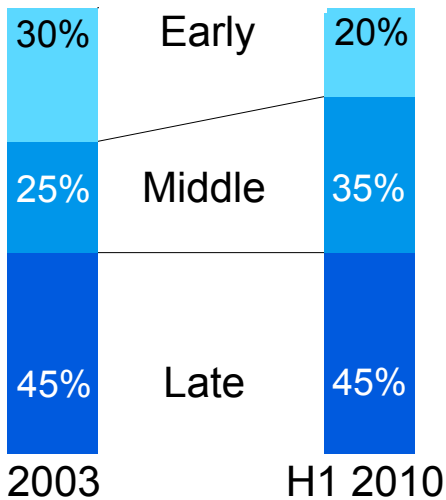
Business mix



Geographic mix



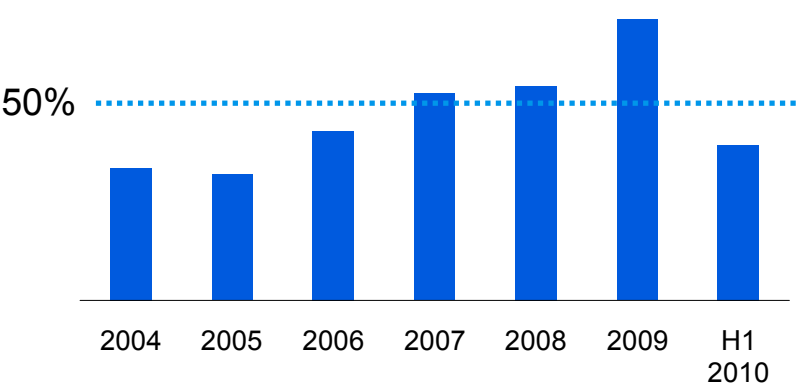
Cyclicalilty



A dynamic, multi-dimensional portfolio

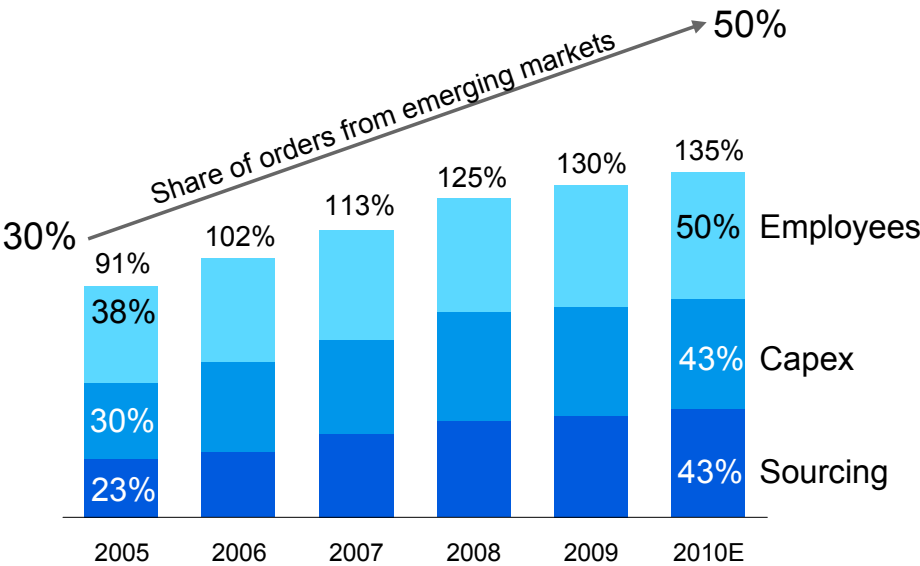
Adjusts quickly to changing environment

Contribution of power businesses to ABB EBIT
2004-09



