



Greg Scheu, Capital Markets Day, London, September 12, 2012

Implementing the service strategy

Next stage of service leadership

Growing service to 20-25% of total revenues by 2015

- Steady revenues, earnings and cash flow over the cycle
- Operational EBITDA margins above the Group average
- Attractive cash returns on low invested capital
- Implementation begun in 2011, showing good momentum
- Differentiated value proposition vs competitors
 - Leverages ABB's total power and automation offering
 - Strong customer relationships
 - High-value services built on top quality products and systems
 - ABB global market reach and knowledge

ABB aims to cover the entire service value chain

Tapping our leading installed base and global footprint



Responsive service

- Installation and commissioning
- Break and fix
- Technical support
- Spare parts
- Training



Advanced services

- Process improvement
- Lifecycle management
- Software services
- Evolution programs
- Optimization solutions
- Remote solutions

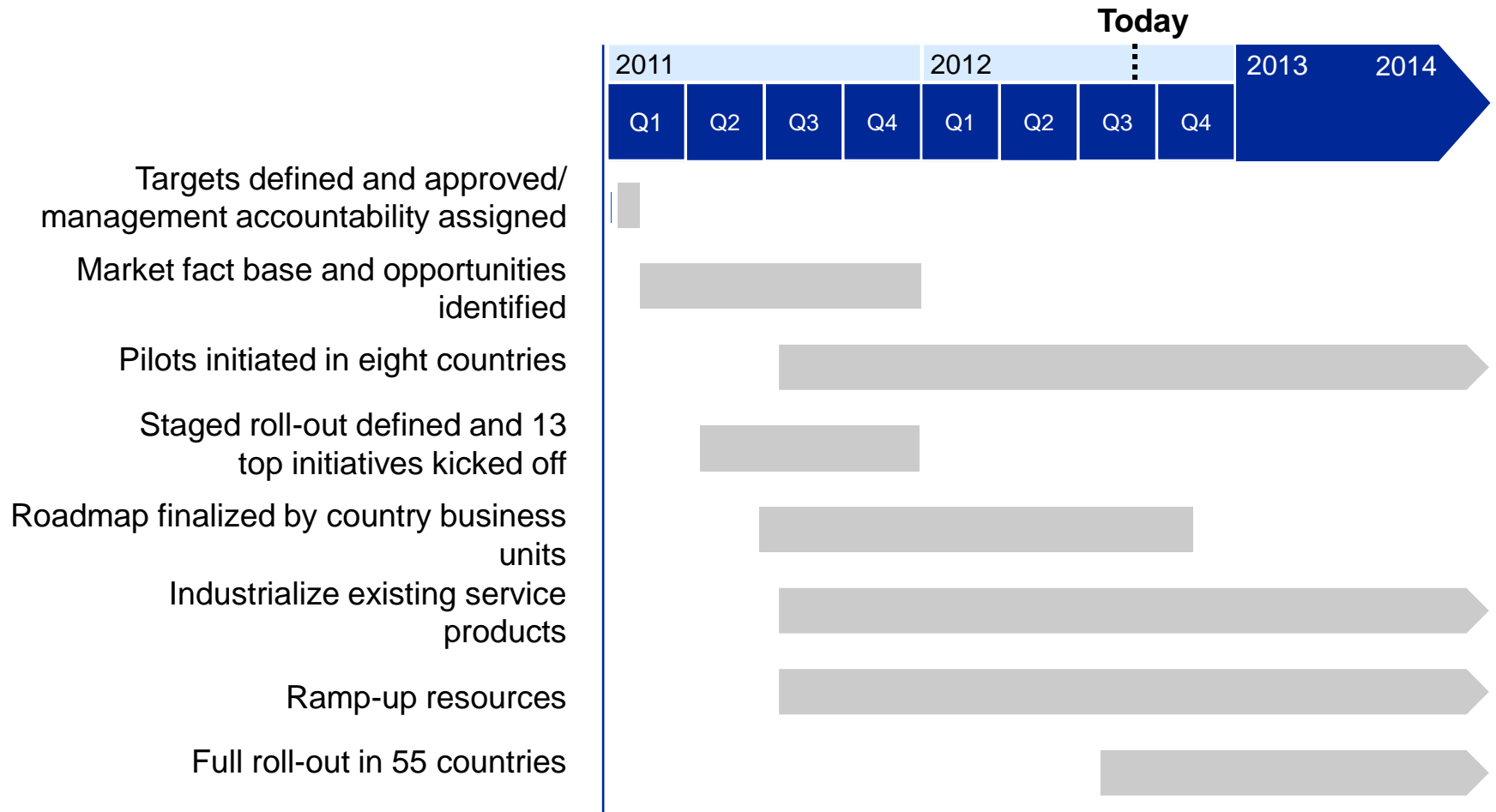


Value-creating partnerships

- Co-develop solutions
- Strategic partnerships
- Value-based offerings
- Productivity and energy efficiency solutions
- Consulting

On target with clear implementation plan

Successful roll-out and steady progression



Key areas of strategy implementation

Increase penetration of installed base

- Increase average penetration of installed base from 25% to 40%

Expand the service product portfolio

- Industrialize and globally leverage 400+ service products
- Develop new service products (R&D), expand existing offerings

Broaden geographic coverage and strengthen local capabilities

- Identify and close geographic white spots
- Set up new service centers (eg, China, India, Australia)
- Continue to increase service workforce

