

## ABB net income up 87% on energy efficiency and infrastructure demand

- Orders and revenues grow at a double-digit pace
- EBIT hits record \$1.4 billion, EBIT margin at 17.0 percent
- Net income reaches \$1 billion in the quarter, EPS up 76%

Zurich, Switzerland, April 24, 2008 – ABB's first-quarter net income reached \$1 billion, an increase of 87 percent compared to the same quarter in 2007, as global demand for more reliable power and improved industrial efficiency continued to grow and the company's efforts to improve operational performance generated further benefits.

Earnings before interest and taxes (EBIT) reached a record \$1.4 billion, up 65 percent from a year earlier. The EBIT margin increased to 17.0 percent from 13.2 percent in the first quarter of 2007. Approximately one percentage point of the EBIT margin in the first quarter resulted from gains on the mark-to-market treatment of hedging transactions. The gains were related mainly to the sharp decline in the value of the U.S. dollar and increases in commodity prices during the quarter.

Orders, revenues and EBIT increased in all divisions as market demand remained robust in all regions. Utilities continued to invest in new and refurbished power infrastructure while industrial customers, especially in the metals, minerals and marine sectors, further expanded capacity on the back of high commodity prices. Industrial demand for more energy efficient technologies also continued to be a key growth driver.

"ABB experienced a very good start in 2008 across all businesses and regions," said Michel Demaré, ABB's Chief Executive Officer and Chief Financial Officer. "Demand from utilities and most of our major industrial markets remained strong around the world, especially in emerging economies, but also in the U.S. Customers continued to invest in areas where we are market and technology leaders – power infrastructure, energy efficiency and productivity.

"These excellent results also reflect our continuing strong operational performance," Demaré added. "Lower cost sourcing, footprint optimization, better project execution and risk management, and more efficient capacity utilization all contributed to our improved results."

2008 Q1 key figures	Q1 08	Q1 07 <sup>1</sup>	Change	
<i>\$ millions unless otherwise indicated</i>			<i>US\$</i>	<i>Local</i>
Orders	10,943	8,565	28%	16%
Order backlog (end March)	26,820	18,371	46%	30%
Revenues	7,956	6,188	29%	17%
EBIT	1,353	819	65%	
as % of revenues	17.0%	13.2%		
Net income	1,003	537	87%	
Basic net income per share (\$)	0.44	0.25	76%	
Cash flow from operating activities	464	303		

<sup>1</sup>Adjusted to reflect the reclassification of activities to discontinued operations

## Summary of Q1 2008 results

### Orders received and revenues

The positive market environment experienced in 2007 continued into the first quarter of 2008. Order growth continued in all divisions, led by Process Automation, where metals, minerals and marine customers in all regions built new capacity or upgraded existing capacity to take advantage of high commodity prices and sustained demand. Automation Products and Power Products also reported strong order growth, especially in emerging economies, reflecting favorable demand across most industrial markets and ongoing investments by power utilities in new and upgraded infrastructure. Order growth in the Power Systems division was more modest, primarily the result of fewer large orders compared to the strong first quarter in 2007. Robotics orders also grew strongly in the quarter on higher demand from both general industry and the automotive market.

Regionally, order growth was strongest in Asia (up 42 percent; 30 percent in local currencies) as demand continued to grow across most market sectors. All divisions except Robotics recorded a strong double-digit order improvement in the region. Orders grew 19 percent in the Middle East and Africa (local currencies: 13 percent), and were especially strong in Power Products and Process Automation, reflecting in large part new investments to expand the metals and mining sector in the region. In the Americas, orders grew 14 percent (local currencies: 7 percent) and were higher in all divisions except Power Systems, where orders decreased in Canada and Brazil. The Automation Products, Process Automation and Robotics divisions all saw orders grow by at least 20 percent in the U.S. compared to the first quarter a year earlier as industrial markets remained favorable. In Europe, orders were higher in all divisions and grew 27 percent (local currencies: 13 percent) overall. The Power Systems, Process Automation and Robotics divisions showed the largest gains as customer investments increased for electrical equipment in power generation, oil and gas and minerals development, and general industrial automation, respectively.

The volume of large orders (more than \$15 million) rose 55 percent (39 percent in local currencies) in the first quarter to \$1.7 billion. Base orders (less than \$15 million) were up 24 percent (13 percent in local currencies).

Revenues continued to grow strongly, reflecting execution of the large order backlog as well as increased demand in the quarter. The revenue improvement also reflects price increases implemented to offset higher raw material costs.