Divergent power and automation cycles contribute to portfolio stability

Global footprint index 2005-2010E

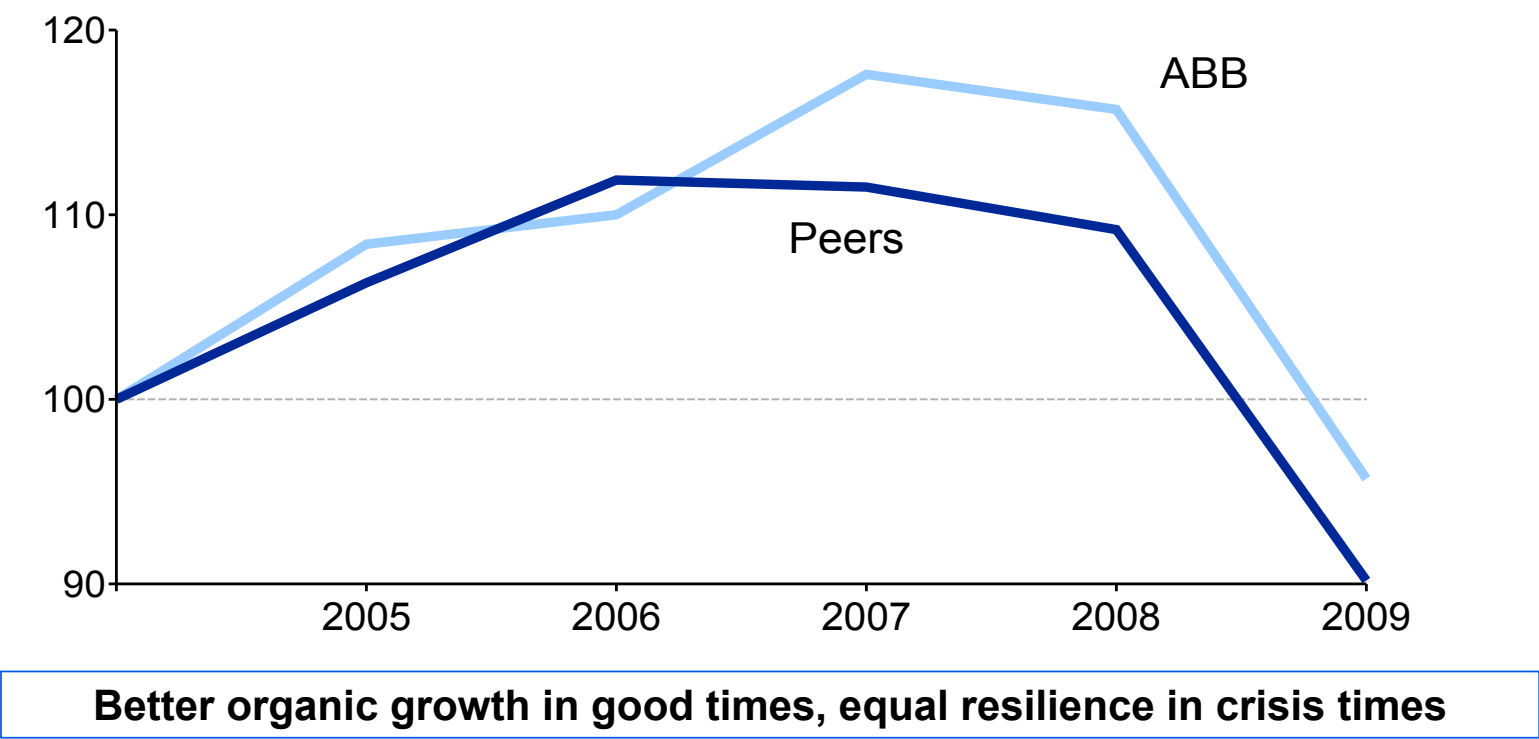


Dynamic pursuit of growth markets backed up by aggressive footprint changes

Portfolio diversity has provided a competitive advantage

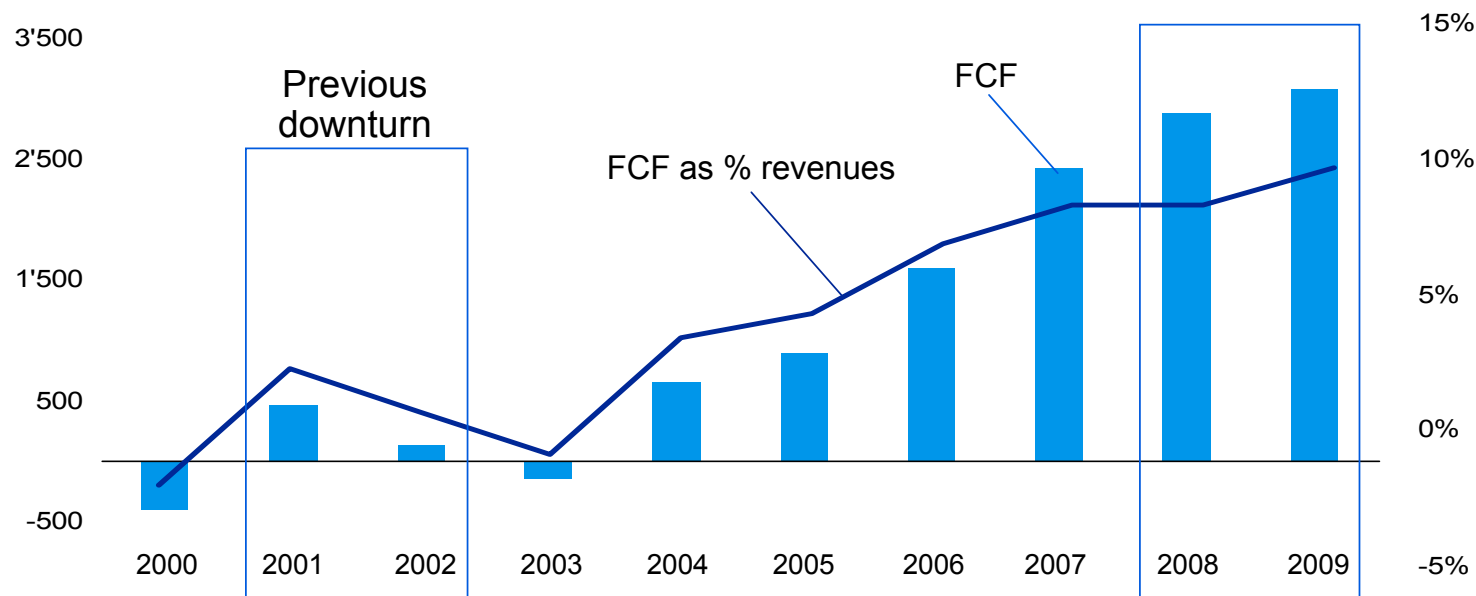
