# Press Release

# ABB second-quarter net income rises 43% amid steady top line growth

- **Orders up 18%[1] (10% organic[2]); 17% revenue growth (9% organic)**
- **Strong top line and business execution boost bottom line**
- **Operational EBITDA[3] up 22% to $1.5 billion**
- **Solid contribution to results from acquisitions**

Zurich, Switzerland, July 21, 2011 – ABB reported a 43-percent increase in second-quarter net income to $893 million amid strong industrial growth, higher earnings in the Power Systems division and the contribution from recent acquisitions, especially Baldor Electric.

Revenues rose 17 percent and orders increased 18 percent from the second quarter of last year, with growth in both mature and emerging markets.

Customer investments aimed at increasing operational efficiency translated into strong demand for robots, energy-efficient motors and low-voltage systems in the second quarter, while capacity expansions and the need for service drove higher orders in the oil and gas, pulp and paper, metals and marine sectors.

Increasing requirements for electricity in industry and general economic growth, especially in the emerging markets, drove demand for power distribution solutions. Transmission-related investments, which generally come later in the economic cycle, remained at low levels.

A key measure of profitability – operational EBITDA[3] – increased 22 percent on the strong revenue growth. The operational EBITDA margin declined on a combination of higher investments in sales and R&D, price erosion in the power business that was not fully offset by cost savings, and a less favorable revenue mix in the automation segments. Cash from operations rose significantly.

“This was a strong quarter where we continued to execute well, driving further revenue growth, cash generation and a solid increase in shareholder returns,” said Joe Hogan, ABB’s CEO. “We’re pleased with the growth and results in the quarter and for the first half of the year.”

“Looking ahead, it’s clear that macroeconomic concerns around public debt and inflation have increased recently. However, based on what we know today, we continue to expect strong demand for productivity and energy efficiency solutions in industry and a recovery in power transmission demand in the second half of the year.”

| **2011 Q2 key figures** | **Q2 11** | **Q2 10** | **Change** | |
|---|---|---|---|---|
| *$ millions unless otherwise indicated* | | | *US$* | *Local* |
| Orders | 9,867 | 7,665 | *29%* | *18%* |
| *Order backlog (end June)* | *29,983* | *24,437* | *23%* | *9%* |
| Revenues | 9,680 | 7,573 | *28%* | *17%* |
| EBIT | 1,337 | 975 | *37%* | |
| as % of revenues | 13.8% | 12.9% | | |
| Operational EBITDA[3] | 1,547 | 1,264 | *22%* | |
| as % of operational revenues[3] | 16.0% | 16.6% | | |
| Net income | 893 | 623 | *43%* | |
| Basic net income per share ($) | 0.39 | 0.27 | *44%* | |
| Cash flow from operating activities | 891 | 649 | | |

1 Management discussion of orders and revenues focuses on local currency changes. US dollar changes are shown in the tables.
2 Organic changes exclude the impact of acquisitions (Ventyx and Baldor Electric).
3 Operational EBITDA represents earnings before interest and taxes, and depreciation and amortization, adjusted for restructuring-related charges, the mark-to-market treatment of hedging transactions along with unrealized foreign exchange movements on receivables/payables, and non-recurring charges related to acquisitions (Ventyx and Baldor Electric)—see reconciliation of non-GAAP measures in Appendix 1.

## Summary of Q2 2011 results

### Orders received and revenues

Demand for ABB products that boost energy efficiency, industrial productivity and power reliability continued to grow in the second quarter, resulting in higher orders received in all divisions compared to the same quarter in 2010.

The Discrete Automation and Motion division recorded the strongest growth, up more than 60 percent in local currencies on strong orders from Baldor Electric—acquired in the first quarter of 2011—and also reflecting good growth in the robotics and drives businesses. Excluding Baldor Electric, the division recorded a 25-percent increase in orders. Orders were higher in Low Voltage Products, mainly on increased demand for low-voltage systems to improve electrical efficiency in industry. The Process Automation division saw orders up 15 percent as increasing commodity prices continued to drive customer investments in new capacity and services to improve the productivity of existing assets, especially in the oil and gas, pulp and paper and marine sectors.

