

ZURICH, SWITZERLAND, APRIL 19, 2018: FIRST QUARTER HIGHLIGHTS

Profitable growth

- Total orders +6%¹; up in all divisions
- Base orders +5%; up in all regions
- Revenues +1%; impacted by lower opening backlog
- Book-to-bill ratio² at 1.13x
- Operational EBITA margin² up 20bps to 12.3%
- Net income \$572 million; up excluding the gain on the cables divestment in 2017
- Cash flow from operating activities -\$518 million; solid cash delivery for the full year expected

“We started 2018 with order growth in all divisions, improved revenues and operating results. The integration of B&R is well on track and we are preparing diligently for the closing and subsequent integration of GE Industrial Solutions which we expect to happen in Q2 2018,” said ABB CEO Ulrich Spiesshofer.

“We are continuing to invest in sales, R&D and our leading digital solutions portfolio ABB Ability. With our streamlined and strengthened ABB and the transition year 2017 behind us, we have our focus firmly on our customers and relentless execution,” he added.

KEY FIGURES	CHANGE			
	Q1 2018	Q1 2017	US \$	Comparable ¹
\$ in millions, unless otherwise indicated				
Orders	9,772	8,403	+16%	+6%
Revenues	8,627	7,854	+10%	+1%
Operational EBITA ²	1,060	943	+12%	+4% ³
as % of operational revenues	12.3%	12.1%	+0.2pts	
Net Income	572	724	-21% ⁴	
Basic EPS (\$)	0.27	0.34	-21% ⁵	
Operational EPS (\$) ²	0.31	0.28	+11% ⁵	+6% ⁵
Cash flow from operating activities	-518	509	n.a.	

Short-term outlook

Macroeconomic signs are trending positively in Europe and the United States, with growth expected to continue in China. The overall global market is back to growth whilst still impacted by uncertainties in various parts of the world. Oil prices and foreign exchange translation effects are expected to continue to influence the company's results.

¹ Growth rates for orders, base orders and revenues are on a comparable basis (local currency adjusted for acquisitions and divestitures). US\$ growth rates are presented in Key Figures table.

² For non-GAAP measures, see the “Supplemental Financial Information” attachment to the press release.

³ Constant currency (not adjusted for portfolio changes).

⁴ Operational net income +10% year on year at \$669 million in Q1 2018 compared to \$607 million in prior year period.

⁵ EPS growth rates are computed using unrounded amounts. Comparable operational earnings per share is in constant currency (2014 exchange rates not adjusted for changes in the business portfolio).

Q1 2018 Group results

Orders

Total orders rose 6 percent (16 percent in US dollars), up in all divisions in the first quarter compared with a year ago. Base orders (base orders are classified as orders below \$15 million) increased 5 percent (15 percent in US dollars), reflecting growth across all regions. Large orders represented 10 percent of total orders, the same level as a year ago.

Change in US dollar exchange rates versus the prior year period resulted in a positive translation impact of 7 percent on reported orders. Changes in the business portfolio related to the acquisition of B&R off-set by divestments made in 2017 had a net positive impact of 3 percent on total reported orders. The book-to-bill ratio was 1.13x compared with 1.07x in the first quarter of 2017.

Total services orders grew 8 percent (15 percent in US dollars), representing 19 percent of total orders.

Market overview

Regional demand patterns were mainly positive in the first quarter:

- Orders in Europe benefited from rail, specialty vessel and process industry orders. Total orders in Europe were 3 percent lower (15 percent higher in US dollars), with growth in Switzerland, Norway, Spain and Germany offset by declines in France, the UK, Finland and Sweden. Base orders rose 2 percent (21 percent in US dollars).
- In the Americas total orders were stable (1 percent higher in US dollars), driven by increased demand from general industries and some improvement in process industries. Total orders in the United States were steady and orders from Brazil rose while order activity in Canada and Mexico was more muted. Base orders increased 1 percent (3 percent in US dollars).
- In Asia, Middle East and Africa (AMEA) total orders increased 20 percent (30 percent in US dollars). Base orders grew 12 percent (19 percent in US dollars). Both large and base orders developed positively in China, India and the United Arab Emirates.