Organic revenue growth ABB vs peers 2004-2009

Organic revenue growth ABB vs. peer group
indexed (2004=100); source: competitors' press releases and ABB analysis, September 2010



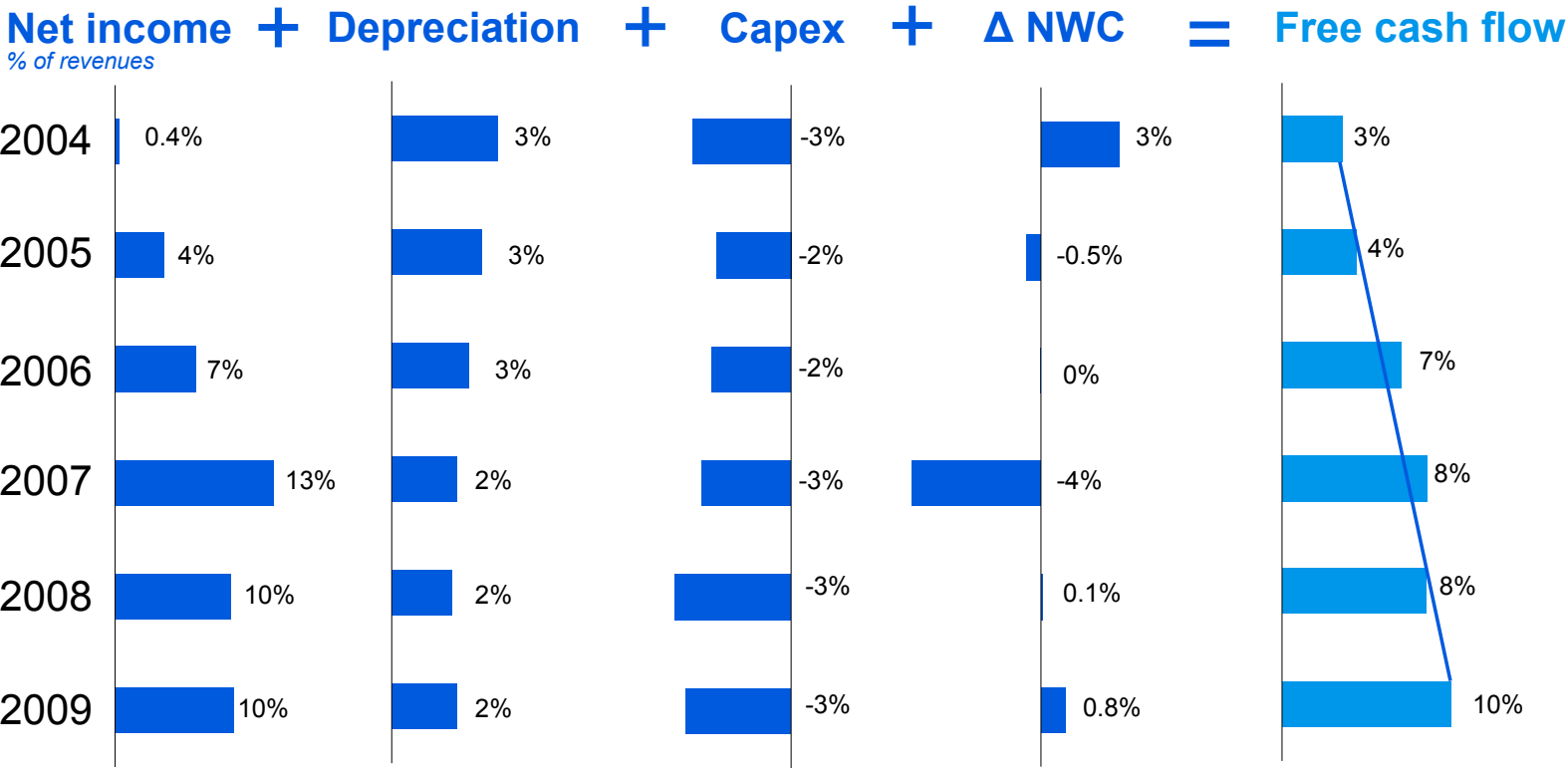
This portfolio is a proven cash generator, even through the downturn

