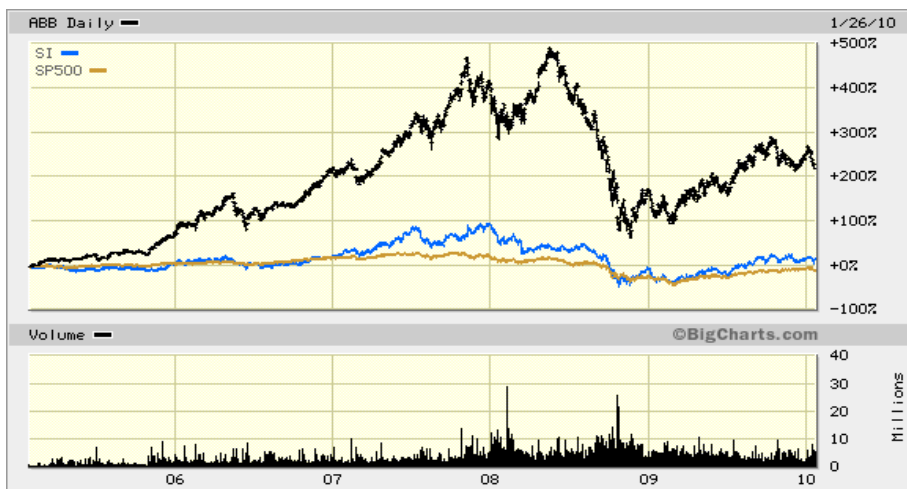


## ABB Ltd. (ABB) 1/26/10

ABB operates as a global producer of power and HVAC automation systems. The company serves industrial-based customers in industries such as electric, gas, water, and construction. ABB operates in the following business segments; Power Products, Power Systems, Automation Products, Process Automation. The company is headquartered in Zurich, Switzerland and was founded in 1883.

Current Price	\$18.51
52 Week High	\$22.01
52 Week Low	\$10.88
One Yr Target	\$23.00
Market Cap (in billions)	\$42.26
P/E (Trailing)	16.20
P/E(1 Yr Forward)	16.38
P/E/G	58.76
ROA	8.37%
ROE	20.50%
EPS	\$1.14
Beta	1.38
Annualized Dividend	\$0.44
Dividend Yield	2.38%
Analyst Consensus	2.00
Debt to Equity	1.58



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**Annual EPS**

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2006	\$0.35	
2007	\$0.64	80.26%
2008	\$1.64	156.37%
2009	\$1.37	-16.48%
ttm	\$1.14	-16.35%

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**Annual Revenue (in millions)**

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2006	\$20,964.00	
2007	\$23,281.00	11.05%
2008	\$29,183.00	25.35%
2009	\$34,912.00	19.63%

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**Annual Net Income (in millions)**

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2006	\$735.00	
2007	\$1,390.00	89.12%
2008	\$3,757.00	170.29%
2009	\$3,118.00	-17.01%

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**Free Cash Flows (in millions)**

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2006	\$593.00	
2007	\$1,428.00	140.81%
2008	\$2,337.00	63.66%
2009	\$2,813.00	20.37%

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**Required Rate of Return**

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12.90%

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**Dividend Growth Model**

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Present Value of 2015 Price	\$4.03
Holding Period Return (5 years)	-3.65%

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**Expected Annualized Return Model**

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Present Value of 2015 Price	\$17.75
Holding Period Return (5 years)	-0.71%

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**Residual Income Model**

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Intrinsic Stock Price	\$17.71
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# Analysis

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## Positives

Good financial ratios (ROE, ROA, D/E) save for the PEG ratio

## Negatives

Super high PEG ratio suggest negative expected earnings growth

## Financial Statements

Income Statement has great top and bottom line growth, margins could use some increase

Balance Sheet is great, have been decreasing Debt while raising Cash and Retained Earnings

Cash Flows are great, nice growth and little worry of Capital Expenditures

## Industry Analysis

ABB has some of the better financial numbers for its industry

Industry outlook is very much tied to global industrial growth

## Summary

ABB seems to be operating fantastically in the past couple of years yet has a negative outlook from most analyst expectations. Its financial ratios are all very solid, especially the +20% ROE for several years. Financial statements are some of the better compared to the broader market. ABB is strengthening its cash position and paying off debt, has a good book of back-logged orders, has been trimming its inventory, and growing revenues. It has a large global footprint and has benefited from industrial and infrastructure projects in developing countries, especially Brazil. Still the valuation models have the stock as being overvalued or fair valued because growth rates from analysts are very low or negative. ABB initially looks like a great company and worthy of a buy (if one favors a global recovery), yet there may be a piece of information that is incomplete (based on such a negative view from other analysts) and thus is a hold.