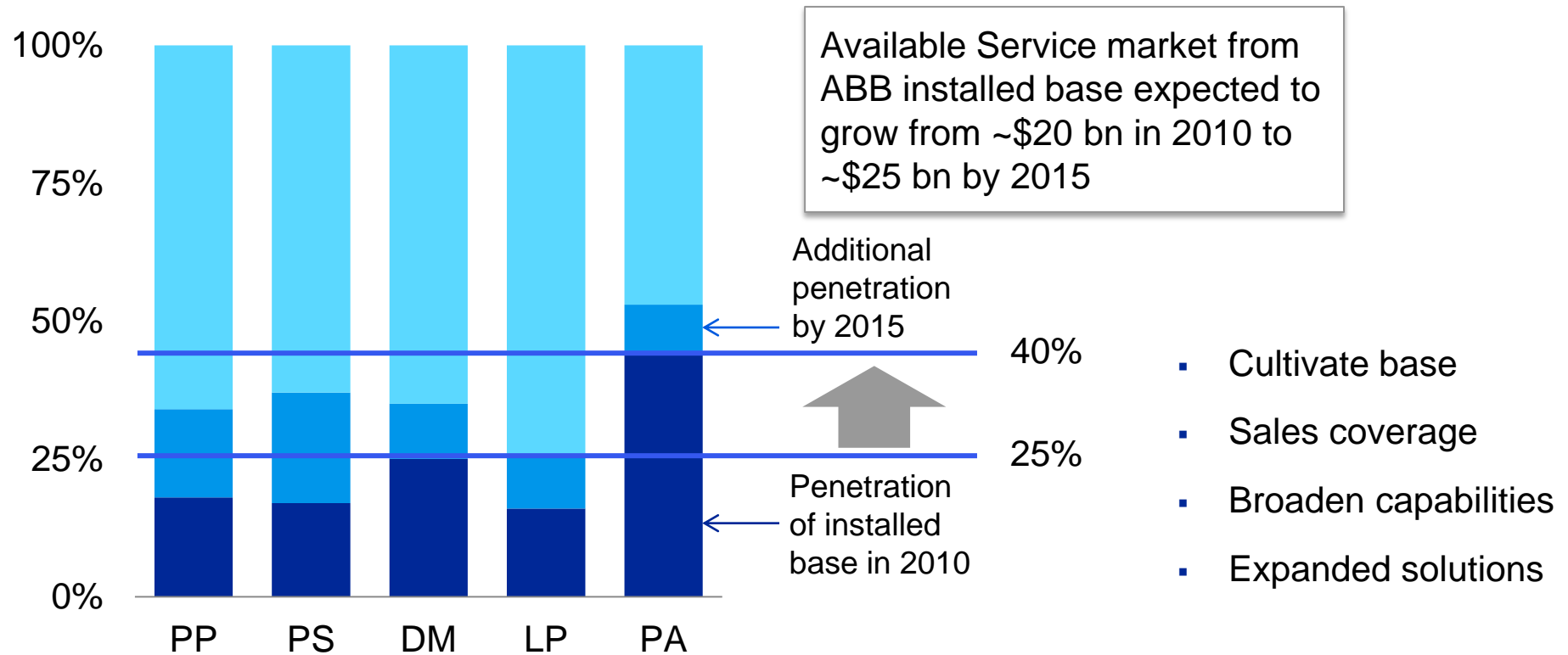
Focus on execution

- Service excellence standards reinforced for consistent performance

Increasing penetration of installed base is growth driver

Opening up additional market opportunities

Penetration of service market for ABB installed base by division, 2010-15¹



¹ Management estimates

Mining the installed base

Example: Power transformer service – Nalcor, Canada



Site: Churchill Falls,
Newfoundland, Canada

Unit: Hydroelectric power station