Orders rose 4 percent in Power Products, with both utility and industrial demand improving. Continuing investments by utilities to expand and upgrade their power grids fuelled an 11-percent order increase in the Power Systems division.

Orders grew most in the Americas, mainly reflecting the acquisition of Baldor Electric, but also the result of strong growth in South America. Orders were also higher in both eastern and western Europe, while Asian growth was led by India (up almost 40 percent). Orders in China grew 4 percent compared to the same quarter in 2010.

On an organic basis (excluding the recent acquisitions of U.S.-based Ventyx and Baldor Electric), orders grew in both mature and emerging economies, up 6 percent and 13 percent, respectively.

Base orders (below $15 million) increased 18 percent (8 percent organic) and were up in all divisions. Base orders in Power Products increased for the third consecutive quarter and were 6 percent higher than the first quarter of 2011. Large orders (above $15 million) increased 19 percent in the quarter and represented 12 percent of total orders, roughly the same as in the year-earlier period.

The order backlog at the end of June reached $30 billion, a local-currency increase of 9 percent (8 percent organic) compared to the year-earlier period and flat versus the end of the first quarter of 2011.

Revenues continued growing and were higher in all divisions. The growth reflects the execution of the very strong order backlog, higher sales of short cycle products and services as well as a contribution of approximately $600 million from acquisitions[4]. Excluding acquisitions, revenues rose by 9 percent.

### Earnings and net income

EBIT in the second quarter of 2011 amounted to $1.3 billion, a 37-percent increase compared to the same quarter a year earlier. Revenue growth, including the impact from acquisitions, was the main contributor to the improvement.

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[4] Acquisitions comprise Ventyx and Baldor Electric.

As part of the company's previously-announced $1-billion cost savings initiative for 2011, savings of approximately $270 million were achieved in the quarter, of which about 50 percent were derived from optimized sourcing. For the first six months of 2011, savings amounted to approximately $480 million. Costs associated with the program in the second quarter amounted to approximately $30 million and were immaterial in the first quarter.

Operational EBITDA in the second quarter of 2011 amounted to $1.5 billion, an increase of 22 percent over the year-earlier period. Acquisitions contributed approximately $115 million to operational EBITDA.

The operational EBITDA margin decline partly reflects an increase of almost $90 million in investment in research and development and selling expenses to tap growth opportunities and secure the company's technology advantage. The operational EBITDA margin in Power Products was also lower compared to the very high level in the second quarter of 2010. In addition, the operational EBITDA margin in Low Voltage Products decreased as a result of rapid increases in silver prices that could not immediately be compensated by higher prices initiated during the quarter along with a higher proportion of systems revenues in the total revenue mix.

Net income for the quarter grew 43 percent to almost $900 million and resulted in basic earnings per share of $0.39 compared to $0.27 in the year-earlier period.

## Balance sheet and cash flow

Net cash at the end of the second quarter was $1.2 billion, down from $2.2 billion at the end of the previous quarter. The decline primarily reflects the dividend payment in May of approximately $1.6 billion.

Cash from operating activities increased significantly compared to the same quarter of 2010, mainly the result of higher net earnings as well as higher customer advances that offset higher inventories needed to support growth.

ABB issued two U.S.-dollar denominated bonds during the second quarter, one of $600 million with a 2.50-percent coupon maturing in 2016 and the second of $650 million with a 4.00 percent coupon maturing in 2021.

The credit rating agency Moody's in June lifted the rating on ABB's long-term corporate debt to A2 from A3 with a stable outlook.

## Acquisitions

During the second quarter, ABB acquired Netherlands-based Epyon B.V., a supplier of direct current fast-charging stations for electrical vehicles. ABB also announced an agreement to acquire Brisbane, Australia-based software company Mincom to expand its presence in enterprise asset management software and services. Financial terms of the deal were not disclosed. The Mincom transaction, subject to customary approvals, has not yet closed and had no impact on ABB's second-quarter results.

Earlier this month, ABB announced the acquisition of Sweden-based pulp and paper systems and equipment supplier Lorentzen & Wettre, and Switzerland-based specialty transformer manufacturer Trasfor Group. Both transactions are expected to close in the second half of 2011.

