ZURICH, SWITZERLAND, APRIL 17, 2019: FIRST QUARTER HIGHLIGHTS

Resilient growth

- Total orders +3%[1], order backlog +6%
- Base orders +6%, higher in all divisions and regions
- Revenues +4%, book-to-bill[2] 1.11x
- Operational EBITA margin[2] 11.2%, impacted 100 basis points by GEIS dilution and a further 100 basis points by stranded costs
- Net income $535 million, -6%
- Operational EPS[2] $0.31, +5%[3]
- Cash flow from operating activities -$256 million; solid cash delivery expected for the full year
- Global software partnership agreement with Dassault Systèmes announced

"We delivered another quarter of solid orders and revenue growth demonstrating the quality and resilience of our portfolio despite the softening we have seen in some of our end-markets, particularly in discrete manufacturing and the automotive sector," said ABB CFO Timo Ihamuotila.

"We remain firmly focused on operational performance and the integration of GEIS; excluding the GEIS impact, our operational margin improved. We are well on track with the Power Grids separation and our four new leading businesses started operations on April 1 as planned."

KEY FIGURES			CHANGE	
$ in millions, unless otherwise indicated	Q1 2019	Q1 2018	US $	Comparable[1]
Orders	7,613	7,555	+1%	+3%
Revenues	6,847	6,441	+6%	+4%
Income from operations	590	626	-6%	
Operational EBITA[2]	766	752	+2%	+10%[4]
as % of operational revenues	11.2%	11.7%	-0.5pts	
Income from continuing operations, net of tax	415	414	+0%	
Net income attributable to ABB	535	572	-6%	
Basic EPS ($)	0.25	0.27	-6%[3]	
Operational EPS ($)[2]	0.31	0.31	-3%[3]	+5%[3]
Cash flow from operating activities[5]	-256	-518	+51%	

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.

Short-term outlook

Macroeconomic signs are mixed in Europe with growth expected to continue in the US and 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.

[1] Growth rates for orders, order backlog and revenues are on a comparable basis (local currency adjusted for acquisitions and divestitures).
[2] For non-GAAP measures, see the "Supplemental Financial Information" attachment to the press release.
[3] 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).
[4] Constant currency (not adjusted for portfolio changes).
[5] Amount represents total for both continuing and discontinued operations.

Q1 2019 Group results

Orders
Total orders were up 3 percent (1 percent in US dollars), led by order growth in the Electrification Products and Robotics and Motion divisions. Orders were well-supported by positive base order momentum. Third-party base orders were up 6 percent (8 percent in US dollars); all divisions and regions were up during the quarter. Large orders were below the prior year period and represented 3 percent of total orders, down from 10 percent. The order backlog was up 6 percent (2 percent in US dollars) compared to a year ago, ending the quarter at $13.9 billion.

Service orders were up 6 percent (6 percent in US dollars). Service orders represent 20 percent of total orders, up from 19 percent last year.

Changes in the business portfolio including impacts from the acquisition of GE Industrial Solutions ("GEIS") and from the establishment of the Linxon Joint Venture resulted in a net positive impact of 4 percent on total orders. Foreign exchange translation effects had a net negative impact of 6 percent on total orders.

Market overview
Performance on a regional basis was balanced during the quarter:

– Total orders from Europe were 3 percent lower (8 percent in US dollars), driven mainly by lower large orders. Positive contributions from Denmark, France and Italy were outweighed by declines in Germany, Norway and Sweden. Base orders grew 6 percent in Europe.
– Total orders from the Americas increased 9 percent (28 percent in US dollars). Orders from the United States rose 7 percent (33 percent in US dollars) and good growth was also evident in Canada and several South American countries including Chile. Base orders were up 7 percent in the Americas.
– In Asia, Middle East and Africa (AMEA), total orders were up 5 percent (7 percent lower in US dollars), with strong growth from Singapore, Japan, Australia, South Korea and China more than offsetting slower performance from countries including Saudi Arabia, Egypt, South Africa and India. In China, orders increased 6 percent (5 percent in US dollars). Base orders were 4 percent higher in the AMEA region.

Demand was mixed across ABB's key customer segments:

– In industries, order momentum continued to be strong in select process industries such as from pulp and paper and mining customers, reflecting increased maintenance spend alongside a supportive commodity price environment. This benefited particularly ABB's motion and industrial automation orders intake, including healthy demand for services offerings and ABB Ability™ solutions. Discrete manufacturing and automotive sector activity slowed during the quarter, while 3C activity remained subdued.
– Transport and infrastructure demand was healthy, with continued investments in rail and specialty marine vessels. Orders for ABB's e-mobility offering and for data center infrastructure grew strongly. Construction demand was robust, with ongoing investment in commercial buildings such as hospitals and resorts.

