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 X   Form 40-F ___

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 X

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.

Focus, speed and delivery

Finance

Peter Voser
CFO

November 8, 2002

ABB

Safe Harbor Statement

This presentation includes forward-looking information and statements that are subject to risks and uncertainties that could cause actual results to differ. These statements are based on current expectations, estimates and projections about global economic conditions, the economic conditions of the regions and industries that are major markets for ABB Ltd. and ABB Ltd's lines of business. These expectations, estimates and projections are generally identifiable by statements containing words such as "expects", "believes", "estimates" or similar expressions. Important factors that could cause actual results to differ materially from those expectations include, among others, economic and market conditions in the geographic areas and industries that are major markets for abb's businesses, market acceptance of new products and services, changes in governmental regulations, interest rates, and fluctuation in currency exchange rates. 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.

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Presentation outline

- Priorities

- Optimizing the business
- Liquidity and debt reduction
- Conclusion

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Financial priorities

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

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Presentation outline

- Priorities
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Optimizing the Business
Cost reduction program

Cost reduction program 2001 - 2002
- Initiated July 2001, target job reduction of 12,000
- Estimated to take 18 months
- Estimated to cost MUS$ 500, yield MUS$ 500 in annual cost savings

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

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Finance function
Achievements 2002
- Simplified, unified Finance function
  - Combined all finance functions under CFO (AFS, M & A)
  - Most of Structured Finance sold, balance being divested
  - Proprietary trading stopped, treasury integrated into Finance
  - Equity Ventures development stopped, being divested
  - Scandinavian Re portfolio in run-off, Sirius retained

Results
- Net debt reduced by Finance divestment proceeds (>BUS$ 2.4)
- Ongoing costs down
- Financial risk reduced
- 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

* 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

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

Objectives
- Strengthen competitiveness and improve profitability
- Focus on projects with short paybacks
- Main targets:
  - simplify management structure
  - reduce central infrastructure
  - 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
- Additional restructuring charges of app. MUS$ 100 in Q4
- Closing costs in non-core activities

2003 EBIT margin target: 4 percent
- After restructuring charges of app. 1.8 percent of revenues
- Core business margin will be above Group

2005 EBIT margin target: 8 percent
- On estimated revenues of app. BUS$ 17.5

- All targets exclude divestments

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Actions to reduce Corporate/Other

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

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EBIT 9 months 2002 (pro forma)

(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

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

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

- 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.

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

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Financial plan and delivery

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 20
								o BUS$ 2.3 from Struct disposal
4.1		4.5	5.2	5.5	3.0*	below 2.6		o BUS$ 0.2 from Meteri
								o Additional debt redu operational cashflow
Dec		Mar	Jun	Sept		Dec target		o Additional financing 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

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

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Medium-term goals

2003

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

2005

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

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Conclusion

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

- Business & organizational overview
- Strategy
- Targets
- Operational priorities
- 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%

Kawasaki	5.0%		GE	6.4%

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			Pulp & Paper	
ABB	24.7%		ABB	39.0%
Siemens	24.3%		Honeywell	25.9%
Invensys	14.8%		Metso	13.9%
Emerson	12.1%		Invensys	7.2%
Alstom	9.8%		Yokogawa	4.5%
Honeywell	3.5%		Siemens	2.8%
Yokogawa	3.0%		Alstom	2.4%
Metso	1.8%		Emerson	1.8%

Metals & Mining			Oil & Gas	
ABB	35.2%		ABB	36.5%
Honeywell	13.4%		Honeywell	16.7%
Yokogawa	12.3%		Invensys	13.7%

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%			

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%

- Orders: increased, with order growth led by Asia.
- Revenues: flat.
- Base EBIT: decreased overall largely due to price pressure.
  - 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

- Productivity
  - Focused factories: closed three factories
  - Headcount: reduced by 11%
  - Cost control: global risk review database

- Portfolio
  - Selling metering business

- 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

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

[Photographs]

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Grow services through huge installed base

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

```
Product and System Services              Asset Management Services             Knowl
            |                                         |
           \ /                                       \ /
Customer Support                         Full Service                          Compe
            |                                         |
           \ /                                       \ /
Process and Application                  Consulting                            Indus
            |                                         |
           \ /                                       \ /
Logistics and Repair                     Turnaround                            Commo
            |                                         |
           \ /                                       \ /
Education and Training                   Total Equipment Management
                                                      |
                                                     \ /
                                         Assessment Strategy for Service
                                                      |
                                                     \ /
                                         Value-Based Service Solutions
                                                      |
                                                     \ /
                                         Customer
```

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Grow solutions through process/discrete solutions

- Leverage the need for both process and discrete solutions among respective installed bases

- Leverage reduced risk & cost-efficiency of Industrial IT integration to differentiate and add ABB solutions

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                         Process       ----->
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