The order backlog at the end of March amounted to \$26.8 billion, \$8.4 billion higher (46 percent; 30 percent in local currencies) than at the end of the first quarter of 2007, and \$4 billion higher than at the end of 2007 (up 18 percent; 13 percent in local currencies).

### Earnings before interest and taxes

All divisions improved their EBIT and EBIT margins in the first quarter of 2008 as the result of volume growth, high capacity utilization, ongoing initiatives to de-bottleneck production facilities, more efficient supply management and greater sourcing of components from emerging economies. EBIT was further supported by the continuing favorable pricing environment in the quarter, especially in power infrastructure markets. EBIT results were also helped by an approximately \$85-million positive impact from the mark-to-market treatment of hedging transactions which did not qualify for hedge accounting.

## **Net income**

Net income for the quarter benefited from ABB's strong cash position and low debt levels, which resulted in a positive finance net of \$57 million compared to a net expense of \$26 million in the same quarter of 2007. A favorable tax court ruling in northern Europe during the quarter contributed a further \$25 million in interest income and \$40 million in taxes to net income. The tax ruling also contributed to a reduction in the company's tax rate to 25 percent from 28 percent in the same quarter in 2007.

## **Balance sheet and cash flow**

Net cash at the end of the first quarter was \$5.6 billion compared to \$5.4 billion at the end of the previous quarter. The company purchased 9.4 million ABB shares in the amount of approximately \$240 million in line with the previously announced Sfr. 2.2-billion share buy-back program, resulting in a cash outflow in the first quarter of approximately \$180 million. The remaining \$60 million is withholding tax to be remitted in the second quarter of 2008 (please refer to Appendix I for more information).

Cash flow from operations increased by approximately \$160 million compared to the first quarter of 2007. Net working capital increased, particularly in the two product divisions, reflecting higher capacity utilization and the need to execute the large order backlog. Net working capital as a share of revenues increased to 12.3 percent in the first quarter from 12.1 percent in the same quarter a year ago, mainly the result of higher inventories to execute orders received in recent quarters that have not yet flowed through to revenues, as well as higher receivables. Also included in cash flow from operations was a planned payment to asbestos trusts of \$25 million.

## **Compliance**

ABB continues to cooperate with the U.S. Department of Justice and the U.S. Securities and Exchange Commission regarding various suspect payments that have occurred across several years. ABB also continues to cooperate with various anti-trust authorities, including the European Commission, regarding certain allegedly anti-competitive practices. As already communicated, the outcome of these matters as well as previously disclosed matters could have a material impact on the company's consolidated operating results, cash flows and financial position.

## **Management changes**

On February 13, 2008, ABB announced the departure of former CEO Fred Kindle due to irreconcilable differences about how to lead the company. Michel Demaré was appointed interim CEO in addition to his role as Chief Financial Officer.

## **Outlook**

The global market for power transmission and distribution infrastructure is expected to remain buoyant over the rest of 2008. Demand is forecast to be driven in Europe and North America by the need for equipment replacement, improved grid reliability and efficiency and further grid interconnections. In Asia and the Middle East and Africa, demand is expected to be driven by the development of new power infrastructure.

The industrial automation market is expected to remain attractive in the emerging economies, driven by high commodity prices and the need for greater energy efficiency and process quality. In the mature economies, some countries or early-cycle sectors may see a dampening of demand related to slower overall economic growth, but the outlook for raw materials processing industries remains strong.

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Based on these assumptions, and barring an extended recession in the global economy, ABB expects growth rates in 2008 of about 15-20 percent for its power-related activities and about 10 percent in its automation activities.

## Divisional performance Q1 2008

<b>Power Products division</b>	<b>Q1 08</b>	<b>Q1 07<sup>1</sup></b>	<b>Change</b>	
<i>\$ millions unless otherwise indicated</i>			<i>US\$</i>	<i>Local</i>
Orders	4,011	3,184	26%	15%
Order backlog (end March)	8,670	6,042	43%	29%
Revenues	2,622	2,033	29%	18%
EBIT	534	313	71%	
as % of revenues	20.4%	15.4%		
Cash flow from operating activities	194	87		

<sup>1</sup>Adjusted to reflect the reclassification of activities to discontinued operations

Orders grew strongly in the first quarter and were up in all businesses and regions as power utilities continued to invest in new and refurbished grid infrastructure in all major markets. Order growth was strongest in the emerging economies of Asia and the Middle East. Orders were slightly higher in the Americas due to a modest increase in the U.S. In Europe, orders in Italy, Russia and Turkey supported 20-percent order growth (local currencies: 6 percent).