Issues: Aging equipment, reliability

\$100 mln in service and replacements

ABB approach

- Consulting offer to assess 32 large power transformers installed at a remotely located 5,400 MW power station
- Led to orders for equipment rebuilds and new transformers
- ABB also providing ongoing 24/7 technical service through a dedicated call center

Customer benefits

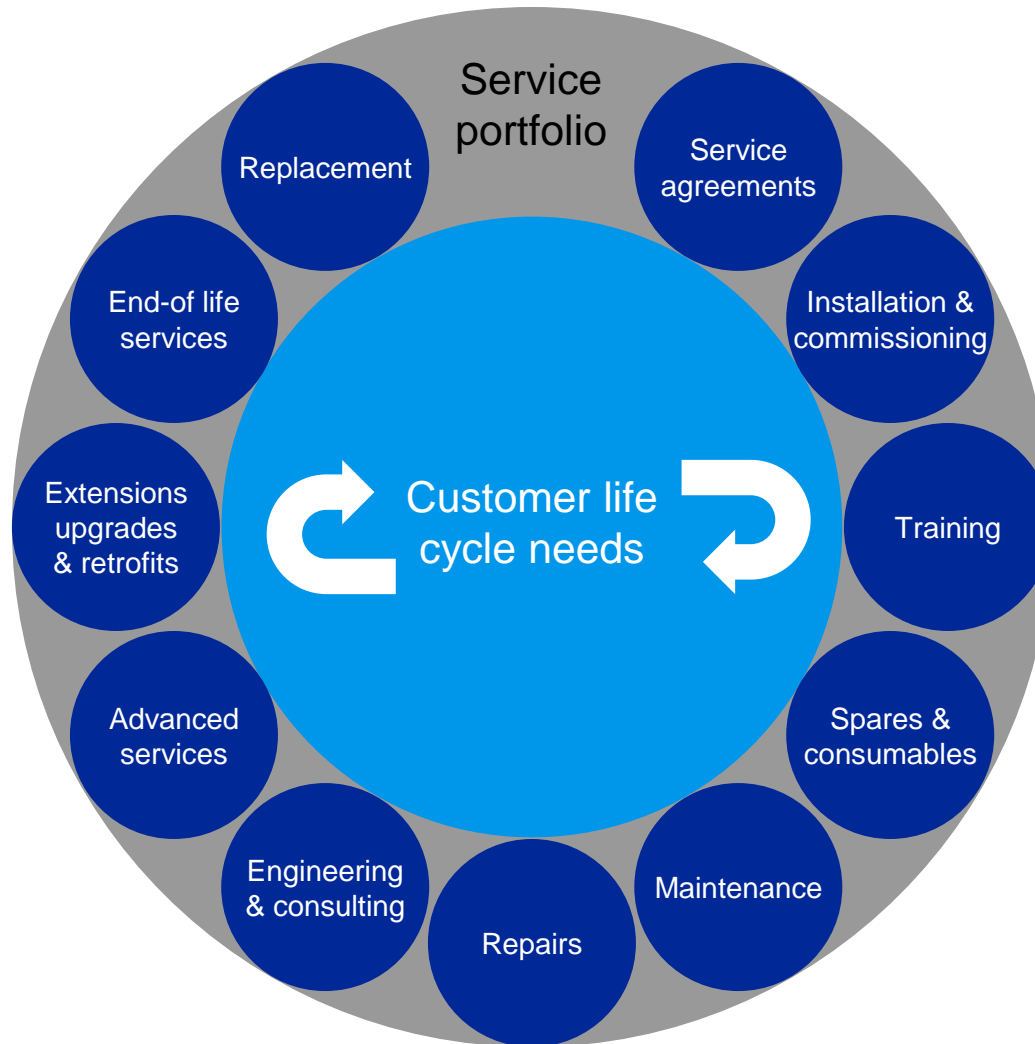
- Equipment life extension
- Improved remote monitoring
- Production stability assured