## Outlook

While macroeconomic concerns have increased recently, particularly around public debt in the U.S. and Europe and inflation in China, the long-term global outlook in ABB's major end markets remains favorable. High commodity prices are driving increased customer capital expenditures, while simultaneously supporting spending on efficiency and productivity improvements, including service. Utility spending on power transmission to integrate renewable energy into existing grids and to interconnect national and regional power grids continues to gain momentum. The potential shift away from nuclear power and high oil prices are expected to further increase the need for energy-efficient power and automation technologies.

Emerging markets will remain the principal drivers of growth in the medium term but demand in the mature economies across all of ABB's portfolio is also expected to continue growing over the coming quarters.

While overcapacity remains in some later-cycle infrastructure-related businesses, prices have stabilized in many sectors and ABB has initiated price increases in selected businesses in 2011, partly to offset increasing raw material costs.

Therefore, over the rest of 2011, management will continue to focus on adjusting costs while seeking profitable growth opportunities, both organic and inorganic, based on its leading technology, broad global presence, competitive cost base and strong balance sheet.

## Divisional performance Q2 2011

| **Power Products** | **Q2 11** | **Q2 10** | **Change** | |
|---|---|---|---|---|
| *$ millions unless otherwise indicated* | | | *US$* | *Local* |
| Orders | 2,810 | 2,480 | *13%* | *4%* |
| *Order backlog (end June)* | *8,955* | *7,796* | *15%* | *3%* |
| Revenues | 2,783 | 2,528 | *10%* | *1%* |
| EBIT | 417 | 421 | *-1%* | |
| as % of revenues | 15.0% | 16.7% | | |
| Operational EBITDA[1] | 454 | 515 | | |
| as % of operational revenues | 16.5% | 20.3% | | |
| Cash flow from operating activities | 158 | 384 | | |

[1] Earnings before interest and taxes, and depreciation and amortization, adjusted for restructuring-related charges and the mark-to-market treatment of hedging transactions along with unrealized foreign exchange movements on receivables/payables—see reconciliation of non-GAAP measures in Appendix 1

The order growth in the quarter was driven primarily by demand from utilities and industry for power distribution solutions. Orders for equipment used to integrate renewable power into the grid and service orders also increased. Customer investments in the power transmission sector have yet to pick up. Both base and large orders increased in the quarter.

Regionally, orders were higher in the Americas, mainly as a result of grid refurbishment and power distribution investments in the U.S. and infrastructure expansion in Brazil driven by sustained economic growth. Continuing grid expansions and a large order in Saudi Arabia drove an increase in the Middle East and Africa. Orders grew in Asia and decreased in Europe, with base orders steady in the region.

Revenues were stable in the quarter as growth in the power distribution and service businesses compensated for lower levels in the later-cycle power transmission equipment business.

The lower operational EBITDA versus the very high levels of the second quarter a year earlier was due to price pressure from transmission-related orders in the backlog that was only partially offset by cost savings.

| **Power Systems** | **Q2 11** | **Q2 10** | **Change** | |
|---|---|---|---|---|
| *$ millions unless otherwise indicated* | | | *US$* | *Local* |
| Orders | 1,654 | 1,354 | *22%* | *11%* |
| *Order backlog (end June)* | *11,310* | *9,128* | *24%* | *9%* |
| Revenues | 2,025 | 1,635 | *24%* | *12%* |
| EBIT | 194 | 17 | *n.a.* | |
| as % of revenues | 9.6% | 1.0% | | |
| Operational EBITDA[1] | 189 | 59 | | |
| as % of operational revenues | 9.4% | 3.6% | | |
| Cash flow from operating activities | 112 | -65 | | |

[1] Earnings before interest and taxes, and depreciation and amortization, adjusted for restructuring-related charges, the mark-to-market treatment of hedging transactions along with unrealized foreign exchange movements on receivables/payables and non-recurring charges related to acquisitions (Ventyx)—see reconciliation of non-GAAP measures in Appendix 1

Order growth in the quarter was driven by the need for power infrastructure to support growth in sectors such as mining and oil and gas as well as related investments in power generation, transmission links, substations and distribution solutions. Base orders grew at a double-digit pace and were higher in all businesses. Base order growth also partly reflects increased service orders.