In ABB's key customer segments, the following trends were observed:

- Utility customers continued to invest in grid integration, grid automation and HV products, particularly in the AMEA region.
- In industry, ABB saw steady demand for robotics and shorter cycle products, and gained traction with power grids products such as transformers. Process industries, including oil and gas and mining, improved, with higher demand for products supported by the current commodity price outlook. Large project orders in process remained subdued. An ongoing focus on select industries such as Food & Beverage, automotive and 3C (Computers, communications and consumer electronics), proved beneficial for order momentum, particularly for robotics solutions.
- Transport & infrastructure demand was solid, with good orders received for rail electrification. Selective investments were made by specialty vessel customers. Demand for building automation solutions remained healthy, supported by a number of innovative product launches. Data centers and electric vehicle charging orders continue to be strong.

Revenues

Revenues grew 1 percent (10 percent in US dollars) year on year. In the Robotics and Motion and Electrification Products divisions, revenues were well-supported by continued solid order growth. This was tempered by steady revenues in Industrial Automation and lower revenues in Power Grids due to the lower order backlog at the end of 2017 in these divisions.

Service revenues were 8 percent higher (15 percent in US dollars) and represented 18 percent of total revenues, compared with 18 percent a year ago.

Change in US dollar exchange rates versus the prior year period resulted in a positive translation impact on reported revenues of 7 percent. Changes in the business portfolio related to the acquisitions of B&R and the divestments made in 2017 had a net positive effect of 2 percent on total reported revenues.

Operational EBITA

Operational EBITA was \$1,060 million, 4 percent higher in local currencies (12 percent in US dollars). The operational EBITA was supported by net savings and positive volume and mix, partly offset by commodity prices. ABB continued to reinvest savings in growth over the quarter. The reported operational EBITA margin for the quarter improved to 12.3 percent, an expansion of 20 basis points when compared to the prior year period.

Net income, basic and operational earnings per share

Net income was \$572 million, 21 percent lower in US dollars. Excluding non-operating items, which in the first quarter of 2017 included a gain from the divestment of the cables business, ABB's operational net income² was \$669 million, an increase of 10 percent in US dollars. Basic earnings per share of \$0.27 was 21 percent lower compared with the first quarter of 2017. Operational earnings per share of \$0.31 was 11 percent higher, and 6 percent higher in constant currency terms⁵.

Cash flow from operating activities

Cash flow from operating activities was -\$518 million, compared to \$509 million in the prior year period. The lower outcome relative to a year ago was mainly driven by the timing of employee incentive payments, which in 2017 were paid in the second quarter, timing of cash flows for large projects, payables and receivables, as well as the timing of tax payments. ABB expects strong cash flow from operating activities in the second quarter and solid cash delivery for the full year.

Q1 divisional performance

(\$ in millions, unless otherwise indicated)	Orders	CHANGE		3 rd party base orders	CHANGE		Revenues	CHANGE		Op EBITA %	CHANGE
		US\$	Compa-rable ¹		US\$	Compa-rable ¹		US\$	Compa-rable ¹		
Power Grids	2,480	+7%	+1%	1,992	+13%	+7%	2,385	+1%	-4%	9.7%	-0.2pts
Electrification Products	2,786	+10%	+3%	2,647	+12%	+5%	2,494	+9%	+2%	15.2%	+1.1pts
Industrial Automation	2,117	+26%	+4%	1,787	+24%	+0%	1,859	+23%	0%	14.1%	+0.4pts
Robotics and Motion	2,579	+18%	+11%	2,313	+16%	+9%	2,209	+15%	+8%	15.3%	+0.5pts
Corporate & other (incl. inter-division elimination)	-190			12			-320				
ABB Group	9,772	+16%	+6%	8,751	+15%	+5%	8,627	+10%	+1%	12.3%	+0.2pts

Effective January 1, 2018, management responsibility and oversight of certain remaining engineering, procurement and construction (EPC) business, previously included in the Power Grids, Industrial Automation, Robotics and Motion operating segments, were transferred to a new non-core operating business within Corporate and Other. Previously reported amounts have been reclassified consistent with this new structure.

Power Grids

Third-party base order momentum continued, increasing 7 percent (13 percent in US dollars). Service orders also grew, contributing to total order growth of 1 percent (7 percent in US dollars). The division booked several large orders which partially offset a tough comparable from the prior year, which included a very large order for an HVDC link between the UK and France. Revenues were 4 percent lower (1 percent higher in US dollars) impacted by the lower order backlog at the end of 2017. The operational EBITA margin of 9.7 percent for the quarter was 20 basis points lower year-on-year, reflecting lower revenue and mix effects in addition to ongoing investment in the division's Power Up transformation initiatives.