Revenues
Revenues improved 4 percent (6 percent in US dollars) with strong growth in Electrification Products and Robotics and Motion, and a steady performance in Industrial Automation.

Service revenues were up 6 percent (6 percent in US dollars). Services represented 19 percent of total revenues, the same level as in the prior year period.

Business portfolio changes including impacts from the acquisition of GEIS and from the establishment of the Linxon JV contributed a net positive of 9 percent to reported revenues. Changes in exchange rates resulted in a negative translation impact on reported revenues of 7 percent.

The book-to-bill ratio for the quarter was 1.11x compared to 1.17x in the previous year period.

Operational EBITA

Operational EBITA of $766 million was up 2 percent in US dollars (10 percent in local currencies) compared to the prior year period. The operational EBITA margin stood at 11.2 percent and was 50 basis points lower year-on-year.

In the first quarter period, the impact of GEIS' integration on the operational EBITA margin was approximately 100 basis points while stranded costs weighed a further 100 basis points. Stranded costs are services provided by the group to Power Grids that do not qualify to be reported as discontinued operations and which the group expects to be predominantly transferred to Power Grids or eliminated by the closing of the transaction, which is expected by first half of 2020. Stranded costs of $67 million were recognized in the Corporate and Other operational EBITA result, $9 million lower than the previous year.

Net income, basic and operational earnings per share

Net income from continuing operations was $415 million. Discontinued operations realized $149 million net income. Group net income attributable to ABB was $535 million, 6 percent lower year on year. Basic earnings per share was $0.25, 6 percent lower year on year. Operational earnings per share of $0.31 was 3 percent lower and up 5 percent in constant currency terms[3].

Cash flow from operating activities

Cash flow from operating activities of -$256 million compares to -$518 million in the first quarter of 2018. Compared to the prior year quarter, cash flow from operating activities in continuing operations strengthened to -$97 million from -$365 million, while cash flow from discontinued operations of -$159 million was steady versus the prior year period.

In the first quarter 2019, cash flow from continuing operating activities benefited from the delayed payment of employee incentives and strong milestone payment collection from ongoing projects, which outweighed high payments for inventory. ABB expects solid cash delivery for the full year, weighted to the second half.

Net working capital as a percentage of revenues was 11.2 percent, from 12.9 percent in the prior year period.

Q1 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	3,363	+21%	+6%	3,227	+22%	+5%	3,057	+23%	+5%	12.4%	-2.8pts
Industrial Automation	1,884	-11%	-5%	1,796	+1%	+7%	1,738	-7%	+0%	13.0%	-1.1pts
Robotics and Motion	2,545	-1%	+5%	2,273	-2%	+4%	2,229	+1%	+7%	15.1%	-0.2pts
Corporate & Other	(179)			8			(177)			(174)	
ABB Group	**7,613**	**+1%**	**+3%**	**7,304**	**+8%**	**+6%**	**6,847**	**+6%**	**+4%**	**11.2%**	**-0.5pts**

Effective October 1, 2018, the Power Grids division was moved from continuing to discontinued operations. All previously reported amounts have been restated consistent with these portfolio changes. Corporate & Other result is inclusive of inter-division eliminations.

Electrification Products
Total orders were up 6 percent (21 percent in US dollars) and third-party base orders were up 5 percent (22 percent in US dollars). All business areas grew, with strength evident in systems and low voltage products, especially in data centers and EV charging. On a regional basis, orders grew across all geographies. Revenues improved 5 percent (23 percent in US dollars). Operational EBITA margin was 280 basis points lower year-on-year at 12.4 percent, mainly reflecting 270 basis points dilution from GEIS which, prior to being acquired by ABB, in Q1 and Q2 2018 also exhibited relative margin weakness. Excluding GEIS, margins benefited from positive volumes offset by mix effects.

Industrial Automation
Total orders were 5 percent lower (11 percent in US dollars), weighed by a tough comparative base for large orders, particularly in the European region. Third-party base orders advanced well, up 7 percent (1 percent in US dollars), evidencing strong demand from process industries and in marine. The order backlog was up 2 percent (5 percent lower in US dollars) at quarter end compared to the prior year period. Revenues were steady in comparable terms (7 percent lower in US dollars). The operational EBITA margin at 13.0 percent reflects mainly negative mix effects and investments in growth.

