


Q1 2022**First three months
Press Release**

Ad hoc Announcement pursuant to Art. 53 Listing Rules of SIX Swiss Exchange

ZURICH, SWITZERLAND, APRIL 21, 2022

Q1 2022 results**Solid performance in an uncertain environment**

- Orders \$9.4 billion, +21%; comparable¹ +28%
- Revenues \$7.0 billion, +1%; comparable +7%
- Income from operations \$857 million; margin 12.3%
- Operational EBITA¹ \$997 million; margin¹ 14.3%
- Basic EPS \$0.31; 25%²
- Cash flow from operating activities -\$573 million; cash flow from operating activities in continuing operations -\$564 million

KEY FIGURES

(\$ millions, unless otherwise indicated)	Q1 2022	Q1 2021	CHANGE	
			US\$	Comparable ¹
Orders	9,373	7,756	21%	28%
Revenues	6,965	6,901	1%	7%
Gross Profit	2,281	2,268	1%	
as % of revenues	32.7%	32.9%	-0.2 pts	
Income from operations	857	797	8%	
Operational EBITA ¹	997	959	4%	8% ³
as % of operational revenues ¹	14.3%	13.8%	+0.5 pts	
Income from continuing operations, net of tax	643	551	17%	
Net income attributable to ABB	604	502	20%	
Basic earnings per share (\$)	0.31	0.25	25% ²	
Cash flow from operating activities ⁴	(573)	543	n.a.	
Cash flow from operating activities in continuing operations	(564)	523	n.a.	

¹ For a reconciliation of non-GAAP measures, see "supplemental reconciliations and definitions" in the attached Q1 2022 Financial Information.

² EPS growth rates are computed using unrounded amounts.

³ Constant currency (not adjusted for portfolio changes).

⁴ Amount represents total for both continuing and discontinued operations.

"ABB has started the year with a promising performance in the face of multiple external uncertainties. I expect this year to result in improving profitability, solid cash flow and execution of our planned portfolio activities."

Björn Rosengren, CEO

CEO summary

In the first quarter, we witnessed the start of the war in Ukraine – a human tragedy – and consequently one of our key priorities was to ensure the safety and wellbeing of our people. In an effort to support the people of Ukraine, we have made a significant donation to the International Committee of the Red Cross. Prior to suspending the intake of any new orders in Russia it represented only 1-2% of ABB revenues.

Customer activity was strong throughout the quarter, resulting in the very high order growth of 21% year-on-year (28% comparable). Most major customer segments and regions developed favorably and three out of four business areas reported high double-digit growth. Notably, the high order intake was driven by high general customer activity and not by large orders, and includes a de-booking of approximately \$190 million in Process Automation.

We saw an increase in revenues which improved by 1% (7% comparable), supported by a positive development in all business areas except for Robotics & Discrete Automation, which was hampered by component shortages. The order backlog increased to \$18.9 billion at the end of the period, up by 28% year-on-year (32% comparable). The zero-Covid strategy in China had no material impact on our ability to fulfill customer deliveries in the first quarter. That said, we are monitoring the situation and although difficult to quantify, we do not rule out somewhat of an adverse near-term impact on operations due to the local lock-downs.

In total, we achieved an Operational EBITA margin of 14.3%. Due to the support from higher volumes and successful pricing activities we managed to offset the adverse impacts from cost inflation, primarily related to raw materials, certain components, logistics and tight labor markets. In addition, the result was supported by low costs in Corporate & Other. As a reminder, last year's Operational EBITA margin of 13.8%, was positively impacted by 30 basis points from the recently divested Mechanical Power Transmission business. Looking at the underlying operations, I am pleased that we were able to slightly improve the Operational EBITA margin in the current environment of inflation and strained value chain. This reflects that our hard work towards increased accountability, transparency and speed is yielding results.

Cash flow from operating activities, amounted to -\$573 million. As expected, it declined compared with last year, but the drop was sharper than anticipated due primarily to a higher-than-expected build-up of net working capital, to support deliveries from the order backlog. Cash delivery will clearly be in focus going forward and I expect a solid full-year cash flow.

We made overall good progress towards our 2030 sustainability goals in 2021, as publicized in our Sustainability Report in March. As an example, we reduced our own CO2e emissions by 39%, from the 2019 baseline. Additionally, our products, services and solutions sold last year will enable our customers to reduce their CO2e emissions by 11.5 megatons after the first year, which is a good start towards our target of more than 100 megatons by 2030.

We made progress with the portfolio activities. We plan for an exit of the Turbocharging business, although the geo-political uncertainties caused us to delay the final decision on a spin-off or sale to the second quarter. Preparing for the separation, we launched the new company name and brand – Accelleron. For the E-mobility business, our plan for a separate listing during the second quarter remains intact, assuming constructive market conditions.

I look forward to the impacts of the leadership exchange in Electrification and Motion. I have great confidence in both Tarak and Morten and expect them to continue to improve operational performance for both growth and profitability. The change was effective as of April 1.

Finally, I am pleased we announced a continuation of share buybacks of up to \$3 billion, including the fulfillment of the promise to return the remaining \$1.2 billion of proceeds related to the divestment of Power Grids. This new buyback program was launched on April 1.



Björn Rosengren
CEO

Outlook

In the **second quarter of 2022**, ABB anticipates the underlying market activity to remain broadly similar compared with the prior quarter. Revenues in the second quarter tend to be sequentially stronger in absolute terms, supporting a slight sequential margin increase, assuming no escalation of lock-downs in China.

In **full-year 2022**, we expect a steady margin improvement towards the 2023 target of at least 15%, supported by increased efficiency as we fully incorporate the decentralized operating model and performance culture in all our divisions. Furthermore, we expect support from an anticipated positive market momentum and our strong order backlog.

Orders and revenues

Business momentum in the first quarter was very strong, supported by most major customer segments. This generated a strong positive order development in all business areas, despite a smaller contribution from large orders compared with the prior year and the order de-booking to the amount of \$190 million in the European region. There were no unusual order cancellations. Service-related orders increased by 10% (15% comparable). In total, order intake improved by 21% (28% comparable) to \$9,373 million, the highest quarterly level in recent years.

The positive development was very strong in the segments of machine building, food & beverage and in general industries as well as in the automotive segment due to broadly accelerating investments in the EV segment.

In transport and infrastructure, there was a very strong order development across the renewables and e-mobility business. The buildings segment improved in both the residential and non-residential segments. In the marine segment a positive development was noted for cruising as well as general marine & port demand. The process-related business improved across the customer segments, except for a stable development in power generation.

From a geographical perspective, orders increased by more than 20% in all three regions, on a comparable basis. Orders in Europe increased by 14% (24% comparable). Americas improved by 29% (40% comparable), supported by a stellar 33% (46% comparable) growth in the United States. In Asia, Middle East and Africa orders increased by 22% (24% comparable), with China outperforming the region as whole as it improved by 28% (26% comparable).

Compared with the fourth quarter, the level of component constraints remained broadly similar and as expected, except for a somewhat worse than anticipated development in Robotics & Discrete Automation where customer deliveries were delayed due to semiconductor shortages. The sharp revenue decline in Robotics & Discrete Automation was however more than offset by strong comparable improvements in the other business areas. ABB Group revenues increased by 1% (7% comparable) to \$6,965 million, supported by both volume growth and good pricing execution, but adversely impacted by changed exchange rates.

Growth

	Q1 Orders	Q1 Revenues
Change year-on-year		
Comparable	28%	7%
FX	-4%	-3%
Portfolio changes	-3%	-3%
Total	21%	1%

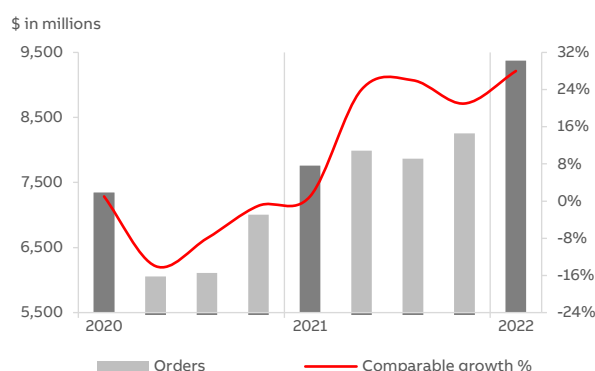
Orders by region

(\$ in millions, unless otherwise indicated)	Q1 2022	Q1 2021	CHANGE	
			US\$	Comparable
Europe	3,534	3,102	14%	24%
The Americas	2,897	2,247	29%	40%
Asia, Middle East and Africa	2,942	2,407	22%	24%
ABB Group	9,373	7,756	21%	28%

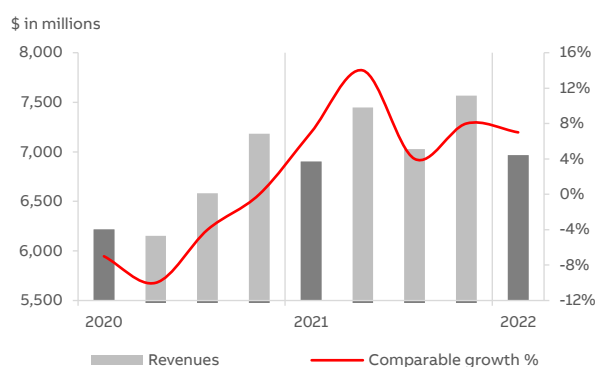
Revenues by region

(\$ in millions, unless otherwise indicated)	Q1 2022	Q1 2021	CHANGE	
			US\$	Comparable
Europe	2,518	2,551	-1%	7%
The Americas	2,169	2,043	6%	15%
Asia, Middle East and Africa	2,278	2,307	-1%	0%
ABB Group	6,965	6,901	1%	7%

Orders



Revenues



Earnings

Gross profit

Gross margin decreased to 32.7%, a slight decline of 20 basis points year-on-year, primarily due to the divestment of Mechanical Power Transmission, but to some extent also to a decline in Robotics & Discrete Automation. Gross profit improved slightly by 1% to \$2,281 million.

Income from operations

Income from operations amounted to \$857 million, improving by \$60 million, or 8%. The improvement was mainly driven by operational performance, lower restructuring charges and changes in obligations related to divested businesses, which more than offset increased acquisition- and divestment-related costs.

Operational EBITA

Operational EBITA of \$997 million was 4% higher (8% constant currency) year-on-year, with the increased profit in Process Automation as the main driver. Profitability in both Motion and Process Automation improved, while it declined in Electrification and Robotics & Discrete Automation.

The Operational EBITA margin increased by 50 basis points to 14.3%, supported by higher profitability in operations and improved Operational EBITA in Corporate and Other, which was up by \$69 million to -\$32 million. Last year's Operational EBITA margin for the first quarter was 13.8%, positively impacted by 30 basis points from the divested Mechanical Power Transmission business.

Earnings were positively impacted by higher volumes and successful pricing activities, which combined more than offset the adverse effects from cost inflation primarily related to raw materials, certain components, logistics and tight labor market. Selling, general and administrative (SG&A) expenses decreased slightly by 2% (up 2% in constant currency), the combined impact from increased sales costs to support the high demand environment and a decrease in General & Administrative expenses.

Net finance expenses

Net finance expenses declined to \$9 million from \$44 million, primarily reflecting lower foreign exchange losses and lower interest charges on borrowings as well as a reduction in certain income tax-related risks.

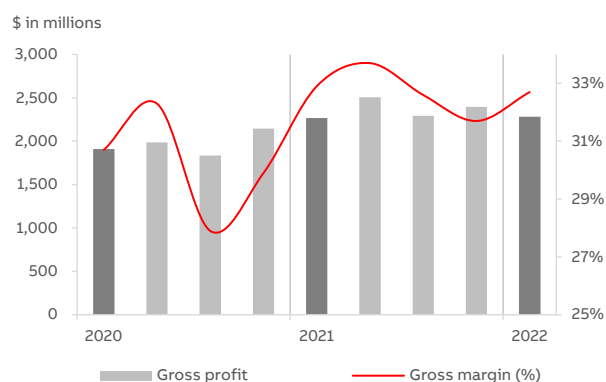
Income tax

Income tax expense was \$241 million with an effective tax rate of 27.3%, including \$61 million in negative tax impacts related to the separation of E-mobility and Turbocharging businesses.

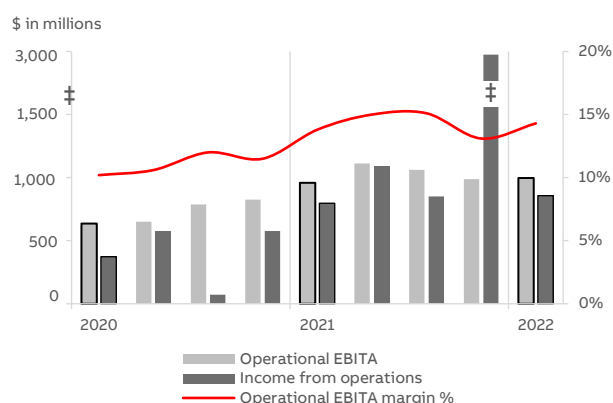
Net income and earnings per share

Net income attributable to ABB was \$604 million and increased 20% from last year, mainly due to increased earnings in continuing operations and lower net finance expenses. Consequently, basic earnings per share was \$0.31, and increased from \$0.25, year-on-year.

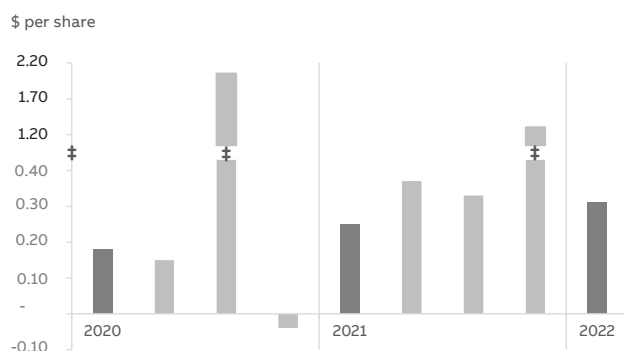
Gross profit & Gross margin



Income from operations & Operational EBITA



Basic EPS



Balance sheet & Cash flow

Net working capital

Net working capital amounted to \$3,461 million, increasing both year-on-year from \$2,904 million and sequentially from \$2,303 million. The sequential increase was driven primarily by inventories to support future deliveries to the strong market demand, as well as receivables. Net working capital as a percentage of revenues¹ was 12.1%.

Capital expenditures

Purchases of property, plant and equipment and intangible assets amounted to \$187 million, somewhat higher than expected driven mainly by Electrification and Motion.

Net debt

Net debt¹ amounted to \$2,772 million at the end of the quarter, and increased from \$1,233 million, year-on-year. Sequentially, the net cash position of \$98 million changed to a net debt position, as increased debt more than offset increased Cash & equivalents, including paid dividend.

Cash flows

Cash flow from operating activities in continuing operations was -\$564 million and declined year-on-year from \$523 million. The quarterly year-on-year decline was driven by a higher build-up of trade net working capital, mainly related to inventories to support future deliveries on the high order intake as well as receivables, but also by higher pay-out of incentives due to the strong financial performance in 2021. It also reflects approximately \$170 million of cash paid for income taxes relating to the E-mobility and Turbocharging separations. ABB expects a solid cash flow delivery in 2022.

Share buyback program

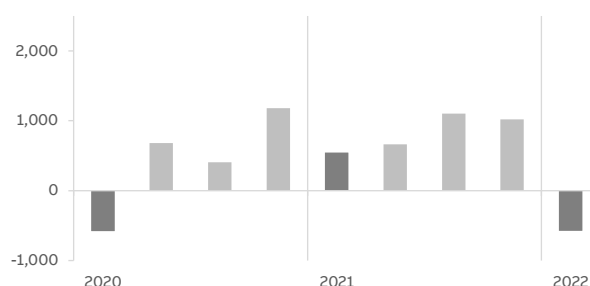
ABB launched a new share buyback program of up to \$3 billion on April 1. As part of this program, ABB intends to return to its shareholders the remaining \$1.2 billion of the \$7.8 billion of cash proceeds from the Power Grids divestment. Shares are being repurchased on the second trading line. To conclude the previous buyback program, 31,438,500 shares were repurchased in the first quarter for the amount of approximately \$1 billion. The total number of ABB Ltd's issued shares is 2,053,148,264, including those approved for cancellation at ABB's 2022 AGM.

(\$ millions, unless otherwise indicated)	Mar. 31 2022	Mar. 31 2021	Dec. 31 2021
Short term debt and current maturities of long-term debt	3,114	1,336	1,384
Long-term debt	6,171	5,619	4,177
Total debt	9,285	6,955	5,561
Cash & equivalents	5,216	3,466	4,159
Restricted cash - current	30	72	30
Marketable securities and short-term investments	967	1,884	1,170
Restricted cash - non-current	300	300	300
Cash and marketable securities	6,513	5,722	5,659
Net debt (cash)*	2,772	1,233	(98)
Net debt (cash)* to EBITDA ratio	0.42	0.4	(0.01)
Net debt (cash)* to Equity ratio	0.20	0.09	(0.01)

* At Mar. 31, 2022, Mar. 31, 2021 and Dec. 31, 2021, net debt(cash) excludes net pension (assets)/liabilities of \$(13) million, \$684 million and \$45 million, respectively.

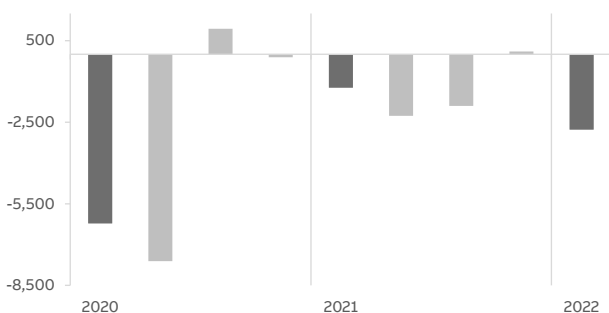
Cash flow from operating activities

\$ in millions

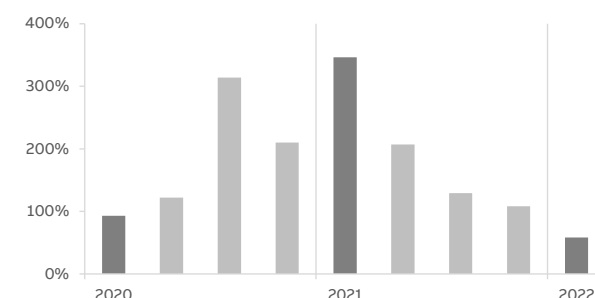


Net Cash (Net Debt) position

\$ in millions



Free cash flow conversion to net income¹, R12M



Electrification



Orders and revenues

Demand was very strong across all customer segments in the first quarter, resulting in an order growth of 25% (29% comparable) to \$4,397 million, the highest level in recent history. Book-to-bill was 1.3 and the order backlog extended to a record level of \$6.5 billion.

