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Continued margin growth in tough markets

2016 Q3 results

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- costs associated with compliance activities
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Q3 2016: Continued margin growth in tough markets

Orders	Base orders	Revenues
\$7.5 bn	\$6.7 bn	\$8.3 bn
-13% ¹	-6% ¹	0% ¹
Operational EBITA margin	Operational EPS	Cash flow from operating activities
12.6 %	\$0.32	\$1.1 bn
+10 bps	steady ²	-8%

Q3 2016: Continued margin growth in tough markets

Profitable Growth

Orders reflect increased uncertainty due to Brexit and US elections;
Power Grids orders reflect customer hesitation prior to the Capital Markets Day

Steady¹ revenues; three of four divisions steady to positive

Launch of digital offering - ABB Ability™

Relentless Execution

8th consecutive quarter of op. EBITA margin accretion; Power Grids improved 170 bps

WCP² on track to meet new target of \$ 1.3 bn; \$100 mn lower cost than anticipated

NWC³ as % of revenues improved 170 bps; more consistent quarterly cash generation

Business-led Collaboration

Timo Ihamuotila to succeed Eric Elzvik as Chief Financial Officer effective April 1, 2017

Launch of new brand - over 280 mn views; more than 90 mn digital

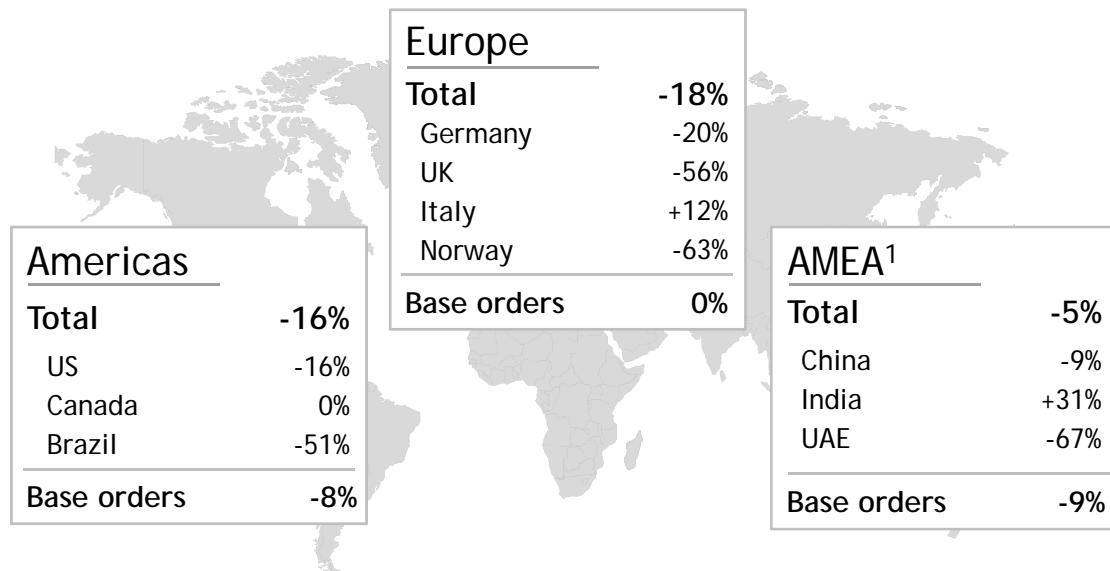
Stage 3 of Next Level strategy launched - committed to unlocking value

Q3 2016: Increased uncertainties

Brexit and the US election with additional dampening effect

2016 Q3 total order growth by region

Change on a comparable basis



2016 Q3 base order growth²

Change on a comparable basis

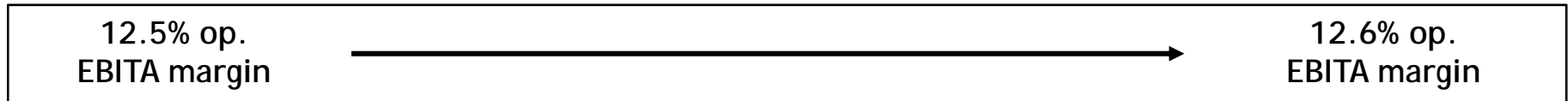
Brazil	-33%
Canada	-16%
China	-3%
Germany	+3%
India	-3%
Italy	+2%
Norway	-36%
Saudi Arabia	-46%
South Korea	+4%
Spain	-6%
Sweden	+3%
UK	-20%
US	-6%