Robotics and Motion
Total orders were up 5 percent (steady in US dollars), despite a tough comparative base and a more challenging market environment. Order growth was strong for drives and motors, reflecting continued growth in process industries. In robotics, order growth was steady, with higher awards of solutions orders. On a regional basis, order growth was led by AMEA. The order backlog ended the quarter up 9 percent (2 percent in US dollars). Revenues improved 7 percent (1 percent in US dollars) while the operational EBITA margin at 15.1 percent was 20 basis points lower compared to the prior year period, primarily due to mix effects in robotics.

A leader focused in digital industries

On December 17, 2018, ABB announced fundamental actions to focus, simplify and lead in digital industries for enhanced customer value and shareholder returns. For further information please see ABB.com/writing-the-future. On February 28, 2019, ABB presented its Strategy, including details of its four leading businesses to the investor and analyst community at a Strategy update event. For further information please see ABB.com/strategy-update-2019.

ABB's management team has established two clear priorities for 2019: running the business and managing the transformation.

Business highlights
During the first quarter, a continued focus on profitable growth delivered another solid quarter of revenue growth demonstrating the quality in the new ABB portfolio. ABB announced on March 26, 2019, that it had been awarded a contract to supply a comprehensive power and propulsion package, including ABB Ability™ solutions, for the construction of China's first domestically built cruise ship.

GEIS' business unit integration with existing Electrification Products' business lines continued apace. ABB remains on track to deliver the expected ~$200 million of annual cost synergies during 2022.

A significant global software partnership agreement with Dassault Systèmes was announced February 28, 2019, adding to ABB's strong partner network for industrial digitalization, including Microsoft Azure and HPE. With this partnership, ABB will develop and provide customers with advanced digital twins, enabling customers to run ABB Ability™ solutions and their operations with improved efficiency, flexibility and sustainability.

ABB strengthened its relationship with Ericsson, signing a Memorandum of Understanding on April 1, 2019. The two companies will collaborate in the research of wireless automation technologies, focusing on "factory of the future" opportunities enabled by 5G connectivity.

Transformation update
Several of ABB's transformation milestones were achieved during the first quarter. An experienced management team is now in place to lead the Power Grids' carve-out process and the separation of the business is on track. The implementation of ABB's new operating model, ABB-OS™, is underway. A strong project team to oversee the simplification program for ABB-OS™ has been in place since the start of the first quarter. During the quarter, a new, business-led board that will govern ABB's Global Business Services efforts was established and the sales organization was transferred to the businesses. Effective April 1, 2019, ABB's four leading businesses became operational.

ABB expects a total of ~$500 million annual run-rate cost reductions across the group with $150-200 million run-rate targeted during 2019 and the full run-rate targeted during 2021. ABB-OS™ savings in 2019 will be achieved mainly through the streamlining of group functions and country organizations as they move to the businesses and the establishment of a new leaner Corporate structure.

Short- and long-term outlook

Macroeconomic signs are mixed in Europe with growth expected to continue in the US and 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 four new 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 Q1 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 media call today starting at 09:00 a.m. Central European Summer Time (CEST) (08:00 a.m. BST, 03:00 a.m. EDT). The event will be accessible by conference call. The media conference call dial-in numbers are:
UK +44 207 107 0613
Sweden +46 8 5051 0031
Rest of Europe, +41 58 310 5000
US and Canada +1 866 291 4166 (toll-free) or +1 631 570 5613 (long-distance charges)
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. CEST (1:00 p.m. BST, 08:00 a.m. EDT). The webcast will be accessible on the ABB website at: new.abb.com/investorrelations/. The analyst and investor conference call dial-in numbers are:
UK +44 207 107 0613
Sweden +46 8 5051 0031
Rest of Europe +41 58 310 5000
US and Canada +1 866 291 4166 (toll-free) or +1 631 570 5613 (long-distance charges)

A recorded session will be available as a webcast one hour after the end of the conference call.

ABB (ABBN: SIX Swiss Ex) is a pioneering technology leader with a comprehensive offering for digital industries. With a history of innovation spanning more than 130 years, ABB is today a leader in digital industries with four customer-focused, globally leading businesses: Electrification, Industrial Automation, Motion, and Robotics & Discrete Automation, supported by its common ABB Ability™ digital platform. ABB's market-leading Power Grids business will be divested to Hitachi in 2020. ABB operates in more than 100 countries with about 147,000 employees. www.abb.com

INVESTOR CALENDAR 2019

Annual General Meeting	May 2, 2019
Ex-dividend	May 6, 2019*
Second Quarter 2019 results	July 25, 2019
Third Quarter 2019 results	October 23, 2019

*assuming shareholders approve the dividend at ABB's AGM

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", "Operational EBITA", "Cash flow from operating activities", "Transformation update" 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 "anticipates", "aims", "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, April 17, 2019

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