Revenues improved on the execution of the strong order backlog, especially in the power generation, HVDC (high-voltage direct current) and offshore wind sectors. The increase in base orders taken in recent quarters, which are executed faster than longer-cycle large orders, also positively affected revenues. The order and tender backlogs remained at a high level.

Operational EBITDA and operational EBITDA margin improved significantly compared to the same quarter a year earlier on a combination of higher revenues as well as a return to profitability in the cables business.

| **Discrete Automation and Motion** | **Q2 11** | **Q2 10** | **Change** | |
|---|---|---|---|---|
| *$ millions unless otherwise indicated* | | | *US$* | *Local* |
| Orders | 2,615 | 1,476 | *77%* | *63%* |
| *Order backlog (end June)* | *4,595* | *3,223* | *43%* | *25%* |
| Revenues | 2,248 | 1,287 | *75%* | *61%* |
| EBIT | 349 | 200 | *75%* | |
| as % of revenues | 15.5% | 15.5% | | |
| Operational EBITDA[1] | 419 | 243 | | |
| as % of operational revenues | 18.7% | 18.9% | | |
| Cash flow from operating activities | 303 | 154 | | |

[1] Earnings before interest and taxes, and depreciation and amortization, adjusted for restructuring-related charges, the mark-to-market treatment of hedging transactions along with unrealized foreign exchange movements on receivables/payables and non-recurring charges related to acquisitions (Baldor Electric)—see reconciliation of non-GAAP measures in Appendix 1

Orders continued to grow strongly in the second quarter, reflecting both increased demand for energy-efficient automation solutions in all regions of the world as well as the contribution from U.S.-based industrial motor manufacturer Baldor Electric, acquired by ABB in the first quarter of 2011. Orders increased across all businesses, led by robotics and motors and generators. Excluding the impact of the Baldor Electric acquisition, orders increased by 25 percent in local currencies compared to the same quarter in 2010.

Regionally, orders grew strongest in the Americas—more than tripling—due mainly to the Baldor Electric acquisition. Excluding Baldor Electric, orders in the Americas grew 46 percent. Orders were also strongly higher in Europe and Asia, led mainly by demand growth in emerging markets.

Revenues increased at a similar pace to orders on solid execution of the strong order backlog.

The operational EBITDA rose on the increase in revenues while the operational EBITDA margin was roughly unchanged compared to the same quarter in 2010.

| **Low Voltage Products** | **Q2 11** | **Q2 10** | **Change** | |
|---|---|---|---|---|
| *$ millions unless otherwise indicated* | | | *US$* | *Local* |
| Orders | 1,417 | 1,219 | *16%* | *6%* |
| *Order backlog (end June)* | *1,141* | *879* | *30%* | *18%* |
| Revenues | 1,397 | 1,102 | *27%* | *16%* |
| EBIT | 234 | 205 | *14%* | |
| as % of revenues | 16.8% | 18.6% | | |
| Operational EBITDA[1] | 268 | 236 | | |
| as % of operational revenues | 19.2% | 21.4% | | |
| Cash flow from operating activities | 67 | 121 | | |

[1] Earnings before interest and taxes, and depreciation and amortization, adjusted for restructuring-related charges and the mark-to-market treatment of hedging transactions along with unrealized foreign exchange movements on receivables/payables—see reconciliation of non-GAAP measures in Appendix 1

Order growth in the quarter was driven primarily by increased demand for low-voltage systems. Orders in most other businesses also increased, although at a slower pace than in the past several quarters, reflecting more challenging comparisons with the strong quarters of 2010. Orders for control products declined as a result of weaker demand from the renewable energy sector.

Revenues increased in all businesses in the second quarter. Revenues grew faster than orders, reflecting the combination of product sales in the current quarter plus execution of the growing backlog of system orders won in previous quarters.

