

ZURICH, SWITZERLAND, FEBRUARY 8, 2018

Positioned for profitable growth

Transition delivers streamlined and strengthened portfolio and operations

FULL YEAR 2017 HIGHLIGHTS

- Base orders up 5%¹, higher in all divisions and regions; total orders steady
- Revenues +1%
- ABB Ability™ drives growth across all divisions
- Streamlined and strengthened portfolio:
 - B&R, Keymile acquisitions completed; GE Industrial Solutions acquisition signed
 - High-voltage cables divested, two joint ventures signed for EPC activities
 - Business model change in Power Grids, Robotics and Motion and Industrial Automation under way
- Operational EBITA margin² 12.1%, impacted 30 bps due to charges related to the EPC businesses
- Net income up 17% to \$2,213 million
- Cash flow from operating activities steady; net working capital as a percentage of revenues reduced to 11.3%
- 9th consecutive dividend increase to CHF0.78 per share proposed

FOURTH QUARTER HIGHLIGHTS

- Base orders up 9%; higher in all divisions and regions; service orders up 7%
- Revenues -1%
- Operational EBITA margin 10.9% impacted 150 bps due to charges related to the EPC businesses
- Power Grids profitability within 2018 target margin corridor ahead of plan, on a pro-forma basis
- Cash flow from operating activities up 31 percent

“In the transition year 2017, we shaped a streamlined and strengthened ABB. Now, our digital-first portfolio for customers in utilities, industry and transport and infrastructure is based on two clear value propositions: bringing electricity from any power plant to any plug, and automating industries from natural resources to finished products,” said ABB CEO Ulrich Spiesshofer. “The annual results include the dampening effect of our massive transformation. With our targeted actions to shift our center of gravity, we have improved competitiveness, addressed higher-growth segments and de-risked ABB. We delivered four consecutive quarters of increasing base-order growth. The momentum we have built in 2017 positions us for profitable growth as the global markets are improving. Today’s proposal to increase the dividend for the 9th consecutive year demonstrates our confidence in the future.”

KEY FIGURES	CHANGE				CHANGE			
	Q4 2017	Q4 2016	US\$	Comparable ¹	FY 2017	FY 2016	US\$	Comparable ¹
(\$ in millions, unless otherwise indicated)								
Orders	8,478	8,277	+2%	-3%	33,387	33,379	0%	0%
Revenues	9,280	8,993	+3%	-1%	34,312	33,828	+1%	+1%
Operational EBITA ²	1,021	1,057	-3%	-7% ³	4,130	4,191	-1%	-2% ³
as % of operational revenues	10.9%	11.7%	-0.8pts		12.1%	12.4%	-0.3pts	
Net income attributable to ABB	393	425	-8%		2,213	1,899	+17%	
Basic EPS (\$)	0.18	0.20	-7% ⁴		1.04	0.88	+17% ⁴	
Operational EPS ² (\$)	0.33	0.33	-2% ⁴	+2% ⁴	1.25	1.29	-4% ⁴	-1% ⁴
Cash flow from operating activities	1,869	1,428	+31%		3,799	3,843	-1%	
Free cash flow ²					2,926	3,065	-5%	
Cash return on invested capital (CROI) ²					12.4%	13.8%	-1.4pts	

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 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).

Short-term outlook

Macroeconomic signs are trending positively in Europe and the United States, with growth expected to continue in China. The overall global market is back to growth whilst still impacted by 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 2017 Group Results

ABB delivered a steady financial performance in 2017 despite market headwinds and its ongoing transformation. Total orders were steady (steady in US dollars). Base-order growth (base orders are classified as orders below \$15 million) showed increasing momentum each quarter, and for the full year increased 5 percent (6 percent in US dollars), mitigating the effect of lower large orders. The large order share of total orders in 2017 was 8.5 percent, versus 13.5 percent in 2016, in part as a consequence of ABB's business model shift. Total service orders grew 8 percent (8 percent in US dollars) to 20 percent of total group orders.