ABB benefits

- Better understanding of customer needs
- Opportunity to build longer-term revenue stream

Portfolio expansion: Developing our service products

Over 400 service products addressing full life cycle



Expanding the service product portfolio

Example: on-site transformer repair



ABB approach

- Eliminate cost and risk of conventional repair (transport to workshop) by full on-site service

Project scope

- Replace all windings
- Repair mechanical defects
- Overhaul transformer accessories
- Treat oil
- Test on-site

Customer benefit

- Faster repair lowers risk from using spare transformers
- Eliminates transportation cost and risk

Expanding the service product portfolio

Example: remote diagnostics for offshore oil and gas



Order value: GBP 5 mill over 5 years

Site: ConocoPhillips oil platforms
250 miles offshore

Unit: Gas and oil production

Issues: Remote site uninterrupted
production

ABB approach

- Develop a service product tailored to service and maintenance of diverse control systems at a remote location

Project scope

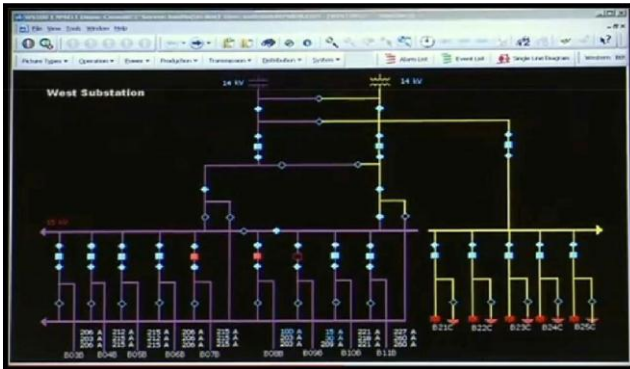
- Control system software to remotely manage life cycle costs
- Proactive diagnostics
- Maintenance management system
- On-site control system support

Customer benefit

- Production stability assured
- Plan for further system upgrades

Expanding the service product portfolio

Example: asset management software solution



American Electric Power (AEP)

ABB approach

- Take Ventyx asset management solution to a major utility

ABB response

- Software to assess condition of assets
- Risk analysis package
- Software dashboard

Customer benefit

- Fewer equipment failures
- More efficient maintenance and replacement spend by prioritizing asset condition

Expanding the service product portfolio

Example: R&D for customer maintainability



Life expectancy analysis program (LEAP)

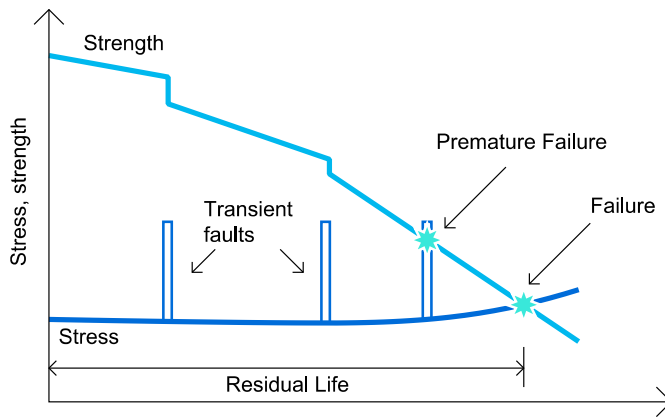
Unique diagnostic tool for motors and generators

- Assesses condition, evaluates remaining life of stator winding insulation

Customer benefits

Optimized maintenance plan to:

- Minimize unplanned downtime
- Extend motor and generator lifetime
- Boost return on investment
- Reduce operating risks
- Improve visibility of life cycle costs

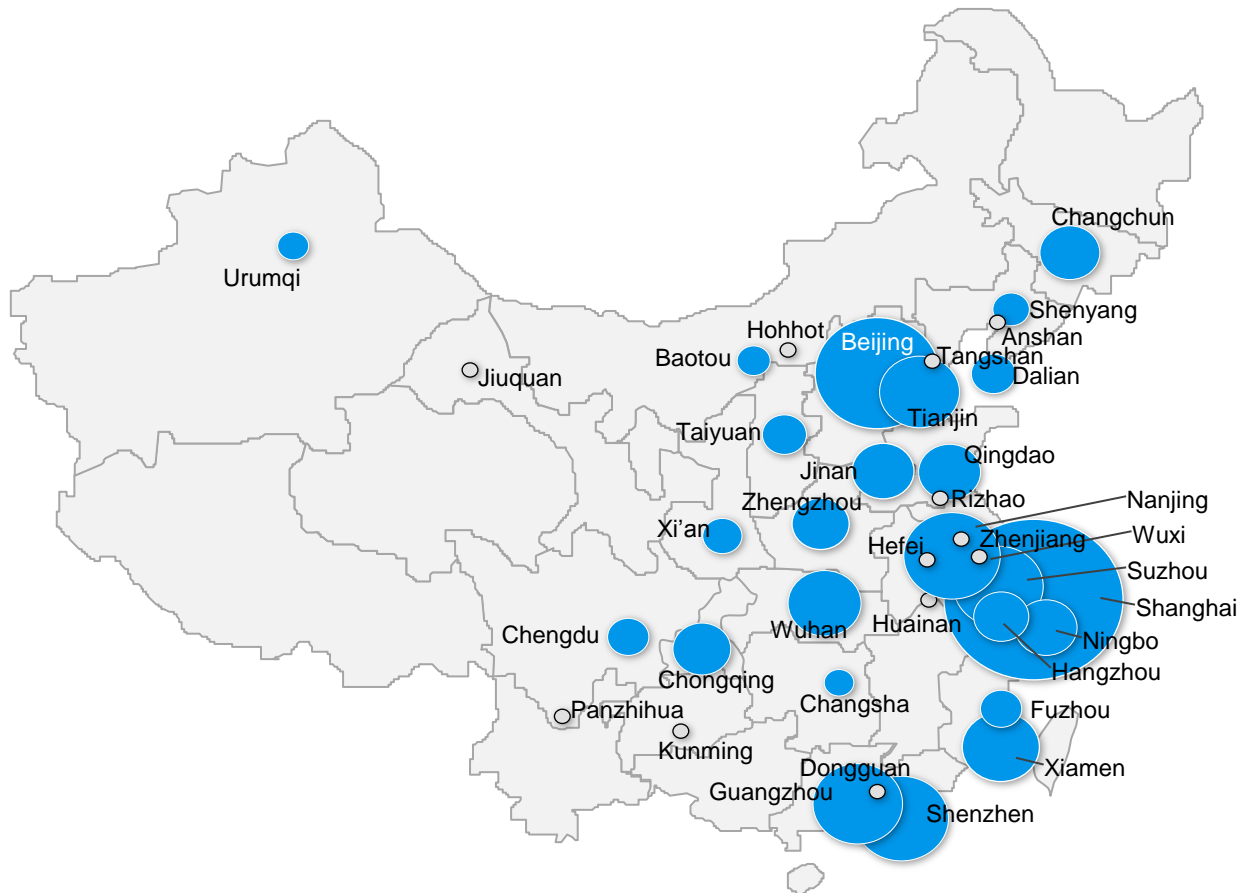


Basis of analysis: stress and strength v/s time

Broadening geographic coverage

Example: bringing service close to customer in China

25 new service stations in progress



Focusing on execution

Example: high-level service performance in oil & gas



Site: CSPC (CNOOC and Shell Petrochemical)
Huizhou, Guangdong, China

Unit: Petrochemicals

Issues: Maintenance, reliability

Contract: Multiple equipment plus product life cycle management services

Customer need

- Life cycle service on extensive ABB installed base (incl. transformers, switchgear, drives, motors, and analytical instruments)