Q3 2016: Performance by division

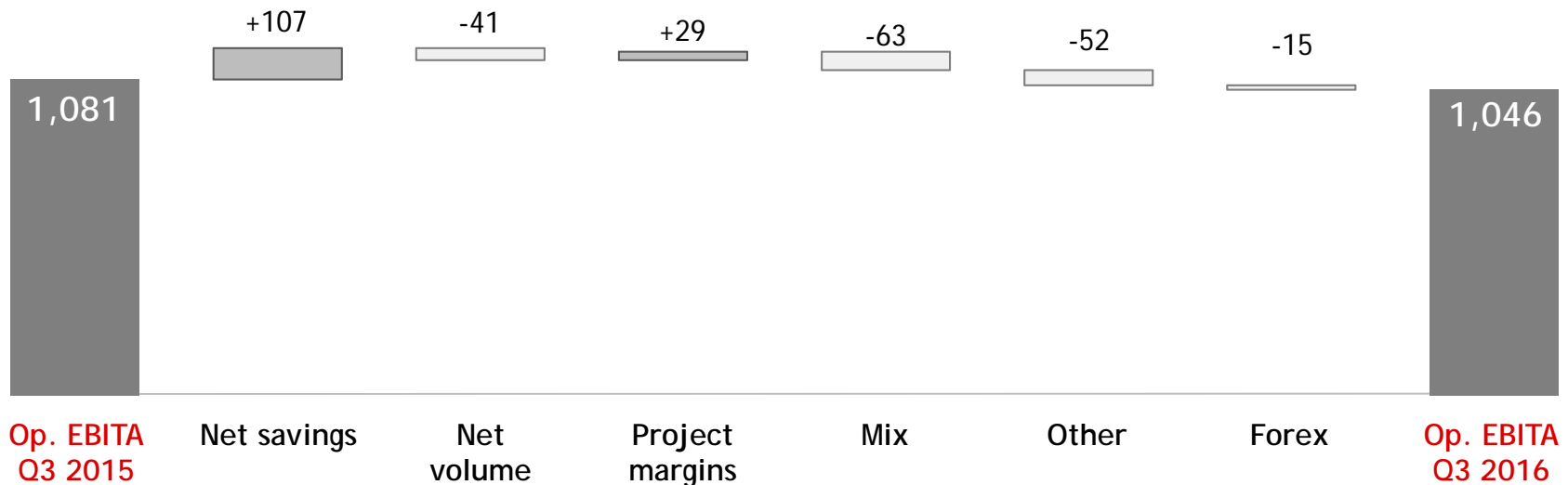
Key figures

<i>\$ bn unless otherwise stated</i>	ABB Group	Electrification Products	Discrete Automation and Motion	Process Automation	Power Grids
Orders	7.5	2.2	2.1	1.2	2.4
△ Comparable	-13%	-4%	-4%	-21%	-21%
Revenues	8.3	2.3	2.2	1.5	2.6
△ Comparable	0%	0%	0%	-7%	+1%
Op. EBITA %	12.6%	17.8%	14.1%	12.2%	9.5%
△	+10 bps	+40 bps	-70 bps	+150 bps	+170 bps

Q3 2016: Operational EBITA margin up 10 bps



Operational EBITA bridge Q3 2015 to Q3 2016, \$ mn



Q3 2016: Updated White Collar Productivity program costs

30% increased target with \$100 mn less combined cost

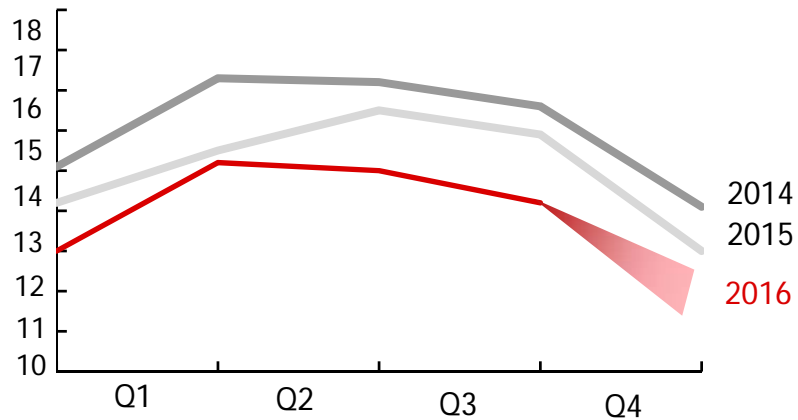
\$ mn	Original target	New target	2015	2016	2017	2018
Gross savings (run rate end of 2017)	1,000	1,300				
Gross savings (incremental y-o-y)			~25	>550	450	300

