

ABB – Solid growth in a mixed market

Zurich, Switzerland, April 29, 2015: First-quarter highlights

- 15% order growth¹, revenues return to growth at +3%
- Operational EBITA margin² steady
- Net income up 4%
- Increased cash from operations
- Financials impacted by currency translation due to strong appreciation of US dollar
- Continued progress on Power Systems ‘step change’ program
- Next Level strategy: Collaboration drives large combined power and automation orders

“We delivered a solid first quarter in which we grew net income and increased cash flow, in line with our commitment to drive profitable growth and accelerate sustainable value creation,” said CEO Ulrich Spiesshofer.

“In a challenging environment, we doubled large orders and kept base orders steady,” he said. “We grew orders in our three largest countries—the US, China and Germany—on a like-for-like basis and won key projects due to our combined power and automation offering, reflecting our competitive advantage. We brought revenue back to growth, benefiting from our order backlog and strong focus on growth segments in a difficult market overall.

“We continued to make progress in our Power Systems ‘step change’ program,” he said. “Mix effects and market challenges, such as oil and gas, weighed on margins in the rest of the group. We have taken decisive actions on cost and productivity to address this as part of our ongoing focus on relentless execution. In total, we delivered a steady operational EBITA margin.

“We are seeing the first benefits of our Next Level strategy, giving us confidence that we can take advantage of profitable growth opportunities. We are driving cost out and implementing additional restructuring to address market uncertainties in the quarters ahead” Spiesshofer said.

Key Figures

(\$ in millions, unless otherwise indicated)	Q1 2015	Q1 2014	Change	
			US\$	Like-for-like ²
Orders	10,404	10,358	0%	+15%
Revenues	8,555	9,471	-10%	+3%
Operational EBITA ³	949	1,039	-9%	+5%
as % of operational revenues ²	11.1%	11.0%	+0.1 pts	
Net income	564	544	+4%	
Basic earnings per share (\$)	0.25	0.24		
Operational earnings per share ² (\$) (constant currency basis)	0.31	0.29		
Cash flow from operating activities	53	(45)	n.a.	

Like-for-like is local currency change adjusted for acquisitions and divestitures

Outlook summary⁴

In the short term, macroeconomic and geopolitical developments are signaling a mixed picture with increased uncertainty. Some macroeconomic signs in the US remain positive and growth in China is expected to continue but at a slower pace. The long-term demand outlook in ABB’s three major customer sectors—utilities, industry, and transport and infrastructure—remains positive. Current oil prices and foreign exchange translation effects are expected to continue to influence the company’s results.

Q1 2015 Group Results

Market overview

Demand patterns in ABB's three major customer sectors reflected ongoing macro uncertainty and challenges in most markets. Utilities remained cautious in their capital expenditures but continued to make selective investments, such as in power transmission to link grids and integrate renewable power sources. ABB won a major order to connect the Norwegian and German power grids, as well as orders for ultra high voltage direct current (UHVDC) equipment in China and high-voltage cables in Denmark.

Demand from industrial customers varied by sector and region. Industrial demand for power and automation solutions to improve the productivity and efficiency of existing assets remained steady. Low oil prices in the quarter resulted in reduced discretionary spending by oil and gas customers. The need for flexible automation solutions in general industry was a key demand driver in the quarter, especially in the automotive as well as in the food and beverage sectors.

Demand for specialty ships and rail solutions grew in the quarter, mainly driven by the need for higher efficiency and lower environmental impact. Infrastructure and construction markets varied by region and were weaker in China.

Orders

Total orders received in the quarter were up 15 percent on a like-for-like basis (flat in US dollars). The appreciation of the US dollar in Q1 2015 versus the prior year period resulted in a negative translation impact on reported orders of 13 percent; divestitures had an impact of 2 percent.

Base orders (below \$15 million) increased in four divisions and were steady overall compared with the first quarter of 2014. Base orders declined in Process Automation, primarily reflecting lower discretionary spending in the oil and gas sector. Large orders (above \$15 million) increased more than 100 percent, led by the Power Systems and Process Automation divisions, and represented 23 percent of total orders compared with 12 percent in the same quarter a year ago.

Geographically, orders grew in all three regions—Europe, the Americas, and Asia, the Middle East and Africa (AMEA)—driven mainly by higher large orders. Lower base orders in Europe and in AMEA were compensated by base order growth in the Americas, mainly in the US and Canada. Base orders were steady in China and Germany in the quarter.