The order backlog at the end of December 2017 was \$22,414 million, 4 percent lower (2 percent in US dollars) compared with the prior year. The book-to-bill ratio² was 0.97x for 2017, compared with 0.99x in 2016.

Revenues improved 1 percent (1 percent in US dollars) to \$34,312 million, with positive contributions from Electrification Products and Robotics and Motion more than offsetting the declines in Industrial Automation and Power Grids. Total services revenues grew 3 percent (3 percent in US dollars) and now stand at 18 percent of total group revenues.

ABB executed on its Next Level strategy throughout 2017. The company launched ABB Ability™, its digital solutions offering, and continued to invest in digital, sales, branding and research & development. It delivered strong cost savings in White Collar Productivity and supply chain/operational excellence and completed or announced a number of important transactions. It continued to de-risk its portfolio by divesting non-core businesses, and taking actions to implement its EPC (Engineering, Procurement and Construction) business model change. These activities impacted full year results. The company's operational EBITA declined 2 percent (1 percent in US dollars) to \$4,130 million, inclusive of approximately \$140 million of charges related to the EPC businesses. The reported operational EBITA margin was 12.1 percent, 30 basis points lower due to charges related to the EPC businesses and would have been steady without these charges.

Net income in 2017 rose 17 percent compared with the previous year to \$2,213 million, reflecting primarily lower transformation-related restructuring and restructuring-related expenses and net gains recorded on the business divestments in the year. Basic earnings per share grew 17 percent to \$1.04. Operational EPS² was \$1.25, 1 percent lower in constant currency⁴.

Cash flow from operating activities was steady compared with 2016 at \$3,799 million for the full year. ABB continued to benefit from improvements in net working capital which generated approximately \$600 million of cash during 2017. Net working capital as a percentage of revenues² was reduced to 11.3 percent, a 10 basis point improvement year on year. Capital expenditures for the group were \$949 million during 2017. Free cash flow² of \$2,926 million was 5 percent lower than 2016 and the company's cash return on invested capital (CROI) was 12.4 percent², mainly impacted by the acquisition of B&R.

Dividend

ABB's board has proposed the 9th consecutive increase in the ordinary dividend to 0.78 Swiss francs per share for 2017, an increase of 0.02 Swiss francs compared with the dividend distribution for the year 2016, subject to shareholder approval at the company's annual general meeting on March 29, 2018. The proposal is in line with ABB's dividend policy to pay a steadily rising, sustainable dividend over time. The ex-dividend and payout dates in Switzerland are expected to be in April 2018. Further information is available on ABB's website.

Q4 2017 Group results

Orders

Total orders were 3 percent lower (2 percent higher in US dollars) in the fourth quarter as strong base order development could not offset the impact of lower large orders in Power Grids and Industrial Automation compared with the exceptionally strong prior year period. Base orders improved 9 percent (15 percent in US dollars), with third-party base order growth in all divisions. Large orders represented 7 percent of total orders compared with 17 percent in the prior year period. A weaker US dollar versus the prior year period resulted in a positive translation impact of 3 percent on reported orders. Changes in the business portfolio related to the acquisition of B&R and the divestments made in 2017 had a net positive impact of 2 percent on total reported orders. The book-to-bill ratio was 0.91x in the fourth quarter compared with 0.92x in the fourth quarter of 2016.

Total services orders grew 7 percent (11 percent in US dollars), increasing service orders as a percentage of total orders to 21 percent, versus 20 percent in the same period last year.

