ZURICH, SWITZERLAND, FEBRUARY 28, 2019

Solid growth

FULL YEAR 2018 HIGHLIGHTS

– Total orders +8%[1], up in all divisions and regions
– Revenues +4%, strong growth in Robotics and Motion
– Order backlog +6% at end of year, book-to-bill ratio[2] at 1.03x
– ABB Ability™ drives growth across all divisions
– Operational EBITA margin 10.9%[2], impacted by a combined 250 basis points due to stranded costs, charges for legacy non-core projects and GEIS dilution
– Reported net income at $2,173 million, -2%
– Cash flow from operating activities at approx. $3 billion
– New ABB announced
  - Focus of portfolio on digital industries through divestment of Power Grids
  - Simplification of business model and structure
  - Shape four leading businesses aligned with customer patterns
– Acquisition of GEIS completed on June 30, 2018
– CHF 0.80 per share dividend proposed

FOURTH QUARTER HIGHLIGHTS

– Total orders +7%, higher in all divisions and regions
– Revenues +5%
– Operational EBITA margin 7.9%, impacted by a combined 400 basis points due to stranded costs, legacy non-core charges and GEIS dilution
– Solid cash flow from operating activities at approx. $1.9 billion

– Sylvia Hill to succeed Jean-Christophe Deslarzes as Chief Human Resources Officer and member of the Executive Committee, effective June 1, 2019

KEY FIGURES			CHANGE				CHANGE	
($ in millions, unless otherwise indicated)	Q4 2018	Q4 2017 Recast	US$	Comparable[1]	FY 2018	FY 2017 Recast	US$	Comparable[1]
Orders	6,985	6,328	+10%	+7%	28,590	25,034	+14%	+8%
Revenues	7,395	6,804	+9%	+5%	27,662	25,196	+10%	+4%
Income from operations	275	324	-15%		2,226	2,230	0%	
Operational EBITA[2]	584	664	-12%	-10%[3]	3,005	2,817	+7%	+5%[3]
as % of operational revenues	7.9%	9.7%	-1.8pts		10.9%	11.2%	-0.3pts	
Income from continuing operations, net of tax	210	214	-2%		1,575	1,519	4%	
Net income attributable to ABB	317	393	-19%		2,173	2,213	-2%	
Basic EPS ($)	0.15	0.18	-19%[4]		1.02	1.04	-2%[4]	
Operational EPS ($)[2]	0.30	0.33	-9%[4]	-6%[4]	1.33	1.25	+7%[4]	+8%[4]
Cash flow from operating activities	1,867	1,869	0%		2,924	3,799	-23%	

On December 17, 2018, ABB announced an agreed sale of its Power Grids division. Consequently, the results of the Power Grids business are presented as discontinued operations. The company's results for all periods have been adjusted accordingly.

[1] Growth rates for orders, third-party base orders and revenues are on a comparable basis (local currency adjusted for acquisitions and divestitures). US$ growth rates are presented in Key Figures table.
[2] For non-GAAP measures, see the "Supplemental Financial Information" attachment to the press release.
[3] Constant currency (not adjusted for portfolio changes).
[4] EPS growth rates are computed using unrounded amounts. Comparable operational earnings per share is in constant currency (2014 exchange rates not adjusted for changes in the business portfolio).

"In 2018, we brought the company back to growth and delivered solid order and revenue growth. We drove topline momentum with our leading Robotics and Motion offering and played a strong role in the ongoing recovery of process industries with our industrial automation business and ABB Ability™ digital solutions. We will continue to drive the operational improvements in Electrification Products and our company overall", said ABB CEO Ulrich Spiesshofer.

"At the end of 2018, we set the course for a new ABB as a pioneering technology leader in digital industries. We announced three transformational actions to focus our portfolio, simplify and fundamentally reset our business model as well as strengthen the leading business positions of our company. Our confidence in ABB's future is reflected in the proposed 10th consecutive dividend increase to CHF 0.80."

Short-term outlook

Macroeconomic signs are mixed in Europe and trending positively in the United States, with growth expected to continue in China. The overall global market is growing, with rising geopolitical uncertainties in various parts of the world. Oil prices and foreign exchange translation effects are expected to continue to influence the company's results.