\$ mn	Original guidance	New guidance	2015	2016	2017
Total Cost	1,200- 1,250	1,100- 1,150	420	450	~230
Restructuring and related expenses	850-900	~630	370	250	~10
Program implementation	350	470	50	200	220

Q3 2016: Working capital program yielding results

Net Working Capital reduction

NWC as a % of revenues

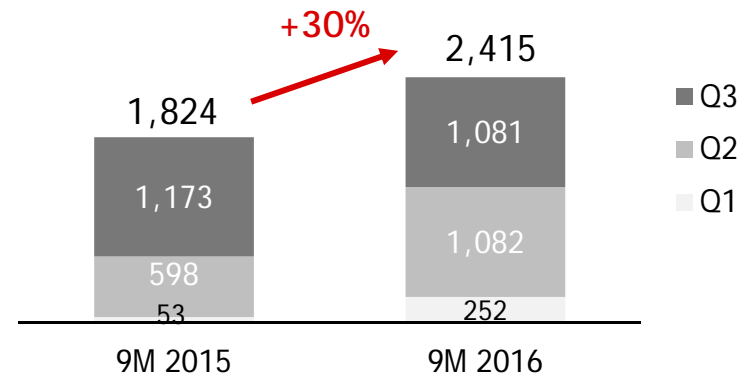


170 bps reduction Q3 2016 vs Q3 2015

Sustainable value chain optimization

A solid, consistent cash generator

Cash flow from operating activities, \$ mn



Strong working capital management contributions

Focus on consistent cash generation through the year

Enhanced cash culture drives NWC reduction and consistent cash generation

Next Level Stage 3 - committed to unlocking value

Four actions

Profitable
Growth

1 Driving growth in four market-leading entrepreneurial divisions

2 Quantum leap in digital

Relentless
Execution

3 Accelerating momentum in operational excellence

Business-led
Collaboration

4 Strengthening the global ABB brand

Delivering attractive shareholder returns supported by planned share buy-back of \$3 bn¹

ABB names Timo Ihamuotila as Chief Financial Officer

Appointment effective April 1, 2017

Timo Ihamuotila joins ABB as CFO from Nokia

Extensive experience in communications, software & services industries, active portfolio management and operational performance improvement

Deep understanding in corporate transformation and digital business models

Succeeds Eric Elzvik in an orderly transition process, thorough hand over in Q2'17



Quantum leap in digital as cornerstone of Next Level Stage 3: after creating the Chief Digital Officer role, new CFO key to transforming ABB as leader in digital industries

Q3 2016 summary and outlook

Q3 results

Operational EBITA margin increased to 12.6%

WCP on track to \$1.3 bn savings; expected total cost reduced by \$100 mn

Net Income \$568 million; basic earnings per share +2%

Base orders -6%¹; reflect Q3 uncertainty

Revenues steady

Cash flow from operating activities reflects more consistent quarterly cash generation

Timo Ihamuotila to succeed Eric Elzvik as CFO effective April 1, 2017

Outlook

Mixed short-term picture

Modest growth and increased uncertainties in Europe e.g. Brexit; slower growth in China; continued market growth in US

Oil price effects to continue

Long-term demand outlook remains positive - growth drivers in place for utility, industry, transport & infrastructure

Launch of Stage 3 of Next Level strategy - committed to unlocking value



ABB



Key figures Q3 2016

	Q3 2016	Q3 2015	Change		
<i>\$ mn unless otherwise indicated</i>			\$	Local currency	Comparable
Orders	7,533	8,767	-14%	-13%	-13%
Order backlog (end September)	24,554	25,371	-3%	-3%	-2%
Revenues	8,255	8,519	-3%	-2%	0%
Operational EBITA	1,046	1,081	-3%	-2%	
as % of operational revenues	12.6%	12.5%	+0.1 pts.		
Income from operations	878	882	0%		
as % of revenues	10.6%	10.4%	+0.2 pts		
Net income	568	577	-2%		
Basic earnings per share (\$)	0.27	0.26	+2%		
Cash flow from operating activities	1,081	1,173	-8%		