Revenues grew significantly in all businesses on increased productivity, execution of the order backlog and price increases in some product areas to compensate for higher raw material costs. As in the first quarter of 2007, there were no significant expenses in the first quarter this year related to the transformer consolidation program announced in 2005.

EBIT and EBIT margin rose, mainly reflecting the improved cost efficiency of higher factory loadings, continuing operational improvements and a supportive pricing environment.

<b>Power Systems division</b>	<b>Q1 08</b>	<b>Q1 07</b>	<b>Change</b>	
<i>\$ millions unless otherwise indicated</i>			<i>US\$</i>	<i>Local</i>
Orders	2,048	1,797	14%	4%
Order backlog (end March)	8,930	6,357	40%	25%
Revenues	1,673	1,154	45%	31%
EBIT	175	80	119%	
as % of revenues	10.5%	6.9%		
Cash flow from operating activities	74	17		

Orders continued to increase in a favorable market during the first quarter, as higher base orders more than offset a reduction in large orders due mainly to the timing of contract awards. Orders for power plant electrification in the Netherlands and customer investments to strengthen local power grids in India contributed to strong order growth in Europe and Asia, respectively. Orders were lower in the Americas – as the result of a decrease in Canada and Brazil – and in the Middle East and Africa.

High revenue growth in the quarter reflected the execution of the strong order backlog. EBIT and EBIT margin increased on higher revenues, a tight focus on selling, general and administrative expenses and continued attention to project execution.

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<b>Automation Products division</b>	<b>Q1 08</b>	<b>Q1 07</b>	<b>Change</b>	
<i>\$ millions unless otherwise indicated</i>			<i>US\$</i>	<i>Local</i>
Orders	3,070	2,411	27%	15%
Order backlog (end March)	4,360	3,006	45%	27%
Revenues	2,403	1,898	27%	14%
EBIT	457	309	48%	
as % of revenues	19.0%	16.3%		
Cash flow from operating activities	194	97		

Industrial markets continued to develop favorably across all regions in the first quarter, leading to a further strong order increase. Construction markets, however, weakened compared to the first quarter in 2007.

Both base and large orders were higher compared to the same quarter a year ago. Orders grew in most major countries in both eastern and western Europe. Growth was also robust throughout the Americas, led by strong double-digit growth in the U.S. and Brazil. High growth rates continued in Asia, led by China and India, and in the Middle East and Africa. Higher revenues followed the good order development during the quarter and benefited from the strong opening order backlog. Revenue growth and continued high capacity utilization led to a further increase in EBIT and EBIT margin.

<b>Process Automation division</b>	<b>Q1 08</b>	<b>Q1 07</b>	<b>Change</b>	
<i>\$ millions unless otherwise indicated</i>			<i>US\$</i>	<i>Local</i>
Orders	2,555	1,741	47%	31%
Order backlog (end March)	7,135	4,348	64%	42%
Revenues	1,749	1,383	26%	14%
EBIT	225	139	62%	
as % of revenues	12.9%	10.1%		
Cash flow from operating activities	139	83		

Continuing strong demand from the process industries, especially metals, minerals and marine, resulted in a very strong order increase in the first quarter versus the same quarter in 2007. Customers continued to invest in both new capacity and improved productivity. Orders grew in all regions, supported by an increase in large orders during the quarter, while base orders also grew at a double-digit pace. In Europe, oil and gas and minerals investments in the Nordic countries were key drivers. Orders were sharply higher in the U.S. and Brazil, while marine investments in South Korea and higher spending by customers in China spurred order growth in Asia. In the Middle East and Africa, orders more than doubled, largely the result of major investments in the aluminum and cement sectors.

Revenue growth in the first quarter principally reflected execution of the order backlog as well as growth in the product and service businesses. Higher revenues, continued solid project execution and a higher proportion of product and service sales compared to system sales contributed to the higher EBIT and record EBIT margin.

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<b>Robotics division</b>	<b>Q1 08</b>	<b>Q1 07</b>	<b>Change</b>	
<i>\$ millions unless otherwise indicated</i>			<i>US\$</i>	<i>Local</i>
Orders	456	378	21%	10%
<i>Order backlog (end March)</i>	662	516	28%	14%
Revenues	387	305	27%	15%
EBIT	25	15	67%	
as % of revenues	6.5%	4.9%		
Cash flow from operating activities	10	43		

Orders rose in the quarter on higher demand from both general industry, such as packaging, consumer electronics and food processing, and the automotive sector, mainly in paint applications. Orders were higher in Europe, led by France and Germany, and in the Americas, primarily the U.S. In Asia, lower orders from South Korea and Japan more than offset increased demand in the rest of the region.