- All divisions reported double-digit order growth, including the newly established Service division. Momentum was clearly strongest in E-mobility, which more than doubled its orders.
- All customer segments contributed strongly to the high order intake.
- Orders increased at a steep double-digit growth rate of 24% (35% comparable) in Europe, and by 42% (42% comparable) in the Americas, including a 50% improvement in the United States. Asia, Middle East and Africa increased by 6% (7% comparable) supported by an 11% (9% comparable) increase in China.
- Revenues improved by 6% (10% comparable) to \$3,327 million, with strong contribution from pricing actions, although hampered by low volumes in the largest division, Distribution Solutions, where customer deliveries were adversely impacted by a tight supply chain. Double-digit growth rates were reported in both

Growth

	Q1 Orders	Q1 Revenues
Change year-on-year		
Comparable	29%	10%
FX	-4%	-4%
Portfolio changes	0%	0%
Total	25%	6%

the Americas and Europe, while Asia, Middle East and Africa improved at a mid-single digit rate.

During the quarter, a new service division was formed through internal reorganization. Transparency will improve by moving the service business mainly out of Distribution Solutions, with the aim to increase focus on its operational performance.

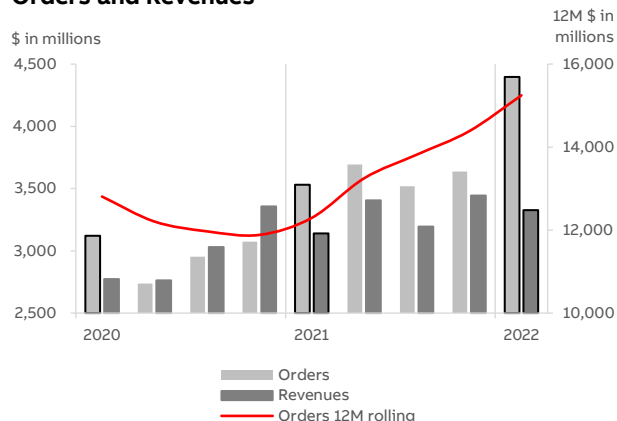
Profit

The Operational EBITA was \$510 million, remaining stable, while it improved by 5% in constant currency, which on higher revenues resulted in a margin decline of 80 basis points to 15.4%.

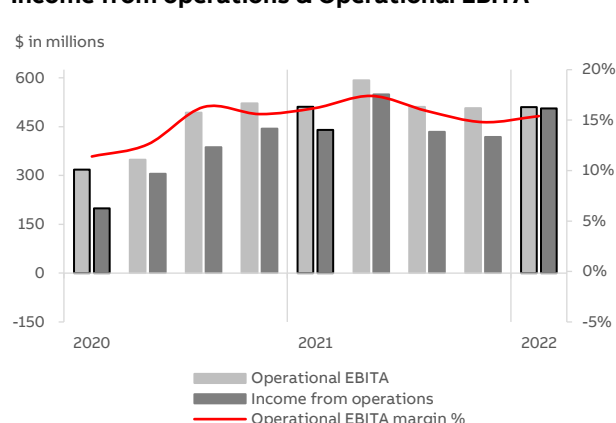
- The strained supply chain impacted the largest division, Distribution Solutions, due to its large systems sales. This and the impacts from cost inflation - mainly driven by higher raw material costs as the previous year period benefited from raw material hedges at lower price point - more than offset the benefits from higher volumes, pricing and operational efficiencies, year-on-year.

(\$ millions, unless otherwise indicated)	CHANGE			
	Q1 2022	Q1 2021	US\$	Comparable
Orders	4,397	3,531	25%	29%
Order backlog	6,504	4,699	38%	42%
Revenues	3,327	3,140	6%	10%
Operational EBITA	510	511	0%	
as % of operational revenues	15.4%	16.2%	-0.8 pts	
Cash flow from operating activities	39	319	-88%	
No. of employees (FTE equiv.)	50,860	50,990		

Orders and Revenues



Income from operations & Operational EBITA



Motion



Orders and revenues

Order intake increased by 15% (32% comparable) to \$2,202 million, the highest level for several years, despite the full impact from the divestment of Mechanical Power Transmission (Dodge) as well as a smaller contribution from large orders, year-on-year.

- Customer activity was high in all segments and all divisions contributed strongly to order growth, except for Traction which faced a high comparable from last year.
- Demand was strong in all major regions. Orders increased by 18% (31% comparable) in Europe and by 27% (29% comparable) in Asia, Middle East and Africa. The Americas reported largely stable orders (up 34% comparable) mainly due to the divestment of Dodge.
- The divestment of Dodge weighed on reported revenue growth which decreased by 6% (up 9% comparable). Supply chain constraints eased somewhat sequentially, not least due to the implemented redesigns and validating of alternative

Growth

Change year-on-year	Q1 Orders	Q1 Revenues
Comparable	32%	8%
FX	-5%	-4%
Portfolio changes	-12%	-10%
Total	15%	-6%

suppliers. Most of the divisions contributed to the comparable revenue growth.

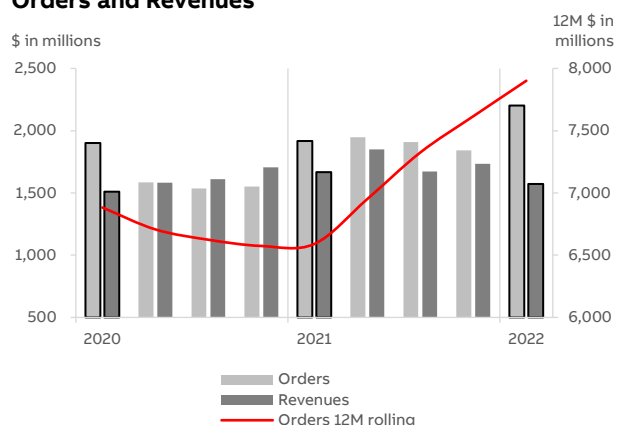
Profit

Despite the divestment of the high margin Dodge business, the Operational EBITA margin increased by 30 basis points to 17.4%. Operational EBITA amounted to \$274 million.

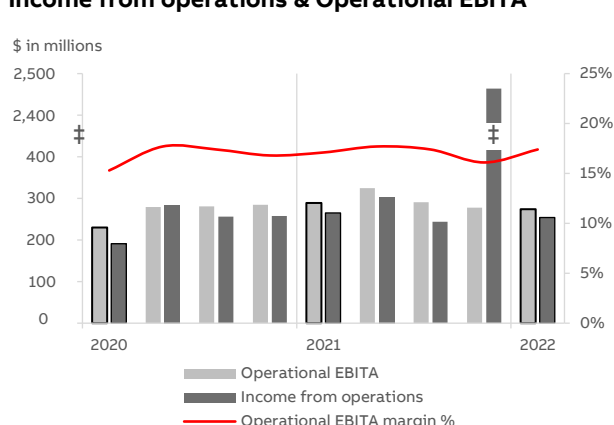
- The impacts from higher volumes and strong pricing execution more than offset the adverse impacts from cost inflation, mainly related to raw materials and freight.
- The divestment of the Dodge business had an adverse impact of 90 basis points on the Operational EBITA margin, year-on-year.

(\$ millions, unless otherwise indicated)	Q1 2022	Q1 2021	CHANGE	
			US\$	Comparable
Orders	2,202	1,917	15%	32%
Order backlog	4,317	3,419	26%	32%
Revenues	1,572	1,667	-6%	9%
Operational EBITA	274	289	-5%	
as % of operational revenues	17.4%	17.1%	+0.3 pts	
Cash flow from operating activities	(2)	324	n.a.	
No. of employees (FTE equiv.)	20,330	20,980		

Orders and Revenues



Income from operations & Operational EBITA



Process Automation



Orders and revenues

On generally strong markets, the order intake increased by 2% (6% comparable) and amounted to \$1,692 million, despite the order de-booking valued at approximately \$190 million booked in Europe.

- Demand was strong across most customer segments, with a particularly strong development in the marine and mining & metals segment. Only the power generation segment remained stable. Service orders increased by 7% (12% comparable).
- The order de-booking triggered a decline of 25% (20% comparable) in total order growth in Europe. However, steep order growth was reported in both the Americas, 22% (23% comparable) and in Asia, Middle East and Africa, 28% (31% comparable).
- Revenues increased by 7% (11% comparable), supported by a positive development in most divisions and with higher-than-expected deliveries towards the end of the quarter as the adverse impact of semi-conductor shortages were somewhat lower than anticipated.

Growth

Change year-on-year	Q1 Orders	Q1 Revenues
Comparable	6%	11%
FX	-4%	-4%
Portfolio changes	0%	0%
Total	2%	7%

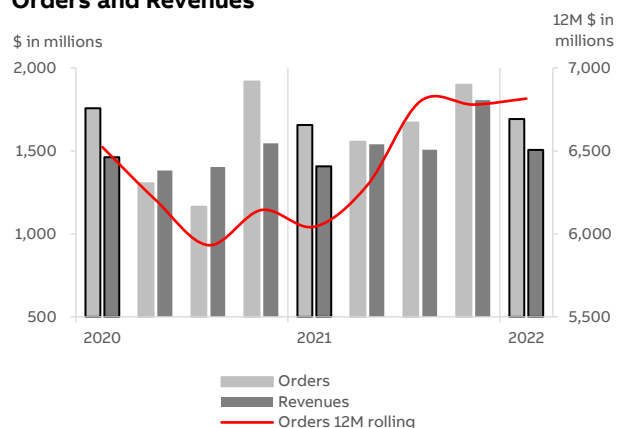
Profit

All divisions reported double-digit Operational EBITA margin with both earnings and profitability improvements noted in most divisions, year-on-year. In total, the business area's Operational EBITA increased by 26%, to \$196 million, and the Operational EBITA margin improved to 13.0% from 11.0%.

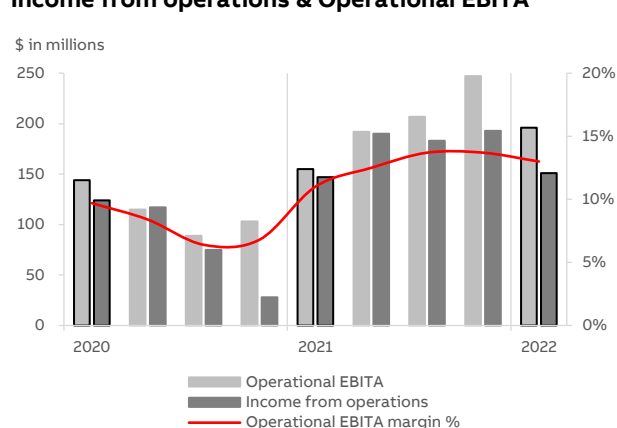
- The earnings and margin increases were driven by higher volumes and efficiency measures, which more than offset cost inflation mainly in freight and a slight negative divisional mix.
- Impacts on profitability from component shortages were limited in the period, although may increase as the year progresses.

(\$ millions, unless otherwise indicated)	CHANGE			
	Q1 2022	Q1 2021	US\$	Comparable
Orders	1,692	1,656	2%	6%
Order backlog	6,190	5,900	5%	7%
Revenues	1,506	1,407	7%	11%
Operational EBITA	196	155	26%	
as % of operational revenues	13.0%	11.0%	+2 pts	
Cash flow from operating activities	60	233	-74%	
No. of employees (FTE equiv.)	21,920	22,000		

Orders and Revenues



Income from operations & Operational EBITA



Robotics & Discrete Automation



Orders and revenues

Order intake reached the highest quarterly level for several years and amounted to \$1,308 million, up by 56% (60% comparable), year-on-year. Revenues on the other hand declined by 14% (12% comparable) to \$730 million, materially hampered by component shortages. Consequently, order backlog increased to the high level of \$2.5 billion, and although the supply chain is expected to remain strained, the first quarter should have marked the low point for Robotics & Discrete Automation.

- The steep order growth was driven by very strong momentum in both Robotics and Machine Automation with contribution from a strong base business as well as from large orders in Robotics. All customer segments increased at a double-digit growth rate, with particularly strong momentum in automotive – driven by EV investments in China, general industry and machine builders.
- All major regions benefited from a very strong order momentum. Europe increased by 40% (49% comparable) and the Americas close to doubled at 89% (89% comparable). Asia, Middle East and Africa improved by

Growth

Change year-on-year	Q1 Orders	Q1 Revenues
Comparable	60%	-12%
FX	-6%	-3%
Portfolio changes	2%	1%
Total	56%	-14%

67% (66% comparable) with China growth reported at 96% (93% comparable).

- Revenues in both divisions were adversely impacted by delayed customer deliveries due to component shortages, primarily related to semi-conductors. The supply situation deteriorated somewhat sequentially. Despite the protracted delivery times, there were no cancellations. The COVID-related lock-downs in China had no significant impact in the first quarter, but some effects on the business area's operations are anticipated in the second quarter on the Shanghai manufacturing site.

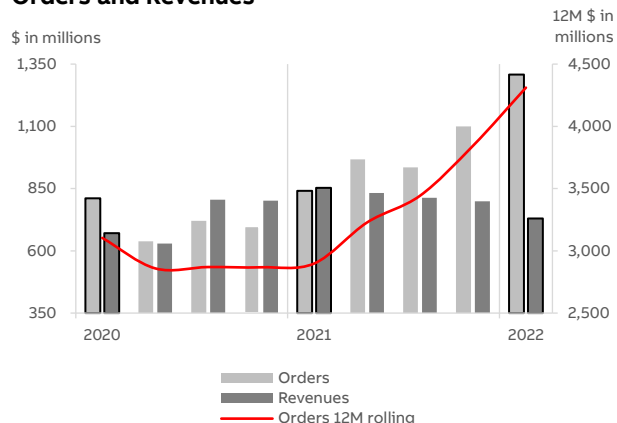
Profit

Both profit and profitability declined year-on-year due to the low volumes and cost inflation linked to the tight supply chain. Operational EBITA declined by 53% with a margin deterioration of 570 basis points.

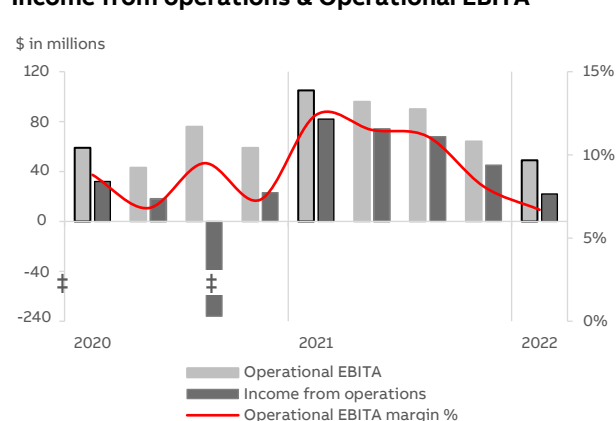
- In total, the decline in volumes triggered underabsorption of fixed costs, which combined with cost inflation related to freight and input costs more than offset the contribution from cost measures and positive price execution, year-on-year.

(\$ millions, unless otherwise indicated)	Q1 2022	Q1 2021	CHANGE	
			US\$	Comparable
Orders	1,308	841	56%	60%
Order backlog	2,495	1,362	83%	86%
Revenues	730	853	-14%	-12%
Operational EBITA	49	105	-53%	
as % of operational revenues	6.7%	12.4%	-5.7 pts	
Cash flow from operating activities	(29)	111	n.a.	
No. of employees (FTE equiv.)	10,690	10,290		

Orders and Revenues



Income from operations & Operational EBITA



Sustainability



Quarterly highlights

- ABB adopted the United Nations (UN) Women's Empowerment Principles to promote gender equality and women's empowerment in the workplace, marketplace and community. As part of further promoting an inclusive culture, more than 7,500 senior managers at ABB have taken part in unconscious bias training.
- ABB released its Sustainability Report 2021, outlining the achievements of the company under the four pillars of its ambitious 2030 sustainability strategy. Notably, ABB made strong progress on its way towards reaching carbon neutrality in its own operations by 2030 as it reduced its CO₂ emissions by 39 percent in 2021 vs. 2019.
- ABB has entered into an agreement with leading global transport solutions provider, Scania, to provide a comprehensive range of robotic solutions for Scania's new highly automated battery assembly plant in Sweden. The new facility will be a key milestone on Scania's journey towards the electrification of heavy vehicles.

Q1 outcome

- 27% reduction of CO₂ emissions in own operations year-on-year
- 21% year-on-year increase in LTIFR due to a slight increase in absolute lost time incidents as COVID-related restrictions loosened and less contractor hours booked for March
- 3%-points increase in number of women in senior management supported by targeted initiatives across all business areas

- ABB and Ballard Power Systems (Ballard) have joined forces in an industry-first partnership to develop high-power fuel cell concept capable of generating 3 megawatts (4,000 HP) of electrical power. The aim is to make zero-emission hydrogen fuel cell technology commercially available for larger ships.

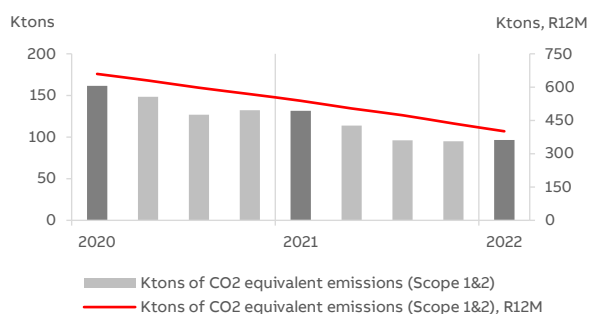
Story of the quarter

ABB published the findings of a new global study of international business and technology leaders on industrial transformation, looking at the intersection of digitalization and sustainability. The study, "Billions of better decisions: industrial transformation's new imperative," examines the current take-up of the Industrial Internet of Things (IIoT) and its potential for improving energy efficiency, lowering greenhouse gas emissions and driving change. With more than 70 percent of ABB's R&D resources dedicated to digital and software innovations, and a robust ecosystem of digital partners, including Microsoft, IBM and Ericsson, the company has established a leading presence in Industrial IIoT.