Operational EBITDA increased on higher revenues. Operational EBITDA margin declined, however, reflecting the increased share of total revenues from the lower-margin systems business and the rapid increase in silver costs that could not immediately be compensated by higher prices.

| **Process Automation** | **Q2 11** | **Q2 10** | **Change** | |
|---|---|---|---|---|
| *$ millions unless otherwise indicated* | | | *US$* | *Local* |
| Orders | 2,340 | 1,825 | *28%* | *15%* |
| *Order backlog (end June)* | *6,829* | *5,585* | *22%* | *7%* |
| Revenues | 2,095 | 1,737 | *21%* | *9%* |
| EBIT | 223 | 189 | *18%* | |
| as % of revenues | 10.6% | 10.9% | | |
| Operational EBITDA[1] | 249 | 228 | | |
| as % of operational revenues | 11.8% | 13.0% | | |
| Cash flow from operating activities | 222 | 143 | | |

[1] Earnings before interest and taxes, and depreciation and amortization, adjusted for restructuring-related charges and the mark-to-market treatment of hedging transactions along with unrealized foreign exchange movements on receivables/payables—see reconciliation of non-GAAP measures in Appendix 1

Orders increased in the quarter on continued demand growth mainly in the marine and oil and gas sectors. Orders were also higher in pulp and paper, metals and turbochargers. Orders were lower in the minerals sector compared to the high levels of the year-earlier period. Lifecycle service orders rose more than 20 percent in the quarter.

Regionally, order growth was highest in Asia—up more than 50 percent—as a result of strong marine orders in South Korea, Singapore and Japan. Orders were almost 40 percent higher in the Americas, driven by pulp and paper and minerals orders in South America and higher service orders in the U.S. Orders declined in the Middle East and Africa as large orders valued at more than $250 million in the second quarter of 2010 were not repeated.

The revenue increase reflects execution of the stronger order backlog as well as the recent growth in service orders. Operational EBITDA increased on higher revenues. The operational EBITDA margin declined reflecting revenues from some lower-margin system orders executed from the backlog.

# Press Release

## More information

The 2011 Q2 results press release is available from July 21, 2011, on the ABB News Center at www.abb.com/news and on the Investor Relations homepage at www.abb.com/investorrelations, where a presentation for investors will also be published.

A video from Chief Executive Officer Joe Hogan on ABB's second-quarter 2011 results will be available at 07:00 am today at www.youtube.com/abb.

ABB will host a media conference call starting at 10:00 a.m. Central European Time (CET). U.K. callers should dial +44 203 059 58 62. From Sweden, +46 8 5051 00 31, 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 24 hours: Playback numbers: +44 20 7108 6233 (U.K.), +41 91 612 4330 (rest of Europe) or +1 866 416 2558 (U.S./Canada). The code is 12925, followed by the # key. The recorded session will also be available as a podcast one hour after the end of the conference call and can be downloaded from www.abb.com/news.

A conference call for analysts and investors is scheduled to begin today at 4:00 p.m. CET (3:00 p.m. in the UK, 10:00 a.m. EDT). Callers should dial +1 866 291 4166 from the U.S./Canada (toll-free), +44 203 059 5862 from the U.K., or +41 91 610 56 00 from the rest of the world. Callers are requested to phone in 15 minutes before the start of the call. The recorded session will be available as a podcast one hour after the end of the conference call and can be downloaded from our website. You will find the link to access the podcast at www.abb.com.

| Investor calendar 2011 | |
|---|---|
| Q3 2011 results | Oct. 27, 2011 |
| ABB Capital Markets Day 2011 | Nov. 4, 2011 |

ABB (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 about 130,000 people.

Zurich, July 21, 2011
Joe Hogan, CEO

## 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. 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, 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.


