ZURICH, SWITZERLAND, JULY 20, 2017: SECOND QUARTER HIGHLIGHTS

ABB: Building growth momentum

- Total and base orders grew 3%[1]; higher orders in all regions
- Revenues up 1%
- Operational EBITA margin[2] 12.4%, dampened this quarter by commodity prices and some overcapacity
- Net income $525 million
- Cash flow from operating activities $467 million reflects timing of short-term incentive payments
- Net working capital as a percentage of revenues 14.1%, reduced 90 bps on an annual basis
- Active portfolio management: B&R acquisition closed July 6, KEYMILE's communication business to be acquired Q3

"In Q2, ABB continued to build its growth momentum as our targeted initiatives are delivering. Order growth was broad-based and across all regions," said ABB CEO Ulrich Spiesshofer. "Our industry-leading digital offering, ABB Ability, is taking off and starting to contribute to growth."

"Operational performance in the Power Grids and Industrial Automation divisions was solid in the quarter. Electrification Products and Robotics and Motion improved margins sequentially, but were not able to fully compensate commodity price headwinds and overcapacity during the quarter," he said. "While we are pleased with the growth momentum, especially the double-digit order growth in Robotics and Motion, we remain firmly focused on further improving operational execution and our cost base."

"The successful completion of the B&R acquisition and the handover of our last legacy off-shore wind project, Dolwin 2, are solid examples of the disciplined execution of our Next Level strategy."

KEY FIGURES			CHANGE				CHANGE	
($ in millions, unless otherwise indicated)	Q2 2017	Q2 2016	US$	Compa-rable[1]	H1 2017	H1 2016	US$	Compa-rable[1]
Orders	8,349	8,316	0%	+3%	16,752	17,569	-5%	0%
Revenues	8,454	8,677	-3%	+1%	16,308	16,580	-2%	+2%
Operational EBITA[2]	1,042	1,120	-7%	-5%[3]	1,985	2,071	-4%	-2%[3]
as % of operational revenues	12.4%	12.9%	-0.5pts		12.3%	12.5%	-0.2pts	
Net income	525	406	29%		1,249	906	38%	
Basic EPS ($)	0.25	0.19	30%[4]		0.58	0.42	39%[4]	
Operational EPS[2] ($)	0.30	0.35	-15%[4]	-11%[4]	0.58	0.64	-9%[4]	-6%[4]
Cash flow from operating activities	467	1,082	-57%		976	1,334	-27%	

Short-term outlook

Macroeconomic and geopolitical developments are signaling a mixed picture with continued uncertainty. Some macroeconomic signs in the US remain positive and growth in China is expected to continue. The overall global market remains impacted by modest growth and increased uncertainties, e.g., Brexit in Europe and geopolitical tensions in various parts of the world. Oil prices and foreign exchange translation effects are expected to continue

[1] Growth rates for orders, base orders, revenues and order backlog are on a comparable basis (local currency adjusted for acquisitions and divestitures). US$ growth rates are presented in Key Figures table
[2] For a reconciliation of non-GAAP measures, see "Supplemental Reconciliations and Definitions" in the attached Q2 2017 Financial Information
[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 and not adjusted for changes in the business portfolio)

to influence the company's results. With this and the ongoing transformation of ABB, we expect 2017 to be a transitional year.

Q2 2017 Group results

Orders

Total orders were 3 percent higher (stable in US dollars) compared with the second quarter a year ago, as the significant increase in Robotics and Motion and Industrial Automation more than offset the decline in Electrification Products and Power Grids. Large orders grew 5 percent (1 percent in US dollars) and represented 8 percent of the total orders, unchanged compared with the same quarter a year ago. A stronger US dollar versus the prior year period resulted in a negative translation impact on reported orders of 3 percent.

Base orders (below $15 million) increased 3 percent (stable in US dollars), improving in Robotics and Motion, Industrial Automation and Power Grids. Electrification Products decreased 1 percent (4 percent in US dollars), impacted primarily by fewer trading days in the quarter compared with the same period a year ago.