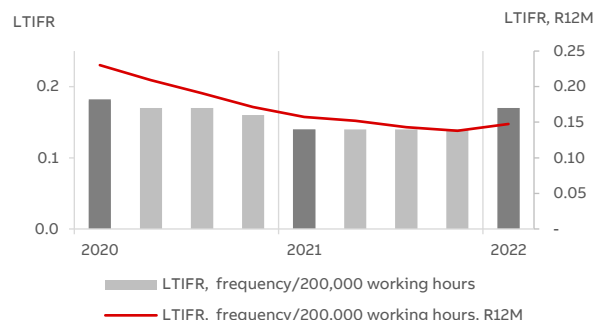
	Q1 2022	Q1 2021	CHANGE	12M ROLLING
CO ₂ e own operations emissions, kt scope 1 and 2 ¹	96	131	-27%	401
Lost Time Injury Frequency Rate (LTIFR), frequency / 200,000 working hours	0.17	0.14	21%	0.15
Share of females in senior management positions, %	16.9	14.3	+2.6 pts	15.5

¹ CO₂ equivalent emissions from site, energy use and fleet, previous quarter

CO₂ Scope 1&2



Lost Time Injury Frequency Rate



Significant events

During Q1 2022

- On January 27, ABB announced that it had increased its shareholdings to approximately 60% in start-up company InCharge Energy to strengthen its E-mobility division in the North American market and expand its software and digital services offering. InCharge Energy tailors end-to-end EV charging infrastructure solutions, including the procurement, installation, operation, and maintenance of charging systems, and provides cloud-based software services for the optimization of energy management.
- On February 2, ABB announced that Andrea Antonelli was appointed General Counsel and Member of the Executive Committee, as of March 1, 2022. Furthermore, Andrea became ABB's Company Secretary on March 24, 2022, following the Annual General Meeting.
- On February 25, ABB announced changes to Business Area leadership in Executive Committee. As of April 1, 2022, Morten Wierod, who was President of Motion, became President of Electrification, while Tarak Mehta, who was President of Electrification, has become President of Motion.
- On March 24, ABB announced its plans to launch a new share buyback program of up to \$3 billion. The program was launched on April 1.
- On March 24, ABB announced that shareholders approved all proposals at the 2022 Annual General Meeting.
- On March 28, ABB announced that Karin Lepasoon had been appointed Chief Communications & Sustainability Officer and Member of the Executive Committee. Lepasoon will assume her position latest on October 1, 2022.

Acquisitions and divestments, last twelve months

Acquisitions	Company/unit	Closing date	Revenues, \$ million ¹	No. of employees
2022				
Electrification	InCharge Energy, Inc (majority stake)	26-Jan	16	40
2021				
Electrification	Enervalis (majority stake)	26-Apr	1	22
Robotics & Discrete Automation	ASTI Mobile Robotics Group	2-Aug	36	300
Divestments	Company/unit	Closing date	Revenues, \$ million ¹	No. of employees
2021				
Motion	Mechanical Power Transmission	1-Nov	645	1,500

Note: comparable growth calculation includes acquisitions and divestments with revenues of greater than \$50 million.

¹ Represents the estimated annual revenues for the period prior to the announcement of the respective acquisition/divestment.

Additional figures

ABB Group	Q1 2021	Q2 2021	Q3 2021	Q4 2021	FY 2021	Q1 2022
EBITDA, \$ in million	1,024	1,324	1,072	3,191	6,611	1,067
Return on Capital Employed, %	n.a.	n.a.	n.a.	n.a.	14.90	n.a.
Net debt/Equity	0.09	0.16	0.13	(0.01)	(0.01)	0.20
Net debt/ EBITDA 12M rolling	0.4	0.7	0.5	(0.01)	(0.01)	0.42
Net working capital, % of 12M rolling revenues	10.8%	11.6%	10.2%	8.1%	8.1%	12.1%
Earnings per share, basic, \$	0.25	0.37	0.33	1.34	2.27	0.31
Earnings per share, diluted, \$	0.25	0.37	0.32	1.33	2.25	0.31
Dividend per share, CHF	n.a.	n.a.	n.a.	n.a.	0.82	n.a.
Share price at the end of period, CHF	28.56	31.39	31.39	34.90	34.90	30.17
Share price at the end of period, \$	30.47	33.99	33.36	38.17	38.17	32.34
Number of employees (FTE equivalents)	105,330	106,370	106,080	104,420	104,420	104,720
No. of shares outstanding at end of period (in millions)	2,024	2,006	1,993	1,958	1,958	1,929

Additional 2022 guidance

(\$ in millions, unless otherwise stated)	FY 2022 ¹	Q2 2022
Corporate and Other Operational costs	~(300) from ~(330)	~(90)
Non-operating items		
Acquisition-related amortization	~(230) unchanged	~(60)
Restructuring and restructuring related	~(130) ² from ~(150)	~(40)
Separation costs ³	~(180) unchanged	~(70)
ABB Way transformation	~(150) unchanged	~(40)
Certain other income and expenses related to PG divestment ⁴	~(25) from ~(20)	~(5)

(\$ in millions, unless otherwise stated)	FY 2022	Q2 2022
Net finance expenses	~(100) unchanged	~(30)
Non-operational pension (cost) / credit	~140 unchanged	~35
Effective tax rate	~25% ⁵ unchanged	~27%
Capital Expenditures	~(750) unchanged	~(200)

¹ Excludes one project estimated to a total of ~\$100 million, that is ongoing in the non-core business. Exact exit timing is difficult to assess due to legal proceedings etc.

² Excludes restructuring-related expenses of ~\$200 million from the full exit of a product group within our non-core businesses expected in Q2 2022.

³ Costs relating to the announced exits and the potential E-mobility listing.

⁴ Excluding share of net income from JV.

⁵ Excluding impact of acquisitions or divestments or any significant non-operational items.

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 “CEO summary,” “Outlook,” “Balance sheet & cash flow”, “Robotics and Discrete Automation,” and “Sustainability”. 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. These expectations, estimates and projections are generally identifiable by statements containing words such as “intends,” “anticipates,” “expects,” “estimates,” “plans,” “targets” 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

and which could affect our ability to achieve any or all of our stated targets. Some 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.

Q1 results presentation on April 21, 2022

information and statements made in this press release

The Q1 2022 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.

A conference call and webcast for analysts and investors is scheduled to begin today at 10:00 a.m. CET.

To pre-register for the conference call or to join the webcast, please refer to the ABB website: www.abb.com/investorrelations.

The recorded session will be available after the event on ABB’s website.

Financial calendar

2022

Mid-May	Proposed timing to receive dividend for shares on US-NYSE
May 17	ABB Motion CMD in Helsinki
May 18	ABB Process Automation CMD in Helsinki
July 21	Q2 2022 results
October 20	Q3 2022 results

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ABB (ABBN: SIX Swiss Ex) is a leading global technology company that energizes the transformation of society and industry to achieve a more productive, sustainable future. By connecting software to its electrification, robotics, automation and motion portfolio, ABB pushes the boundaries of technology to drive performance to new levels. With a history of excellence stretching back more than 130 years, ABB’s success is driven by about 105,000 talented employees in over 100 countries.



April 21, 2022

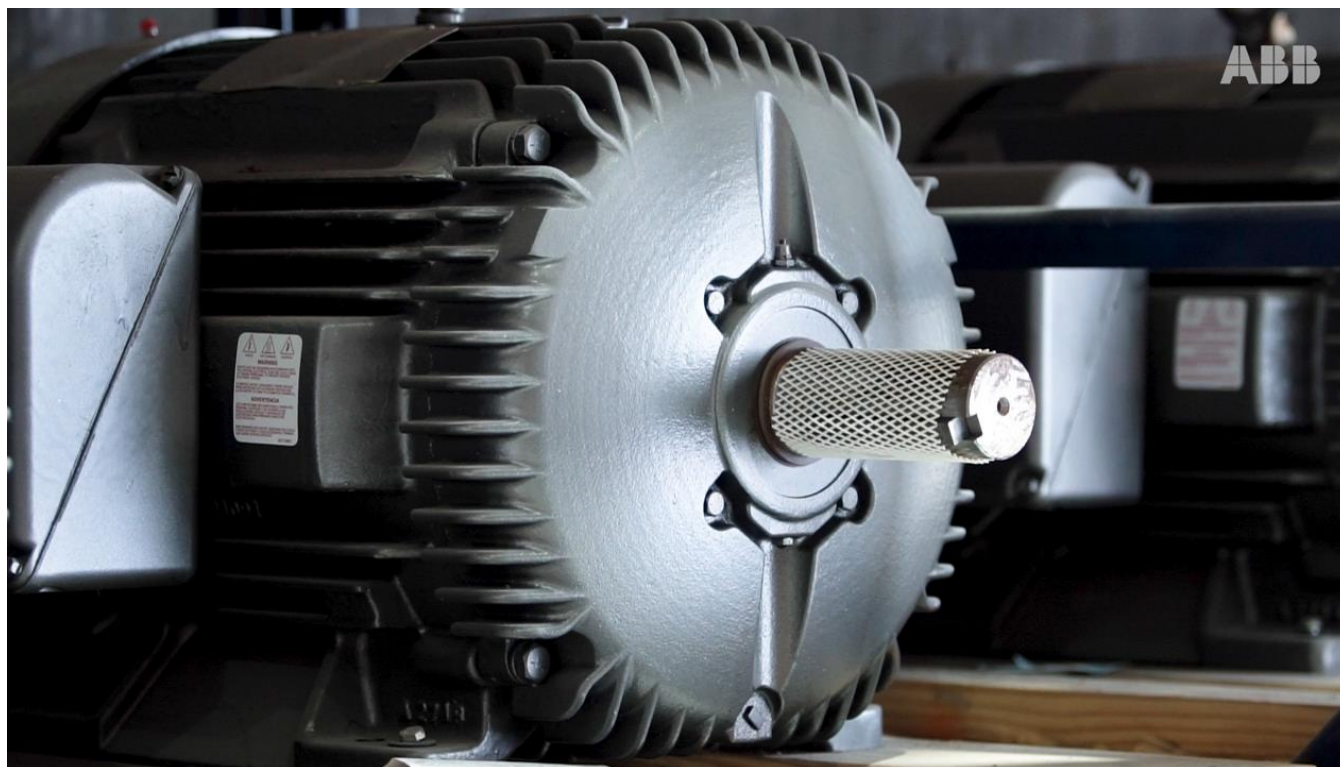
Q1 2022

Financial information

Financial Information

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06 – 30	Consolidated Financial Information (unaudited)
31 – 40	Supplemental Reconciliations and Definitions



Key Figures

(\$ in millions, unless otherwise indicated)	Q1 2022	Q1 2021	CHANGE	
			US\$	Comparable ⁽¹⁾
Orders	9,373	7,756	21%	28%
Order backlog (end March)	18,901	14,750	28%	32%
Revenues	6,965	6,901	1%	7%
Gross Profit	2,281	2,268	1%	
as % of revenues	32.7%	32.9%	-0.2 pts	
Income from operations	857	797	8%	
Operational EBITA ⁽¹⁾	997	959	4%	8% ⁽²⁾
as % of operational revenues ⁽¹⁾	14.3%	13.8%	+0.5 pts	
Income from continuing operations, net of tax	643	551	17%	
Net income attributable to ABB	604	502	20%	
Basic earnings per share (\$)	0.31	0.25	25% ⁽³⁾	
Cash flow from operating activities ⁽⁴⁾	(573)	543	n.a.	
Cash flow from operating activities in continuing operations	(564)	523	n.a.	

(1) For a reconciliation of non-GAAP measures see "Supplemental Reconciliations and Definitions" on page 31.

(2) Constant currency (not adjusted for portfolio changes).

(3) EPS growth rates are computed using unrounded amounts.

(4) Cash flow from operating activities includes both continuing and discontinued operations.

(\$ in millions, unless otherwise indicated)		Q1 2022	Q1 2021	CHANGE		
				US\$	Local	Comparable
Orders	ABB Group	9,373	7,756	21%	25%	28%
	Electrification	4,397	3,531	25%	29%	29%
	Motion	2,202	1,917	15%	20%	32%
	Process Automation	1,692	1,656	2%	6%	6%
	Robotics & Discrete Automation	1,308	841	56%	62%	60%
	<i>Corporate and Other (incl. intersegment eliminations)</i>	(226)	(189)			
Order backlog (end March)	ABB Group	18,901	14,750	28%	32%	32%
	Electrification	6,504	4,699	38%	42%	42%
	Motion	4,317	3,419	26%	30%	32%
	Process Automation	6,190	5,900	5%	7%	7%
	Robotics & Discrete Automation	2,495	1,362	83%	87%	86%
	<i>Corporate and Other (incl. intersegment eliminations)</i>	(605)	(630)			
Revenues	ABB Group	6,965	6,901	1%	4%	7%
	Electrification	3,327	3,140	6%	10%	10%
	Motion	1,572	1,667	-6%	-2%	9%
	Process Automation	1,506	1,407	7%	11%	11%
	Robotics & Discrete Automation	730	853	-14%	-11%	-12%
	<i>Corporate and Other (incl. intersegment eliminations)</i>	(170)	(166)			
Income from operations	ABB Group	857	797			
	Electrification	506	440			
	Motion	254	265			
	Process Automation	151	147			
	Robotics & Discrete Automation	22	82			
	<i>Corporate and Other (incl. intersegment eliminations)</i>	(76)	(137)			
Income from operations %	ABB Group	12.3%	11.5%			
	Electrification	15.2%	14.0%			
	Motion	16.2%	15.9%			
	Process Automation	10.0%	10.4%			
	Robotics & Discrete Automation	3.0%	9.6%			
Operational EBITA	ABB Group	997	959	4%	8%	
	Electrification	510	511	0%	5%	
	Motion	274	289	-5%	-3%	
	Process Automation	196	155	26%	31%	
	Robotics & Discrete Automation	49	105	-53%	-50%	
	<i>Corporate and Other (incl. intersegment eliminations)</i>	(32)	(101)			
Operational EBITA %	ABB Group	14.3%	13.8%			
	Electrification	15.4%	16.2%			
	Motion	17.4%	17.1%			
	Process Automation	13.0%	11.0%			
	Robotics & Discrete Automation	6.7%	12.4%			
Cash flow from operating activities	ABB Group	(573)	543			
	Electrification	39	319			
	Motion	(2)	324			
	Process Automation	60	233			
	Robotics & Discrete Automation	(29)	111			
	<i>Corporate and Other (incl. intersegment eliminations)</i>	(632)	(464)			
	<i>Discontinued operations</i>	(9)	20			

Operational EBITA

	ABB		Electrification		Motion		Process Automation		Robotics & Discrete Automation	
(\$ in millions, unless otherwise indicated)	Q1 22	Q1 21	Q1 22	Q1 21	Q1 22	Q1 21	Q1 22	Q1 21	Q1 22	Q1 21
Revenues	6,965	6,901	3,327	3,140	1,572	1,667	1,506	1,407	730	853
Foreign exchange/commodity timing differences in total revenues	(3)	33	(10)	10	3	19	(1)	5	5	(3)
Operational revenues	6,962	6,934	3,317	3,150	1,575	1,686	1,505	1,412	735	850
Income from operations	857	797	506	440	254	265	151	147	22	82
Acquisition-related amortization	60	65	31	29	8	13	1	1	21	20
Restructuring, related and implementation costs	16	35	2	17	8	1	5	3	1	5
Changes in obligations related to divested businesses	(14)	2	–	–	–	–	–	–	–	–
Changes in pre-acquisition estimates	1	6	1	6	–	–	–	–	–	–
Gains and losses from sale of businesses	–	3	–	3	–	–	–	–	–	–
Acquisition- and divestment-related expenses and integration costs	59	10	19	6	5	3	33	1	1	–
Other income/expense relating to the Power Grids joint venture	35	17	–	–	–	–	–	–	–	–
Certain other non-operational items	(2)	12	(30)	(6)	–	–	–	–	–	–
Foreign exchange/commodity timing differences in income from operations	(15)	12	(19)	16	(1)	7	6	3	4	(2)
Operational EBITA	997	959	510	511	274	289	196	155	49	105
Operational EBITA margin (%)	14.3%	13.8%	15.4%	16.2%	17.4%	17.1%	13.0%	11.0%	6.7%	12.4%

Depreciation and Amortization

	ABB		Electrification		Motion		Process Automation		Robotics & Discrete Automation	
(\$ in millions)	Q1 22	Q1 21	Q1 22	Q1 21	Q1 22	Q1 21	Q1 22	Q1 21	Q1 22	Q1 21
Depreciation	136	144	67	64	27	32	18	19	15	13
Amortization	74	83	37	37	9	14	3	3	21	21
including total acquisition-related amortization of:	60	65	31	29	8	13	1	1	21	20

Orders received and revenues by region

(\$ in millions, unless otherwise indicated)	Orders received			CHANGE		Revenues			CHANGE	
	Q1 22	Q1 21	US\$	Local	Com-parable	Q1 22	Q1 21	US\$	Local	Com-parable
Europe	3,534	3,102	14%	24%	24%	2,518	2,551	-1%	7%	7%
The Americas	2,897	2,247	29%	29%	40%	2,169	2,043	6%	6%	15%
of which United States	2,225	1,679	33%	33%	46%	1,582	1,532	3%	3%	14%
Asia, Middle East and Africa	2,942	2,407	22%	24%	24%	2,278	2,307	-1%	0%	0%
of which China	1,537	1,199	28%	26%	26%	1,100	1,176	-6%	-8%	-8%
ABB Group	9,373	7,756	21%	25%	28%	6,965	6,901	1%	4%	7%

Consolidated Financial Information

ABB Ltd Interim Consolidated Income Statements (unaudited)

(\$ in millions, except per share data in \$)	Three months ended	
	Mar. 31, 2022	Mar. 31, 2021
Sales of products	5,749	5,707
Sales of services and other	1,216	1,194
Total revenues	6,965	6,901
Cost of sales of products	(3,968)	(3,924)
Cost of services and other	(716)	(709)
Total cost of sales	(4,684)	(4,633)
Gross profit	2,281	2,268
Selling, general and administrative expenses	(1,239)	(1,263)
Non-order related research and development expenses	(277)	(293)
Other income (expense), net	92	85
Income from operations	857	797
Interest and dividend income	13	11
Interest and other finance expense	(22)	(55)
Non-operational pension (cost) credit	36	50
Income from continuing operations before taxes	884	803
Income tax expense	(241)	(252)
Income from continuing operations, net of tax	643	551
Loss from discontinued operations, net of tax	(11)	(28)
Net income	632	523
Net income attributable to noncontrolling interests	(28)	(21)
Net income attributable to ABB	604	502
Amounts attributable to ABB shareholders:		
Income from continuing operations, net of tax	615	530
Loss from discontinued operations, net of tax	(11)	(28)
Net income	604	502
Basic earnings per share attributable to ABB shareholders:		
Income from continuing operations, net of tax	0.32	0.26
Loss from discontinued operations, net of tax	(0.01)	(0.01)
Net income	0.31	0.25
Diluted earnings per share attributable to ABB shareholders:		
Income from continuing operations, net of tax	0.31	0.26
Loss from discontinued operations, net of tax	(0.01)	(0.01)
Net income	0.31	0.25
Weighted-average number of shares outstanding (in millions) used to compute:		
Basic earnings per share attributable to ABB shareholders	1,936	2,015
Diluted earnings per share attributable to ABB shareholders	1,953	2,034

Due to rounding, numbers presented may not add to the totals provided.