Service orders represented 15 percent of total orders compared with 18 percent a year ago, reflecting the much higher share of large orders received in the first quarter of 2015 compared with the same quarter in 2014.

The order backlog at the end of March 2015 amounted to \$25.5 billion, an increase of 10 percent (down 5 percent in US dollars) compared to the end of the same quarter in 2014.

The book-to-bill² ratio in the first quarter increased to 1.22x compared with 1.09x in the same quarter a year earlier, and was above 1.0x in all divisions.

Revenues

Revenues grew 3 percent on a like-for-like basis (down 10 percent in US dollars) in the first quarter, mainly reflecting the successful execution of the stronger order backlog in most businesses. The appreciation of the US dollar in Q1 2015 versus the prior year period resulted in a negative translation impact on reported revenues of 10 percent; divestitures had an impact of 3 percent.

Revenues were steady to higher in all divisions except Process Automation, where the lower opening order backlog in the oil and gas and mining businesses resulted in a modest revenue decline.

Total service revenues increased 6 percent (down 7 percent in US dollars) and reached 17 percent of total revenues, up from 16 percent in the same quarter a year earlier.

Operational EBITA

Operational EBITA increased on a like-for-like basis² compared to the first quarter 2014, mainly due to better performance in Power Systems supported by progress on the 'step change' program. On a US-dollar basis, operational EBITA was down due to currency translation effects of approximately 10 percent and impacts from divestments of approximately 4 percent.

The operational EBITA margin of 11.1 percent remained stable compared to the first quarter of 2014, as improvements in Power Systems were offset by negative business and geographic mix effects in the other divisions. These included reductions in discretionary oil and gas spending and the economic downturn in countries such as Russia.

Net income

Net income for the quarter increased 4 percent to \$564 million. Basic earnings per share (EPS) amounted to \$0.25 in the first quarter compared to \$0.24 in the same quarter a year earlier. Operational EPS² on a constant currency basis was \$0.31 versus \$0.29 in the first quarter of 2014, an increase of 5 percent.

Cash flow

ABB reported positive cash flow from operating activities of \$53 million in the first quarter compared with a negative cash from operations of \$45 million in the same quarter of 2014, partly the result of measures to achieve more evenly distributed cash generation through the year and timing of project cash flows in Power Systems.

Next Level Implementation

In the first quarter, ABB continued to implement the Next Level strategy announced last September aimed at accelerating sustainable value creation from its leading power and automation portfolio. The strategy builds on ABB's three focus areas of profitable growth, relentless execution and business-led collaboration.

Profitable growth

In the first quarter of 2015, ABB continued to drive growth through increased market penetration in targeted geographic and industry segments. For example, ABB grew orders in Japan at a double-digit pace for the fourth consecutive quarter, driven mainly by ABB's best-in-class solar energy offering between panel and grid. ABB also continued to grow its position in the food and beverage sector by offering a combination of robotics and motion control technologies to provide higher productivity and product safety. Combined power and automation offerings have been key to further large order wins as in Norway with Statoil.

Innovation continued to be a focus for growth and the company introduced a variety of new products, including intelligent transformer sensors, production management software for the cement industry and control products for the power generation and water industries. Earlier this month, ABB commercially launched its Yumi® collaborative dual-arm robot, aimed at the fast-growing computers, consumer electronics and communications (3C) industry and other small parts handling and packaging sectors.

Expansion into new high-growth markets is another driver of profitable growth. ABB announced in March a further expansion into the rapidly growing microgrid sector by partnering globally with Samsung SDI, the leading manufacturer of lithium-ion batteries for electrical energy storage. The partnership will enable accelerated growth in the market by making microgrids a more viable power solution in both emerging and developed economies.

Relentless execution

ABB continues to be successful in relentlessly executing programs improving customer service and cash flow, and reducing costs across the company.

In the first quarter, ABB took additional steps to reduce structural costs. The company entered into long-term IT infrastructure agreements that are expected to reduce its IT-related operational costs significantly over five years.

The company rolled out the new compensation model to more than 60'000 employees in Q1, which links compensation more closely with individual performance parameters aimed at driving the company towards its Next Level targets.

Business-led collaboration

The main objectives of business-led collaboration are to increase focus on the company's markets and customers and to simplify how the organization works together externally and internally. ABB achieved a number of project wins based on its combined power and automation offering which gives it a key competitive advantage. These included marine and rail orders where the capability to deliver integrated and optimized power and automation solutions allows customers to achieve higher overall system efficiency and reduce operating costs and environmental impacts.

