Power and productivity
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Supplemental financial information
June 30, 2013

ABB presents the following financial measures to supplement its Interim Consolidated Financial Information (unaudited) which is prepared in accordance with United States generally accepted accounting principles (U.S. GAAP). These supplemental 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 Interim Consolidated Financial Information (unaudited) prepared in accordance with U.S. GAAP as of and for the six and three months ended June 30, 2013.

Operational EBITDA margin

Definition

Operational EBITDA
Operational EBITDA represents income from operations excluding depreciation and amortization, restructuring and restructuring-related expenses, and acquisition-related expenses and certain non-operational items, as well as foreign exchange/commodity timing differences in income from operations consisting of: (i) unrealized gains and losses on derivatives (foreign exchange, commodities, embedded 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/payables (and related assets/liabilities).

Operational revenues
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 EBITDA margin
Operational EBITDA margin is Operational EBITDA as a percentage of Operational revenues.

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Reconciliation

($ in millions, except Operational EBITDA margin in %)	Six months ended June 30, 2013						
	Discrete Automation and Motion	Low Voltage Products	Process Automation	Power Products	Power Systems	Corporate and Other and Intersegment elimination	Consolidated
Total revenues	**4,689**	**3,706**	**4,108**	**5,270**	**4,013**	**(1,846)**	**19,940**
Foreign exchange/commodity timing differences in total revenues							
Unrealized gains and losses on derivatives	11	8	19	22	64	-	124
Realized gains and losses on derivatives where the underlying hedged transaction has not yet been realized	1	-	4	5	2	-	12
Unrealized foreign exchange movements on receivables (and related assets)	(7)	(6)	(5)	(13)	(22)	(1)	(54)
Operational revenues	**4,694**	**3,708**	**4,126**	**5,284**	**4,057**	**(1,847)**	**20,022**
Income from operations	**698**	**494**	**457**	**629**	**213**	**(251)**	**2,240**
Depreciation and amortization	130	161	42	110	90	106	639
Restructuring and restructuring-related expenses	4	6	12	27	5	-	54
Acquisition-related expenses and certain non-operational items	7	5	1	-	1	18	32
Foreign exchange/commodity timing differences in income from operations							
Unrealized gains and losses on derivatives (foreign exchange, commodities, embedded derivatives)	6	25	(1)	18	33	(4)	77
Realized gains and losses on derivatives where the underlying hedged transaction has not yet been realized	2	-	1	5	3	-	11
Unrealized foreign exchange movements on receivables/payables (and related assets/liabilities)	(3)	(4)	(1)	(8)	(17)	(1)	(34)
Operational EBITDA	**844**	**687**	**511**	**781**	**328**	**(132)**	**3,019**
Operational EBITDA margin (%)	**18.0%**	**18.5%**	**12.4%**	**14.8%**	**8.1%**	**-**	**15.1%**

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($ in millions, except Operational EBITDA margin in %)	Six months ended June 30, 2012						
	Discrete Automation and Motion	Low Voltage Products	Process Automation	Power Products	Power Systems	Corporate and Other and Intersegment elimination	Consolidated
Total revenues	**4,610**	**2,788**	**4,022**	**5,123**	**3,679**	**(1,652)**	**18,570**
Foreign exchange/commodity timing differences in total revenues							
Unrealized gains and losses on derivatives	3	(5)	(10)	(3)	(1)	(2)	(18)
Realized gains and losses on derivatives where the underlying hedged transaction has not yet been realized	-	-	3	-	21	-	24
Unrealized foreign exchange movements on receivables (and related assets)	(4)	2	(2)	5	(10)	1	(8)
Operational revenues	**4,609**	**2,785**	**4,013**	**5,125**	**3,689**	**(1,653)**	**18,568**
Income from operations	**736**	**319**	**466**	**625**	**125**	**(222)**	**2,049**
Depreciation and amortization	126	81	40	104	84	99	534
Restructuring and restructuring-related expenses	(4)	5	8	19	4	2	34
Acquisition-related expenses and certain non-operational items	5	84	-	-	3	(21)	71
Foreign exchange/commodity timing differences in income from operations							
Unrealized gains and losses on derivatives (foreign exchange, commodities, embedded derivatives)	1	(11)	(8)	(9)	12	(1)	(16)
Realized gains and losses on derivatives where the underlying hedged transaction has not yet been realized	(1)	1	4	3	21	(2)	26
Unrealized foreign exchange movements on receivables/payables (and related assets/liabilities)	-	4	1	8	(13)	1	1
Operational EBITDA	**863**	**483**	**511**	**750**	**236**	**(144)**	**2,699**
Operational EBITDA margin (%)	**18.7%**	**17.3%**	**12.7%**	**14.6%**	**6.4%**	**-**	**14.5%**