See Notes to the Interim Consolidated Financial Information

ABB Ltd Interim Condensed Consolidated Statements of Comprehensive Income (unaudited)

(\$ in millions)	Three months ended	
	Mar. 31, 2022	Mar. 31, 2021
Total comprehensive income, net of tax	577	325
Total comprehensive income attributable to noncontrolling interests, net of tax	(23)	(24)
Total comprehensive income attributable to ABB shareholders, net of tax	554	301

Due to rounding, numbers presented may not add to the totals provided.

See Notes to the Interim Consolidated Financial Information

ABB Ltd Consolidated Balance Sheets (unaudited)

(\$ in millions)	Mar. 31, 2022	Dec. 31, 2021
Cash and equivalents	5,216	4,159
Restricted cash	30	30
Marketable securities and short-term investments	967	1,170
Receivables, net	6,851	6,551
Contract assets	1,072	990
Inventories, net	5,372	4,880
Prepaid expenses	289	206
Other current assets	537	573
Current assets held for sale and in discontinued operations	140	136
Total current assets	20,474	18,695
Restricted cash, non-current	300	300
Property, plant and equipment, net	4,044	4,045
Operating lease right-of-use assets	867	895
Investments in equity-accounted companies	1,626	1,670
Prepaid pension and other employee benefits	915	892
Intangible assets, net	1,572	1,561
Goodwill	10,637	10,482
Deferred taxes	1,319	1,177
Other non-current assets	517	543
Total assets	42,271	40,260
Accounts payable, trade	4,830	4,921
Contract liabilities	2,080	1,894
Short-term debt and current maturities of long-term debt	3,114	1,384
Current operating leases	218	230
Provisions for warranties	999	1,005
Dividends payable to shareholders	824	–
Other provisions	1,311	1,386
Other current liabilities	4,114	4,367
Current liabilities held for sale and in discontinued operations	365	381
Total current liabilities	17,855	15,568
Long-term debt	6,171	4,177
Non-current operating leases	671	689
Pension and other employee benefits	990	1,025
Deferred taxes	745	685
Other non-current liabilities	2,091	2,116
Non-current liabilities held for sale and in discontinued operations	30	43
Total liabilities	28,553	24,303
<i>Commitments and contingencies</i>		
Redeemable noncontrolling interest	80	–
Stockholders' equity:		
Common stock, CHF 0.12 par value (2,053 million shares issued at March 31, 2022, and December 31, 2021)	178	178
Additional paid-in capital	–	22
Retained earnings	21,278	22,477
Accumulated other comprehensive loss	(4,138)	(4,088)
Treasury stock, at cost (124 million and 95 million shares at March 31, 2022, and December 31, 2021, respectively)	(4,071)	(3,010)
Total ABB stockholders' equity	13,247	15,579
Noncontrolling interests	391	378
Total stockholders' equity	13,638	15,957
Total liabilities and stockholders' equity	42,271	40,260

Due to rounding, numbers presented may not add to the totals provided.

See Notes to the Consolidated Financial Information

ABB Ltd Consolidated Statements of Cash Flows (unaudited)

(\$ in millions)	Three months ended	
	Mar. 31, 2022	Mar. 31, 2021
Operating activities:		
Net income	632	523
Loss from discontinued operations, net of tax	11	28
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	210	227
Changes in fair values of investments	(24)	(10)
Pension and other employee benefits	(46)	(50)
Deferred taxes	(116)	59
Loss from equity-accounted companies	48	35
Net loss (gain) from derivatives and foreign exchange	(28)	20
Net gain from sale of property, plant and equipment	(32)	(11)
Other	36	20
Changes in operating assets and liabilities:		
Trade receivables, net	(317)	(2)
Contract assets and liabilities	107	(90)
Inventories, net	(542)	(168)
Accounts payable, trade	7	42
Accrued liabilities	(390)	(76)
Provisions, net	(53)	1
Income taxes payable and receivable	14	(50)
Other assets and liabilities, net	(81)	25
Net cash provided by (used in) operating activities – continuing operations	(564)	523
Net cash provided by (used in) operating activities – discontinued operations	(9)	20
Net cash provided by (used in) operating activities	(573)	543
Investing activities:		
Purchases of investments	(128)	(309)
Purchases of property, plant and equipment and intangible assets	(187)	(142)
Acquisition of businesses (net of cash acquired) and increases in cost- and equity-accounted companies	(145)	(4)
Proceeds from sales of investments	305	391
Proceeds from maturity of investments	–	80
Proceeds from sales of property, plant and equipment	35	20
Proceeds from sales of businesses (net of transaction costs and cash disposed) and cost- and equity-accounted companies	–	(2)
Net cash from settlement of foreign currency derivatives	66	(61)
Other investing activities	10	(8)
Net cash used in investing activities – continuing operations	(44)	(35)
Net cash used in investing activities – discontinued operations	(21)	(44)
Net cash used in investing activities	(65)	(79)
Financing activities:		
Net changes in debt with original maturities of 90 days or less	1,305	87
Increase in debt	2,542	991
Repayment of debt	(41)	(47)
Delivery of shares	370	760
Purchase of treasury stock	(1,561)	(1,386)
Dividends paid	(889)	(844)
Dividends paid to noncontrolling shareholders	(1)	(1)
Other financing activities	(34)	(36)
Net cash provided by (used in) financing activities – continuing operations	1,691	(476)
Net cash provided by financing activities – discontinued operations	–	–
Net cash provided by (used in) financing activities	1,691	(476)
Effects of exchange rate changes on cash and equivalents and restricted cash	4	(51)
Net change in cash and equivalents and restricted cash	1,057	(63)
Cash and equivalents and restricted cash, beginning of period	4,489	3,901
Cash and equivalents and restricted cash, end of period	5,546	3,838
Supplementary disclosure of cash flow information:		
Interest paid	9	12
Income taxes paid	340	256

Due to rounding, numbers presented may not add to the totals provided.

See Notes to the Consolidated Financial Information

ABB Ltd Consolidated Statements of Changes in Stockholders' Equity (unaudited)

(\$ in millions)	Common stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive loss	Treasury stock	Total ABB stockholders' equity	Non-controlling interests	Total stockholders' equity
Balance at January 1, 2021	188	83	22,946	(4,002)	(3,530)	15,685	314	15,999
Comprehensive income:								
Net income			502			502	21	523
Foreign currency translation adjustments, net of tax of \$3				(273)		(273)	3	(270)
Effect of change in fair value of available-for-sale securities, net of tax of \$(3)				(12)		(12)		(12)
Unrecognized income (expense) related to pensions and other postretirement plans, net of tax of \$(2)				81		81		81
Change in derivative instruments and hedges, net of tax of \$(1)				3		3		3
Total comprehensive income						301	24	325
Changes in noncontrolling interests		(37)				(37)	34	(3)
Dividends to noncontrolling shareholders						–	(4)	(4)
Dividends to shareholders			(1,730)			(1,730)		(1,730)
Share-based payment arrangements		11				11		11
Purchase of treasury stock					(1,300)	(1,300)		(1,300)
Delivery of shares		(58)	(136)		954	760		760
Balance at March 31, 2021	188	–	21,582	(4,203)	(3,876)	13,691	368	14,059
Balance at January 1, 2022	178	22	22,477	(4,088)	(3,010)	15,579	378	15,957
Comprehensive income:								
Net income			604			604	28	632
Foreign currency translation adjustments, net of tax of \$0				(70)		(70)	(5)	(75)
Effect of change in fair value of available-for-sale securities, net of tax of \$(3)				(12)		(12)		(12)
Unrecognized income (expense) related to pensions and other postretirement plans, net of tax of \$10				28		28		28
Change in derivative instruments and hedges, net of tax of \$2				4		4		4
Total comprehensive income						554	23	577
Changes in noncontrolling interests		(10)				(10)	(7)	(17)
Dividends to noncontrolling shareholders						–	(3)	(3)
Dividends to shareholders			(1,700)			(1,700)		(1,700)
Share-based payment arrangements		12				12		12
Purchase of treasury stock					(1,561)	(1,561)		(1,561)
Delivery of shares		(26)	(104)		500	370		370
Other		2				2		2
Balance at March 31, 2022	178	–	21,278	(4,138)	(4,071)	13,247	391	13,638

Due to rounding, numbers presented may not add to the totals provided.

See Notes to the Consolidated Financial Information

Notes to the Consolidated Financial Information (unaudited)

Note 1

The Company and basis of presentation

ABB Ltd and its subsidiaries (collectively, the Company) together form a leading global technology company, connecting software to its electrification, robotics, automation and motion portfolio to drive performance to new levels.

The Company's Consolidated Financial Information is prepared in accordance with United States of America generally accepted accounting principles (U.S. GAAP) for interim financial reporting. As such, the Consolidated Financial Information does not include all the information and notes required under U.S. GAAP for annual consolidated financial statements. Therefore, such financial information should be read in conjunction with the audited consolidated financial statements in the Company's Annual Report for the year ended December 31, 2021.

The preparation of financial information in conformity with U.S. GAAP requires management to make assumptions and estimates that directly affect the amounts reported in the Consolidated Financial Information. These accounting assumptions and estimates include:

- growth rates, discount rates and other assumptions used to determine impairment of long-lived assets and in testing goodwill for impairment,
- estimates to determine valuation allowances for deferred tax assets and amounts recorded for unrecognized tax benefits,
- assumptions used in determining inventory obsolescence and net realizable value,
- estimates and assumptions used in determining the initial fair value of retained noncontrolling interest and certain obligations in connection with divestments,
- estimates and assumptions used in determining the fair values of assets and liabilities assumed in business combinations,
- estimates of loss contingencies associated with litigation or threatened litigation and other claims and inquiries, environmental damages, product warranties, self-insurance reserves, regulatory and other proceedings,
- estimates used to record expected costs for employee severance in connection with restructuring programs,
- estimates related to credit losses expected to occur over the remaining life of financial assets such as trade and other receivables, loans and other instruments,
- assumptions used in the calculation of pension and postretirement benefits and the fair value of pension plan assets, and
- assumptions and projections, principally related to future material, labor and project-related overhead costs, used in determining the percentage-of-completion on projects, as well as the amount of variable consideration the Company expects to be entitled to.

The actual results and outcomes may differ from the Company's estimates and assumptions.

A portion of the Company's activities (primarily long-term construction activities) has an operating cycle that exceeds one year. For classification of current assets and liabilities related to such activities, the Company elected to use the duration of the individual contracts as its operating cycle. Accordingly, there are accounts receivable, contract assets, inventories and provisions related to these contracts which will not be realized within one year that have been classified as current.

Basis of presentation

In the opinion of management, the unaudited Consolidated Financial Information contains all necessary adjustments to present fairly the financial position, results of operations and cash flows for the reported periods. Management considers all such adjustments to be of a normal recurring nature. The Consolidated Financial Information is presented in United States dollars (\$) unless otherwise stated. Due to rounding, numbers presented in the Consolidated Financial Information may not add to the totals provided.

Note 2

Recent accounting pronouncements

Applicable for current periods

Business Combinations — Accounting for contract assets and contract liabilities from contracts with customers

In January 2022, the Company early adopted a new accounting standard update, which provides guidance on the accounting for revenue contracts acquired in a business combination. The update requires contract assets and liabilities acquired in a business combination to be recognized and measured at the date of acquisition in accordance with the principles for recognizing revenues from contracts with customers. The Company has applied this accounting standard update prospectively starting with acquisitions closing after January 1, 2022.

Disclosures about government assistance

In January 2022, the Company adopted a new accounting standard update, which requires entities to disclose certain types of government assistance. Under the update, the Company is required to annually disclose (i) the type of the assistance received, including any significant terms and conditions, (ii) its related accounting policy, and (iii) the effect such transactions have on its financial statements. The Company has applied this accounting standard update prospectively. This update does not have a significant impact on the Company's consolidated financial statements.

Applicable for future periods

Facilitation of the effects of reference rate reform on financial reporting

In March 2020, an accounting standard update was issued which provides temporary optional expedients and exceptions to the current guidance on contract modifications and hedge accounting to ease the financial reporting burdens related to the expected market transition from the London Interbank Offered Rate (LIBOR) and other interbank offered rates to alternative reference rates. This update, along with clarifications outlined in a subsequent update issued in January 2021, can be adopted and applied no later than December 31, 2022, with early adoption permitted. The Company does not expect this update to have a significant impact on its consolidated financial statements.

Note 3

Discontinued operations and assets held for sale

Divestment of the Power Grids business

On July 1, 2020, the Company completed the sale of 80.1 percent of its Power Grids business to Hitachi Ltd (Hitachi). The transaction was executed through the sale of 80.1 percent of the shares of Hitachi Energy Ltd, formerly Hitachi ABB Power Grids Ltd ("Hitachi Energy"). Cash consideration received at the closing date was \$9,241 million net of cash disposed. Further, for accounting purposes, the 19.9 percent ownership interest retained by the Company is deemed to have been both divested and reacquired at its fair value on July 1, 2020 (see Note 4).

At the date of the divestment, the Company recorded liabilities in discontinued operations for estimated future costs and other cash payments of \$487 million for various contractual items relating to the sale of the business including required future cost reimbursements payable to Hitachi Energy, costs to be incurred by the Company for the direct benefit of Hitachi Energy, and an amount due to Hitachi Ltd in connection with the expected purchase price finalization of the closing debt and working capital balances. From the date of the disposal through March 31, 2022, \$385 million of these liabilities had been paid and are reported as reductions in the cash consideration received, of which \$21 million and \$44 million was paid during the three months ended March 31, 2022 and 2021, respectively. At March 31, 2022, the remaining amount recorded was \$111 million.

Certain entities of the Power Grids business for which the legal process or other regulatory delays resulted in the Company not yet having transferred legal titles to Hitachi were accounted for as being sold since control of the business as well as all risks and rewards of the business have been fully transferred to Hitachi Energy. The proceeds for these entities are included in the cash proceeds described above and certain funds were placed in escrow pending completion of the transfer process. At both March 31, 2022, and December 31, 2021, current restricted cash includes \$12 million in respect of these funds.

Upon closing of the sale, the Company entered into various transition services agreements (TSAs). Pursuant to these TSAs, the Company and Hitachi Energy provide to each other, on an interim, transitional basis, various services. The services provided by the Company primarily include finance, information technology, human resources and certain other administrative services. Under the current terms, the TSAs will continue for up to 3 years, and can only be extended on an exceptional basis for business-critical services for an additional period which is reasonably necessary to avoid a material adverse impact on the business. In the three months ended March 31, 2022 and 2021, the Company has recognized within its continuing operations, general and administrative expenses incurred to perform the TSA, offset by \$38 million and \$47 million, respectively, in TSA-related income for such services that is reported in Other income (expense).

Discontinued operations

As a result of the sale of the Power Grids business, substantially all assets and liabilities related to Power Grids have been sold. As this divestment represented a strategic shift that would have a major effect on the Company's operations and financial results, the results of this business were presented as discontinued operations and the assets and liabilities were presented as held for sale and in discontinued operations. After the date of sale, certain business contracts in the Power Grids business continue to be executed by subsidiaries of the Company for the benefit/risk of Hitachi Energy. Assets and liabilities relating to, as well as the net financial results of, these contracts will continue to be included in discontinued operations until they have been completed or otherwise transferred to Hitachi Energy.

Amounts recorded in discontinued operations were as follows:

(\$ in millions)	Three months ended	
	Mar. 31, 2022	Mar. 31, 2021
Total revenues	-	-
Total cost of sales	-	-
Gross profit	-	-
Expenses	(6)	(4)
Change to net gain recognized on sale of the Power Grids business	(5)	(24)
Loss from operations	(11)	(28)
Net interest income (expense) and other finance expense	-	-
Non-operational pension (cost) credit	-	-
Loss from discontinued operations before taxes	(11)	(28)
Income tax	-	-
Loss from discontinued operations, net of tax	(11)	(28)

Of the total Loss from discontinued operations before taxes in the table above, \$11 million and \$28 million in the three months ended March 31, 2022 and 2021, respectively, are attributable to the Company.

In addition, the Company also has retained obligations (primarily for environmental and taxes) related to other businesses disposed or otherwise exited that qualified as discontinued operations. Changes to these retained obligations are also included in Loss from discontinued operations, net of tax, above.

The major components of assets and liabilities held for sale and in discontinued operations in the Company's Consolidated Balance Sheets are summarized as follows:

(\$ in millions)	Mar. 31, 2022 ⁽¹⁾	Dec. 31, 2021 ⁽¹⁾
Receivables, net	130	131
Other current assets	10	5
Current assets held for sale and in discontinued operations	140	136
Accounts payable, trade	58	71
Other liabilities	307	310
Current liabilities held for sale and in discontinued operations	365	381
Other non-current liabilities	30	43
Non-current liabilities held for sale and in discontinued operations	30	43

(1) At March 31, 2022, and December 31, 2021, the balances reported as held for sale and in discontinued operations pertain to Power Grids activities and other obligations which will remain with the Company until such time as the obligation is settled or the activities are fully wound down.

Note 4

Acquisitions and equity-accounted companies

Acquisition of controlling interests

Acquisitions of controlling interests were as follows:

(\$ in millions, except number of acquired businesses)	Three months ended March 31,	
	2022	2021
Purchase price for acquisitions (net of cash acquired) ⁽¹⁾	138	-
Aggregate excess of purchase price over fair value of net assets acquired ⁽²⁾	191	-
Number of acquired businesses	1	-

(1) Excluding changes in cost- and equity-accounted companies.

(2) Recorded as goodwill.

In the table above, the "Purchase price for acquisitions" and "Aggregate excess of purchase price over fair value of net assets acquired" amounts for the three months ended March 31, 2022, relate primarily to the acquisition of InCharge Energy, Inc. (In-Charge).

Acquisitions of controlling interests have been accounted for under the acquisition method and have been included in the Company's Consolidated Financial Statements since the date of acquisition.

While the Company uses its best estimates and assumptions as part of the purchase price allocation process to value assets acquired and liabilities assumed at the acquisition date, the purchase price allocation for acquisitions is preliminary for up to 12 months after the acquisition date and is subject to refinement as more detailed analyses are completed and additional information about the fair values of the assets and liabilities becomes available.

On January 26, 2022, the Company increased its ownership in In-Charge to a 60 percent controlling interest through a stock purchase agreement. The resulting cash outflows for the Company amounted to \$135 million (net of cash acquired of \$4 million). The acquisition expands the market presence of the E-mobility Division, particularly in the North American market. In connection with the acquisition, the Company's pre-existing 13.2 percent ownership of In-Charge was revalued to fair value and a gain of \$32 million was recorded in Other income (expense) in the three months ended March 31, 2022. The Company entered into an agreement with the remaining noncontrolling shareholders allowing either party to put or call the remaining 40 percent of the shares until 2027. The amount for which either party can exercise their option is dependent on a formula based on revenues and thus, the amount is subject to change. As a result of this agreement, the noncontrolling interest is classified as Redeemable noncontrolling interest (i.e. mezzanine equity) in the Consolidated Balance Sheets and was initially recognized at fair value.