Key figures first nine months 2016

	9M 2016	9M 2015	Change		
<i>\$ mn unless otherwise indicated</i>			\$	Local currency	Comparable
Orders	25,102	28,167	-11%	-8%	-8%
Order backlog (end September)	24,554	25,371	-3%	-3%	-2%
Revenues	24,835	26,239	-5%	-2%	-1%
Operational EBITA	3,095	3,088	0%	+3%	
as % of operational revenues	12.4%	11.8%	+0.6 pts.		
Income from operations	2,309	2,702	-15%		
as % of revenues	9.3%	10.3%	-1.0 pts		
Net income	1,474	1,729	-15%		
Basic earnings per share (\$)	0.68	0.77	-12%		
Cash flow from operating activities	2,415	1,824	+32%		

Order backlog by division

	Q3 2016	Q3 2015	Change	
<i>Order backlog (end September) \$ mn</i>			\$	Comparable
Electrification Products	3,093	3,038	+2%	+3%
Discrete Automation and Motion	4,458	4,601	-3%	-2%
Process Automation	5,675	6,322	-10%	-11%
Power Grids	13,063	13,117	0%	+2%
Corporate and Other (incl. Inter-division eliminations)	-1,735	-1,707		
Total Group	24,554	25,371	-3%	-2%

Third party base orders by division

	Q3 2016	Q3 2015	% Change
<i>Third-party base orders \$ mn</i>			Comparable
Electrification Products	2,095	2,173	-1%
Discrete Automation and Motion	1,899	1,983	-3%
Process Automation	1,128	1,316	-13%
Power Grids	1,588	1,782	-9%
Corporate and Other	17	18	
Total Group	6,727	7,272	-6%

Cash flow from operating activities by division

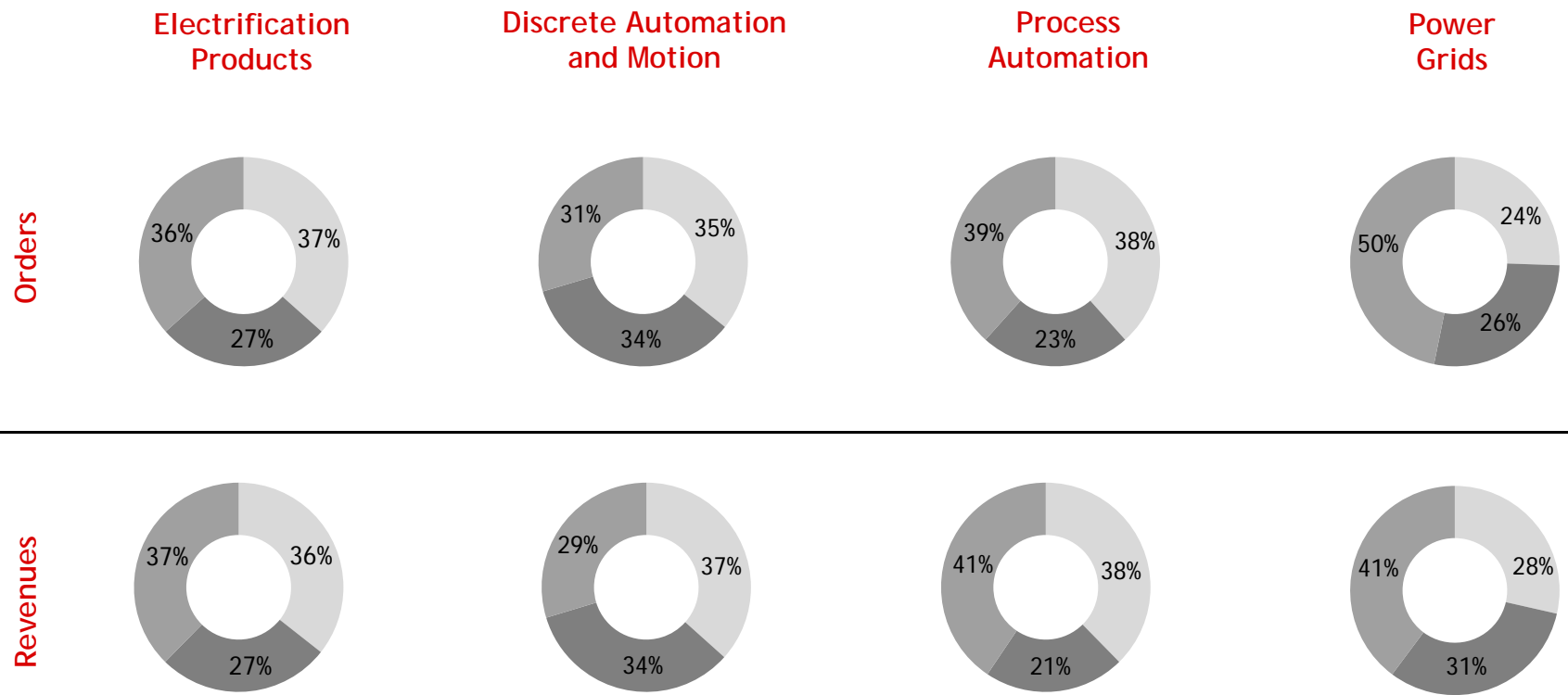
	Q3 2016	Q3 2015	% Change
<i>Cash flow from operating activities \$ mn</i>			
Electrification Products	373	372	0%
Discrete Automation and Motion	322	386	-17%
Process Automation	234	197	+19%
Power Grids	189	189	0%
Corporate and Other	-37	29	
Total Group	1,081	1,173	-8%