Project scope

- Long-term service package including:
 - 24x7 support availability
 - Spare parts support
 - Training
 - Regular site audits
 - Root cause analysis
 - Preventive maintenance
 - Program upgrades

Customer benefits

- Steady improvement in equipment reliability

Customers award ABB “Best Service Provider” for last four years

Delivering the complete service package

Leveraging the combination of power and automation



Outokumpu Sweden – One ABB service agreement

Customer needs

Maintenance of diverse range of assets

- Control systems
- Motors and drives
- Robots
- Power and low-voltage products

Service agreement

- Life cycle analysis
- Software management support
- On-site support 24/7/365
- Preventive maintenance programs

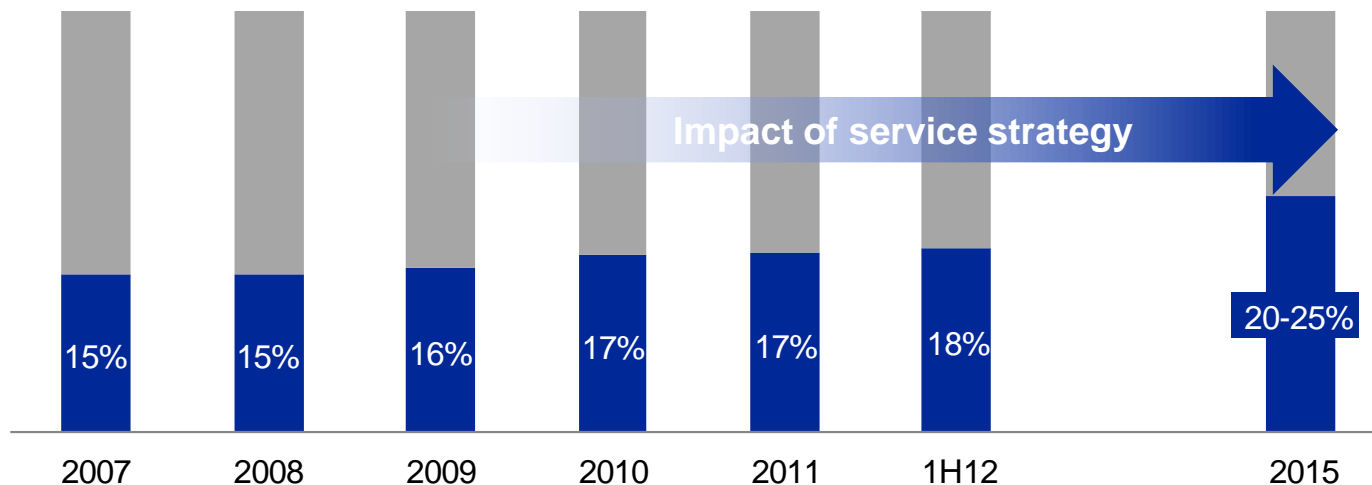
Customer benefits

- Access to technical competence
- Increased production reliability
- Better maintenance planning
- Reduced total maintenance costs

Achieving the full potential of service

Growing share, doubling revenues

Service as % of total revenue¹ history and ambition



- Leverage ABB's installed base
- Productized offerings
- Close white spots – technology and geography
- Use the full ABB portfolio
- Invest in service R&D
- Focus on operational excellence
- Onboard new service professionals

¹ excl. Baldor and Thomas & Betts in 2011 and 2012

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Summary



- Service is key to achieving our 2011-15 targets
- Service will represent up to 20-25% of revenues by 2015 with operational EBITDA margins above the Group average
- Steadier revenue, earnings and cash generation over the cycle
- A sustainable growth plan and competitive differentiator
- ABB with a clear action plan showing early results
- Enhancing ABB's portfolio and competitiveness

To find out more information please refer to the following links

- [ABB Service portal](#)
- [Long-term service contract with Carnival \(Press release\)](#)
- [ABB TrafoSite ® informational video](#)
- [ABB Glossary](#)

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