There were no significant business acquisitions for the three months ended March 31, 2021.

Investments in equity-accounted companies

In connection with the divestment of its Power Grids business to Hitachi (see Note 3), the Company retained a 19.9 percent interest in the business and obtained an option, exercisable with three-months' notice commencing April 2023, granting it the right to require Hitachi to purchase this investment at fair value, subject to a minimum floor price equivalent to a 10 percent discount compared to the price paid for the initial 80.1 percent. The Company has concluded that based on its continuing involvement with the Power Grids business, including membership in its governing board of directors, it has significant influence over Hitachi Energy. As a result, the investment (including the value of the option) is accounted for using the equity method.

At the date of the divestment of the Power Grids business, the fair value of Hitachi Energy exceeded the book value of the underlying net assets. At March 31, 2022, and December 31, 2021, the reported value of the investment in Hitachi Energy includes \$1,442 million and \$1,474 million, respectively, for the Company's 19.9 percent share of this basis difference. The Company amortizes its share of these differences over the estimated remaining useful lives of the underlying assets that gave rise to this difference, recording the amortization, net of related deferred tax benefit, as a reduction of income from equity-accounted companies. As of March 31, 2022, the Company determined that no impairment of its equity-accounted investments existed.

The carrying value of the Company's investments in equity-accounted companies and respective percentage of ownership is as follows:

(\$ in millions, except ownership share in %)	Ownership as of	Carrying value at	
	March 31, 2022	March 31, 2022	December 31, 2021
Hitachi Energy Ltd	19.9%	1,555	1,609
Others		71	61
Total		1,626	1,670

In the three months ended March 31, 2022 and 2021, the Company recorded its share of the earnings of investees accounted for under the equity method of accounting in Other income (expense), net, as follows:

(\$ in millions)	Three months ended March 31,	
	2022	2021
Loss from equity-accounted companies, net of taxes	(11)	(3)
Basis difference amortization (net of deferred income tax benefit)	(37)	(32)
Loss from equity-accounted companies	(48)	(35)

Note 5

Cash and equivalents, marketable securities and short-term investments

Cash and equivalents, marketable securities and short-term investments consisted of the following:

March 31, 2022						
(\$ in millions)	Cost basis	Gross unrealized gains	Gross unrealized losses	Fair value	Cash and equivalents and restricted cash	Marketable securities and short-term investments
Changes in fair value recorded in net income						
Cash	2,648			2,648	2,648	
Time deposits	3,100			3,100	2,898	202
Equity securities	468	13		481		481
	6,216	13	–	6,229	5,546	683
Changes in fair value recorded in other comprehensive income						
Debt securities available-for-sale:						
U.S. government obligations	203	4	(7)	200		200
Other government obligations	12			12		12
Corporate	75		(3)	72		72
	290	4	(10)	284	–	284
Total	6,506	17	(10)	6,513	5,546	967
Of which:						
Restricted cash, current					30	
Restricted cash, non-current					300	

December 31, 2021						
(\$ in millions)	Cost basis	Gross unrealized gains	Gross unrealized losses	Fair value	Cash and equivalents and restricted cash	Marketable securities and short-term investments
Changes in fair value recorded in net income						
Cash	2,752			2,752	2,752	
Time deposits	2,037			2,037	1,737	300
Equity securities	569	18		587		587
	5,358	18	–	5,376	4,489	887
Changes in fair value recorded in other comprehensive income						
Debt securities available-for-sale:						
U.S. government obligations	203	7	(1)	209		209
Corporate	74	1	(1)	74		74
	277	8	(2)	283	–	283
Total	5,635	26	(2)	5,659	4,489	1,170
Of which:						
Restricted cash, current					30	
Restricted cash, non-current					300	

Note 6

Derivative financial instruments

The Company is exposed to certain currency, commodity, interest rate and equity risks arising from its global operating, financing and investing activities. The Company uses derivative instruments to reduce and manage the economic impact of these exposures.

Currency risk

Due to the global nature of the Company's operations, many of its subsidiaries are exposed to currency risk in their operating activities from entering into transactions in currencies other than their functional currency. To manage such currency risks, the Company's policies require its subsidiaries to hedge their foreign currency exposures from binding sales and purchase contracts denominated in foreign currencies. For forecasted foreign currency denominated sales of standard products and the related foreign currency denominated purchases, the Company's policy is to hedge up to a maximum of 100 percent of the forecasted foreign currency denominated exposures, depending on the length of the forecasted exposures. Forecasted exposures greater than 12 months are not hedged. Forward foreign exchange contracts are the main instrument used to protect the Company against the volatility of future cash flows (caused by changes in exchange rates) of contracted and forecasted sales and purchases denominated in foreign currencies. In addition, within its treasury operations, the Company primarily uses foreign exchange swaps and forward foreign exchange contracts to manage the currency and timing mismatches arising in its liquidity management activities.

Commodity risk

Various commodity products are used in the Company's manufacturing activities. Consequently it is exposed to volatility in future cash flows arising from changes in commodity prices. To manage the price risk of commodities, the Company's policies require that its subsidiaries hedge the commodity price risk exposures from binding contracts, as well as at least 50 percent (up to a maximum of 100 percent) of the forecasted commodity exposure over the next 12 months or longer (up to a maximum of 18 months). Primarily swap contracts are used to manage the associated price risks of commodities.

Interest rate risk

The Company has issued bonds at fixed rates. Interest rate swaps and cross-currency interest rate swaps are used to manage the interest rate and foreign currency risk associated with certain debt and generally such swaps are designated as fair value hedges. In addition, from time to time, the Company uses instruments such as interest rate swaps, interest rate futures, bond futures or forward rate agreements to manage interest rate risk arising from the Company's balance sheet structure but does not designate such instruments as hedges.

Equity risk

The Company is exposed to fluctuations in the fair value of its warrant appreciation rights (WARs) issued under its management incentive plan. A WAR gives its holder the right to receive cash equal to the market price of an equivalent listed warrant on the date of exercise. To eliminate such risk, the Company has purchased cash-settled call options, indexed to the shares of the Company, which entitle the Company to receive amounts equivalent to its obligations under the outstanding WARs.

Volume of derivative activity

In general, while the Company's primary objective in its use of derivatives is to minimize exposures arising from its business, certain derivatives are designated and qualify for hedge accounting treatment while others either are not designated or do not qualify for hedge accounting.

Foreign exchange and interest rate derivatives

The gross notional amounts of outstanding foreign exchange and interest rate derivatives (whether designated as hedges or not) were as follows:

Type of derivative (\$ in millions)	Total notional amounts at		
	March 31, 2022	December 31, 2021	March 31, 2021
Foreign exchange contracts	13,255	11,276	11,229
Embedded foreign exchange derivatives	863	815	1,313
Cross-currency interest rate swaps	888	906	973
Interest rate contracts	4,421	3,541	3,122

Derivative commodity contracts

The Company uses derivatives to hedge its direct or indirect exposure to the movement in the prices of commodities which are primarily copper, silver and aluminum. The following table shows the notional amounts of outstanding derivatives (whether designated as hedges or not), on a net basis, to reflect the Company's requirements for these commodities:

Type of derivative	Unit	Total notional amounts at		
		March 31, 2022	December 31, 2021	March 31, 2021
Copper swaps	metric tonnes	39,223	36,017	42,448
Silver swaps	ounces	2,634,550	2,842,533	2,217,821
Aluminum swaps	metric tonnes	6,950	7,125	7,450

Equity derivatives

At March 31, 2022, December 31, 2021, and March 31, 2021, the Company held 9 million, 9 million and 18 million cash-settled call options indexed to ABB Ltd shares (conversion ratio 5:1) with a total fair value of \$20 million, \$29 million and \$30 million, respectively.

Cash flow hedges

As noted above, the Company mainly uses forward foreign exchange contracts to manage the foreign exchange risk of its operations, commodity swaps to manage its commodity risks and cash-settled call options to hedge its WAR liabilities. The Company applies cash flow hedge accounting in only limited cases. In these cases, the effective portion of the changes in their fair value is recorded in "Accumulated other comprehensive loss" and subsequently reclassified into earnings in the same line item and in the same period as the underlying hedged transaction affects earnings. For the three months ended March 31, 2022 and 2021, there were no significant amounts recorded for cash flow hedge accounting activities.

Fair value hedges

To reduce its interest rate exposure arising primarily from its debt issuance activities, the Company uses interest rate swaps and cross-currency interest rate swaps. Where such instruments are designated as fair value hedges, the changes in the fair value of these instruments, as well as the changes in the fair value of the risk component of the underlying debt being hedged, are recorded as offsetting gains and losses in "Interest and other finance expense".

The effect of derivative instruments, designated and qualifying as fair value hedges, on the Consolidated Income Statements was as follows:

(\$ in millions)		Three months ended March 31,	
		2022	2021
Gains (losses) recognized in Interest and other finance expense:			
Interest rate contracts	Designated as fair value hedges	(29)	(14)
	Hedged item	29	15
Cross-currency interest rate swaps	Designated as fair value hedges	(45)	(23)
	Hedged item	44	22

Derivatives not designated in hedge relationships

Derivative instruments that are not designated as hedges or do not qualify as either cash flow or fair value hedges are economic hedges used for risk management purposes. Gains and losses from changes in the fair values of such derivatives are recognized in the same line in the income statement as the economically hedged transaction.

Furthermore, under certain circumstances, the Company is required to split and account separately for foreign currency derivatives that are embedded within certain binding sales or purchase contracts denominated in a currency other than the functional currency of the subsidiary and the counterparty.

The gains (losses) recognized in the Consolidated Income Statements on derivatives not designated in hedging relationships were as follows:

Type of derivative not designated as a hedge (\$ in millions)	Location	Gains (losses) recognized in income	
		Three months ended March 31,	
		2022	2021
Foreign exchange contracts	Total revenues	4	(60)
	Total cost of sales	(6)	(4)
	SG&A expenses ⁽¹⁾	8	7
	Non-order related research and development	1	(1)
	Interest and other finance expense	22	(106)
Embedded foreign exchange contracts	Total revenues	(2)	(14)
	Total cost of sales	1	(1)
Commodity contracts	Total cost of sales	35	36
Other	Interest and other finance expense	1	–
Total		64	(143)

(1) SG&A expenses represent "Selling, general and administrative expenses".

The fair values of derivatives included in the Consolidated Balance Sheets were as follows:

(\$ in millions)	March 31, 2022			
	Derivative assets		Derivative liabilities	
	Current in	Non-current in	Current in	Non-current in
	"Other current assets"	"Other non-current assets"	"Other current liabilities"	"Other non-current liabilities"
Derivatives designated as hedging instruments:				
Foreign exchange contracts	–	–	4	4
Interest rate contracts	9	3	6	5
Cross-currency interest rate swaps	–	–	–	164
Cash-settled call options	20	–	–	–
Total	29	3	10	173
Derivatives not designated as hedging instruments:				
Foreign exchange contracts	88	16	134	7
Commodity contracts	38	–	2	–
Interest rate contracts	1	–	–	–
Embedded foreign exchange derivatives	13	8	17	12
Total	140	24	153	19
Total fair value	169	27	163	192

(\$ in millions)	December 31, 2021			
	Derivative assets		Derivative liabilities	
	Current in "Other current assets"	Non-current in "Other non-current assets"	Current in "Other current liabilities"	Non-current in "Other non-current liabilities"
Derivatives designated as hedging instruments:				
Foreign exchange contracts	–	–	3	5
Interest rate contracts	9	20	–	–
Cross currency swaps	–	–	–	109
Cash-settled call options	29	–	–	–
Total	38	20	3	114
Derivatives not designated as hedging instruments:				
Foreign exchange contracts	108	14	107	7
Commodity contracts	19	–	5	–
Interest rate contracts	1	–	2	–
Embedded foreign exchange derivatives	10	7	16	10
Total	138	21	130	17
Total fair value	176	41	133	131

Close-out netting agreements provide for the termination, valuation and net settlement of some or all outstanding transactions between two counterparties on the occurrence of one or more pre-defined trigger events.

Although the Company is party to close-out netting agreements with most derivative counterparties, the fair values in the tables above and in the Consolidated Balance Sheets at March 31, 2022, and December 31, 2021, have been presented on a gross basis.

The Company's netting agreements and other similar arrangements allow net settlements under certain conditions. At March 31, 2022, and December 31, 2021, information related to these offsetting arrangements was as follows:

(\$ in millions)	March 31, 2022				
Type of agreement or similar arrangement	Gross amount of recognized assets	Derivative liabilities eligible for set-off in case of default	Cash collateral received	Non-cash collateral received	Net asset exposure
Derivatives	175	(90)	–	–	85
Total	175	(90)	–	–	85

(\$ in millions)	March 31, 2022				
Type of agreement or similar arrangement	Gross amount of recognized liabilities	Derivative liabilities eligible for set-off in case of default	Cash collateral pledged	Non-cash collateral pledged	Net liability exposure
Derivatives	326	(90)	–	–	236
Total	326	(90)	–	–	236

(\$ in millions)	December 31, 2021				
Type of agreement or similar arrangement	Gross amount of recognized assets	Derivative liabilities eligible for set-off in case of default	Cash collateral received	Non-cash collateral received	Net asset exposure
Derivatives	200	(104)	–	–	96
Total	200	(104)	–	–	96

(\$ in millions)	December 31, 2021				
Type of agreement or similar arrangement	Gross amount of recognized liabilities	Derivative liabilities eligible for set-off in case of default	Cash collateral pledged	Non-cash collateral pledged	Net liability exposure
Derivatives	238	(104)	–	–	134
Total	238	(104)	–	–	134

Note 7

Fair values

The Company uses fair value measurement principles to record certain financial assets and liabilities on a recurring basis and, when necessary, to record certain non-financial assets at fair value on a non-recurring basis, as well as to determine fair value disclosures for certain financial instruments carried at amortized cost in the financial statements. Financial assets and liabilities recorded at fair value on a recurring basis include foreign currency, commodity and interest rate derivatives, as well as cash-settled call options and available-for-sale securities. Non-financial assets recorded at fair value on a non-recurring basis include long-lived assets that are reduced to their estimated fair value due to impairments.

Fair value is the price that would be received when selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Company uses various valuation techniques including the market approach (using observable market data for identical or similar assets and liabilities), the income approach (discounted cash flow models) and the cost approach (using costs a market participant would incur to develop a comparable asset). Inputs used to determine the fair value of assets and liabilities are defined by a three-level hierarchy, depending on the nature of those inputs. The Company has categorized its financial assets and liabilities and non-financial assets measured at fair value within this hierarchy based on whether the inputs to the valuation technique are observable or unobservable. An observable input is based on market data obtained from independent sources, while an unobservable input reflects the Company's assumptions about market data.

The levels of the fair value hierarchy are as follows:

Level 1: Valuation inputs consist of quoted prices in an active market for identical assets or liabilities (observable quoted prices). Assets and liabilities valued using Level 1 inputs include exchange-traded equity securities, listed derivatives which are actively traded such as commodity futures, interest rate futures and certain actively traded debt securities.

Level 2: Valuation inputs consist of observable inputs (other than Level 1 inputs) such as actively quoted prices for similar assets, quoted prices in inactive markets and inputs other than quoted prices such as interest rate yield curves, credit spreads, or inputs derived from other observable data by interpolation, correlation, regression or other means. The adjustments applied to quoted prices or the inputs used in valuation models may be both observable and unobservable. In these cases, the fair value measurement is classified as Level 2 unless the unobservable portion of the adjustment or the unobservable input to the valuation model is significant, in which case the fair value measurement would be classified as Level 3. Assets and liabilities valued or disclosed using Level 2 inputs include investments in certain funds, certain debt securities that are not actively traded, interest rate swaps, cross-currency interest rate swaps, commodity swaps, cash-settled call options, forward foreign exchange contracts, foreign exchange swaps and forward rate agreements, time deposits, as well as financing receivables and debt.

Level 3: Valuation inputs are based on the Company's assumptions of relevant market data (unobservable input).

Whenever quoted prices involve bid-ask spreads, the Company ordinarily determines fair values based on mid-market quotes. However, for the purpose of determining the fair value of cash-settled call options serving as hedges of the Company's management incentive plan, bid prices are used.

When determining fair values based on quoted prices in an active market, the Company considers if the level of transaction activity for the financial instrument has significantly decreased or would not be considered orderly. In such cases, the resulting changes in valuation techniques would be disclosed. If the market is considered disorderly or if quoted prices are not available, the Company is required to use another valuation technique, such as an income approach.

Recurring fair value measures

The fair values of financial assets and liabilities measured at fair value on a recurring basis were as follows:

(\$ in millions)	March 31, 2022			
	Level 1	Level 2	Level 3	Total fair value
Assets				
Securities in “Marketable securities and short-term investments”:				
Equity securities	–	481	–	481
Debt securities—U.S. government obligations	200	–	–	200
Debt securities—Other government obligations	–	12	–	12
Debt securities—Corporate	–	72	–	72
Derivative assets—current in “Other current assets”	–	169	–	169
Derivative assets—non-current in “Other non-current assets”	–	27	–	27
Total	200	761	–	961
Liabilities				
Derivative liabilities—current in “Other current liabilities”	–	163	–	163
Derivative liabilities—non-current in “Other non-current liabilities”	–	192	–	192
Total	–	355	–	355

(\$ in millions)	December 31, 2021			
	Level 1	Level 2	Level 3	Total fair value
Assets				
Securities in "Marketable securities and short-term investments":				
Equity securities		587		587
Debt securities—U.S. government obligations	209			209
Debt securities—Corporate		74		74
Derivative assets—current in "Other current assets"		176		176
Derivative assets—non-current in "Other non-current assets"		41		41
Total	209	878	–	1,087
Liabilities				
Derivative liabilities—current in "Other current liabilities"		133		133
Derivative liabilities—non-current in "Other non-current liabilities"		131		131
Total	–	264	–	264

The Company uses the following methods and assumptions in estimating fair values of financial assets and liabilities measured at fair value on a recurring basis:

- Securities in "Marketable securities and short-term investments" and "Other non-current assets": If quoted market prices in active markets for identical assets are available, these are considered Level 1 inputs; however, when markets are not active, these inputs are considered Level 2. If such quoted market prices are not available, fair value is determined using market prices for similar assets or present value techniques, applying an appropriate risk-free interest rate adjusted for non-performance risk. The inputs used in present value techniques are observable and fall into the Level 2 category.
- Derivatives: The fair values of derivative instruments are determined using quoted prices of identical instruments from an active market, if available (Level 1 inputs). If quoted prices are not available, price quotes for similar instruments, appropriately adjusted, or present value techniques, based on available market data, or option pricing models are used. Cash-settled call options hedging the Company's WAR liability are valued based on bid prices of the equivalent listed warrant. The fair values obtained using price quotes for similar instruments or valuation techniques represent a Level 2 input unless significant unobservable inputs are used.