Operational EPS analysis

	Q3 2016		Q3 2015		
<i>mn \$, except per share data in \$</i>		<i>EPS</i>		<i>EPS</i>	Δ^1
Net income (attributable to ABB)	568	0.27	577	0.26	+2%
Operational adjustments:					
Acquisition-related amortization	70		74		
Restructuring and restructuring-related expenses (including WCP implementation costs)	39		59		
Gains and losses on sale of businesses, acquisition-related expenses and certain non-operational items	35		-6		
FX / commodity timing differences in income from operations	24		72		
Tax on operational adjustments ²	-53		-57		
Operational net income / Operational EPS	683	0.32	719	0.32	0%³

Regional share of total orders and revenues by division

Q3 2016

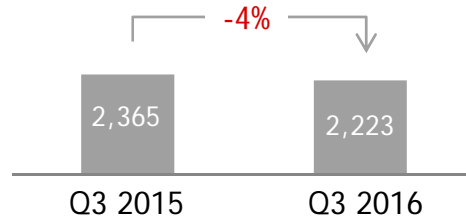


Electrification Products

Q3 2016

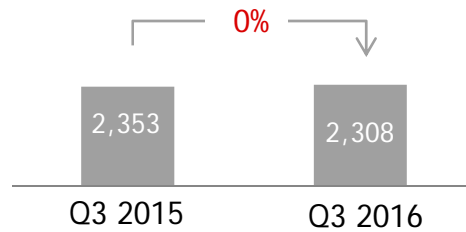
In \$ mn, y-o-y change comparable

Orders



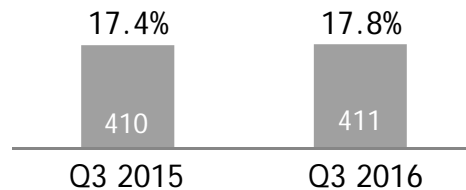
Total orders were down as growth in Europe could not offset a decline in the Americas and AMEA. In particular, markets including China, Saudi Arabia, Brazil and Turkey were challenging, while Italy, Switzerland and India were stronger.

Revenues



Revenues were steady.

Op. EBITA & margin



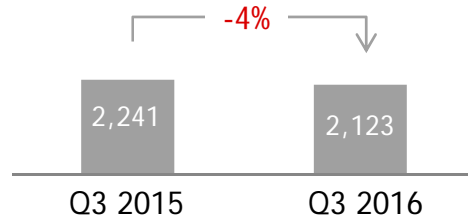
Operational EBITA margin improved 40 bps to 17.8 percent, due to additional cost savings, capacity adjustments and supply chain management.