Revenues increased in the first quarter, mainly reflecting execution of the strengthening order backlog. Higher revenues and the higher proportion of sales to general industry contributed to the improvement in EBIT and EBIT margin.

## More information

The 2008 Q1 results press release and presentation slides are available from April 24, 2008, on the ABB News Center at [www.abb.com/news](http://www.abb.com/news) and on the Investor Relations homepage at [www.abb.com/investorrelations](http://www.abb.com/investorrelations).

ABB will host a press conference today starting at 9:00 a.m. Central European Time (CET). U.K. callers should dial +44 20 7107 0611. From Sweden, +46 8 5069 2105, and from the rest of Europe, +41 91 610 56 00. Lines will be open 15 minutes before the start of the conference. Audio playback of the call will start one hour after the call ends and will be available for 72 hours: Playback numbers: +44 20 7108 6233 (U.K.), +41 91 612 4330 (rest of Europe) or +1 (1) 866 416 2558 (U.S./Canada). The code is 19131, followed by the # key.

A conference call for analysts and investors is scheduled to begin today at 3:00 p.m. CET (9:00 a.m. EDT). Callers should dial +1 412 858 4600 (from the U.S./Canada) or +41 91 610 56 00 (Europe and the rest of the world). Callers are requested to phone in 15 minutes before the start of the call. The audio playback of the call will start one hour after the end of the call and be available for two weeks. Playback numbers: +1 866 416 2558 (U.S./Canada) or +41 91 612 4330 (Europe and the rest of the world). The code is 11603, followed by the # key.

## Investor calendar 2008

ABB Ltd Annual General Meeting	May 8, 2008
Q2 2008 results	July 24, 2008
Q3 2008 results	Oct. 23, 2008

ABB ([www.abb.com](http://www.abb.com)) is a leader in power and automation technologies that enable utility and industry customers to improve performance while lowering environmental impact. The ABB Group of companies operates in around 100 countries and employs more than 110,000 people.

Zurich, April 24, 2008  
Michel Demaré, CEO and CFO

## Important notice about forward-looking information

This press release includes forward-looking information and statements including the sections entitled "Outlook" and "Appendix I," as well as other statements concerning the outlook for our business. 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" 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, costs associated with compliance activities, the amount of revenues we are able to generate from backlog and orders received, raw materials prices, market acceptance of new products and services, changes in governmental regulations, fluctuations in interest rates 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.

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ABB Group Q1 results 2008

## ABB first-quarter (Q1) 2008 key figures

				Change	
				US\$	Local
\$ millions unless otherwise indicated		<b>Q1 08</b>	<b>Q1 07<sup>1</sup></b>		
<b>Orders</b>	<b>Group</b>	<b>10,943</b>	<b>8,565</b>	<b>28%</b>	<b>16%</b>
	Power Products	4,011	3,184	26%	15%
	Power Systems	2,048	1,797	14%	4%
	Automation Products	3,070	2,411	27%	15%
	Process Automation	2,555	1,741	47%	31%
	Robotics	456	378	21%	10%
	Corporate and other (Inter-division eliminations)	(1,197)	(946)		
<b>Revenues</b>	<b>Group</b>	<b>7,956</b>	<b>6,188</b>	<b>29%</b>	<b>17%</b>
	Power Products	2,622	2,033	29%	18%
	Power Systems	1,673	1,154	45%	31%
	Automation Products	2,403	1,898	27%	14%
	Process Automation	1,749	1,383	26%	14%
	Robotics	387	305	27%	15%
	Corporate and other (Inter-division eliminations)	(878)	(585)		
<b>EBIT</b>	<b>Group</b>	<b>1,353</b>	<b>819</b>	<b>65%</b>	
	Power Products	534	313	71%	
	Power Systems	175	80	119%	
	Automation Products	457	309	48%	
	Process Automation	225	139	62%	
	Robotics	25	15	67%	
	Corporate and other	(63)	(37)		
<b>EBIT margin (%)</b>	<b>Group</b>	<b>17.0%</b>	<b>13.2%</b>		
	Power Products	20.4%	15.4%		
	Power Systems	10.5%	6.9%		
	Automation Products	19.0%	16.3%		
	Process Automation	12.9%	10.1%		
	Robotics	6.5%	4.9%		