Electrification Products

Total orders improved 3 percent (10 percent in US dollars) and third-party base orders rose 5 percent (12 percent in US dollars), despite two fewer working days in certain key markets during the quarter. Revenues increased 2 percent (9 percent in US dollars) compared to the same period in 2017. Operational EBITA increased 6 percent, with the margin expanding 110 basis points year on year to 15.2 percent, driven mainly by volume growth, pricing improvements and sustained cost control.

Industrial Automation

Total orders improved 4 percent on a comparable basis driven by service and selective investment for mining and specialty marine vessel solutions. Third-party base orders were steady in the quarter from the high level in the first quarter of 2017. Including B&R and currency effects, total order growth was 26 percent and third-party base order growth was 24 percent compared to the prior year period. Revenues reflect strong base business performance which mitigated the order backlog in the quarter. The operational EBITA margin of 14.1 percent, up 40 basis points, improved primarily due to positive mix, successful project execution and cost savings.

Robotics and Motion

Order growth was reported across all segments and regions in the quarter. Total orders increased 11 percent (18 percent in US dollars) and third-party base orders improved 9 percent (16 percent in US dollars). Revenues increased 8 percent (15 percent in US dollars) on strong execution of the order backlog. Operational EBITA margin was 15.3 percent, up 50 basis points year on year. Improved volumes and mix were aided by focused growth efforts and stronger markets, which in turn improved under-absorption along with better cost control.

Next Level strategy

ABB has been executing its Next Level strategy since 2014 through the three focus areas of profitable growth, relentless execution and business-led collaboration. During this time ABB has transitioned its portfolio and operations into a market-orientated, focused, leaner company. ABB today offers two clear value propositions, bringing electricity from any power plant to any plug and automating industries from natural resources to finished products. ABB is driving profitable growth through four entrepreneurial divisions, continuing to invest in sales, R&D and its leading digital solutions portfolio, ABB Ability™. ABB's operating model puts the focus of ABB's divisions firmly on operational execution, with stronger links between compensation and delivery of operational performance. Along with improving market dynamics, ABB is better positioned in a better market.

Profitable growth

As part of the drive towards profitable growth ABB continues to expand its ABB Ability™ solutions portfolio, which currently includes more than 210 ABB Ability™ solutions. During the quarter, ABB secured multiple new orders utilizing ABB Ability™ solutions including an order to upgrade two critical HVDC links in Australia and an order from the City of Trondheim in Norway for an electric vehicle charging solution.

ABB aims to create value through ongoing portfolio management. The integration of B&R into ABB's Industrial Automation division to form its global Machine & Factory Automation business unit is now well advanced and on track to increase mid-term revenues in the business unit to a target of more than \$1 billion. Building on the integration of B&R, ABB has announced a €100 million investment to build a state-of-the-art research center in Eggelsberg, Austria. The new campus will go into operation during 2020.

Work to secure regulatory approvals to acquire GE Industrial Solutions (GE-IS) continues and the transaction is on track to close by the end of the second quarter.

Relentless execution

Further to the completion of the business model change for EPC a Non-Core business unit has been established within Corporate & Other effective January 1, 2018, reporting directly to the CFO to manage the resolution of remaining EPC activities.

ABB is building on the achievements of the 1,000-day programs that were completed at the end of 2017 with a continued strong focus on Supply Chain Management and Operations Quality. The group continues to deliver net cost savings, outpacing commodity effects and supporting the group's ongoing aim of offsetting three to five per cent of the group's cost of sales each year. The group efforts on quality and operations continue with a focus on world-class efficiency and effectiveness across ABB, including supporting ABB's divisions to implement the extensive program of Lean Six Sigma projects under way across ABB.

Business-led collaboration

ABB continues to strengthen its brand. Effective March 1, 2018, ABB integrated Baldor Electric Company into its global ABB brand as part of the strategy to create a unified brand.

In January, ABB announced a ground breaking partnership agreement with the Formula E electric car motor racing series, now known as the "ABB FIA Formula E Championship". Formula E serves as a competitive platform to develop and test e-mobility-relevant electrification and digitalization technologies.

