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ABB LTD
Form 6-K
November 21, 2002

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER

Pursuant to Rule 13a-16 or 15d-16 of the
Securities Exchange Act of 1934

For the month of: November 2002

ABB Ltd

(Exact name of registrant as specified in charter)

N/A

(Translation of registrant's name into English)

Switzerland

(Jurisdiction of organization)

P.O. Box 8131, Affolternstrasse 44, CH-8050, Zurich, Switzerland

(Address of principal executive offices)

Registrant's telephone number, international: + 011-41-1-317-7111

Indicate by check mark whether the registrant files or will file annual reports
under cover of Form 20-F or Form 40-F.

Form 20-F Form 40-F
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Indicate by check mark whether the registrant by furnishing the information
contained in this Form is also thereby furnishing the information to the
Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes No
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If "Yes" is marked, indicate below the file number assigned to the registrant in
connection with Rule 12g3-2(b): 82-

This Form 6-K consists of the following:

1. Three slide presentations of ABB Ltd (the "Company") in connection with the
Company's Analyst Day on November 8, 2002.

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Focus, speed and delivery

Finance

Peter Voser
CFO

November 8, 2002

ABB

Safe Harbor Statement

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Presentation outline

- o Priorities

- o Optimizing the business
- o Liquidity and debt reduction
- o Conclusion

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Financial priorities

- o Increase sustainable cash flow
- o Ensure sufficient financial flexibility to meet requirements and contingencies
- o Reduce leverage
- o Strengthen equity base though increased earnings
- o Restore credit rating
- o Increase market capitalization
- o Position businesses for industry consolidation

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Presentation outline

- o Priorities
- o Optimizing the business

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Optimizing the Business
 Cost reduction program

Cost reduction program 2001 - 2002

- o Initiated July 2001, target job reduction of 12,000
- o Estimated to take 18 months
- o Estimated to cost MUS\$ 500, yield MUS\$ 500 in annual cost savings

Results

- o Target job reduction achieved, operational productivity improved - but some benefits delayed into 2003
- o Taken about MUS\$ 350 in restructuring charges since program started
- o Final projects speeded up, estimated additional restructuring costs of about MUS\$ 100 in Q4 2002
- o All projects under rigorous follow-up

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Finance function
 Achievements 2002

- o Simplified, unified Finance function
 - o Combined all finance functions under CFO (AFS, M & A)
 - o Most of Structured Finance sold, balance being divested
 - o Proprietary trading stopped, treasury integrated into Finance
 - o Equity Ventures development stopped, being divested
 - o Scandinavian Re portfolio in run-off, Sirius retained

Results

- o Net debt reduced by Finance divestment proceeds (>BUS\$ 2.4)
- o Ongoing costs down
- o Financial risk reduced
- o Increased transparency, control and forecasting ability

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EBIT margin target: core businesses*

6.3%	6.1%	2.4%	1.9%	1.0%	-1
1.8%(1)	4.5%(1)				
Base EBIT margin 2001**	Base EBIT margin 2002E**	Optimizing the business	Building on strong base	Expansion	Cu

(1) EBIT as calculated for core businesses

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- * Core businesses include Power Technologies, Automation Technologies, Insurance and Corporate
- ** Base EBIT=EBIT adjusted for restructuring, capital gains, goodwill amortization and one-time charges

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Optimizing the business
Step Change program

- o Step Change cost reduction program 2003 - 2004
- o Estimated to take 18 months
- o Target cost reduction: 4 percent of revenues
- o Estimated cost: 1.8 percent of revenues in 2003, 1.2 percent in 2004

Objectives

- o Strengthen competitiveness and improve profitability
- o Focus on projects with short paybacks
- o Main targets:
 - o simplify management structure
 - o reduce central infrastructure
 - o consolidate operations

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Targets

From 2002 through 2005, annual revenue growth of about 4 percent

2002 EBIT margin target: 1.5 percent

- o Additional restructuring charges of app. MUS\$ 100 in Q4
- o Closing costs in non-core activities

2003 EBIT margin target: 4 percent

- o After restructuring charges of app. 1.8 percent of revenues
- o Core business margin will be above Group

2005 EBIT margin target: 8 percent

- o On estimated revenues of app. BUS\$ 17.5

- o All targets exclude divestments

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Actions to reduce Corporate/Other

- o Clear accountability for non-core businesses
- o Restructure Headquarters
- o Minimize Stewardship costs
- o Dissolve Group Processes division