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## ABB Q2 and half-year 2011 key figures

| *$ millions unless otherwise indicated* | | Q2 11 | Q2 10 | Change | | H1 11 | H1 10 | Change | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | *US$* | *Local* | | | *US$* | *Local* |
| **Orders** | **Group** | **9,867** | **7,665** | ***29%*** | ***18%*** | **20,224** | **15,732** | ***29%*** | ***21%*** |
| | Power Products | 2,810 | 2,480 | *13%* | *4%* | 5,670 | 4,881 | *16%* | *9%* |
| | Power Systems | 1,654 | 1,354 | *22%* | *11%* | 3,591 | 3,112 | *15%* | *8%* |
| | Discrete Automation & Motion | 2,615 | 1,476 | *77%* | *63%* | 4,959 | 2,884 | *72%* | *63%* |
| | Low Voltage Products | 1,417 | 1,219 | *16%* | *6%* | 2,826 | 2,325 | *22%* | *15%* |
| | Process Automation | 2,340 | 1,825 | *28%* | *15%* | 4,946 | 3,940 | *26%* | *18%* |
| | Corporate and other *(inter-division eliminations)* | -969 | -689 | | | -1,768 | -1,410 | | |
| **Revenues** | **Group** | **9,680** | **7,573** | ***28%*** | ***17%*** | **18,082** | **14,507** | ***25%*** | ***17%*** |
| | Power Products | 2,783 | 2,528 | *10%* | *1%* | 5,110 | 4,847 | *5%* | *-1%* |
| | Power Systems | 2,025 | 1,635 | *24%* | *12%* | 3,858 | 3,019 | *28%* | *19%* |
| | Discrete Automation & Motion | 2,248 | 1,287 | *75%* | *61%* | 4,128 | 2,500 | *65%* | *57%* |
| | Low Voltage Products | 1,397 | 1,102 | *27%* | *16%* | 2,592 | 2,113 | *23%* | *16%* |
| | Process Automation | 2,095 | 1,737 | *21%* | *9%* | 3,995 | 3,472 | *15%* | *7%* |
| | Corporate and other *(inter-division eliminations)* | -868 | -716 | | | -1,601 | -1,444 | | |
| **EBIT** | **Group** | **1,337** | **975** | ***37%*** | | **2,350** | **1,684** | ***40%*** | |
| | Power Products | 417 | 421 | *-1%* | | 767 | 776 | *-1%* | |
| | Power Systems | 194 | 17 | *n.a.* | | 299 | 10 | *n.a.* | |
| | Discrete Automation & Motion | 349 | 200 | *75%* | | 574 | 361 | *59%* | |
| | Low Voltage Products | 234 | 205 | *14%* | | 469 | 347 | *35%* | |
| | Process Automation | 223 | 189 | *18%* | | 474 | 347 | *37%* | |
| | Corporate and other *(inter-division eliminations)* | -80 | -57 | | | -233 | -157 | | |
| **EBIT %** | **Group** | **13.8%** | **12.9%** | | | **13.0%** | **11.6%** | | |
| | Power Products | 15.0% | 16.7% | | | 15.0% | 16.0% | | |
| | Power Systems | 9.6% | 1.0% | | | 7.8% | 0.3% | | |
| | Discrete Automation & Motion | 15.5% | 15.5% | | | 13.9% | 14.4% | | |
| | Low Voltage Products | 16.8% | 18.6% | | | 18.1% | 16.4% | | |
| | Process Automation | 10.6% | 10.9% | | | 11.9% | 10.0% | | |
| **Operational EBITDA*** | **Group** | **1,547** | **1,264** | ***22%*** | | **2,866** | **2,226** | ***29%*** | |
| | Power Products | 454 | 515 | *-12%* | | 858 | 923 | *-7%* | |
| | Power Systems | 189 | 59 | *220%* | | 321 | 121 | *165%* | |
| | Discrete Automation & Motion | 419 | 243 | *72%* | | 797 | 439 | *82%* | |
| | Low Voltage Products | 268 | 236 | *14%* | | 530 | 406 | *31%* | |
| | Process Automation | 249 | 228 | *9%* | | 495 | 408 | *21%* | |
| **Operational EBITDA %** | **Group** | **16.0%** | **16.6%** | | | **15.9%** | **15.3%** | | |
| | Power Products | 16.5% | 20.3% | | | 16.8% | 19.0% | | |
| | Power Systems | 9.4% | 3.6% | | | 8.4% | 4.0% | | |
| | Discrete Automation & Motion | 18.7% | 18.9% | | | 19.3% | 17.5% | | |
| | Low Voltage Products | 19.2% | 21.4% | | | 20.5% | 19.2% | | |
| | Process Automation | 11.8% | 13.0% | | | 12.4% | 11.8% | | |

* Operational EBITDA represents earnings before interest and taxes, and depreciation and amortization, adjusted for restructuring-related charges, the mark-to-market treatment of hedging transactions along with unrealized foreign exchange movements on receivables/payables, and non-recurring charges related to acquisitions (Ventyx and Baldor Electric)—see reconciliation of non-GAAP measures in Appendix 1.