Market overview

Regional demand patterns were positive in the fourth quarter:

- Europe benefited from positive market developments in industry and infrastructure. Total orders improved 5 percent (19 percent in US dollars), with positive contributions from Germany and Norway more than offsetting declines in the UK, Italy and Sweden. Base orders rose 8 percent (23 percent in US dollars) with positive order trends in Germany, Norway and Italy.
- The Americas grew 3 percent (5 percent in US dollars) driven by increased demand in construction and general industries and some improvement in process industries. Orders from the United States and Canada contributed to this growth, offsetting large order weakness in Brazil. Base orders for the region grew 12 percent (14 percent in US dollars), with strong contribution from the United States, Canada and Brazil.
- Asia, Middle East and Africa (AMEA) orders were 14 percent lower (12 percent in US dollars) as the exceptionally large ultra-high-voltage direct current (UHVDC) order that was awarded in the fourth quarter 2016 in India was not repeated. Total orders in China were moderately lower, down 3 percent (2 percent higher in US dollars) with 1 percent base order growth (6 percent in US dollars). Base orders for the region increased 6 percent (8 percent in US dollars) with positive base order development from India, South Korea and Australia.

In ABB's key customer segments, the following trends were observed:

- Utility customers continued to integrate renewables globally, add new capacity in emerging markets and invest in energy efficiency. This resulted in strong base order growth for ABB's products including transformers, as well as ABB's automation and digital solutions.
- In industry, ABB saw strong demand from the automotive and general industry sectors for robotic solutions. Process industries, including oil and gas and mining, showed some first signs of recovery, however customer investment decisions remained highly selective.
- Transport & infrastructure demand was mixed. Transport orders were subdued in the marine sector, with the exception of cruise ships, while demand for building automation solutions remained strong. Data centers and electric vehicle charging orders were a highlight in the quarter.

Revenues

Revenues were 1 percent lower (3 percent higher in US dollars) as solid growth in Robotics and Motion was offset by the revenue decline in Power Grids. The Industrial Automation and Electrification Products divisions had steady revenues. Service revenues were 7 percent higher (11 percent in US dollars) and represented 20 percent of total revenues, compared with 19 percent a year ago. A weaker US dollar versus the prior year period resulted in a positive translation impact on reported revenues of 3 percent. Changes in the business portfolio related to the acquisitions of B&R and the divestments made in 2017 had a net negative 1 percent impact on total reported revenues.

Operational EBITA

Operational EBITA was \$1,021 million, 7 percent lower in constant currency (3 percent in US dollars). Positive net savings actions that lifted operational EBITA were more than offset by the approximately \$140 million of charges related to the EPC businesses. As well the impacts from volume, net commodity prices and investments in growth lowered the results. The reported operational EBITA margin for the quarter was 10.9 percent, 150 basis points lower due to charges related to the EPC businesses and would have been higher without these charges.

Net income, basic and operational earnings per share

Net income was \$393 million, 8 percent lower in US dollars and in addition to the items described above was also impacted by higher restructuring and restructuring-related expenses, the loss from the divestment of the Oil & Gas EPC business as well as changes in foreign currency and commodity timing differences. Basic earnings per share of \$0.18 was 7 percent lower compared with the fourth quarter of 2016. Operational earnings per share of \$0.33 was 2 percent higher in constant currency terms⁴.

Cash flow from operating activities

Cash flow from operating activities was \$1,869 million, an increase of 31 percent on the \$1,428 million delivered in the same quarter of 2016. The result was supported by stronger working capital improvements in the fourth quarter of 2017 compared with 2016 reflecting improvements in collections from customers.

Q4 divisional performance

(\$ in millions, unless otherwise indicated)	Orders	CHANGE		3 rd party base orders	CHANGE		Revenues	CHANGE		Op EBITA %	CHANGE
		US\$	Compa-rable ¹		US\$	Compa-rable ¹		US\$	Compa-rable ¹		
Electrification Products	2,556	+12%	+10%	2,394	+10%	+8%	2,696	+2%	-1%	14.7%	+1.4pts
Robotics and Motion	2,040	+10%	+6%	1,838	+10%	+5%	2,187	+10%	+6%	10.8%	-3.1pts
Industrial Automation	1,796	+16%	-1%	1,638	+26%	+5%	2,012	+15%	0%	14.8%	-0.4pts
Power Grids	2,493	-13%	-16%	1,994	+18%	+15%	2,809	-5%	-7%	7.8%	-2.8pts
Corporate & other (incl. inter-division elimination)	-407			18			-424				
ABB Group	8,478	+2%	-3%	7,882	+15%	+9%	9,280	+3%	-1%	10.9%	-0.8pts