Full-year 2018 Group results

ABB delivered strong order and revenue performance in 2018. The group's digital solutions offering, ABB Ability™, continued to build its leading market position. Total orders were 8 percent higher (14 percent in US dollars) with strong positive contributions from Robotics and Motion and Industrial Automation as well as solid performance from Electrification Products. Total orders exhibited similar growth trends across all regions. Base orders (classified as orders below $15 million) improved 6 percent (14 percent in US dollars) in 2018, rising in all divisions and regions. Large orders increased 45 percent (20 percent in US dollars), albeit off a low comparative base, and represented 7 percent of total orders, compared to 6 percent in the prior year. Service orders were 7 percent higher (12 percent in US dollars) and now stand at 19 percent of total orders.

Revenues improved 4 percent (10 percent in US dollars) to $27,662 million. Revenues grew across all divisions, with strong performance from Robotics and Motion and robust contributions from Electrification Products and Industrial Automation. Service revenues were up 7 percent (11 percent in US dollars) to 19 percent of group revenues. The book-to-bill ratio stood at 1.03x in 2018 compared with 0.99x in the previous year.

ABB continued to shift its center of gravity, de-risking the portfolio and improving organic growth prospects. The exit from EPC (Engineering, Procurement and Construction) activities progressed as ABB transferred its turnkey AC Substation business to Linxon, a new joint-venture with SNC Lavalin. ABB continues to unwind the remaining legacy EPC contracts, which impacted results reported through the period for the non-core business unit in Corporate and other. ABB strengthened the competitiveness of its Electrification Products division through the acquisition of GE Industrial Solutions ("GEIS") on June 30, 2018. Integration efforts are well underway. GEIS' performance in the second half of 2018 has been in line with managements expectations.

ABB announced fundamental actions to focus, simplify and lead in digital industries on December 17, 2018. The group's actions included the divestment of the Power Grids business. As a consequence of the announced sale, the results of the Power Grids business are now presented as discontinued operations and the group has reflected stranded costs in its operational EBITA result for both the 2017 and 2018 periods, in line with the guidance provided as part of the announcement on December 17, 2018. Stranded costs are services provided by the group to Power Grids that do not qualify to be reported as discontinued operations. These services include real estate, IT, and other shared corporate services. The company expects the vast majority of these costs to either be transferred to Power Grids or eliminated by the closing of the transaction, which is anticipated in the first half of 2020.

The company's operational EBITA in 2018 reached $3,005 million, an increase of 7 percent in US dollars (5 percent in local currencies), including stranded costs of $297 million. The operational EBITA margin was 10.9%, including 110 basis points related to stranded costs as well as an 100 basis point charge related to legacy non-core business activities, and 40 basis points dilution from GEIS.

Net income attributable to ABB of $2,173 million was 2 percent lower compared to 2017. Basic EPS was 2 percent lower at $1.02. Operational EPS[2] was $1.33, up 8 percent in constant currency[2].

Cash flow from operating activities[5] of $2,924 million for the full year was 23 percent lower year on year. This is mainly due to lower cash from discontinued operations as well as less favorable timing of tax payments. Net working capital of $2,584 million stood at 9 percent of revenues at the end of 2018, compared to 10 percent at the end of the prior year period. Capital expenditures for the group were $772 million during the year, at the same level as in 2017. Adjusted free cash flow[2] of $2,024 million was 31 percent below the prior year.

Dividend
ABB's board has proposed an ordinary dividend of 0.80 Swiss francs per share for 2018, subject to shareholder approval at the company's annual general meeting on May 2, 2019. The proposal is in line with ABB's dividend policy to pay a rising, sustainable dividend over time. The ex-dividend and payout dates in Switzerland are expected to be in May 2019. Further information will be available on ABB's website.

Q4 2018 Group results

Orders
Total orders rose 7 percent (10 percent in US dollars), up in all divisions and regions compared to a year ago. Base orders increased 5 percent (11 percent in US dollars), higher in all divisions during the quarter. Large orders represented 5 percent of total orders, steady compared to the prior year period. The order backlog rose 6 percent (5 percent in US dollars) compared to a year ago, improving in all divisions, to end the year at $13.1 billion.