# Press Release

## Q2 2011 orders received and revenues by region

| $ millions | Orders received | | Change | | Revenues | | Change | |
|---|---|---|---|---|---|---|---|---|
| | **Q2 11** | **Q2 10** | *US$* | *Local* | **Q2 11** | **Q2 10** | *US$* | *Local* |
| Europe | 3'490 | 2'866 | 22% | 6% | 3'779 | 2'872 | 32% | 15% |
| Americas | 2'564 | 1'462 | 75% | 68% | 2'228 | 1'481 | 50% | 44% |
| Asia | 2'902 | 2'165 | 34% | 24% | 2'579 | 2'175 | 19% | 10% |
| Middle East and Africa | 911 | 1'172 | -22% | -27% | 1'094 | 1'045 | 5% | -2% |
| **Group total** | **9'867** | **7'665** | ***29%*** | ***18%*** | **9'680** | **7'573** | ***28%*** | ***17%*** |

## Half-year 2011 orders received and revenues by region

| $ millions | Orders received | | Change | | Revenues | | Change | |
|---|---|---|---|---|---|---|---|---|
| | **H1 11** | **H1 10** | *US$* | *Local* | **H1 11** | **H1 10** | *US$* | *Local* |
| Europe | 7'580 | 6'299 | *20%* | *12%* | 7'070 | 5'647 | *25%* | *15%* |
| Americas | 4'728 | 2'959 | *60%* | *54%* | 4'236 | 2'795 | *52%* | *46%* |
| Asia | 5'999 | 4'266 | *41%* | *32%* | 4'692 | 4'085 | *15%* | *8%* |
| Middle East and Africa | 1'917 | 2'208 | *-13%* | *-17%* | 2'084 | 1'980 | *5%* | *1%* |
| **Group total** | **20'224** | **15'732** | ***29%*** | ***21%*** | **18'082** | **14'507** | ***25%*** | ***17%*** |

## Operational EBIT and operational EBITDA by division Q2 2011 vs Q2 2010

| | ABB | | Power Products | | Power Systems | | Discrete Automation & Motion | | Low Voltage Products | | Process Automation | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Q2 11 | Q2 10 | Q2 11 | Q2 10 | Q2 11 | Q2 10 | Q2 11 | Q2 10 | Q2 11 | Q2 10 | Q2 11 | Q2 10 |
| **Revenues (as per Financial Statements)** | **9'680** | **7'573** | **2'783** | **2'528** | **2'025** | **1'635** | **2'248** | **1'287** | **1'397** | **1'102** | **2'095** | **1'737** |
| Derivative impact | (37) | 26 | (28) | 12 | (14) | 1 | (8) | - | (1) | 2 | 14 | 11 |
| **Operational revenues** | **9'643** | **7'599** | **2'755** | **2'540** | **2'011** | **1'636** | **2'240** | **1'287** | **1'396** | **1'104** | **2'109** | **1'748** |
| **EBIT (as per Financial Statements)** | **1'337** | **975** | **417** | **421** | **194** | **17** | **349** | **200** | **234** | **205** | **223** | **189** |
| Derivative impact | (58) | 57 | (14) | 34 | (42) | 8 | (4) | 6 | - | 3 | 3 | 9 |
| Restructuring-related costs | 27 | 70 | 1 | 18 | 10 | 18 | 12 | 19 | 3 | 2 | 2 | 12 |
| Charges (non-recurring) related to significant acquisitions | 1 | | | | | | 1 | | | | | |
| *including non-recurring amortization* | *2* | | | | | | *2* | | | | | |
| **Operational EBIT** | **1'307** | **1'102** | **404** | **473** | **162** | **43** | **358** | **225** | **237** | **210** | **228** | **210** |
| **Operational EBIT margin** | **13.6%** | **14.5%** | **14.7%** | **18.6%** | **8.1%** | **2.6%** | **16.0%** | **17.5%** | **17.0%** | **19.0%** | **10.8%** | **12.0%** |
| Depreciation | 167 | 129 | 43 | 36 | 14 | 10 | 31 | 16 | 29 | 24 | 15 | 13 |
| Amortization | 75 | 33 | 7 | 6 | 13 | 6 | 32 | 2 | 2 | 2 | 6 | 5 |
| Amortization (non-recurring) related to significant acquisitions | (2) | | | | | | (2) | | | | | |
| **Operational EBITDA** | **1'547** | **1'264** | **454** | **515** | **189** | **59** | **419** | **243** | **268** | **236** | **249** | **228** |
| **Operational EBITDA margin** | **16.0%** | **16.6%** | **16.5%** | **20.3%** | **9.4%** | **3.6%** | **18.7%** | **18.9%** | **19.2%** | **21.4%** | **11.8%** | **13.0%** |