Free cash flow and as % revenues 2000-2009



Disciplined net working capital management

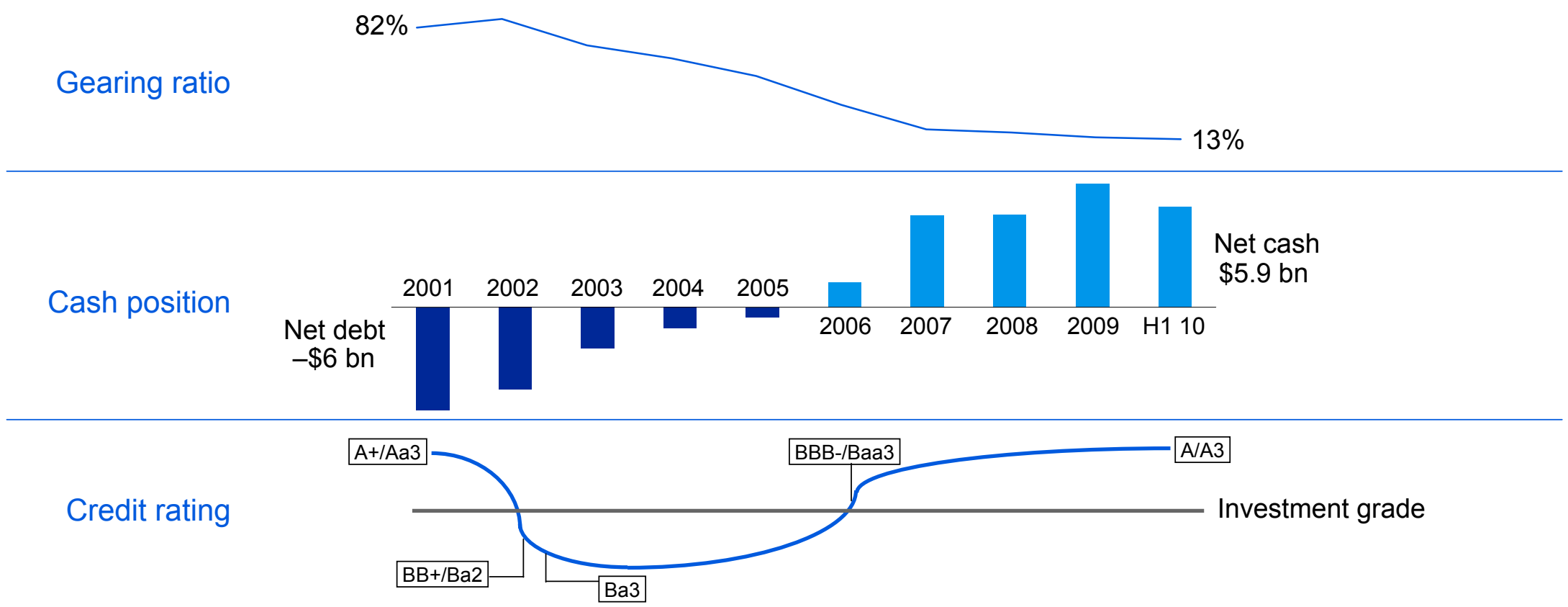
Tight capex control helped by effective emerging markets' investments