Shareholder returns

ABB announced a \$4-billion share buyback program in September 2014 in line with the Next Level strategy to accelerate sustained value creation. During the first quarter of 2015, ABB purchased approximately 21.5 million shares under the program with a buyback value of approximately \$450 million. Since the program was announced, the company has purchased a total of approximately 54 million shares with a buyback value of approximately \$1.2 billion.

Active portfolio development

ABB further strengthened its portfolio in the first quarter with the acquisition of Germany-based Gomtec GmbH, a privately held company that develops robotics and mechatronic systems. The deal positions ABB among the leaders in the fast-growing area of human-robot collaboration.

Outlook

The long-term demand outlook in ABB's three major customer sectors—utilities, industry, and transport and infrastructure—remains clearly positive. Key drivers are the big shift in the electricity value chain, industrial productivity improvements through the internet of things, services and people and Industry 4.0, as well as rapid urbanization and the need for energy efficiency in transport and infrastructure.

ABB is well positioned to tap these opportunities for long-term profitable growth with its strong market presence, broad geographic and business scope, technology leadership and financial strength.

In the short term, macroeconomic and geopolitical developments are signaling a mixed picture with increased uncertainty. Some macroeconomic signs in the US remain positive and growth in China is expected to continue, although at a slower pace than in 2014. At the same time, the market remains impacted by modest growth in Europe and geopolitical tensions in various parts of the world.

Current oil prices and foreign exchange translation effects are expected to continue to influence the company's results.

Q1 Divisional Performance

(\$ in millions, unless otherwise indicated)	Orders	Change		Revenues	Change		Operational EBITA %	Change	Cash from operations	Change
		US\$	Like-for-like		US\$	Like-for-like				
		Discrete Automation & Motion	2,569		-9%	-1%				
Low Voltage Products	1,703	-14%	+2%	1,555	-17%	-1%	15.6%	-0.3 pts	(10)	+17
Process Automation	1,921	-4%	+16%	1,579	-19%	-4%	12.2%	-0.4 pts	64	(31)
Power Products	2,656	-3%	+7%	2,275	-5%	+4%	11.2%	-1.5 pts	80	+21
Power Systems	2,394	+61%	+90%	1,472	-8%	+4%	2.2%	+5.5 pts	(147)	+156
Corporate & other (incl inter-division elimination)	(839)			(597)					(157)	+6
ABB Group	10,404	0%	+15%	8,555	-10%	+3%	11.1%	+0.1 pts	53	+98

Discrete Automation and Motion:

Base orders increased in the quarter, led by robotics. Large orders were lower than in Q1 2014 mainly due to the \$200 million Swedish rail order in 2014, thus resulting in a flat overall order development. Orders were higher in AMEA—driven in large part by robotics orders in China—and in the Americas. Revenues increased on execution of the stronger order backlog, mainly in deliveries to the rail transportation sector and robotics. The operational EBITA margin declined, reflecting a lower share of higher-margin standard products in total revenues compared with the same quarter a year ago.

Low Voltage Products:

Orders were steady to higher in all regions in the quarter. Orders were supported by successful initiatives to increase cross-selling of ABB and Thomas & Betts products. Construction-driven orders were down in the quarter. Revenues were flat in the quarter. The operational EBITA margin mainly reflects the revenue development and challenges in Russia.

Process Automation:

Orders increased significantly as the result of large orders from the offshore oil and gas and marine sectors. Base orders were lower, in large part due to reduced discretionary spending by oil and gas customers in response to current oil prices. Continued demand in specialty ships supported orders in the marine business, while mining and metals remained at low levels. Revenues declined, as the result of the reduced discretionary spending of oil and gas customers and the timing of order backlog execution in the marine business. Operational EBITA and the related margin declined compared to the same quarter a year earlier principally as the result of lower revenues.

Power Products:

Both large and base orders increased, led primarily by selective power transmission investments and supported by industrial demand. Revenues grew in all businesses on the execution of the order backlog. The operational EBITA

margin decline largely reflects the ramp-up costs associated with the strategic production footprint alignment towards key markets, such as Saudi Arabia and India. Lower volumes in Russia also weighed on divisional results.