Non-recurring fair value measures

The Company elects to record private equity investments without readily determinable fair values at cost, less impairment, adjusted by observable price changes. The Company reassesses at each reporting period whether these investments continue to qualify for this treatment. During the three months ended March 31, 2022 and 2021, the Company recognized, in Other income (expense), net fair value gains of \$29 million and \$10 million, respectively, related to certain of its private equity investments based on observable market price changes for an identical or similar investment of the same issuer. The fair values were determined using level 2 inputs. The carrying values of investments, carried at fair value on a non-recurring basis, at March 31, 2022, and December 31, 2021, totaled \$226 million and \$228 million, respectively.

Apart from the transactions above, there were no additional significant non-recurring fair value measurements during the three months ended March 31, 2022 and 2021.

Disclosure about financial instruments carried on a cost basis

The fair values of financial instruments carried on a cost basis were as follows:

	March 31, 2022				
(\$ in millions)	Carrying value	Level 1	Level 2	Level 3	Total fair value
Assets					
Cash and equivalents (excluding securities with original maturities up to 3 months):					
Cash	2,318	2,318	–	–	2,318
Time deposits	2,898	–	2,898	–	2,898
Restricted cash	30	30	–	–	30
Marketable securities and short-term investments (excluding securities):					
Time deposits	202	–	202	–	202
Restricted cash, non-current	300	300	–	–	300
Liabilities					
Short-term debt and current maturities of long-term debt (excluding finance lease obligations)					
	3,084	1,488	1,596	–	3,084
Long-term debt (excluding finance lease obligations)	6,000	6,028	49	–	6,077

	December 31, 2021				
(\$ in millions)	Carrying value	Level 1	Level 2	Level 3	Total fair value
Assets					
Cash and equivalents (excluding securities with original maturities up to 3 months):					
Cash	2,422	2,422			2,422
Time deposits	1,737		1,737		1,737
Restricted cash	30	30			30
Marketable securities and short-term investments (excluding securities):					
Time deposits	300		300		300
Restricted cash, non-current	300	300			300
Liabilities					
Short-term debt and current maturities of long-term debt (excluding finance lease obligations)	1,357	1,288	69		1,357
Long-term debt (excluding finance lease obligations)	4,043	4,234	58		4,292

The Company uses the following methods and assumptions in estimating fair values of financial instruments carried on a cost basis:

- Cash and equivalents (excluding securities with original maturities up to 3 months), Restricted cash, current and non-current, and Marketable securities and short-term investments (excluding securities): The carrying amounts approximate the fair values as the items are short-term in nature or, for cash held in banks, are equal to the deposit amount.
- Short-term debt and current maturities of long-term debt (excluding finance lease obligations): Short-term debt includes commercial paper, bank borrowings and overdrafts. The carrying amounts of short-term debt and current maturities of long-term debt, excluding finance lease obligations, approximate their fair values.
- Long-term debt (excluding finance lease obligations): Fair values of bonds are determined using quoted market prices (Level 1 inputs), if available. For bonds without available quoted market prices and other long-term debt, the fair values are determined using a discounted cash flow methodology based upon borrowing rates of similar debt instruments and reflecting appropriate adjustments for non-performance risk (Level 2 inputs).

Note 8

Contract assets and liabilities

The following table provides information about Contract assets and Contract liabilities:

(\$ in millions)	March 31, 2022	December 31, 2021	March 31, 2021
Contract assets	1,072	990	1,044
Contract liabilities	2,080	1,894	1,855

Contract assets primarily relate to the Company's right to receive consideration for work completed but for which no invoice has been issued at the reporting date. Contract assets are transferred to receivables when rights to receive payment become unconditional.

Contract liabilities primarily relate to up-front advances received on orders from customers as well as amounts invoiced to customers in excess of revenues recognized, primarily for long-term projects. Contract liabilities are reduced as work is performed and as revenues are recognized.

The significant changes in the Contract assets and Contract liabilities balances were as follows:

(\$ in millions)	Three months ended March 31,			
	2022		2021	
	Contract assets	Contract liabilities	Contract assets	Contract liabilities
Revenue recognized, which was included in the Contract liabilities balance at Jan 1, 2022/2021		(518)		(497)
Additions to Contract liabilities - excluding amounts recognized as revenue during the period		701		493
Receivables recognized that were included in the Contract asset balance at Jan 1, 2022/2021	(318)		(275)	

At March 31, 2022, the Company had unsatisfied performance obligations totaling \$18,901 million and, of this amount, the Company expects to fulfill approximately 67 percent of the obligations in 2022, approximately 23 percent of the obligations in 2023 and the balance thereafter.

Note 9

Debt

The Company's total debt at March 31, 2022, and December 31, 2021, amounted to \$9,285 million and \$5,561 million, respectively.

Short-term debt and current maturities of long-term debt

The Company's "Short-term debt and current maturities of long-term debt" consisted of the following:

(\$ in millions)	March 31, 2022	December 31, 2021
Short-term debt	1,812	78
Current maturities of long-term debt	1,302	1,306
Total	3,114	1,384

Short-term debt primarily represented issued commercial paper and short-term bank borrowings from various banks. At March 31, 2022, \$1,530 million was outstanding under the \$2 billion Euro- commercial paper program in the United States, whereas at December 31, 2021, no amount was outstanding under this program.

Long-term debt

The Company's long-term debt at March 31, 2022, and December 31, 2021, amounted to \$6,171 million and \$4,177 million, respectively.

Outstanding bonds (including maturities within the next 12 months) were as follows:

(in millions)	March 31, 2022			December 31, 2021		
	Nominal outstanding	Carrying value ⁽¹⁾		Nominal outstanding	Carrying value ⁽¹⁾	
Bonds:						
2.875% USD Notes, due 2022	USD 1,250	\$ 1,252		USD 1,250	\$ 1,258	
0.625% EUR Instruments, due 2023	EUR 700	\$ 779		EUR 700	\$ 800	
0% CHF Bonds, due 2023	CHF 275	\$ 297				
0.625% EUR Instruments, due 2024	EUR 700	\$ 774				
0% EUR Instruments, due 2024	EUR 500	\$ 559				
0.75% EUR Instruments, due 2024	EUR 750	\$ 828		EUR 750	\$ 860	
0.3% CHF Bonds, due 2024	CHF 280	\$ 302		CHF 280	\$ 306	
0.75% CHF Bonds, due 2027	CHF 425	\$ 459				
3.8% USD Notes, due 2028 ⁽²⁾	USD 383	\$ 381		USD 383	\$ 381	
1.0% CHF Bonds, due 2029	CHF 170	\$ 183		CHF 170	\$ 186	
0% EUR Notes, due 2030	EUR 800	\$ 801		EUR 800	\$ 862	
4.375% USD Notes, due 2042 ⁽²⁾	USD 609	\$ 590		USD 609	\$ 589	
Total		\$ 7,205			\$ 5,242	

(1) USD carrying values include unamortized debt issuance costs, bond discounts or premiums, as well as adjustments for fair value hedge accounting, where appropriate.

(2) Prior to completing a cash tender offer in November 2020, the original principal amount outstanding, on each of the 3.8% USD Notes, due 2028, and the 4.375% USD Notes, due 2042, was USD 750 million.

In March 2022, the Company issued the following CHF bonds: (i) CHF 275 million of zero interest bonds, due 2023, and (ii) CHF 425 million of 0.75 percent bonds, due 2027 with interest payable annually in arrears. The aggregate net proceeds of these CHF bond issues, after discount and fees, amounted to CHF 699 million (equivalent to approximately \$751 million on date of issuance).

Also in March 2022, the Company issued the following EUR notes, both due in 2024, (i) EUR 700 million, paying interest annually in arrears at a fixed rate of 0.625 percent per annum, and (ii) EUR 500 million floating rate notes, paying interest quarterly in arrears at a variable rate of 70 basis points above the 3-month EURIBOR. In relation to these EUR Notes, the Company recorded net proceeds (after the respective discount and premium, as well as fees) of EUR 1,203 million (equivalent to \$1,335 million on the date of issuance).

In line with the Company's policy of reducing its currency and interest rate exposures, interest rate swaps have been used to modify the characteristics of the CHF 425 million Bonds, due 2027, and the EUR 700 million Notes, due 2024. After considering the impact of these interest rate swaps, the CHF 425 million Bonds and EUR 700 million Notes, effectively become floating rate obligations.

Note 10

Commitments and contingencies

Contingencies—Regulatory, Compliance and Legal

Regulatory

As a result of an internal investigation, the Company self-reported to the Securities and Exchange Commission (SEC) and the Department of Justice (DoJ) in the United States as well as to the Serious Fraud Office (SFO) in the United Kingdom concerning certain of its past dealings with Unaoil and its subsidiaries, including alleged improper payments made by these entities to third parties. In May 2020, the SFO closed its investigation, which it originally announced in February 2017, as the case did not meet the relevant test for prosecution. The Company continues to cooperate with the U.S. authorities as requested. At this time, it is not possible for the Company to make an informed judgment about the outcome of this matter.

Based on findings during an internal investigation, the Company self-reported to the SEC and the DoJ, in the United States, to the Special Investigating Unit (SIU) and the National Prosecuting Authority (NPA) in South Africa as well as to various authorities in other countries potential suspect payments and other compliance concerns in connection with some of the Company's dealings with Eskom and related persons. Many of those parties have expressed an interest in, or commenced an investigation into, these matters and the Company is cooperating fully with them. The Company paid \$104 million to Eskom in December 2020 as part of a full and final settlement with Eskom and the Special Investigating Unit relating to improper payments and other compliance issues associated with the Controls and Instrumentation Contract, and its Variation Orders for Units 1 and 2 at Kusile. The Company continues to cooperate fully with the authorities in their review of the Kusile project and is in discussions with them regarding a coordinated resolution. Although the Company believes that there could be an unfavorable outcome in one or more of these ongoing reviews, at this time it is not possible for the Company to make an informed judgment about the possible financial impact.

General

The Company is aware of proceedings, or the threat of proceedings, against it and others in respect of private claims by customers and other third parties with regard to certain actual or alleged anticompetitive practices. Also, the Company is subject to other claims and legal proceedings, as well as investigations carried out by various law enforcement authorities. With respect to the above-mentioned claims, regulatory matters, and any related proceedings, the Company will bear the related costs, including costs necessary to resolve them.

Liabilities recognized

At March 31, 2022, and December 31, 2021, the Company had aggregate liabilities of \$106 million and \$104 million, respectively, included in "Other provisions" and "Other non-current liabilities", for the above regulatory, compliance and legal contingencies, and none of the individual liabilities recognized was significant. As it is not possible to make an informed judgment on, or reasonably predict, the outcome of certain matters and as it is not possible, based on information currently available to management, to estimate the maximum potential liability on other matters, there could be adverse outcomes beyond the amounts accrued.

Guarantees

General

The following table provides quantitative data regarding the Company's third-party guarantees. The maximum potential payments represent a "worst-case scenario", and do not reflect management's expected outcomes.

Maximum potential payments (\$ in millions)	March 31, 2022	December 31, 2021
Performance guarantees	4,320	4,540
Financial guarantees	54	52
Indemnification guarantees ⁽¹⁾	134	136
Total⁽²⁾	4,508	4,728

(1) Certain indemnifications provided to Hitachi in connection with the divestment of Power Grids are without limit.

(2) Maximum potential payments include amounts in both continuing and discontinued operations.

The carrying amount of liabilities recorded in the Consolidated Balance Sheets reflects the Company's best estimate of future payments, which it may incur as part of fulfilling its guarantee obligations. In respect of the above guarantees, the carrying amounts of liabilities at March 31, 2022, and December 31, 2021, amounted to \$148 million and \$156 million, respectively, the majority of which is included in discontinued operations.

The Company is party to various guarantees providing financial or performance assurances to certain third parties. These guarantees, which have various maturities up to 2035, mainly consist of performance guarantees whereby (i) the Company guarantees the performance of a third party's product or service according to the terms of a contract and (ii) as member of a consortium/joint-venture that includes third parties, the Company guarantees not only its own performance but also the work of third parties. Such guarantees may include guarantees that a project will be completed within a specified time. If the third party does not fulfill the obligation, the Company will compensate the guaranteed party in cash or in kind. The original maturity dates for the majority of these performance guarantees range from one to ten years.

In conjunction with the divestment of the high-voltage cable and cables accessories businesses, the Company has entered into various performance guarantees with other parties with respect to certain liabilities of the divested business. At March 31, 2022, and December 31, 2021, the maximum potential payable under these guarantees amounts to \$891 million and \$911 million, respectively, and these guarantees have various original maturities ranging from five to ten years.

The Company retained obligations for financial, performance and indemnification guarantees related to the Power Grids business sold on July 1, 2020 (see Note 3 for details). The performance and financial guarantees have been indemnified by Hitachi, at the same proportion of its ownership in Hitachi Energy Ltd (80.1 percent). These guarantees, which have various maturities up to 2035, primarily consist of bank guarantees, standby letters of credit, business performance guarantees and other trade-related guarantees, the majority of which have original maturity dates ranging from one to ten years. The maximum amount payable under the guarantees at March 31, 2022, and December 31, 2021, is approximately \$3.1 billion and \$3.2 billion, respectively, and the carrying amounts of liabilities (recorded in discontinued operations) at March 31, 2022, and December 31, 2021, amounted to \$134 million and \$136 million, respectively.

Commercial commitments

In addition, in the normal course of bidding for and executing certain projects, the Company has entered into standby letters of credit, bid/performance bonds and surety bonds (collectively "performance bonds") with various financial institutions. Customers can draw on such performance bonds in the event that the Company does not fulfill its contractual obligations. The Company would then have an obligation to reimburse the financial institution for amounts paid under the performance bonds. At both March 31, 2022, and December 31, 2021, the total outstanding performance bonds aggregated to \$3.6 billion, of each of these amounts, \$0.1 billion relates to discontinued operations. There have been no significant amounts reimbursed to financial institutions under these types of arrangements in the three months ended March 31, 2022 and 2021.

Product and order-related contingencies

The Company calculates its provision for product warranties based on historical claims experience and specific review of certain contracts. The reconciliation of the "Provisions for warranties", including guarantees of product performance, was as follows:

(\$ in millions)	2022	2021
Balance at January 1,	1,005	1,035
Net change in warranties due to acquisitions, divestments and liabilities held for sale	–	1
Claims paid in cash or in kind	(36)	(54)
Net increase in provision for changes in estimates, warranties issued and warranties expired	38	63
Exchange rate differences	(8)	(33)
Balance at March 31,	999	1,012

Note 11

Employee benefits

The Company operates defined benefit pension plans, defined contribution pension plans, and termination indemnity plans, in accordance with local regulations and practices. These plans cover a large portion of the Company's employees and provide benefits to employees in the event of death, disability, retirement, or termination of employment. Certain of these plans are multi-employer plans. The Company also operates other postretirement benefit plans including postretirement health care benefits, and other employee-related benefits for active employees including long-service award plans. The measurement date used for the Company's employee benefit plans is December 31. The funding policies of the Company's plans are consistent with the local government and tax requirements.

The following tables include amounts relating to defined benefit pension plans and other postretirement benefits for continuing operations.

Net periodic benefit cost of the Company's defined benefit pension and other postretirement benefit plans consisted of the following:

(\$ in millions)	Defined pension benefits				Other postretirement benefits	
	Switzerland		International			
Three months ended March 31,	2022	2021	2022	2021	2022	2021
Operational pension cost:						
Service cost	14	15	9	10	–	–
Operational pension cost	14	15	9	10	–	–
Non-operational pension cost (credit):						
Interest cost	1	(1)	22	18	–	–
Expected return on plan assets	(30)	(29)	(41)	(47)	–	–
Amortization of prior service cost (credit)	(2)	(2)	–	–	(1)	–
Amortization of net actuarial loss	–	–	15	17	–	–
Curtailments, settlements and special termination benefits	–	–	–	(6)	–	–
Non-operational pension cost (credit)	(31)	(32)	(4)	(18)	(1)	–
Net periodic benefit cost (credit)	(17)	(17)	5	(8)	(1)	–

The components of net periodic benefit cost other than the service cost component are included in the line "Non-operational pension (cost) credit" in the income statement.

Employer contributions were as follows:

(\$ in millions)	Defined pension benefits				Other postretirement benefits	
	Switzerland		International			
Three months ended March 31,	2022	2021	2022	2021	2022	2021
Total contributions to defined benefit pension and other postretirement benefit plans	16	15	10	(3)	3	1
Of which, discretionary contributions to defined benefit pension plans	–	–	–	(9)	–	–

The Company expects to make contributions totaling approximately \$104 million and \$6 million to its defined pension plans and other postretirement benefit plans, respectively, for the full year 2022.

Note 12

Stockholder's equity

At the Annual General Meeting of Shareholders (AGM) on March 24, 2022, shareholders approved the proposal of the Board of Directors to distribute 0.82 Swiss francs per share to shareholders. The declared dividend amounted to \$1,700 million, with the Company disbursing a portion in March and the remaining amounts scheduled to be paid in the second quarter of 2022.

In March 2022, the Company completed the share buyback program that was launched in April 2021. This program was executed on a second trading line on the SIX Swiss Exchange. Through this program, the Company purchased a total of 90 million shares for approximately \$3.1 billion, of which 31 million shares were purchased in the first quarter of 2022 (resulting in an increase in Treasury stock of \$1,089 million). At the 2022 AGM, shareholders approved the cancellation of 88 million shares which had been purchased under the share buyback programs launched in July 2020 and April 2021. The cancellation is expected to be completed in the second quarter of 2022.

In addition to the share buyback programs, the Company purchased 14 million of its own shares on the open market in the three months ended March 31, 2022, mainly for use in connection with its employee share plans, resulting in an increase in Treasury stock of \$472 million.

During the first quarter of 2022, the Company delivered, out of treasury stock, 15 million shares in connection with its Management Incentive Plan.

In March 2022, the Company announced a new share buyback program of up to \$3 billion. This program, which was launched in April 2022, is being executed on a second trading line on the SIX Swiss Exchange and is planned to run until the Company's 2023 AGM. At the 2023 AGM, the Company intends to request shareholder approval to cancel the shares purchased through this new program as well as those shares purchased under the program launched in April 2021 that were not proposed for cancellation at the 2022 AGM.

Note 13

Earnings per share

Basic earnings per share is calculated by dividing income by the weighted-average number of shares outstanding during the period. Diluted earnings per share is calculated by dividing income by the weighted-average number of shares outstanding during the period, assuming that all potentially dilutive securities were exercised, if dilutive. Potentially dilutive securities comprise outstanding written call options, and outstanding options and shares granted subject to certain conditions under the Company's share-based payment arrangements.