In the top league for free cash flow generation

Portfolio focus and cash flow discipline for the sector's best balance sheet

Gearing ratio, net debt/cash position and credit rating, 2001-H1 2010



Organic growth

Capex aimed at emerging markets, strategic products



Motors plant
Aleksandrów Łódzki
Poland



Wind generator plant,
Vadadora, India

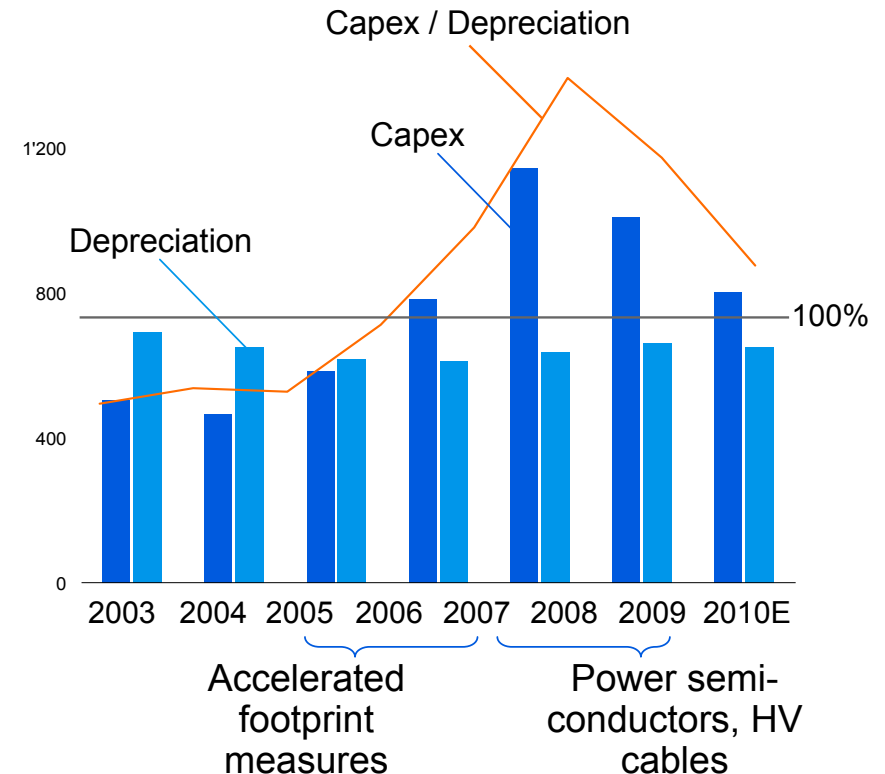
- Capex boosted 2007-09 to lift capacity, adjust footprint
- Strategic investments >\$200 mill in HVDC cables, power semiconductors
- 50-50 maintenance vs new capacity
- Capacity focus on EMs (\$400 mill in 2009) = higher output per \$ invested
- Capex 2010 ~\$800 mill (115% depreciation)

Looking ahead

- EM focus will intensify further
- New product designs for local markets
- New strategic investments, e.g.
 - HVDC cables (U.S.)
 - GIS (India)
 - Azipod (China)