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EBIT 9 months 2002 (pro forma)

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(MUS\$)	9 mos 2002	9 mos 2001	FY 2001
Automation Technologies (1)	414	456	523
Power Technologies	315	314	382
Oil, Gas & Petrochemicals	109	119	79
Financial Services	177	204	(78)
Operational businesses	1,015	1,093	906
Corporate/Other	(610)	(366)	(675)
Group EBIT	405	727	231
EBIT margin	2.5%	4.4%	1.0%
"One-time" charges (2)	(224)	(166)	(1,143)
Base EBIT margin	3.9%	5.5%	6.0%

- o Automation restated to eliminate semi-conductors, now in Other Activities within Corporate/Other
- o Includes restructuring, capital gains, reversal of goodwill amortization, write-downs, higher project execution costs and one-time accounting changes

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EBIT: Non-core Activities

(MUS\$)	9 mos 2002	FY 2001
Group Processes	(70)	(55)
New Ventures	(69)	(165)
Remaining MC Industries (1)	(105)	2

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Semi-conductors	(12)	(11)
Total	(256)	(229)

Clear accountability
 ~ 100 MUS\$ loss in 2003, zero by 2005

- o Includes Building Systems, Logistics, Air Handling

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EBIT: Corporate

(MUS\$)	9 mos 2002	FY 2001
Headquarters/Stewardship (1)	(98)	(173)
Research & development	(69)	(103)
Consolidation effect	(187)	(170)
Total	(354)	(446)

Reduce HQ/Stewardship costs to ~ 130 MUS\$ p.a. by 05
 Streamline R & D, steer by divisions, ~ 90 MUS\$ p.a.

- o Includes one-time benefits from former CEO pension repayment in 2002

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Financial plan and delivery

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March 2002: financial plan announced

- o Reduce reliance on short-term volatile capital markets
- o Lengthen maturity profile of debt (from 1/3 to 2/3 long-term debt)
- o Reduce net debt by at least 1.5 BUS\$ by year end 2002

Delivery

- o March : 3 BUS\$ committed credit facility sign
- o April : credit facility successfully renegotiated following rating action
- o May : 968 MUS\$ convertible and 750 MUS\$ straight bonds placed
- o July : 300 MUS\$ real estate sales announced (Sweden)
- o August: 60 MUS\$ real estate sales (Norway)
- o September : 2.3 BUS\$ sale of Structured Finance announced, 244 MUS\$ Metering sale announced (150 - 200 MUS\$ of net debt reduction)
- o November: Sale of Structured Finance approved by EU

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Net debt development

(BUS\$)

2001	2002					Net debt reduction in Q4 2002
						o BUS\$ 2.3 from Structured Finance disposal
4.1	4.5	5.2	5.5	3.0*	below 2.6	o BUS\$ 0.2 from Metering sale
						o Additional debt reduction from operational cashflow
Dec	Mar	Jun	Sept		Dec target	o Additional financing of 0.2 for pensions

* Pro-forma figure corresponds to net debt adjusted for expected net debt reduction from the sale of Structured Finance and Metering, at September 30, 2002.

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Pensions

- o Considerable discussion surrounding pension treatment under US GAAP
- o At end 2001, ABB's pension benefit position was
 - o BUS\$ 1.8 underfunding, about half on balance sheet
 - o Cash liability if all obligations crystallized: US\$ 1.1 billion
- o Review pension assumptions annually, in process for 2002
- o Expected position at yearend 2002
 - o Less than MUS\$ 500 increase in underfunded liabilities
 - o Minimal impact on equity
 - o MUS\$ 200 cash contribution
- o Global review of pension schemes underway to harmonize conditions, reduce costs

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Maturity profile of debt at September 30, 2002

(BUS\$)

Short-term debt 3.7 BUS\$				Maturing long-term public debt 5.4 BUS\$			
3.7	0.3	1.3	1.0	0.5	1.0	0.6	0.7
Q3/2002- Q3/2003	Q4/2003	2004	2005	2006	2007	2008	2009

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Maturity profile Q4 2002 - Q4 2003*

(MUS\$)

Total	1,360	1,094	530	110	340
Bank facility	1,000				
Other maturing debt	360	1,094	530	110	340
	Q4/2002	Q1/2003	Q2/2003	Q3/2003	Q4/2003