Total service and software orders rose 8 percent (5 percent in US dollars) and increased to 20 percent of total orders compared with 19 percent a year ago.

The order backlog at the end of June 2017 amounted to $23.6 billion, 1 percent lower (7 percent in US dollars) compared with the end of the second quarter a year ago. The book-to-bill[2] ratio in the second quarter was 0.99x compared with 0.96x in the second quarter of 2016.

Market overview

Demand patterns in all of ABB's regions were positive in the quarter:

- Europe benefited from positive market developments in industry, transport and infrastructure and timing of large capital investments. Total orders improved 6 percent (1 percent in US dollars) with positive contributions from the United Kingdom, Finland, Turkey and Spain more than offsetting declines in Norway and France. Base orders improved 1 percent (4 percent lower in US dollars) with Spain, Sweden and Turkey as the main contributors.
- The Americas was positive, driven by the need for energy-efficient solutions for industry, transport and infrastructure and increased demand for automation in general. Total orders grew 2 percent in the quarter (2 percent in US dollars) on increased large order awards. Base orders declined 2 percent (2 percent in US dollars) as higher demand in the United States and Brazil could not offset declines in Canada. The United States grew 7 percent overall (6 percent in US dollars) and 1 percent in base orders (stable in US dollars).
- Asia, Middle East and Africa (AMEA) grew due to increased demand in industry, transport and infrastructure for energy-efficient and automation solutions. Utilities made selective investments in the quarter. Total orders increased 2 percent (2 percent lower in US dollars) driven primarily by substantial growth in India, Saudi Arabia and South Africa. Total orders in China declined, as higher base orders could not offset lower large order awards. Increased demand in India reflects the continuing need for industrial automation and reliable power solutions. Base orders for the region increased 9 percent (6 percent in US dollars) with positive contributions from China and India.

Demand patterns in ABB's three major customer sectors were mixed:

- Utilities continued their selective investments, adding new capacity in emerging markets, upgrading the aging power infrastructure in mature markets and integrating renewable energy globally. They are also investing in automation and control solutions to enhance the stability of the grid.
- In industry, investments in robotics solutions and the automotive and food and beverage sectors remained positive. Investments in process industries, especially offshore oil and gas, remained subdued. Selective investments in mining, exploration and downstream oil and gas are expected to continue.
- Transport & infrastructure demand has been mixed. Demand for building automation solutions as well as solutions involving energy efficiency for rail transport remained strong while the marine sector, except for cruise ships, suffered from a sharp decline due to the subdued oil and gas sector. Electric Vehicle charging remained a highlight in the quarter.

Revenues
Revenues increased 1 percent (3 percent lower in US dollars) in the second quarter and were higher in Electrification Products and Robotics and Motion. Power Grids was stable and Industrial Automation was lower on the reduced order backlog. Total services and software revenues were stable (2 percent lower in US dollars) and represented 17 percent of total revenues, unchanged compared with a year ago.

Operational EBITA
Operational EBITA was $1,042 million, 5 percent lower in constant currencies (7 percent lower in US dollars). Operational EBITA margin was 12.4 percent, 0.5 percent lower compared with the same period a year ago. Operational EBITA margin improved in Industrial Automation and Power Grids but decreased in the Electrification Products and Robotics and Motion divisions. Operational EBITA was impacted by commodity price increases and overcapacity in some businesses which could not offset the positive net savings effect.

Net income, Basic and Operational earnings per share
Net income increased to $525 million from $406 million and basic earnings per share was $0.25 compared with $0.19 for the same quarter of 2016. This result was impacted by lower restructuring and restructuring-related expenses and a higher tax rate of 30% versus 25.1% compared with the same period a year ago. Operational EPS was $0.30 compared to $0.35 for the same quarter of 2016, a decrease of 11 percent in constant currencies[2].

Cash flow from operating activities
Cash flow from operating activities was $467 million compared with $1,082 million in 2016 due to the change in timing of short-term incentive payments to the second quarter from the first quarter in 2017. It was also impacted by timing of tax payments, delays in payment from Middle Eastern customers and the positive cash contribution in the previous year from the recently divested cables business.