## Appendix I
## Reconciliation of non-GAAP measures
*($ millions, unaudited)*

| **EBIT Margin** *(= EBIT as % of revenues)* | Three months ended June 30, 2011 | 2010 |
|---|---|---|
| Earnings before interest and taxes (EBIT) | 1'337 | 975 |
| Revenues | 9'680 | 7'573 |
| **EBIT Margin** | **13.8%** | **12.9%** |
| | | |
| **EBIT as per financial statements** | **1'337** | **975** |
| *reversal of:* | | |
| Unrealized gains and losses on derivatives (FX, commodities, embedded derivatives) | (32) | 91 |
| Realized gains and losses on derivatives where the underlying hedged transaction has not yet been realized | 7 | 12 |
| Unrealized foreign exchange movements on receivables/payables (and related assets/liabilities) | (33) | (46) |
| Restructuring and restructuring-related expenses | 27 | 70 |
| Charges related to significant acquisitions [(1)] | 1 | - |
| **Operational EBIT** | **1'307** | **1'102** |
| *reversal of:* | | |
| Depreciation | 167 | 129 |
| Amortization | 75 | 33 |
| Backlog amortization related to significant acquisitions | (2) | - |
| **Operational EBITDA** | **1'547** | **1'264** |
| | | |
| **Revenues as per financial statements** | **9'680** | **7'573** |
| *reversal of:* | | |
| Unrealized gains and losses on derivatives | 1 | 74 |
| Realized gains and losses on derivatives where the underlying hedged transaction has not yet been realized | (6) | 1 |
| Unrealized foreign exchange movements on receivables (and related assets) | (32) | (49) |
| **Operational Revenues** | **9'643** | **7'599** |
| | | |
| **Operational EBITDA Margin** (= Operational EBITDA as % of Operational Revenues) | **16.0%** | **16.6%** |

(1) includes $2 million backlog amortization related to acquisitions in the 3 months ended June 30, 2011

| **Net Cash** *(= Cash and equivalents plus marketable securities and short-term investments, less total debt)* | June 30, 2011 | Dec. 31, 2010 |
|---|---|---|
| Cash and equivalents | 4'552 | 5'897 |
| Marketable securities and short-term investments | 359 | 2'713 |
| **Cash and marketable securities** | **4'911** | **8'610** |
| Short-term debt and current maturities of long-term debt | 1'191 | 1'043 |
| Long-term debt | 2'471 | 1'139 |
| **Total debt** | **3'662** | **2'182** |
| **Net Cash** | **1'249** | **6'428** |

| **Net Working Capital** | June 30, 2011 | Dec. 31, 2010 |
|---|---|---|
| Receivables, net | 10'984 | 9'970 |
| Inventories, net | 6'628 | 4'878 |
| Prepaid expenses | 256 | 193 |
| Accounts payable, trade | (5'187) | (4'555) |
| Billings in excess of sales | (1'797) | (1'730) |
| Employee and other payables | (1'444) | (1'526) |
| Advances from customers | (1'935) | (1'764) |
| Accrued expenses | (1'692) | (1'644) |
| **Net Working Capital** | **5'813** | **3'822** |