* Unaudited, other ST debt of MUS\$ 610 not included

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Financing strategy

- o Negotiating new bank facility
 - o Cover working capital requirements for 2003
 - o Bridge divestments of OGP, Building Systems, Equity Ventures and remaining Structured Finance businesses
- o Maintain existing securitization program and existing uncommitted bank facilities
- o Restore credit rating and access to capital markets

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Medium-term goals

2003

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- o Reduce total debt to app. BUS\$ 6.5, gearing (total debt/total capitalization) to app. 70 percent
- o Proceeds from divestment of OGP, Building Systems and other businesses will significantly reduce debt by yearend 2003

2005

- o Reduce total debt to app. BUS\$ 4, gearing to app. 50 percent
- o Debt reduction to come primarily through increased operational cash-effective earnings

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Conclusion

- o 2003 will be challenging
 - o market improvement not expected until late in year
- o Successful implementation of Step Change program a priority
- o Delivery of financing strategy a must, as in 2002
- o Divestment program will increase focus on remaining core business, reduce debt
- o Further reduction of balance sheet volatility will provide more transparency

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Dinesh Paliwal
Head of Automation
Technologies Division

Leverage and focus
November 8, 2002

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Outline

- o Business & organizational overview
- o Strategy
- o Targets
- o Operational priorities
- o Conclusions

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Products, industries and services

Control Platform Products	Drives, Motors & Turbochargers	Low Voltage Products & Instruments	Robots, Automotive & Manufacturing	Paper, Metals & Marine
[Photographs]	[Photographs]	[Photographs]	[Photographs]	[Photographs]

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Product market position

Process Automation Systems		Electrical Machines	
ABB	25.0%	ABB	10.0%
Honeywell	17.9%	Siemens	7.0%
Invensys	14.3%	TECO	5.0%
Siemens	10.1%	Emerson	4.0%
Emerson	9.3%	GE	4.0%
Robotics		Low Voltage Products	
ABB	23.0%	Schneider	14.1%
Fanuc	23.0%	Legrand	12.0%
Kuka	19.0%	Siemens	8.9%
Yaskawa	17.0%	ABB	8.6%

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Kawasaki	5.0%	GE	6.4%
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High-Power AC Drives

ABB	19.7%
Alstom	9%
Siemens	8.7%
ASI Robicon	6.8%
Rockwell	6.5%

Source: ARC Advisory Group, ABB, (2001 revenues)

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Industry market position

Power Industry

ABB	24.7%
Siemens	24.3%
Invensys	14.8%
Emerson	12.1%
Alstom	9.8%
Honeywell	3.5%
Yokogawa	3.0%
Metso	1.8%

Pulp & Paper

ABB	39.0%
Honeywell	25.9%
Metso	13.9%
Invensys	7.2%
Yokogawa	4.5%
Siemens	2.8%
Alstom	2.4%
Emerson	1.8%

Metals & Mining

ABB	35.2%
Honeywell	13.4%
Yokogawa	12.3%

Oil & Gas

ABB	36.5%
Honeywell	16.7%
Invensys	13.7%

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Alstom	10.9%	Emerson	12.0%
Invensys	8.9%	Yokogawa	7.5%
Toshiba	4.6%	Siemens	5.5%
Emerson	4.4%	Alstom	4.1%
Yamatake	2.9%	Hitachi	1.5%

Source: ARC Advisory Group (2001 revenues)

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Simplicity: reduced BAs from 11 to 6

	Actual 2001*	Old AT
Old Automation and Industries	Revenues	5,246
	Elimination	-568
Control & Force Measurement	Metering, etc.	-489
Drives and Power Electronics	Net	4,189
Electrical Machines		
Instrumentation and Metering	6	
Low-Voltage Products	-----> BAs	New Automati
Robotics		
Automotive Industries		Low-Voltage Prods & Instr
Manufacturing, Electronics & Consumer		Drives, Turbochargers & M
Marine & Turbocharging		Robotics, Automotive & Mf
Paper, Printing, Metals & Minerals		Paper, Metals, Minerals &
Petroleum, Chemical & Life Sciences		Petroleum, Chemical, Cons
		Control Platform Products

* MUS\$

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Business overview (revenues)*

Industries	Revenues	Regions	Revenues
Power Industry	10%	Mid East & Africa	3%
Transportation	11%	Asia	13%
Building Industry	15%	Americas	21%
Discrete Manufacturing	23%	Europe	63%
Process industries	41%		