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($ in millions, except Operational EBITDA margin in %)	Discrete Automation and Motion	Low Voltage Products	Process Automation	Power Products	Power Systems	Corporate and Other and Intersegment elimination	Consolidated
	Three months ended June 30, 2013						
Total revenues	**2,362**	**1,929**	**2,130**	**2,781**	**1,962**	**(939)**	**10,225**
Foreign exchange/commodity timing differences in total revenues							
Unrealized gains and losses on derivatives	7	-	15	7	78	-	107
Realized gains and losses on derivatives where the underlying hedged transaction has not yet been realized	1	-	4	4	-	-	9
Unrealized foreign exchange movements on receivables (and related assets)	(7)	-	(6)	(11)	(15)	(1)	(40)
Operational revenues	**2,363**	**1,929**	**2,143**	**2,781**	**2,025**	**(940)**	**10,301**
Income from operations	**361**	**262**	**233**	**346**	**108**	**(122)**	**1,188**
Depreciation and amortization	66	82	22	52	45	51	318
Restructuring and restructuring-related expenses	3	2	9	20	-	1	35
Acquisition-related expenses and certain non-operational items	5	3	1	-	1	18	28
Foreign exchange/commodity timing differences in income from operations							
Unrealized gains and losses on derivatives (foreign exchange, commodities, embedded derivatives)	(10)	13	(14)	(12)	14	(3)	(12)
Realized gains and losses on derivatives where the underlying hedged transaction has not yet been realized	1	-	1	3	(2)	-	3
Unrealized foreign exchange movements on receivables/payables (and related assets/liabilities)	2	5	-	-	(7)	1	1
Operational EBITDA	**428**	**367**	**252**	**409**	**159**	**(54)**	**1,561**
Operational EBITDA margin (%)	**18.1%**	**19.0%**	**11.8%**	**14.7%**	**7.9%**	**-**	**15.2%**

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($ in millions, except Operational EBITDA margin in %)	Discrete Automation and Motion	Low Voltage Products	Process Automation	Power Products	Power Systems	Corporate and Other and Intersegment elimination	Consolidated
	Three months ended June 30, 2012						
Total revenues	**2,368**	**1,596**	**2,052**	**2,610**	**1,872**	**(835)**	**9,663**
Foreign exchange/commodity timing differences in total revenues							
Unrealized gains and losses on derivatives	4	6	7	16	53	(1)	85
Realized gains and losses on derivatives where the underlying hedged transaction has not yet been realized	1	-	2	1	11	1	16
Unrealized foreign exchange movements on receivables (and related assets)	(4)	(3)	(8)	1	(27)	1	(40)
Operational revenues	**2,369**	**1,599**	**2,053**	**2,628**	**1,909**	**(834)**	**9,724**
Income from operations	**382**	**139**	**232**	**302**	**37**	**(91)**	**1,001**
Depreciation and amortization	65	53	20	52	43	48	281
Restructuring and restructuring-related expenses	(5)	5	8	6	2	1	17
Acquisition-related expenses and certain non-operational items	1	81	-	-	3	5	90
Foreign exchange/commodity timing differences in income from operations							
Unrealized gains and losses on derivatives (foreign exchange, commodities, embedded derivatives)	7	10	13	29	52	2	113
Realized gains and losses on derivatives where the underlying hedged transaction has not yet been realized	-	-	3	-	11	-	14
Unrealized foreign exchange movements on receivables/payables (and related assets/liabilities)	(4)	(2)	(8)	(2)	(29)	-	(45)
Operational EBITDA	**446**	**286**	**268**	**387**	**119**	**(35)**	**1,471**
Operational EBITDA margin (%)	**18.8%**	**17.9%**	**13.1%**	**14.7%**	**6.2%**	**-**	**15.1%**

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Operational EPS

Definition

Operational net income
Operational net income is calculated as Net income attributable to ABB adjusted for the net-of-tax impact (using the Group's effective tax rate) of:

i) restructuring and restructuring-related expenses,
ii) acquisition-related expenses and certain non-operational items,
iii) 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), and
iv) amortization related to acquisitions.

Amortization related to acquisitions
Amortization expense on intangibles arising upon acquisitions.

Operational EPS
Operational EPS is calculated as Operational net income divided by the weighted-average number of shares used in determining Basic EPS.