Service orders were up 5 percent (7 percent in US dollars). Service orders represent 20 percent of total orders, compared to 21 percent in the prior year period.

Changes in the business portfolio, including the acquisition of GEIS resulted in a net positive impact of 8 percent on total reported orders. Foreign exchange translation effects had a 5 percent negative impact on reported orders.

Market overview
ABB saw positive order trends across its three regions in the quarter:

- Total orders from Europe rose 4 percent (5 percent in US dollars), with positive contributions from Italy, Sweden, the Netherlands and France outpacing lower contributions from Germany, Norway and Spain. Base orders rose 2 percent (2 percent in US dollars).
- Total orders from the Americas increased 11 percent (32 percent in US dollars). Orders from the United States rose 8 percent (38 percent in US dollars) and also improved in Mexico and Brazil. Base orders from the Americas increased 13 percent (37 percent in US dollars).
- In Asia, Middle East and Africa (AMEA), total orders grew 7 percent (steady in US dollars), supported by growth in China, India and Japan. In China, demand was softer in select end-markets, but remained positive, with total orders rising 6 percent (6 percent in US dollars). Base orders for AMEA were steady (1 percent lower in US dollars).

[5] Cash flow from operating activities is presented in the Consolidated Statement of Cashflows and includes both cash flows from continuing and discontinued operations.

Demand was supportive across the majority of ABB's key customer segments:

- ABB saw healthy demand from process industries, including oil and gas, mining, and pulp and paper, with customers continuing to invest in automation and digital solutions.
- Demand across discrete industries remained solid, including continued growth from the food & beverage sector. Demand was strong in the automotive market, with customers seeking robotics solutions for both ICE and EV assembly lines, more than offsetting softer investments from customers in the consumer electronics sector.
- Transport and infrastructure demand was healthy. Demand from construction and buildings related customers was robust. Data center growth continued with customer demand focused on combined automation and distribution solutions. ABB saw further activity in cruise ships and from rail customers.

Revenues
Revenues improved 5 percent to $7,395 million (9 percent in US dollars), with strong growth in Robotics and Motion, robust performance from Electrification Products and a steady result from Industrial Automation. Service revenues were up 4 percent (8 percent in US dollars), enhanced by ABB's leading digital portfolio, ABB Ability™ solutions. Services represented 20 percent of total revenues, steady versus the prior year period.

Business portfolio changes, including the acquisition of GEIS, contributed a net positive of 8 percent to reported revenues. Changes in exchange rates resulted in a negative translation impact on reported revenues of 4 percent.

The book-to-bill ratio stood at 0.94x in the quarter compared with 0.93x in the previous year's period.

Operational EBITA
Operational EBITA of $584 million in the fourth quarter was 12 percent lower in US dollars (10 percent in local currencies) compared to the prior year period. The operational EBITA margin of 7.9 percent, included $72 million, or a 100-basis point impact from stranded costs. As well, operational EBITA reflects 260 basis points impact from charges for legacy non-core activities, mainly related to substations, and a 40 basis points impact due to the acquisition of GEIS.

Net income, basic and operational earnings per share
Net income was $317 million, 19 percent lower year on year. Basic earnings per share of $0.15 also moved the same amount in percentage terms. Operational earnings per share of $0.30 was 9 percent lower, and 6 percent in constant currency[4].

Cash flow from operating activities
The group delivered solid cash flow from operating activities of $1,867 million, steady compared to the similarly strong cash flow delivered in the prior year period. Continued focus on working capital had a positive impact compared to the same period last year, offset by less favorable timing of tax payments and a lower contribution from discontinued operations.