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Channels	Revenues	Offerings	Revenues
ABB Direct	61%	Services	17%
Channel Partners	39%	Systems	19%
		Products	64%

* Based on revenues 9 months 2002

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9 months 2002 results*

(MUS\$)	Change in local currencies	9M/02	9M/01
Orders	+4%	6,735	6,443
Revenues	+/-0%	6,314	6,244
EBIT	-11%	414	456
Base EBIT	-15%	460	532
Base EBIT margin		7.3%	8.5%

- o Orders: increased, with order growth led by Asia.
- o Revenues: flat.
- o Base EBIT: decreased overall largely due to price pressure.
 - o EBIT increased in systems & services due to productivity gains

Comments refer to local currency figures

* Pro-forma figures

** Definition of Base EBIT see Appendix

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9 months 2002 achievements

- o Productivity
 - o Focused factories: closed three factories
 - o Headcount: reduced by 11%
 - o Cost control: global risk review database
- o Portfolio
 - o Selling metering business

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- o Sold non-core marine business
- o Sold Flakt drying business
- o Absorbed oil & gas transport business

- o Penetration
- o High growth in China (21%) & India (25%)
- o Large orders across industries and geographies:
 - o 70 MUS\$ to Statoil (petroleum)
 - o 68 MUS\$ to Dubal (aluminum)
 - o 45 MUS\$ to GlobalSantaFe (offshore drilling)
 - o 35 MUS\$ to Tower Automotive (automotive)
 - o 35 MUS\$ to Bombardier (transportation)

Employees

67,607	65,599	63,226	62,474	61,399	59,74
Q2 2001	Q3 2001	Q4 2001	Q1 2002	Q2 2002	Q3 20

Orders in MUS\$

2,728	2,022	1,966	1,909	2,409	2,368
Q1 2001	Q2 2001	Q3 2001	Q4 2001	Q1 2002	Q2 20

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Markets

Underlying market growth 2002-2005 for the division: 2-3%

[Graph showing market size (in BUS\$), cumulative average growth rate (2002-2005) and ABB's market position for the Automation Technology Division's markets]

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Strategy

- o Grow products through global presence and channels
- o Grow services through huge installed base
- o Grow solutions through blended process/discrete expertise

[Photographs]

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Grow products through presence and channels

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- o Leverage presence in high-growth markets
- o Leverage size and R&D muscle to grow share and be first with new products
- o Leverage internal cost efficiency through Industrial IT

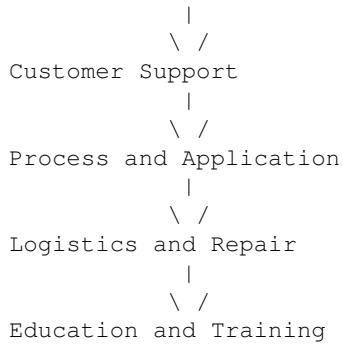
[Photographs]

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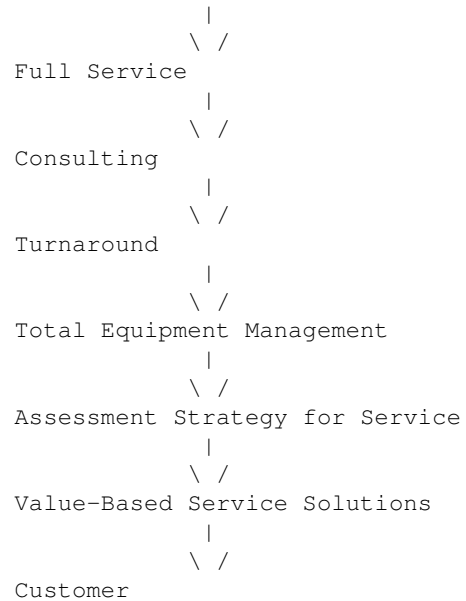
Grow services through huge installed base

- o Leverage ABB's \$100 billion+ installed automation base
- o Leverage deep industry knowledge
- o Leverage ABB's substantial electrical installed base

Product and System Services



Asset Management Services



Knowl
 Compe
 Indus
 Commo

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Grow solutions through process/discrete solutions

- o Leverage the need for both process and discrete solutions among respective installed bases
- o Leverage reduced risk & cost-efficiency of Industrial IT integration to differentiate and add ABB solutions

Process ----->