Electrification Products

Total orders were 10 percent higher (12 percent in US dollars), as all regions and end markets showed strong demand, in particular for data center, food and beverage and electric vehicle fast-charging solutions. Third-party base orders increased 8 percent (10 percent in US dollars). Revenues declined 1 percent (2 percent higher in US dollars), as increases in short-cycle revenues were not enough to offset lower system revenues. Operational EBITA margin of 14.7 percent was aided by cost savings and improved pricing despite ongoing commodity price headwinds.

Robotics and Motion

Total orders improved 6 percent (10 percent in US dollars), growing in all regions. The division saw improved demand from process end markets, whilst large orders declined due to the timing of tender awards. Third-party base orders grew 5 percent (10 percent in US dollars). Revenues were 6 percent higher (10 percent in US dollars) on strong execution of the order backlog. The operational EBITA margin of 10.8 percent was primarily impacted by the charges related to the EPC business and continued higher material costs. These EPC charges negatively impacted the operational EBITA margin by 300 basis points.

Industrial Automation

Third-party base orders continued to be positive at 5 percent on continued operational investment by process customers; total orders declined 1 percent. Selective capital expenditure was seen in mining and specialty vessels. Including B&R and currency effects, the total reported order growth was 16 percent and revenue growth 15 percent. Revenues were steady reflecting the strong book and bill within the quarter. The operational EBITA margin of 14.8 percent reflects the digital investments and negative business mix. The joint venture completed with Arkad was established before the end of the year and the results of that divested business have been excluded from the results of the division and reported under Corporate and Other in all periods.

Power Grids

Third-party base orders grew 15 percent (18 percent in US dollars) mainly driven by industry, particularly in transportation and infrastructure. Total orders declined 16 percent (13 percent in US dollars) due to the exceptionally large UHVDC order that was awarded in India in 2016. The division continues to drive business model changes as it further expands its digital and service offering. Revenues were 7 percent lower (5 percent in US dollars) due to the lower order backlog, primarily in EPC. The operational EBITA margin of 7.8 percent was impacted by charges related to the EPC business. Excluding this charge, the division's margin would have been 240 basis points higher. The division's 'Power Up' program, driving its transformation and value creation, is underway.

Next Level strategy – stage 3

ABB is delivering on its Next Level strategy to unlock value and deliver attractive shareholder returns. 2017 was a transition year, in which the company streamlined and strengthened its portfolio and operations. ABB shifted its center of gravity to a simplified, strengthened digital and market-leading portfolio. It completed and announced a number of key acquisitions, divested certain businesses and implemented business model changes. ABB strengthened its operations through the completion of its 1,000-day execution programs. It continued to focus on operational excellence, delivering supply chain and operational cost savings. A number of key Executive Committee appointments were made in 2017 while continuing to focus on leadership development and bringing all of ABB under one unified brand. With these transformational actions complete, ABB is positioned for profitable growth.

Profitable growth

As part of the drive towards profitable growth, ABB made significant progress in 2017 to streamline and strengthen its portfolio. Base order growth momentum continued each quarter and was higher in all divisions and regions.

With the launch of ABB Ability™, in March 2017, ABB is making a quantum leap in digital. With more than 210 ABB Ability™ solutions available today, ABB is leveraging its large installed base of connected systems and devices. ABB Ability™ is a solution-led approach based on ABB's leading portfolio and domain expertise. It has a secure, open architecture ranging from edge to cloud. ABB Ability™ is central to ABB's strategy to drive growth through expansion of high value-add solutions and services.