Q4 divisional performance

($ in millions, unless otherwise indicated)	Orders	CHANGE US$	CHANGE Comparable[1]	3rd party base orders	CHANGE US$	CHANGE Comparable[1]	Revenues	CHANGE US$	CHANGE Comparable[1]	Op EBITA %	CHANGE
Electrification Products	3,139	+23%	+2%	3,032	+27%	+3%	3,320	+23%	+3%	11.7%	-3.0pts
Industrial Automation	1,866	+4%	+8%	1,639	+0%	+4%	1,938	-4%	+0%	12.9%	-2.0pts
Robotics and Motion	2,175	+7%	+11%	1,872	+2%	+6%	2,341	+7%	+11%	15.0%	+1.2pts
Corporate & Other	(195)			11			(204)				
ABB Group	**6,985**	**+10%**	**+7%**	**6,554**	**+11%**	**+5%**	**7,395**	**+9%**	**+5%**	**7.9%**	**-1.8pts**

Effective January 1, 2018, management responsibility and oversight of certain remaining engineering, procurement and construction (EPC) business, previously included in the Industrial Automation and Robotics and Motion operating segments and the former Power Grids business, were transferred to a new non-core operating business within Corporate and Other. The Power Grids division was moved from continuing to discontinued operations. All previously reported amounts have been adjusted consistent with these portfolio changes.

Electrification Products
Total orders rose 2 percent (23 percent in US dollars) and third-party base orders increased 3 percent (27 percent in US dollars). Good demand for products was dampened by a lower order volume for systems. Revenues improved 3 percent (23 percent in US dollars), driven by growth in our short-cycle businesses. Operational EBITA margin was 300 basis points lower year-on-year at 11.7 percent. The integration of GEIS diluted margins by 210 basis points, in line with expectations. Excluding GEIS, operating margins were impacted by negative contractual charges amounting to approximately 90 basis points, which outweighed positive mix, cost savings and pricing actions during the quarter.

Industrial Automation
Compared to the prior year period, total orders improved 8 percent (4 percent in US dollars), boosted by selective large order activity, while third-party base orders were up by 4 percent (steady in US dollars). Order activity for cruise ships and in process industries including mining and pulp and paper was strong during the quarter. Revenues were steady (4 percent lower in US dollars). The operational EBITA margin of 12.9 percent reflects change in the business mix as well as a one-time charge due to payment default by a customer that impacted the divisional margin by approximately 80 basis points.

Robotics and Motion
The division saw continued order momentum with total orders up 11 percent (7 percent in US dollars) and third-party base orders up 6 percent (2 percent in US dollars). Order growth was achieved across all regions, supported by large orders from automotive and rail customers and continued demand from process industries. Revenues increased 11 percent (7 percent in US dollars). Operational EBITA margin at 15.0 percent expanded 120 basis points year-on-year, driven by positive volumes and continued cost management.

2018 Highlights

During 2018, ABB recorded strong order momentum across all divisions and regions. The company's pioneering technology leadership in digital industries advanced, with ABB Ability™ recognized by industry analysts as #1 globally in Distributed Control Systems and Enterprise Asset Management software. ABB Ability™ was launched in 2017 and offers more than 220 digital solutions, which enable enterprises to increase productivity and safety at lower costs. For example, ABB and Helsinki City Transport held at the end of 2018 a groundbreaking trial of a remotely operated passenger ferry, which was retrofitted with ABB's new dynamic positioning system, ABB Ability™ Marine Pilot Control, and steered from a control center in Helsinki.

ABB continues to invest in its future. During 2018, the group announced a €100 million investment to build a cutting-edge R&D campus in Austria, and a $150 million investment to build a state-of-the-art flexible robotics manufacturing site, also including an Artificial Intelligence center of excellence, in Shanghai, China.

The acquisition of GEIS completed on June 30, 2018, strengthened the competitiveness of Electrification Products, particularly in the attractive North American market. ABB targets $200 million per annum synergies from GEIS by 2022.

On December 17, 2018, ABB announced the agreed sale of its Power Grids business, expanding its existing partnership with Hitachi. Alongside, ABB announced its intention to simplify the business structure and to shape four new leading businesses: Electrification, Industrial Automation, Motion, and Robotics and Discrete Automation. ABB expects a total of $500 million annual run-rate cost reductions across the group over the medium-term. Approximately $500 million of related non-operational restructuring and implementation charges are expected to be taken through 2020. ABB is targeting a medium-term group operational EBITA margin target of 13-16 percent. New margin targets for the four businesses are available today at ABB's strategy update (further details can be found under www.abb.com).