Capex vs depreciation 2003-H1 2010

US\$ millions



Inorganic growth

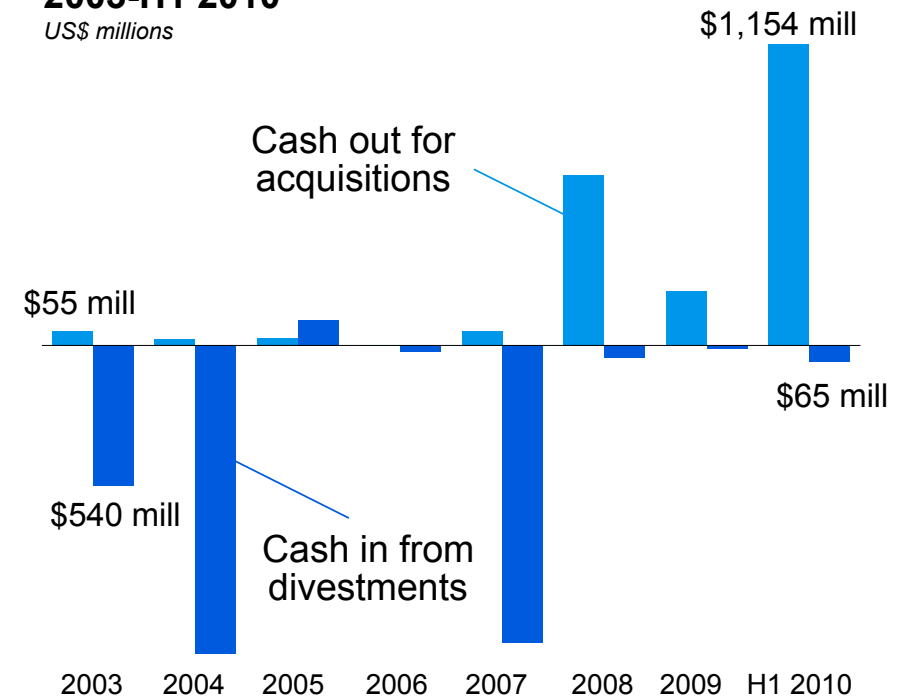
Our financial framework



- Acquisition to provide cash returns at or above WACC within 3 years, incl. synergies
 - Synergies for target and ABB
- Acquisition must be NPV positive, discounting cash flows at WACC +/- additional hurdles, e.g.
 - country risk premium, system vs product risk, cash flow stability
- Financing in line with our investment grade ambition
 - Committed to Single A rating
 - Implies conservative Net Debt/EBITDA and gearing ratios