Share cancelation
In July 2017, based on the shareholders' vote at the company's annual general meeting on April 13, 2017, ABB canceled 46.6 million shares. This will be reflected in the third quarter.

Executive Committee changes
Effective April 1, 2017, Timo Ihamuotila joined ABB from Nokia as Chief Financial Officer and a member of the Executive Committee. Effective July 1, 2017, Chunyuan Gu, Managing Director of ABB in China, became President of the Asia, Middle East and Africa (AMEA) region and a member of the Executive Committee. Chunyuan takes over AMEA from Frank Duggan, who was appointed President of the Europe region, succeeding Bernhard Jucker, who retired on June 30 after a long and distinguished career at ABB.

Q2 divisional performance

($ in millions, unless otherwise indicated)	Orders	CHANGE US$	CHANGE Comparable[1]	Revenues	CHANGE US$	CHANGE Comparable[1]	Operational EBITA %	CHANGE
Electrification Products	2,512	-4%	-1%	2,509	-1%	+2%	15.0%	-0.8pts
Robotics and Motion	2,219	+12%	+14%	2,087	+3%	+5%	14.9%	-1.3pts
Industrial Automation	1,499	+6%	+8%	1,608	-9%	-7%	12.7%	+0.3pts
Power Grids	2,484	-6%	-3%	2,647	-3%	0%	9.8%	+0.5pts
Corporate & other (incl. inter-division elimination)	-365			-397				
ABB Group	8,349	**0%**	**+3%**	**8,454**	**-3%**	**+1%**	12.4%	**-0.5 pts**

Electrification Products
Total orders were impacted by fewer trading days in the second quarter versus the second quarter of 2016; total orders for the first half of 2017 were up 1 percent (2 percent lower in US dollars). Revenues grew 2 percent in the quarter (1 percent lower in US dollars). Operational EBITA margin improved sequentially but was lower in the quarter versus a year ago mainly due to higher material costs, which more than offset productivity and cost savings.

Robotics and Motion
Total orders were 14 percent higher (12 percent in US dollars) as all regions and business units contributed to the significant growth. Third-party base orders increased 10 percent (8 percent in US dollars) on continued strong growth in robotics and light industry. Revenues improved 5 percent (3 percent in US dollars). Operational EBITA margin was impacted by product mix, significantly higher commodity prices and under absorption, which more than offset the cost-out measures.

Industrial Automation
Total orders grew 8 percent (6 percent in US dollars) due to selective capital expenditure investments in oil and gas and in mining. Third party base orders continued to be positive. Revenues were 7 percent lower (9 percent in US dollars), reflecting the execution of a lower order backlog. Operational EBITA margin increased slightly as cost and productivity savings offset the lower revenue contribution.

Power Grids
Third party base orders grew 2 percent (stable in US dollars) on investments in emerging markets while total orders were impacted by the timing of large order awards. Revenues were steady (3 percent lower in US dollars) on solid order backlog execution. Operational EBITA margin increased 50 basis points to 9.8 percent, reflecting improved productivity, project execution and continued cost savings. The division's 'Power Up' program to drive transformation and value creation is underway and the company will continue to invest in this initiative in the coming quarters.

Next Level strategy – Stage 3

ABB continued the implementation of its Next Level strategy during the quarter by further shifting its center of gravity to higher growth segments, strengthening its competitiveness and de-risking the portfolio.

On July 6, ABB announced the completion of its acquisition of B&R (Bernecker + Rainer Industrie-Elektronik GmbH), the largest independent provider focused on product- and software-based, open-architecture solutions for machine and factory automation worldwide. This acquisition closes ABB's historic gap in machine and factory automation and will create a uniquely comprehensive automation portfolio for customers globally. This all-cash acquisition is expected to be EPS-accretive in the first year.

ABB successfully launched its new industry-leading digital offering, ABB Ability, at its customer events in Houston, Hanover and Hangzhou. With more than 180 solutions, across all customer segments, ABB Ability has seen very positive customer response and is contributing to sustainable growth.