Basic earnings per share		
	Three months ended March 31,	
(\$ in millions, except per share data in \$)	2022	2021
Amounts attributable to ABB shareholders:		
Income from continuing operations, net of tax	615	530
Loss from discontinued operations, net of tax	(11)	(28)
Net income	604	502
Weighted-average number of shares outstanding (in millions)	1,936	2,015
Basic earnings per share attributable to ABB shareholders:		
Income from continuing operations, net of tax	0.32	0.26
Loss from discontinued operations, net of tax	(0.01)	(0.01)
Net income	0.31	0.25
Diluted earnings per share		
	Three months ended March 31,	
(\$ in millions, except per share data in \$)	2022	2021
Amounts attributable to ABB shareholders:		
Income from continuing operations, net of tax	615	530
Loss from discontinued operations, net of tax	(11)	(28)
Net income	604	502
Weighted-average number of shares outstanding (in millions)	1,936	2,015
Effect of dilutive securities:		
Call options and shares	17	19
Adjusted weighted-average number of shares outstanding (in millions)	1,953	2,034
Diluted earnings per share attributable to ABB shareholders:		
Income from continuing operations, net of tax	0.31	0.26
Loss from discontinued operations, net of tax	(0.01)	(0.01)
Net income	0.31	0.25

Note 14

Reclassifications out of accumulated other comprehensive loss

The following table shows changes in "Accumulated other comprehensive loss" (OCI) attributable to ABB, by component, net of tax:

(\$ in millions)	Foreign currency translation adjustments	Unrealized gains (losses) on available-for-sale securities	Pension and other postretirement plan adjustments	Derivative instruments and hedges	Total OCI
Balance at January 1, 2021	(2,460)	17	(1,556)	(3)	(4,002)
Other comprehensive (loss) income:					
Other comprehensive (loss) income before reclassifications	(270)	(11)	56	12	(213)
Amounts reclassified from OCI	–	(1)	25	(9)	15
Total other comprehensive (loss) income	(270)	(12)	81	3	(198)
Less:					
Amounts attributable to noncontrolling interests	3	–	–	–	3
Balance at March 31, 2021	(2,733)	5	(1,475)	–	(4,203)

(\$ in millions)	Foreign currency translation adjustments	Unrealized gains (losses) on available-for-sale securities	Pension and other postretirement plan adjustments	Derivative instruments and hedges	Total OCI
Balance at January 1, 2022	(2,993)	2	(1,089)	(8)	(4,088)
Other comprehensive (loss) income:					
Other comprehensive (loss) income before reclassifications	(80)	(12)	20	(4)	(76)
Amounts reclassified from OCI	5	–	8	8	21
Total other comprehensive (loss) income	(75)	(12)	28	4	(55)
Less:					
Amounts attributable to noncontrolling interests	(5)	–	–	–	(5)
Balance at March 31, 2022	(3,063)	(10)	(1,061)	(4)	(4,138)

The following table reflects amounts reclassified out of OCI in respect of Pension and other postretirement plan adjustments:

(\$ in millions)		Three months ended March 31,	
Details about OCI components	Location of (gains) losses reclassified from OCI	2022	2021
Foreign currency translation adjustments:			
Net loss on complete or substantially complete liquidations of foreign subsidiaries	Other income (expense), net	5	–
Pension and other postretirement plan adjustments:			
Amortization of prior service cost	Non-operational pension (cost) credit	(3)	(2)
Amortization of net actuarial loss	Non-operational pension (cost) credit	15	11
Total before tax		12	9
Tax	Provision for taxes	(4)	16
Amounts reclassified from OCI		8	25

The amounts in respect of Unrealized gains (losses) on available-for-sale securities and Derivative instruments and hedges were not significant for the three months ended March 31, 2022 and 2021.

Note 15

Operating segment data

The Chief Operating Decision Maker (CODM) is the Chief Executive Officer. The CODM allocates resources to and assesses the performance of each operating segment using the information outlined below. The Company is organized into the following segments, based on products and services: Electrification, Motion, Process Automation, and Robotics & Discrete Automation. The remaining operations of the Company are included in Corporate and Other.

A description of the types of products and services provided by each reportable segment is as follows:

- **Electrification:** manufactures and sells electrical products and solutions which are designed to provide safe, smart and sustainable electrical flow from the substation to the socket. The portfolio of increasingly digital and connected solutions includes electric vehicle charging infrastructure, renewable power solutions, modular substation packages, distribution automation products, switchboard and panelboards, switchgear, UPS solutions, circuit breakers, measuring and sensing devices, control products, wiring accessories, enclosures and cabling systems and intelligent home and building solutions, designed to integrate and automate lighting, heating, ventilation, security and data communication networks. The products and services are delivered through seven operating Divisions: Distribution Solutions, Smart Power, Smart Buildings, E-Mobility, Installation Products, Power Conversion and Electrification Service.
- **Motion:** designs, manufactures, and sells drives, motors, generators and traction converters that are driving the low-carbon future for industries, cities, infrastructure and transportation. These products, digital technology and related services enable industrial customers to increase energy efficiency, improve safety and reliability, and achieve precise control of their processes. Building on over 130 years of cumulative experience in electric powertrains, the Business Area combines domain expertise and technology to deliver the optimum solution for a wide range of applications in all industrial segments. In addition, the Business Area, along with its partners, has a leading global service presence. These products and services are delivered through seven operating Divisions: Large Motors and Generators, IEC LV Motors, NEMA Motors, Drive Products, System Drives, Service and Traction, as well as, prior to its sale in November 2021, the Mechanical Power Transmission Division.
- **Process Automation:** develops and sells a broad range of industry-specific, integrated automation, electrification and digital systems and solutions, as well as digital solutions, lifecycle services, advanced industrial analytics and artificial intelligence applications and suites for the process, marine and hybrid industries. Products and solutions include control technologies, advanced process control software and manufacturing execution systems, sensing, measurement and analytical instrumentation, marine propulsion systems and turbochargers. In addition, the Business Area offers a comprehensive range of services ranging from repair to advanced services such as remote monitoring, preventive maintenance, asset performance management, emission monitoring and cybersecurity services. The products, systems and services are delivered through five operating Divisions: Energy Industries, Process Industries, Marine & Ports, Turbocharging, and Measurement & Analytics.
- **Robotics & Discrete Automation:** delivers its products, solutions and services through two operating Divisions: Robotics and Machine Automation. Robotics includes industrial robots, software, robotic solutions and systems, field services, spare parts, and digital services. Machine Automation specializes in solutions based on its programmable logic controllers (PLC), industrial PCs (IPC), servo motion, transport systems and machine vision. Both Divisions offer engineering and simulation software as well as a comprehensive range of digital solutions.

Corporate and Other: includes headquarter costs, the Company's corporate real estate activities, Corporate Treasury Operations, historical operating activities of certain divested businesses and other non-core operating activities.

The primary measure of profitability on which the operating segments are evaluated is Operational EBITA, which represents income from operations excluding:

- amortization expense on intangibles arising upon acquisition (acquisition-related amortization),
- restructuring, related and implementation costs,
- changes in the amount recorded for obligations related to divested businesses occurring after the divestment date (changes in obligations related to divested businesses),
- changes in estimates relating to opening balance sheets of acquired businesses (changes in pre-acquisition estimates),
- gains and losses from sale of businesses (including fair value adjustment on assets and liabilities held for sale),
- acquisition- and divestment-related expenses and integration costs,
- other income/expense relating to the Power Grids joint venture,
- certain other non-operational items, as well as
- foreign exchange/commodity timing differences in income from operations consisting of: (a) unrealized gains and losses on derivatives (foreign exchange, commodities, embedded derivatives), (b) realized gains and losses on derivatives where the underlying hedged transaction has not yet been realized, and (c) unrealized foreign exchange movements on receivables/payables (and related assets/liabilities).

Certain other non-operational items generally includes certain regulatory, compliance and legal costs, certain asset write downs/impairments and certain other fair value changes, as well as other items which are determined by management on a case-by-case basis.

The CODM primarily reviews the results of each segment on a basis that is before the elimination of profits made on inventory sales between segments. Segment results below are presented before these eliminations, with a total deduction for intersegment profits to arrive at the Company's consolidated Operational EBITA. Intersegment sales and transfers are accounted for as if the sales and transfers were to third parties, at current market prices.

The following tables present disaggregated segment revenues from contracts with customers, Operational EBITA, and the reconciliations of consolidated Operational EBITA to Income from continuing operations before taxes for the three months ended March 31, 2022 and 2021, as well as total assets at March 31, 2022, and December 31, 2021.

	Three months ended March 31, 2022					
				Robotics & Discrete Automation	Corporate and Other	
(\$ in millions)	Electrification	Motion	Process Automation			Total
Geographical markets						
Europe	1,112	466	585	354	1	2,518
The Americas	1,201	492	368	108	–	2,169
of which: United States	882	407	221	72	–	1,582
Asia, Middle East and Africa	964	499	546	267	2	2,278
of which: China	465	287	150	197	1	1,100
	3,277	1,457	1,499	729	3	6,965
Product type						
Products	2,827	1,248	346	440	4	4,865
Systems	246	–	467	172	(1)	884
Services and other	204	209	686	117	–	1,216
	3,277	1,457	1,499	729	3	6,965
Third-party revenues	3,277	1,457	1,499	729	3	6,965
Intersegment revenues	50	115	7	1	(173)	–
Total revenues	3,327	1,572	1,506	730	(170)	6,965
	Three months ended March 31, 2021					
				Robotics & Discrete Automation	Corporate and Other	
(\$ in millions)	Electrification	Motion	Process Automation			Total
Geographical markets						
Europe	1,100	469	563	418	1	2,551
The Americas	1,058	588	290	106	1	2,043
of which: United States	800	494	163	75	–	1,532
Asia, Middle East and Africa	929	503	542	326	7	2,307
of which: China	488	264	175	249	–	1,176
	3,087	1,560	1,395	850	9	6,901
Product type						
Products	2,620	1,349	321	526	7	4,823
Systems	269	–	409	204	2	884
Services and other	198	211	665	120	–	1,194
	3,087	1,560	1,395	850	9	6,901
Third-party revenues	3,087	1,560	1,395	850	9	6,901
Intersegment revenues	53	107	12	3	(175)	–
Total revenues	3,140	1,667	1,407	853	(166)	6,901

(\$ in millions)	Three months ended	
	March 31,	
	2022	2021
Operational EBITA:		
Electrification	510	511
Motion	274	289
Process Automation	196	155
Robotics & Discrete Automation	49	105
Corporate and Other		
– Non-core business activities	6	(22)
– Corporate costs and intersegment elimination	(38)	(79)
Total	997	959
Acquisition-related amortization	(60)	(65)
Restructuring, related and implementation costs	(16)	(35)
Changes in obligations related to divested businesses	14	(2)
Changes in pre-acquisition estimates	(1)	(6)
Gains and losses from sale of businesses	–	(3)
Acquisition- and divestment-related expenses and integration costs	(59)	(10)
Other income/expense relating to the Power Grids joint venture	(35)	(17)
Foreign exchange/commodity timing differences in income from operations:		
Unrealized gains and losses on derivatives (foreign exchange, commodities, embedded derivatives)	18	(48)
Realized gains and losses on derivatives where the underlying hedged transaction has not yet been realized	(2)	2
Unrealized foreign exchange movements on receivables/payables (and related assets/liabilities)	(1)	34
Certain other non-operational items:		
Regulatory, compliance and legal costs	1	(2)
Business transformation costs ⁽¹⁾	(26)	(20)
Assets write downs/impairments & certain other fair value changes	34	18
Other non-operational items	(7)	(8)
Income from operations	857	797
Interest and dividend income	13	11
Interest and other finance expense	(22)	(55)
Non-operational pension (cost) credit	36	50
Income from continuing operations before taxes	884	803

(1) Amount includes ABB Way process transformation costs of \$25 million and \$15 million for three months ended March 31, 2022 and 2021, respectively.

(\$ in millions)	Total assets ⁽¹⁾	
	March 31, 2022	December 31, 2021
Electrification	13,642	12,831
Motion	6,176	5,936
Process Automation	5,062	5,009
Robotics & Discrete Automation	4,902	4,860
Corporate and Other ⁽²⁾	12,489	11,624
Consolidated	42,271	40,260

(1) Total assets are after intersegment eliminations and therefore reflect third-party assets only.

(2) At March 31, 2022 and December 31, 2021, respectively, Corporate and Other includes \$140 million and \$136 million of assets in the Power Grids business which is reported as discontinued operations (see Note 3). In addition, at March 31, 2022, and December 31, 2021, Corporate and Other includes \$1,555 million and \$1,609 million, respectively, related to the equity investment in Hitachi Energy Ltd (see Note 4).

Supplemental Reconciliations and Definitions

The following reconciliations and definitions include measures which ABB uses to supplement its Consolidated Financial Information (unaudited) which is prepared in accordance with United States generally accepted accounting principles (U.S. GAAP). Certain of these financial measures are, or may be, considered non-GAAP financial measures as defined in the rules of the U.S. Securities and Exchange Commission (SEC).

While ABB's management believes that the non-GAAP financial measures herein are useful in evaluating ABB's operating results, this information should be considered as supplemental in nature and not as a substitute for the related financial information prepared in accordance with U.S. GAAP. Therefore these measures should not be viewed in isolation but considered together with the Consolidated Financial Information (unaudited) prepared in accordance with U.S. GAAP as of and for the three months ended March 31, 2022.

Comparable growth rates

Growth rates for certain key figures may be presented and discussed on a "comparable" basis. The comparable growth rate measures growth on a constant currency basis. Since we are a global company, the comparability of our operating results reported in U.S. dollars is affected by foreign currency exchange rate fluctuations. We calculate the impacts from foreign currency fluctuations by translating the current-year periods' reported key figures into U.S. dollar amounts using the exchange rates in effect for the comparable periods in the previous year.

Comparable growth rates are also adjusted for changes in our business portfolio. Adjustments to our business portfolio occur due to acquisitions, divestments, or by exiting specific business activities or customer markets. The adjustment for portfolio changes is calculated as follows: where the results of any business acquired or divested have not been consolidated and reported for the entire duration of both the current and comparable periods, the reported key figures of such business are adjusted to exclude the relevant key figures of any corresponding quarters which are not comparable when computing the comparable growth rate. Certain portfolio changes which do not qualify as divestments under U.S. GAAP have been treated in a similar manner to divestments. Changes in our portfolio where we have exited certain business activities or customer markets are adjusted as if the relevant business was divested in the period when the decision to cease business activities was taken. We do not adjust for portfolio changes where the relevant business has annualized revenues of less than \$50 million.

The following tables provide reconciliations of reported growth rates of certain key figures to their respective comparable growth rate.

Comparable growth rate reconciliation by Business Area

Business Area	Q1 2022 compared to Q1 2021							
	Order growth rate				Revenue growth rate			
	US\$ (as reported)	Foreign exchange impact	Portfolio changes	Comparable	US\$ (as reported)	Foreign exchange impact	Portfolio changes	Comparable
Electrification	25%	4%	0%	29%	6%	4%	0%	10%
Motion	15%	5%	12%	32%	-6%	4%	10%	8%
Process Automation	2%	4%	0%	6%	7%	4%	0%	11%
Robotics & Discrete Automation	56%	6%	-2%	60%	-14%	3%	-1%	-12%
ABB Group	21%	4%	3%	28%	1%	3%	3%	7%

Regional comparable growth rate reconciliation
Regional comparable growth rate reconciliation for ABB Group - Quarter

Region	Q1 2022 compared to Q1 2021							
	Order growth rate				Revenue growth rate			
	US\$ (as reported)	Foreign exchange impact	Portfolio changes	Comparable	US\$ (as reported)	Foreign exchange impact	Portfolio changes	Comparable
Europe	14%	10%	0%	24%	-1%	8%	0%	7%
The Americas	29%	0%	11%	40%	6%	0%	9%	15%
of which: United States	33%	0%	13%	46%	3%	0%	11%	14%
Asia, Middle East and Africa	22%	2%	0%	24%	-1%	1%	0%	0%
of which: China	28%	-2%	0%	26%	-6%	-2%	0%	-8%
ABB Group	21%	4%	3%	28%	1%	3%	3%	7%

Regional comparable growth rate reconciliation by Business Area - Quarter

Region	Q1 2022 compared to Q1 2021							
	Order growth rate				Revenue growth rate			
	US\$ (as reported)	Foreign exchange impact	Portfolio changes	Comparable	US\$ (as reported)	Foreign exchange impact	Portfolio changes	Comparable
Europe	24%	11%	0%	35%	1%	10%	0%	11%
The Americas	42%	0%	0%	42%	13%	1%	0%	14%
of which: United States	50%	0%	0%	50%	11%	0%	0%	11%
Asia, Middle East and Africa	6%	1%	0%	7%	3%	1%	0%	4%
of which: China	11%	-2%	0%	9%	-5%	-2%	0%	-7%
Electrification	25%	4%	0%	29%	6%	4%	0%	10%

Region	Q1 2022 compared to Q1 2021							
	Order growth rate				Revenue growth rate			
	US\$ (as reported)	Foreign exchange impact	Portfolio changes	Comparable	US\$ (as reported)	Foreign exchange impact	Portfolio changes	Comparable
Europe	18%	13%	0%	31%	4%	10%	1%	15%
The Americas	0%	1%	35%	36%	-17%	1%	30%	14%
of which: United States	-2%	0%	36%	34%	-17%	0%	33%	16%
Asia, Middle East and Africa	27%	1%	1%	29%	-3%	1%	1%	-1%
of which: China	23%	-2%	-2%	19%	4%	-2%	6%	8%
Motion	15%	5%	12%	32%	-6%	4%	10%	8%

Region	Q1 2022 compared to Q1 2021							
	Order growth rate				Revenue growth rate			
	US\$ (as reported)	Foreign exchange impact	Portfolio changes	Comparable	US\$ (as reported)	Foreign exchange impact	Portfolio changes	Comparable
Europe	-25%	5%	0%	-20%	4%	8%	0%	12%
The Americas	22%	1%	0%	23%	26%	0%	0%	26%
of which: United States	34%	0%	0%	34%	34%	1%	0%	35%
Asia, Middle East and Africa	28%	3%	0%	31%	0%	3%	0%	3%
of which: China	13%	-1%	0%	12%	-14%	-1%	0%	-15%
Process Automation	2%	4%	0%	6%	7%	4%	0%	11%

Region	Q1 2022 compared to Q1 2021							
	Order growth rate				Revenue growth rate			
	US\$ (as reported)	Foreign exchange impact	Portfolio changes	Comparable	US\$ (as reported)	Foreign exchange impact	Portfolio changes	Comparable
Europe	40%	12%	-3%	49%	-15%	6%	-2%	-11%
The Americas	89%	0%	0%	89%	2%	-1%	0%	1%
of which: United States	87%	0%	0%	87%	-4%	0%	0%	-4%
Asia, Middle East and Africa	67%	-1%	0%	66%	-18%	0%	0%	-18%
of which: China	96%	-3%	0%	93%	-21%	-1%	0%	-22%
Robotics & Discrete Automation	56%	6%	-2%	60%	-14%	3%	-1%	-12%

Order backlog growth rate reconciliation

Business Area	March 31, 2022 compared to March 31, 2021			
	US\$ (as reported)	Foreign exchange impact	Portfolio changes	Comparable
Electrification	38%	4%	0%	42%
Motion	26%	6%	0%	32%
Process Automation	5%	2%	0%	7%
Robotics & Discrete Automation	83%	3%	0%	86%
ABB Group	28%	4%	0%	32%

Other growth rate reconciliations

Business Area	Q1 2022 compared to Q1 2021							
	Service orders growth rate				Services revenues growth rate			
	US\$ (as reported)	Foreign exchange impact	Portfolio changes	Comparable	US\$ (as reported)	Foreign exchange impact	Portfolio changes	Comparable
Electrification	14%	5%	0%	19%	3%	3%	0%	6%
Motion	14%	6%	0%	20%	-1%	5%	0%	4%
Process Automation	7%	5%	0%	12%	3%	5%	0%	8%
Robotics & Discrete Automation	11%	6%	0%	17%	-2%	6%	0%	4%
ABB Group	10%	5%	0%	15%	2%	4%	0%	6%

Operational EBITA as % of operational revenues (Operational EBITA margin)

Definition

Operational EBITA margin

Operational EBITA margin is Operational EBITA as a percentage of operational revenues.