Cash impacts of acquisitions and divestments 2003-H1 2010

US\$ millions

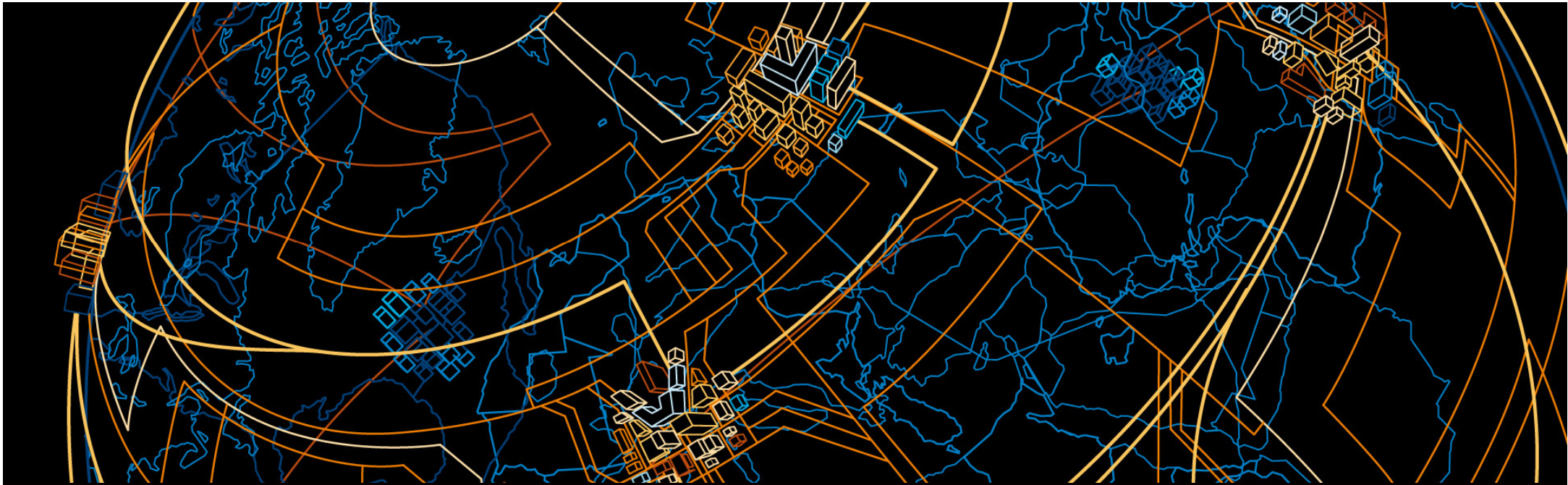


Current trading update

- Trading pattern not fundamentally different from Q2
 - Short-cycle businesses continue to recover, growing fast in some regions
 - Infrastructure businesses still facing headwinds in terms of pricing, project award delays
- Cost savings delivery well on track, despite some supply chain challenges
- Expect the usual EBIT margin seasonality
 - Q3 operating margins usually lower than Q2 on negative seasonal mix
- Q3 2010 local currency revenues and operating margin expected above Q3 2009

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The power of the portfolio - Summary

Joe Hogan, CEO

How is ABB changing?

Changes driven by outside-in view



External Focus

- Organization better aligned with markets, competition and growth
- Strong external look at markets and industries, e.g. Ventyx
- Bets on technology developed outside of ABB, e.g. Trilliant

Leverage One ABB

- Much stronger focus on ABB solutions, services and systems

Accountability

- Inorganic growth driven by divisions, not HQ
- Compliance responsibility at business level, not legal function

Value Creation

- Mid-market rewire in key emerging markets - China, India, MEA, Brazil
- Acceleration of emerging markets footprint and engineering

Big questions about ABB in the room

Will ABB do something surprising?

- How will you use your balance sheet?
- How strong are your risk mitigation processes?
- How well are you positioned in China?
- Why the quarter-to-quarter beat-and-miss rhythm?

Looking ahead: Short-term outlook

Slow recovery in mature economies, good growth in emerging markets

- Slow recovery in Europe, US
- Emerging markets with above-average industrial growth
- Continued price pressure in PP, PS
- Easing price pressure in early-cycle
- Governments continue to push for controls on CO₂ emissions
 - Energy efficiency
 - Renewable energy
- Commodity prices steady to higher

Low risk of double dip, continued slow recovery in most advanced economies, good emerging markets growth

Real GDP growth

Source: Global Insight (August 2010)

	2010	2011	2012
Emerging markets	6.6%	6.2%	6.1%
Mature markets	2.4%	2.0%	2.4%



Summary

The power of the portfolio

- ABB is a leader in markets with growth well above global GDP
- Solid long-term growth drivers: climate change, emerging markets and energy efficiency
- Best-in-class emerging market footprint positions us to meet future competitors
- Early action on cost take-out gives us a great foundation to benefit from recovery
- Driving next-generation technologies to maintain our competitive advantage
- Management team with good mix of industry know-how and operational strength
- New automation organization increases transparency, spurs innovation and growth

New targets to come at 2011 CMD

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Safe harbor statement

This presentation includes forward-looking information and statements including other statements concerning the outlook for our third quarter revenues and EBIT margin. These statements are based on current expectations, estimates and projections about the factors that may affect our future performance, including global economic conditions, 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” or similar expressions. However, there are many 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 press release 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 weakened global economy and political conditions, costs associated with compliance activities, raw materials availability and prices, 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.

For more information, call ABB Investor Relations
or visit our website at www.abb.com/investorrelations

	Telephone	e-mail
Michel Gerber, Head of Investor Relations (Zurich)	+41 43 317 3808	michel.gerber@ch.abb.com
John Chironna (Norwalk, CT)	+1 203 750 7743	john.g.chironna@us.abb.com
John Fox (Zurich)	+41 43 317 3812	john.fox@ch.abb.com
Karen Himmelsbach (Zurich)	+41 43 317 3832	karen.himmelsbach@ch.abb.com
Astrid Bodmer, Assistant (Zurich)	+41 43 317 3808	astrid.bodmer@ch.abb.com