Reconciliation

	Six months ended			
	June 30, 2013		June 30, 2012	
($ in millions, except per share data in $)		**EPS[1]**		**EPS[1]**
Net income (attributable to ABB)	**1,427**	**0.62**	**1,341**	**0.58**
Restructuring and restructuring-related expenses[2]	38	0.02	24	0.01
Acquisition-related expenses and certain non-operational items[2]	23	0.01	51	0.02
FX/commodity timing differences in Income from operations[2]	38	0.02	8	0.00
Amortization related to acquisitions[2]	132	0.06	106	0.05
Operational net income	**1,658**	**0.72**	**1,530**	**0.67**

	Three months ended			
	June 30, 2013		June 30, 2012	
($ in millions, except per share data in $)		**EPS[1]**		**EPS[1]**
Net income (attributable to ABB)	**763**	**0.33**	**656**	**0.29**
Restructuring and restructuring-related expenses[2]	25	0.01	12	0.01
Acquisition-related expenses and certain non-operational items[2]	20	0.01	65	0.03
FX/commodity timing differences in Income from operations[2]	(6)	0.00	60	0.03
Amortization related to acquisitions[2]	66	0.03	60	0.03
Operational net income	**868**	**0.38**	**853**	**0.37**

(1) EPS amounts are computed separately, therefore the sum of the per share amounts shown may not equal to the total.
(2) Net of tax at Group effective tax rate.

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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 and Marketable securities and short-term investments.

Reconciliation

($ in millions)	**June 30, 2013**	**December 31, 2012**
Short-term debt and current maturities of long-term debt	712	2,537
Long-term debt	7,417	7,534
Total debt	**8,129**	**10,071**
Cash and equivalents	4,148	6,875
Marketable securities and short-term investments	543	1,606
Cash and marketable securities	**4,691**	**8,481**
Net debt	**3,438**	**1,590**

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Net debt to EBITDA

Definition

Net debt to EBITDA is calculated as Net debt divided by Income from operations adjusted to exclude depreciation and amortization for the trailing twelve months.

Reconciliation

($ in millions)	**June 30, 2013**	**December 31, 2012**
Net debt (as defined above)	**3,438**	**1,590**
EBITDA		
Income from operations for the three months ended:		
June 30, 2013	1,188	-
March 31, 2013	1,052	-
December 31, 2012	863	863
September 30, 2012	1,146	1,146
June 30, 2012	-	1,001
March 31, 2012	-	1,048
Depreciation and amortization for the three months ended:		
June 30, 2013	318	-
March 31, 2013	321	-
December 31, 2012	341	341
September 30, 2012	307	307
June 30, 2012	-	281
March 31, 2012	-	253
Total EBITDA for the trailing twelve months	**5,536**	**5,240**
Net debt to EBITDA	**0.6**	**0.3**

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Net working capital as a percentage of revenues

Definition

Net working capital
Net working capital is the sum of i) receivables, net, ii) inventories, net, and iii) prepaid expenses; less iv) accounts payable, trade, v) billings in excess of sales, vi) advances from customers, vii) non-trade payables, and viii) accrued expenses and deferred income.

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 estimate the impact of annualizing revenues of certain acquisitions which were completed in the same trailing twelve month period.

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.

Reconciliation

	June 30,	
($ in millions)	**2013**	**2012**
Net working capital:		
Receivables, net	12,268	11,245
Inventories, net	6,347	6,363
Prepaid expenses	333	302
Accounts payable, trade	(4,829)	(4,750)
Billings in excess of sales	(1,807)	(1,878)
Advances from customers	(1,926)	(1,764)
Non-trade payables(1)	(1,348)	(1,336)
Accrued expenses and deferred income(1)	(1,919)	(1,802)
Net working capital	**7,119**	**6,380**
Total revenues for the three months ended:		
June 30, 2013 / 2012	10,225	9,663
March 31, 2013 / 2012	9,715	8,907
December 31, 2012 / 2011	11,021	10,571
September 30, 2012 / 2011	9,745	9,337
Adjustment to annualize revenues of certain acquisitions(2)	-	2,123
Adjusted revenues for the trailing twelve months	**40,706**	**40,601**
Net working capital as a percentage of revenues	**17.5%**	**15.7%**

(1) Amount is included within Other current liabilities.
(2) Thomas & Betts, acquired in May 2012.

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Finance net

Definition

Finance net is calculated as Interest and dividend income less Interest and other finance expense.

Reconciliation

($ in millions)	Six months ended June 30,	
	2013	2012
Interest and dividend income	35	38
Interest and other finance expense	(177)	(144)
Finance net	**(142)**	**(106)**

($ in millions)	Three months ended June 30,	
	2013	2012
Interest and dividend income	17	19
Interest and other finance expense	(80)	(87)
Finance net	**(63)**	**(68)**

Book-to-bill ratio

Definition

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

Reconciliation

($ in millions)	Six months ended June 30, 2013
Orders received	19,804
Total revenues	19,940
Book-to-bill ratio	**0.99**