Bond issuance

To maintain the efficiency of its capital funding structure, ABB closed a \$1.5 billion bond issue in the United States on April 3, 2018, consisting of three tranches with maturities of 2, 5 and 10 years. Net proceeds of the issue are planned to be used for general corporate purposes, including the funding of the GE-IS transaction.

Short- and long-term outlook

Macroeconomic signs are trending positively in Europe and the United States, with growth expected to continue in China. The overall global market is back to growth whilst still impacted by uncertainties in various parts of the world. Oil prices and foreign exchange translation effects are expected to continue to influence the company's results.

The attractive long-term demand outlook in ABB's three major customer sectors – utilities, industry and transport & infrastructure – is driven by the Energy and Fourth Industrial Revolutions. ABB is well-positioned to tap into these opportunities for long-term profitable growth with its strong market presence, broad geographic and business scope, technology leadership and financial strength.

More information

The Q1 2018 results press release and presentation slides are available on the ABB News Center at www.abb.com/news and on the Investor Relations homepage at www.abb.com/investorrelations.

ABB will host a media call today starting at 10:00 a.m. Central European Time (CET) (9:00 a.m. BST, 4:00 a.m. EDT). The event will be accessible by conference call. The media conference call dial-in numbers are:

UK +44 207 107 0613

Sweden +46 85 051 00 31

Rest of Europe, +41 58 310 50 00

US and Canada +1 866 291 41 66 (toll-free) or +1 631 570 56 13 (long-distance charges)

Lines will be open 10-15 minutes before the start of the call.

A conference call and webcast for analysts and investors is scheduled to begin today at 2:00 p.m. CET (1:00 p.m. BST, 8:00 a.m. EST). Callers are requested to phone in 10 minutes before the start of the call. The analyst and investor conference call dial-in numbers are:

UK +44 207 107 0613

Sweden +46 85 051 00 31

Rest of Europe, +41 58 310 50 00

US and Canada +1 866 291 41 66 (toll-free) or +1 631 570 56 13 (long-distance charges)

The call will also be accessible on the ABB website at: <http://new.abb.com/investorrelations/first-quarter-2018-results-webcast>. A recorded session will be available as a podcast one hour after the end of the conference call and can be downloaded from our website.

ABB (ABBN: SIX Swiss Ex) is a pioneering technology leader in electrification products, robotics and motion, industrial automation and power grids, serving customers in utilities, industry and transport & infrastructure globally. Continuing a history of innovation spanning more than 130 years, ABB today is writing the future of industrial digitalization with two clear value propositions: bringing electricity from any power plant to any plug and automating industries from natural resources to finished products. As title partner of Formula E, the fully electric international FIA motorsport class, ABB is pushing the boundaries of e-mobility to contribute to a sustainable future. ABB operates in more than 100 countries with about 135,000 employees. www.abb.com

INVESTOR CALENDAR 2018/2019

Second quarter 2018 results	July 19, 2018
Third quarter 2018 results	October 25, 2018
Fourth quarter and full year 2018 results	February 2019

Important notice about forward-looking information

This press release includes forward-looking information and statements as well as other statements concerning the outlook for our business, including those in the sections of this release titled “Short-term outlook”, “Next Level strategy” and “Short- and long-term outlook”. These statements are based on current expectations, estimates and projections about the factors that may affect our future performance, including global economic conditions, the economic conditions of the regions and industries that are major markets for ABB Ltd. These expectations, estimates and projections are generally identifiable by statements containing words such as “expects,” “believes,” “estimates,” “targets,” “plans,” “is likely”, “intends”, “is on track” or similar expressions. However, there are many risks and uncertainties, many of which are beyond our control, that could cause our actual results to differ materially from the forward-looking information and statements made in this press release and which could affect our ability to achieve any or all of our stated targets. The important factors that could cause such differences include, among others, business risks associated with the volatile global economic environment and political conditions, costs associated with compliance activities, market acceptance of new products and services, changes in governmental regulations and currency exchange rates and such other factors as may be discussed from time to time in ABB Ltd’s filings with the U.S. Securities and Exchange Commission, including its Annual Reports on Form 20-F. 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.

Zurich, April 19, 2018

Ulrich Spiesshofer, CEO

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