<sup>1</sup>Adjusted to reflect the reclassification of activities to discontinued operations

## ABB Q1 2008 orders received and revenues by region

\$ millions	Orders received		Change		Revenues		Change	
	Q1 08	Q1 07 <sup>1</sup>	US\$	Local	Q1 08	Q1 07 <sup>1</sup>	US\$	Local
Europe	5,151	4,045	27%	13%	3,652	2,971	23%	9%
Americas	1,781	1,559	14%	7%	1,432	1,124	27%	20%
Asia	3,008	2,118	42%	30%	1,976	1,476	34%	22%
Middle East and Africa	1,003	843	19%	13%	896	617	45%	35%
<b>Group total</b>	<b>10,943</b>	<b>8,565</b>	<b>28%</b>	<b>16%</b>	<b>7,956</b>	<b>6,188</b>	<b>29%</b>	<b>17%</b>

<sup>1</sup>Adjusted to reflect the reclassification of activities to discontinued operations

## Appendix I

### Reclassifications

Amounts reported for prior periods in the consolidated financial information have been reclassified to conform to the current period's presentation, primarily as a result of the application of Statement of Financial Accounting Standards No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*, in reflecting the results from discontinued operations.

### Equity securities transactions

On February 13, 2008, the Company announced a share-buyback program up to a maximum value of CHF 2.2 billion (equivalent to \$2 billion at then-current exchange rates). The Company intends to complete the buyback program prior to the Annual General Meeting of Shareholders in 2010 and to propose the cancellation of the shares at that meeting. A total of 9.37 million shares were repurchased under the program up to the end of March 2008, at a total cost of CHF 250 million (\$242 million, using exchange rates effective at the respective repurchase dates). The repurchased shares are included in treasury stock in the consolidated balance sheet at March 31, 2008.

### Employee benefits funding

In the first quarter of 2008 ABB made contributions of \$55 million to its pension plans and \$3 million in contributions to its other postretirement plans.

The planned "standard" contributions for the full year 2008, based on current plan structures, are approximately \$220 million to defined benefit pension plans and approximately \$12 million to other postretirement benefit plans.

The company expects that additional discretionary contributions will be made in the remaining part of the year.

### Accounting pronouncements

In December 2007, the FASB issued Statement of Financial Accounting Standards No. 160, *Noncontrolling Interests in Consolidated Financial Statements – an amendment of ARB No. 51* (SFAS 160) and revised Statement of Financial Accounting Standards No. 141, *Business Combinations* (SFAS 141(R)). Among other things, the statements require most assets, liabilities, noncontrolling interests, and goodwill acquired in a business combination to be recorded at full fair value and require noncontrolling interests (previously referred to as minority interests) to be reported as a component of equity, which changes the accounting for transactions with noncontrolling interest holders. Both statements are effective for periods beginning on or after December 15, 2008, and earlier adoption is prohibited. The Company will apply SFAS 141(R) to business combinations occurring after the effective date. SFAS 160 will be applied prospectively to all noncontrolling interests, including any that arose before the effective date.

### Local currencies

The results of operations and financial position of many of ABB's subsidiaries are recorded in the currencies of the countries in which those subsidiaries reside. The Company refers to these as "local currencies." However, ABB reports its operational and financial results in U.S. dollars. Differences in our results in local currencies as compared to U.S. dollars are caused exclusively by changes in currency exchange rates.

**Appendix II**  
**Reconciliation of non-GAAP financial measures regarding Q1 2008**  
 (\$ millions, unaudited)

<b>EBIT margin</b>	
Earnings before interest and taxes (EBIT)	1'353
Revenues	7'956
<b>EBIT margin (EBIT as % of revenues)</b>	<b>17.0%</b>
<b>Finance net</b>	
Interest and dividend income	89
Interest and other finance expense	(32)
<b>Finance net</b>	<b>57</b>
<b>Net cash</b>	
Short-term debt and current maturities of long-term debt	(383)
Long-term debt	(2'338)
<b>Total debt</b>	<b>(2'721)</b>
Cash and equivalents	6'497
Marketable securities and short-term investments	1'865
<b>Cash and marketable securities</b>	<b>8'362</b>
<b>Net cash</b>	<b>5'641</b>

EBIT margin is calculated by dividing EBIT by total revenues. Management believes EBIT margin is a useful measure of profitability and uses it as a performance target.

Net cash is a financial measure that is calculated as the total of our cash and equivalents, marketable securities and short-term investments minus our total debt.