Management changes

ABB announced today the appointment of Sylvia Hill (59) as Chief Human Resources Officer and member of the Executive Committee, effective June 1, 2019. She succeeds Jean-Christophe Deslarzes (55), who has decided to step down to pursue a non-executive career. Sylvia Hill joined ABB's Human Resources (HR) team in 1993 and has held positions of increasing responsibility within the HR function, including Head of HR for the Robotics and Motion division, country HR manager for France and the Czech Republic, and Head of HR of the Mediterranean Region. Currently, she is Group Function Head of Global HR Services and HR Transformation.

"Sylvia brings a wealth of experience in HR, change management and talent management to the role," said ABB CEO Ulrich Spiesshofer. "I am delighted to welcome Sylvia to the Executive Committee. I would like to thank JC Deslarzes for his outstanding contribution as Chief Human Resources Officer over the past five years. Under his leadership, ABB has developed a world-class talent management and people development strategy for the digital era, and significantly improved its attractiveness to young talent."

Deslarzes will continue to support ABB's transformation until beginning of 2020 and report directly to CEO Ulrich Spiesshofer. He will remain non-executive Chairman of ABB India.

In December 2018, ABB announced the appointment of Morten Wierod, currently Managing Director Business Unit Drives, as business leader for the newly created Motion business. He will become a member of the Executive Committee effective April 1, 2019.

Short- and long-term outlook

Macroeconomic signs are mixed in Europe and are trending positively in the United States, with growth expected to continue in China. The overall global market is growing, with rising geopolitical uncertainties in various parts of the world. Oil prices and foreign exchange translation effects are expected to continue to influence the company's results.

ABB's businesses are either the global #1 or #2 player in attractive markets with strong secular drivers. The company's addressable market for its new businesses Electrification, Industrial Automation, Motion, and Robotics and Discrete Automation is expected to grow long term by 3.5-4 percent per annum.

More information

The Q4 2018 results press release and financial information documents 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 press conference today starting at 9:00 a.m. Central European Time (CET) (8:00 a.m. BST, 3:00 a.m. EST). The event will be accessible by webcast on https://new.abb.com/media/media-event---strategy-update-2019.

ABB will host an analyst and investor conference today starting at 12:00 p.m. CET (11:00 a.m. GMT, 6:00 a.m. EST). The event will be webcast for approximately 90 minutes, covering Q4 and FY18 results and the group's Strategy update presentation. The webcast and related materials will be accessible from 11:00 a.m. CET at: go.abb/strategy-update-2019

A recorded session will be available as a webcast following the end of the conference call.

ABB (ABBN: SIX Swiss Ex) is a pioneering technology leader in power grids, electrification products, industrial automation and robotics and motion, serving customers in utilities, industry and transport & infrastructure globally. Continuing a history of innovation spanning more than 130 years, ABB today is writing the future of industrial digitalization with two clear value propositions: bringing electricity from any power plant to any plug and automating industries from natural resources to finished products. As title partner in ABB Formula E, the fully electric international FIA motorsport class, ABB is pushing the boundaries of e-mobility to contribute to a sustainable future. ABB operates in more than 100 countries with about 147,000 employees. www.abb.com

INVESTOR CALENDAR 2019

Annual General Meeting	May 2, 2019
First quarter 2019 results	May 2, 2019
Second quarter 2019 results	July 25, 2019
Third quarter 2019 results	October 23, 2019

Important notice about forward-looking information

This press release includes forward-looking information and statements as well as other statements concerning the outlook for our business, including those in the sections of this release titled "Short-term outlook", "Full-year 2018 Group Results", "2018 Highlights" and "Short- and long-term outlook". 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," "intends", "aims" 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, 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, February 28, 2019

Ulrich Spiesshofer, CEO

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For more information, please contact:

Media Relations
Phone: +41 43 317 71 11
E-mail: media.relations@ch.abb.com

Investor Relations
Phone: +41 43 317 71 11
E-mail: investor.relations@ch.abb.com

ABB Ltd
Affolternstrasse 44
8050 Zurich
Switzerland