Discrete Automation & Motion

Q3 2016

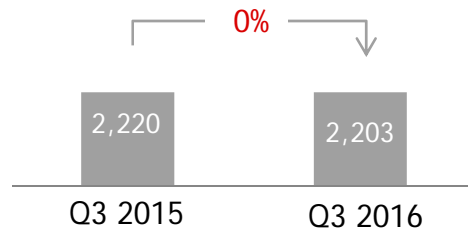
In \$ mn, y-o-y change comparable

Orders



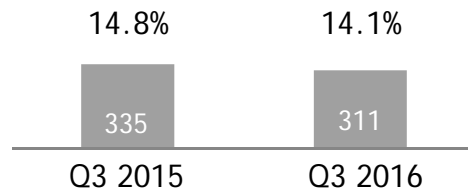
Continued strong demand patterns in robotics and food and beverage could not fully offset the capex declines in process industries such as oil and gas, thus negatively impacting order development.

Revenues



Revenues were steady reflecting strong order execution.

Op. EBITA & margin



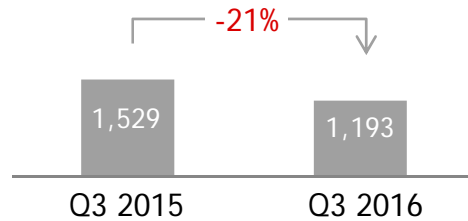
Operational EBITA margin declined 70 bps compared with the same quarter a year ago primarily due to unfavorable mix and lower capacity utilization. Continued capacity adjustments and productivity improvements are underway.

Process Automation

Q3 2016

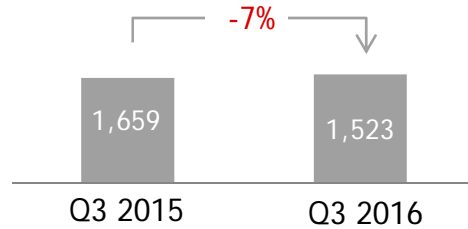
In \$ mn, y-o-y change comparable

Orders



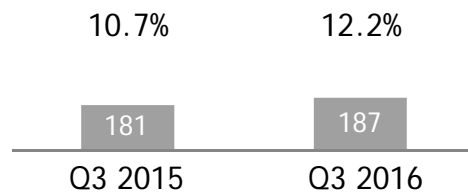
Total orders were 21 percent lower as reduced capital expenditure and cautious discretionary spending in process industries continued to impact large as well as base orders.

Revenues



Revenues declined 7 percent as steady demand for specialty vessels could not compensate for declines in such segments as mining and oil & gas.

Op. EBITA & margin



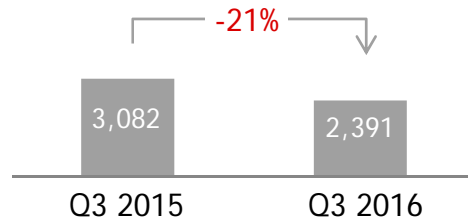
Operational EBITA margin increased 150 bps to 12.2 percent due to successful project execution and implemented cost out and productivity measures.

Power Grids

Q3 2016

In \$ mn, y-o-y change comparable

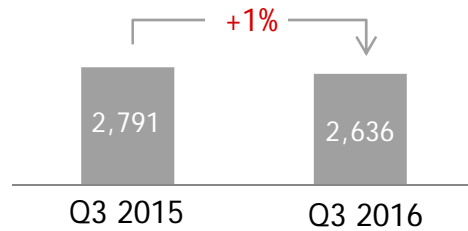
Orders



Total orders were lower compared with the same quarter a year ago primarily due to the timing of large order awards

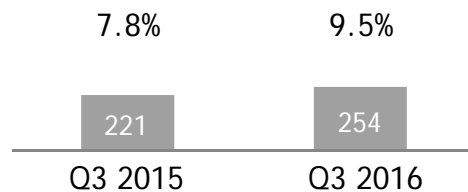
Lower base orders reflect sluggishness in some markets such as the US, Saudi Arabia and Brazil while Europe remained supportive.

Revenues



Revenues were slightly higher due to steady execution of a healthy order backlog.

Op. EBITA & margin



Operational EBITA was up 170 bps to 9.5 percent.

Solid performance driven by sustained project execution, improved productivity and continued cost savings.

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