Through active portfolio management, ABB is streamlined and strengthened. These actions continue to shift ABB's center of gravity towards strengthened competitiveness, higher growth segments and lower risk.

ABB strengthened its position as the #2 industrial automation player globally by completing the acquisition of B&R in July. With this acquisition, ABB closed its historic gap in machine and factory automation and created a uniquely comprehensive automation portfolio for customers globally. The integration of B&R is well underway and fully on track.

ABB acquired the mission-critical communication network business from the Keymile Group to strengthen its portfolio and further enhance ABB Ability™. It adds reliable communications technologies that are essential to maintain today's dynamic and complex digital electrical grids. The acquisition brings with it products, software and service solutions, as well as research and development expertise.

On September 25, ABB announced an agreement to acquire GE Industrial Solutions (GE IS), General Electric's global electrification solutions business. GE IS has deep customer relationships in more than 100 countries and an established installed base with strong roots in North America, ABB's biggest market. Through this purchase, ABB will strengthen its #2 position in electrification globally and expand its access to the attractive North American market. The transaction is expected to close in the first half of 2018.

ABB continued to shape its portfolio with the divestment of its high-voltage cables and cable accessories business to NKT Cables, completed on March 1, 2017.

During the fourth quarter, actions were implemented across three divisions to complete the business model change for EPC. In the Power Grids division, consistent with ABB's shift in focus away from non-core EPC activity, ABB signed an agreement to form a joint venture with SNC-Lavalin for electrical substation EPC projects; SNC-Lavalin is expected to have a majority interest. In the Industrial Automation division, ABB completed the formation of an oil & gas EPC joint venture with Arkad Engineering and Construction Ltd., a fully integrated EPC contractor for the energy sector based in Saudi Arabia. In Robotics and Motion, ABB announced that it was exiting its turnkey full train retrofit business, beyond meeting its current contractual commitments. ABB will report remaining EPC activities related to these businesses as a non-core operating unit within Corporate & Other, effective January 1, 2018.

Relentless execution

In 2017, ABB continued to drive towards further streamlining and strengthening its operations. At the end of 2017, the company concluded its strategic 1,000-day programs. The company's White Collar Productivity program produced a run-rate of more than \$1.3 billion of gross savings by the end of 2017, more than \$300 million ahead of original ambitions. The savings program was delivered within the announced timeframe and with approximately \$300 million lower combined restructuring and implementation costs than originally expected. Excluding the impacts of business portfolio changes, working capital was \$1.9 billion lower. Improved net working capital discipline freed up \$1.5 billion of cash and reduced net working capital as a percentage of revenues by 280 basis points since the end of 2014. Working capital management has improved across all division and regions since the program was initiated. Further net working capital benefits are targeted from ongoing inventory optimization.

Business-led collaboration

ABB has completed its transition to a simpler, leaner and more customer-focused business while at the same time linking executive compensation firmly to performance and delivery of strategy.

A number of key Executive Committee appointments were made in the year. 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 took over AMEA from Frank Duggan, who was appointed President of the Europe region.

A focus on leadership development remains key to ensuring the company's leadership is fully empowered to meet its growth agenda along with the alignment of all activities under the unified and strengthened ABB brand.

Short- and long-term outlook

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

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 Q4 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 webcast on <http://new.abb.com/media/annual-press-conference-2018>.

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 +44 207 107 0613. 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). 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 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 of 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 135,000 employees. www.abb.com

INVESTOR CALENDAR 2018/2019

Annual General Meeting	March 29, 2018
First quarter 2018 results	April 19, 2018
Second quarter 2018 results	July 19, 2018
Third quarter 2018 results	October 25, 2018
Fourth quarter and full year 2018 results	February 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”, “Dividend”, “Next Level strategy – stage 3” 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,” “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, February 8, 2018
Ulrich Spiesshofer, CEO

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