Operational EBITA

Operational earnings before interest, taxes and acquisition-related amortization (Operational EBITA) represents Income from operations excluding:

- acquisition-related amortization (as defined below),
- restructuring, related and implementation costs,
- changes in the amount recorded for obligations related to divested businesses occurring after the divestment date (changes in obligations related to divested businesses),
- changes in estimates relating to opening balance sheets of acquired businesses (changes in pre-acquisition estimates),
- gains and losses from sale of businesses (including fair value adjustment on assets and liabilities held for sale),
- acquisition- and divestment-related expenses and integration costs,
- other income/expense relating to the Power Grids joint venture,
- certain other non-operational items, as well as
- foreign exchange/commodity timing differences in income from operations consisting of: (a) unrealized gains and losses on derivatives (foreign exchange, commodities, embedded derivatives), (b) realized gains and losses on derivatives where the underlying hedged transaction has not yet been realized, and (c) unrealized foreign exchange movements on receivables/payables (and related assets/liabilities).

Certain other non-operational items generally includes certain regulatory, compliance and legal costs, certain asset impairments and certain other fair value changes, as well as other items which are determined by management on a case-by-case basis.

Operational EBITA is our measure of segment profit but is also used by management to evaluate the profitability of the Company as a whole.

Acquisition-related amortization

Amortization expense on intangibles arising upon acquisitions.

Restructuring, related and implementation costs

Restructuring, related and implementation costs consists of restructuring and other related expenses, as well as internal and external costs relating to the implementation of group-wide restructuring programs.

Other income/expense relating to the Power Grids joint venture

Other income/expense relating to the Power Grids joint venture consists of amounts recorded in Income from continuing operations before taxes relating to the divested Power Grids business including the income/loss under the equity method for the investment in Hitachi Energy Ltd. (Hitachi Energy), amortization of deferred brand income as well as changes in value of other obligations relating to the divestment.

Operational revenues

The Company presents operational revenues solely for the purpose of allowing the computation of Operational EBITA margin. Operational revenues are Total revenues adjusted for foreign exchange/commodity timing differences in total revenues of: (i) unrealized gains and losses on derivatives, (ii) realized gains and losses on derivatives where the underlying hedged transaction has not yet been realized, and (iii) unrealized foreign exchange movements on receivables (and related assets). Operational revenues are not intended to be an alternative measure to Total revenues, which represent our revenues measured in accordance with U.S. GAAP.

Reconciliation

The following tables provide reconciliations of consolidated Operational EBITA to Net Income and Operational EBITA Margin by business.

Reconciliation of consolidated Operational EBITA to Net Income

(\$ in millions)	Three months ended March 31,	
	2022	2021
Operational EBITA	997	959
Acquisition-related amortization	(60)	(65)
Restructuring, related and implementation costs	(16)	(35)
Changes in obligations related to divested businesses	14	(2)
Changes in pre-acquisition estimates	(1)	(6)
Gains and losses from sale of businesses	–	(3)
Acquisition- and divestment-related expenses and integration costs	(59)	(10)
Other income/expense relating to the Power Grids joint venture	(35)	(17)
Certain other non-operational items	2	(12)
Foreign exchange/commodity timing differences in income from operations	15	(12)
Income from operations	857	797
Interest and dividend income	13	11
Interest and other finance expense	(22)	(55)
Non-operational pension (cost) credit	36	50
Income from continuing operations before taxes	884	803
Income tax expense	(241)	(252)
Income from continuing operations, net of tax	643	551
Loss from discontinued operations, net of tax	(11)	(28)
Net income	632	523

Reconciliation of Operational EBITA margin by business

(\$ in millions, unless otherwise indicated)	Three months ended March 31, 2022					Consolidated
	Electrification	Motion	Process Automation	Robotics & Discrete Automation	Corporate and Other and Intersegment elimination	
Total revenues	3,327	1,572	1,506	730	(170)	6,965
Foreign exchange/commodity timing differences in total revenues:						
Unrealized gains and losses on derivatives	(12)	4	(1)	2	(1)	(8)
Realized gains and losses on derivatives where the underlying hedged transaction has not yet been realized	2	1	(3)	–	3	3
Unrealized foreign exchange movements on receivables (and related assets)	–	(2)	3	3	(2)	2
Operational revenues	3,317	1,575	1,505	735	(170)	6,962
Income (loss) from operations	506	254	151	22	(76)	857
Acquisition-related amortization	31	8	1	21	(1)	60
Restructuring, related and implementation costs	2	8	5	1	–	16
Changes in obligations related to divested businesses	–	–	–	–	(14)	(14)
Changes in pre-acquisition estimates	1	–	–	–	–	1
Gains and losses from sale of businesses	–	–	–	–	–	–
Acquisition- and divestment-related expenses and integration costs	19	5	33	1	1	59
Other income/expense relating to the Power Grids joint venture	–	–	–	–	35	35
Certain other non-operational items	(30)	–	–	–	28	(2)
Foreign exchange/commodity timing differences in income from operations:						
Unrealized gains and losses on derivatives (foreign exchange, commodities, embedded derivatives)	(21)	(1)	6	3	(5)	(18)
Realized gains and losses on derivatives where the underlying hedged transaction has not yet been realized	2	–	(3)	–	3	2
Unrealized foreign exchange movements on receivables/payables (and related assets/liabilities)	–	–	3	1	(3)	1
Operational EBITA	510	274	196	49	(32)	997
Operational EBITA margin (%)	15.4%	17.4%	13.0%	6.7%	n.a.	14.3%

In the three months ended March 31, 2022, Certain other non-operational items in the table above includes the following:

(\$ in millions, unless otherwise indicated)	Three months ended March 31, 2022					Consolidated
	Electrification	Motion	Process Automation	Robotics & Discrete Automation	Corporate and Other	
Certain other non-operational items:						
Regulatory, compliance and legal costs	–	–	–	–	(1)	(1)
Certain other fair values changes, including asset impairments	(31)	–	–	–	(3)	(34)
Business transformation costs ⁽¹⁾	1	–	–	–	25	26
Other non-operational items	–	–	–	–	7	7
Total	(30)	–	–	–	28	(2)

(1) Amounts include ABB Way process transformation costs of \$25 million for the three months ended March 31, 2022.

Three months ended March 31, 2021						
(\$ in millions, unless otherwise indicated)	Electrification	Motion	Process Automation	Robotics & Discrete	Corporate and Other and	Consolidated
				Automation	Intersegment elimination	
Total revenues	3,140	1,667	1,407	853	(166)	6,901
Foreign exchange/commodity timing differences in total revenues:						
Unrealized gains and losses on derivatives	29	27	12	5	4	77
Realized gains and losses on derivatives where the underlying hedged transaction has not yet been realized	–	–	(2)	(1)	–	(3)
Unrealized foreign exchange movements on receivables (and related assets)	(19)	(8)	(5)	(7)	(2)	(41)
Operational revenues	3,150	1,686	1,412	850	(164)	6,934
Income (loss) from operations	440	265	147	82	(137)	797
Acquisition-related amortization	29	13	1	20	2	65
Restructuring, related and implementation costs	17	1	3	5	9	35
Changes in obligations related to divested businesses	–	–	–	–	2	2
Changes in pre-acquisition estimates	6	–	–	–	–	6
Gains and losses from sale of businesses	3	–	–	–	–	3
Acquisition- and divestment-related expenses and integration costs	6	3	1	–	–	10
Other income/expense relating to the Power Grids joint venture	–	–	–	–	17	17
Certain other non-operational items	(6)	–	–	–	18	12
Foreign exchange/commodity timing differences in income from operations:						
Unrealized gains and losses on derivatives (foreign exchange, commodities, embedded derivatives)	25	14	10	1	(2)	48
Realized gains and losses on derivatives where the underlying hedged transaction has not yet been realized	–	–	(1)	–	(1)	(2)
Unrealized foreign exchange movements on receivables/payables (and related assets/liabilities)	(9)	(7)	(6)	(3)	(9)	(34)
Operational EBITA	511	289	155	105	(101)	959
Operational EBITA margin (%)	16.2%	17.1%	11.0%	12.4%	n.a.	13.8%

In the three months ended March 31, 2021, Certain other non-operational items in the table above includes the following:

Three months ended March 31, 2021						
(\$ in millions, unless otherwise indicated)	Electrification	Motion	Process Automation	Robotics & Discrete	Corporate and Other	Consolidated
				Automation		
Certain other non-operational items:						
Regulatory, compliance and legal costs	–	–	–	–	2	2
Certain other fair values changes, including asset impairments	(9)	–	–	–	(9)	(18)
Business transformation costs	3	–	–	–	17	20
Other non-operational items	–	–	–	–	8	8
Total	(6)	–	–	–	18	12

(1) Amounts include ABB Way process transformation costs of \$15 million for the three months ended March 31, 2021.

Net debt

Definition

Net debt

Net debt is defined as Total debt less Cash and marketable securities.

Total debt

Total debt is the sum of Short-term debt and current maturities of long-term debt, and Long-term debt.

Cash and marketable securities

Cash and marketable securities is the sum of Cash and equivalents, Restricted cash (current and non-current) and Marketable securities and short-term investments.

Reconciliation

(\$ in millions)	March 31, 2022	December 31, 2021
Short-term debt and current maturities of long-term debt	3,114	1,384
Long-term debt	6,171	4,177
Total debt (gross debt)	9,285	5,561
Cash and equivalents	5,216	4,159
Restricted cash - current	30	30
Marketable securities and short-term investments	967	1,170
Restricted cash - non-current	300	300
Cash and marketable securities	6,513	5,659
Net debt (cash)	2,772	(98)

Net debt/Equity ratio

Definition

Net debt/Equity ratio

Net debt/Equity ratio is defined as Net debt divided by Equity.

Equity

Equity is defined as Total stockholders' equity.

Reconciliation

(\$ in millions, unless otherwise indicated)	March 31, 2022	December 31, 2021
Total stockholders' equity	13,638	15,957
Net debt (cash) (as defined above)	2,772	(98)
Net debt (cash) / Equity ratio	0.20	-0.01

Net debt/EBITDA ratio

Definition

Net debt/EBITDA ratio

Net debt/EBITDA ratio is defined as Net debt divided by EBITDA.

EBITDA

EBITDA is defined as Income from operations for the trailing twelve months preceding the balance sheet date before depreciation and amortization for the same trailing twelve-month period.

Reconciliation

(\$ in millions, unless otherwise indicated)	March 31, 2022	March 31, 2021
Income from operations for the three months ended:		
March 31, 2022 / 2021	857	797
December 31, 2021 / 2020	2,975	578
September 30, 2021 / 2020	852	71
June 30, 2021 / 2020	1,094	571
Depreciation and Amortization for the three months ended:		
March 31, 2022 / 2021	210	227
December 31, 2021 / 2020	216	229
September 30, 2021 / 2020	220	231
June 30, 2021 / 2020	230	228
EBITDA	6,654	2,932
Net debt (as defined above)	2,772	1,233
Net debt / EBITDA	0.4	0.4

Net working capital as a percentage of revenues

Definition

Net working capital as a percentage of revenues

Net working capital as a percentage of revenues is calculated as Net working capital divided by Adjusted revenues for the trailing twelve months.

Net working capital

Net working capital is the sum of (i) receivables, net, (ii) contract assets, (iii) inventories, net, and (iv) prepaid expenses; less (v) accounts payable, trade, (vi) contract liabilities, and (vii) other current liabilities (excluding primarily: (a) income taxes payable, (b) current derivative liabilities, (c) pension and other employee benefits, (d) payables under the share buyback program and (e) liabilities related to the divestment of the Power Grids business); and including the amounts related to these accounts which have been presented as either assets or liabilities held for sale but excluding any amounts included in discontinued operations.

Adjusted revenues for the trailing twelve months

Adjusted revenues for the trailing twelve months includes total revenues recorded by ABB in the twelve months preceding the relevant balance sheet date adjusted to eliminate revenues of divested businesses and the estimated impact of annualizing revenues of certain acquisitions which were completed in the same trailing twelve-month period.

Reconciliation

(\$ in millions, unless otherwise indicated)	March 31, 2022	March 31, 2021
Net working capital:		
Receivables, net	6,851	6,663
Contract assets	1,072	1,044
Inventories, net	5,372	4,475
Prepaid expenses	289	241
Accounts payable, trade	(4,830)	(4,453)
Contract liabilities	(2,080)	(1,855)
Other current liabilities ⁽¹⁾	(3,213)	(3,211)
Net working capital	3,461	2,904
Total revenues for the three months ended:		
March 31, 2022 / 2021	6,965	6,901
December 31, 2021 / 2020	7,567	7,182
September 30, 2021 / 2020	7,028	6,582
June 30, 2021 / 2020	7,449	6,154
Adjustment to annualize/eliminate revenues of certain acquisitions/divestments	(363)	–
Adjusted revenues for the trailing twelve months	28,646	26,819
Net working capital as a percentage of revenues (%)	12.1%	10.8%

(1) Amounts exclude \$901 million and \$710 million at March 31, 2022 and 2021, respectively, related primarily to (a) income taxes payable, (b) current derivative liabilities, (c) pension and other employee benefits (d) payables under the share buyback program and (e) liabilities related to the divestment of the Power Grids business.

Free cash flow conversion to net income

Definition

Free cash flow conversion to net income

Free cash flow conversion to net income is calculated as free cash flow divided by Adjusted net income attributable to ABB.

Adjusted net income attributable to ABB

Adjusted net income attributable to ABB is calculated as net income attributable to ABB adjusted for: (i) impairment of goodwill, (ii) losses from extinguishment of debt, and (iii) gains arising on the sale of both the Mechanical Power Transmission Division (Dodge) and Power Grids business, the latter being included in discontinued operations.

Free cash flow

Free cash flow is calculated as net cash provided by operating activities adjusted for: (i) purchases of property, plant and equipment and intangible assets, and (ii) proceeds from sales of property, plant and equipment.

Free cash flow for the trailing twelve months

Free cash flow for the trailing twelve months includes free cash flow recorded by ABB in the twelve months preceding the relevant balance sheet date.

Net income for the trailing twelve months

Net income for the trailing twelve months includes net income recorded by ABB (as adjusted) in the twelve months preceding the relevant balance sheet date.

Free cash flow conversion to net income

(\$ in millions, unless otherwise indicated)	Twelve months to	
	March 31, 2022	December 31, 2021
Net cash provided by operating activities – continuing operations	2,251	3,338
Adjusted for the effects of continuing operations:		
Purchases of property, plant and equipment and intangible assets	(865)	(820)
Proceeds from sale of property, plant and equipment	108	93
Free cash flow from continuing operations	1,494	2,611
Net cash provided by (used in) operating activities – discontinued operations	(37)	(8)
Free cash flow	1,457	2,603
Adjusted net income attributable to ABB⁽¹⁾	2,499	2,416
Free cash flow conversion to net income	58%	108%

(1) Adjusted net income attributable to ABB for the year ended December 31, 2021, is adjusted to exclude the gain on the sale of Dodge of \$2,195 million and reductions to the gain on the sale of Power Grids of \$65 million.

Reconciliation of the trailing twelve months to March 31, 2022

(\$ in millions)	Continuing operations			Discontinued operations			
	Net cash provided by continuing operating activities	Purchases of property, plant and equipment and intangible assets	Proceeds from sale of property, plant and equipment	Net cash provided by (used in) discontinued operating activities	Purchases of property, plant and equipment and intangible assets	Proceeds from sale of property, plant and equipment	Adjusted net income attributable to ABB ⁽¹⁾
Q2 2021	663	(151)	3	–	–	–	755
Q3 2021	1,119	(166)	13	(15)	–	–	657
Q4 2021	1,033	(361)	57	(13)	–	–	478
Q1 2022	(564)	(187)	35	(9)	–	–	609
Total for the trailing twelve months to							
March 31, 2022	2,251	(865)	108	(37)	–	–	2,499

(1) Adjusted net income attributable to ABB for Q2, Q3 and Q4 of 2021 as well as Q1 2022, is adjusted to exclude reductions to the gain on the sale of Power Grids of \$3 million, \$5 million, \$33 million and \$5 million, respectively. In addition, Q4 2021 is also adjusted to exclude the gain on the sale of Dodge of \$2,195 million.

Net finance expenses

Definition

Net finance expenses is calculated as Interest and dividend income less Interest and other finance expense and Losses from extinguishment of debt.

Reconciliation

(\$ in millions)	Three months ended March 31,	
	2022	2021
Interest and dividend income	13	11
Interest and other finance expense	(22)	(55)
Net finance expenses	(9)	(44)

Book-to-bill ratio

Definition

Book-to-bill ratio is calculated as Orders received divided by Total revenues.

Reconciliation

(\$ in millions, except Book-to-bill presented as a ratio)	Three months ended March 31,					
	2022			2021		
	Orders	Revenues	Book-to-bill	Orders	Revenues	Book-to-bill
Electrification	4,397	3,327	1.32	3,531	3,140	1.12
Motion	2,202	1,572	1.40	1,917	1,667	1.15
Process Automation	1,692	1,506	1.12	1,656	1,407	1.18
Robotics & Discrete Automation	1,308	730	1.79	841	853	0.99
Corporate and Other <i>(incl. intersegment eliminations)</i>	(226)	(170)	n.a.	(189)	(166)	n.a.
ABB Group	9,373	6,965	1.35	7,756	6,901	1.12

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