Power Systems:

Total orders almost doubled, led by a strong increase in large orders in areas such as high-voltage direct current (HVDC) transmission links, cable systems and power plant automation under the new business model. The revenue growth was mainly driven by execution of the order backlog. Operational EBITA and the related margin increased, reflecting ongoing 'step change' measures and continued cost savings to return the division to higher and more consistent profitability.

More information

The 2015 Q1 results press release and presentation slides are available on the ABB News Center at www.abb.com/news and on the Investor Relations homepage at www.abb.com/investorrelations.

ABB will host a conference call for the media starting at 10:00 a.m. Central European Time (CET) (9:00 a.m. GMT, 4:00 a.m. EST). The event will be accessible by conference call. U.K. callers should dial +44 203 059 58 62. From Sweden, the number is +46 85 051 00 31, and from the rest of Europe, +41 58 310 50 00. Callers from the US and Canada should +1 866 291 41 66 (toll-free) or +1 631 570 56 13 (local tariff). Lines will be open 15 minutes before the start of the conference. Audio playback of the call will be available one hour after the call and available for 24 hours: Playback numbers: +44 207 108 6233 (U.K.), +41 91 612 4330 (rest of Europe) or +1 631 982 4566 (U.S./Canada). The code is 12575, followed by the # key.

A conference call for analysts and investors is scheduled to begin today at 3:00 p.m. CET (2:00 p.m. GMT, 9:00 a.m. EST). Callers should dial +1 866 291 41 66 from the US/Canada (toll-free), +1 631 570 5613 (US/Canada local tariff), +44 203 059 58 62 from the U.K., +46 8 5051 00 31 from Sweden or +41 58 310 50 00 from the rest of the world. Callers are requested to phone in 10 minutes before the start of the call. The call will also be accessible on the ABB website and a recorded session will be available as a podcast one hour after the end of the conference call and can be downloaded from our website.

Investor calendar 2015

First-quarter 2015 results	April 29, 2015
Annual General Meeting (Zurich, Switzerland)	April 30, 2015
Annual Information Meeting (Västerås, Sweden)	May 4, 2015
Second-quarter 2015 results	July 23, 2015
Third-quarter 2015 results	October 21, 2015

ABB (www.abb.com) is a leader in power and automation technologies that enable utility, industry, and transport and infrastructure customers to improve their performance while lowering environmental impact. The ABB Group of companies operates in roughly 100 countries and employs about 140,000 people.

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 Next Level strategy, Outlook summary and Outlook sections of this release. These statements are based on current expectations, estimates and projections about the factors that may affect our future performance, including global economic conditions, the economic conditions of the regions and industries that are major markets for ABB Ltd. These expectations, estimates and projections are generally identifiable by statements containing words such as “expects,” “believes,” “estimates,” “targets,” “plans,” “is likely” or similar expressions. However, there are many risks and uncertainties, many of which are beyond our control, that could cause our actual results to differ materially from the forward-looking information and statements made in this press release and which could affect our ability to achieve any or all of our stated targets. The important factors that could cause such differences include, among others, business risks associated with the volatile global economic environment and political conditions, costs associated with compliance activities, raw materials availability and prices, market acceptance of new products and services, changes in governmental regulations and currency exchange rates and such other factors as may be discussed from time to time in ABB Ltd’s filings with the U.S. Securities and Exchange Commission, including its Annual Reports on Form 20-F. Although ABB Ltd believes that its expectations reflected in any such forward-looking statement are based upon reasonable assumptions, it can give no assurance that those expectations will be achieved.

Zurich, April 29, 2015
Ulrich Spiesshofer, CEO

For more information please contact:

Media Relations
Thomas Schmidt, Antonio Ligi,
Sandra Wiesner
Tel: +41 43 317 7111
media.relations@ch.abb.com

Investor Relations
Tel. +41 43 317 71 11
investor.relations@ch.abb.com

ABB Ltd
Affolternstrasse 44
8050 Zurich
Switzerland

¹ Growth rates for orders and revenues are discussed on a like-for-like basis. US\$ growth rates are presented in the Key Figures table. Refer to “Supplemental Reconciliations and Definitions” in the attached Q1 2015 Financial Information for explanations and reconciliations of non-GAAP measures.

² For a reconciliation of non-GAAP measures, see “Supplemental Reconciliations and Definitions” in the attached Q1 2015 Financial Information.

³ For a reconciliation of Operational EBITA to Income from continuing operations before taxes see Note 11 to the Interim Consolidated Financial Information (unaudited).

⁴ Please refer to page 4 of this release for the Company's complete outlook.