On July 3, ABB announced that it had agreed to acquire the mission-critical communication network business from the KEYMILE Group to strengthen its portfolio and further enhance ABB Ability. It will add reliable communications technologies that are essential to maintain today's dynamic and complex digital electrical grids. The acquisition will bring with it products, software and service solutions, as well as research and development expertise. It is expected to close during the third quarter of 2017.

ABB continues to build on its existing momentum and is further accelerating its operational performance.

The company's White-Collar Productivity savings program has exceeded expectations since its launch in 2015. ABB is on track to achieve the program's increased cost reduction target of $1.3 billion within the initially announced timeframe and approximately $200 million lower combined restructuring program and implementation costs than initially announced. ABB is continuing its regular cost-savings programs, leveraging operational excellence and world-class supply chain management to achieve savings equivalent to 3-5 percent of cost of sales each year.

ABB reaffirms the target of its Net Working Capital program to free up approximately $2 billion by the end of 2017. The program is on track; Net Working Capital as a percentage of revenues decreased 90 bps compared with the same period a year ago.

Outlook

Macroeconomic and geopolitical developments are signaling a mixed picture with continued uncertainty. Some macroeconomic signs remain positive in the United States and growth in China is expected to continue. The overall global market remains impacted by modest growth and increased uncertainties, e.g., Brexit in Europe and geopolitical tensions in various parts of the world. Oil prices and foreign exchange translation effects are expected to continue to influence the company's results. With this and the ongoing transformation of ABB, we expect 2017 to be a transitional year.

The attractive long-term demand outlook in ABB's three major customer sectors — utilities, industry and transport & infrastructure — is driven by the Energy and Fourth Industrial Revolutions.

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

More information

The Q2 2017 results press release and presentation slides are available on the ABB News Center at www.abb.com/news and on the Investor Relations homepage at www.abb.com/investorrelations.

ABB will host a press conference today starting at 10:00 a.m. Central European Time (CET) (9:00 a.m. BST, 4:00 a.m. EDT). The event will be accessible by conference call. Callers from the UK should dial +44 203 059 58 62. From Sweden, the number to dial is +46 85 051 00 31, and from the rest of Europe, +41 58 310 50 00. Callers from the US and Canada should dial +1 866 291 41 66 (toll-free) or +1 631 570 56 13 (long-distance charges apply). Lines will be open 10-15 minutes before the start of the call.

A conference call and webcast for analysts and investors is scheduled to begin today at 2:00 p.m. CET (1:00 p.m. BST, 8:00 a.m. EDT). Callers from the UK should dial +44 203 059 58 62. From Sweden, the number to dial is +46 85 051 00 31, and from the rest of Europe, +41 58 310 50 00. Callers from the US and Canada should dial +1 866 291 41 66 (toll-free) or +1 631 570 56 13 (long-distance charges apply). Callers are requested to phone in 10 minutes before the start of the call. The call will also be accessible on the ABB website and a recorded session will be available as a podcast one hour after the end of the conference call and can be downloaded from our website.
www.abb.com/investorrelations

ABB (ABBN: SIX Swiss Ex) is a pioneering technology leader in electrification products, robotics and motion, industrial automation and power grids, serving customers in utilities, industry and transport & infrastructure globally. Continuing more than a 125-year history of innovation, ABB today is writing the future of industrial digitalization and driving the Energy and Fourth Industrial Revolutions. ABB operates in more than 100 countries with about 132,000 employees. www.abb.com

INVESTOR CALENDAR 2017

Innovation and Technology Day	September 6, 2017
Third quarter 2017 results	October 26, 2017
Fourth quarter and full year 2017 results	February 8, 2018
Annual General Meeting	March 29, 2018

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”, “Outlook”, and “Next Level strategy – Stage 3”. These statements are based on current expectations, estimates and projections about the factors that may affect our future performance, including global economic conditions, the economic conditions of the regions and industries that are major markets for ABB Ltd. These expectations, estimates and projections are generally identifiable by statements containing words such as “expects,” “believes,” “estimates,” “targets,” “plans,” “is likely”, “intends” 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, July 20, 2017
Ulrich Spiesshofer, CEO

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