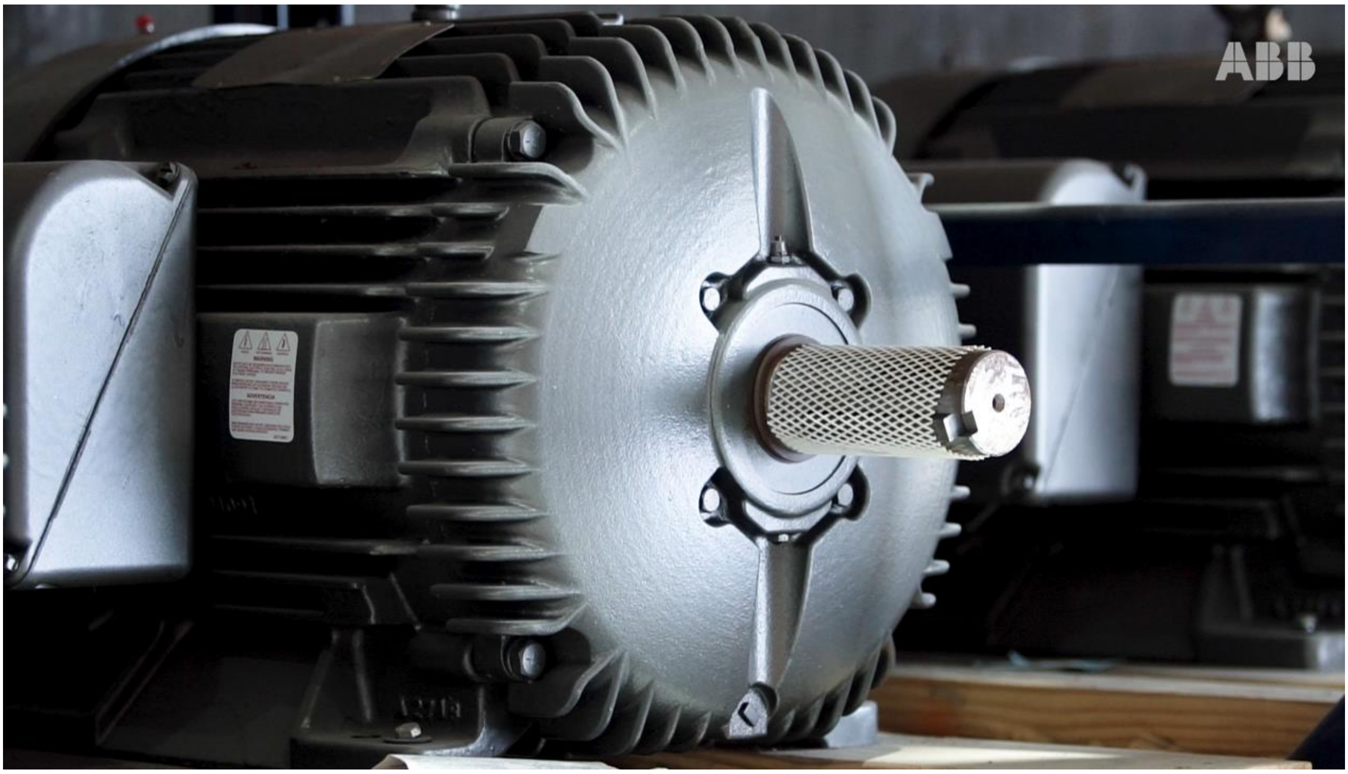
April 21, 2022

Q1 2022

Financial information

Financial Information
Contents



Key Figures

($ in millions, unless otherwise indicated)	Q1 2022	Q1 2021	CHANGE US$	CHANGE Comparable[1]
Orders	9,373	7,756	21%	28%
Order backlog (end March)	18,901	14,750	28%	32%
Revenues	6,965	6,901	1%	7%
Gross Profit	2,281	2,268	1%	
as % of revenues	32.7%	32.9%	-0.2 pts	
Income from operations	857	797	8%	
Operational EBITA[1]	997	959	4%	8%[2]
as % of operational revenues[1]	14.3%	13.8%	+0.5 pts	
Income from continuing operations, net of tax	643	551	17%	
Net income attributable to ABB	604	502	20%	
Basic earnings per share ($)	0.31	0.25	25%[3]	
Cash flow from operating activities[4]	(573)	543	n.a.	
Cash flow from operating activities in continuing operations	(564)	523	n.a.	

(1) For a reconciliation of non-GAAP measures see "Supplemental Reconciliations and Definitions" on page 31.
(2) Constant currency (not adjusted for portfolio changes).
(3) EPS growth rates are computed using unrounded amounts.
(4) Cash flow from operating activities includes both continuing and discontinued operations.

($ in millions, unless otherwise indicated)		Q1 2022	Q1 2021	CHANGE US$	CHANGE Local	CHANGE Comparable
Orders	**ABB Group**	**9,373**	**7,756**	**21%**	**25%**	**28%**
	Electrification	4,397	3,531	25%	29%	29%
	Motion	2,202	1,917	15%	20%	32%
	Process Automation	1,692	1,656	2%	6%	6%
	Robotics & Discrete Automation	1,308	841	56%	62%	60%
	Corporate and Other (incl. intersegment eliminations)	(226)	(189)			
Order backlog (end March)	**ABB Group**	**18,901**	**14,750**	**28%**	**32%**	**32%**
	Electrification	6,504	4,699	38%	42%	42%
	Motion	4,317	3,419	26%	30%	32%
	Process Automation	6,190	5,900	5%	7%	7%
	Robotics & Discrete Automation	2,495	1,362	83%	87%	86%
	Corporate and Other (incl. intersegment eliminations)	(605)	(630)			
Revenues	**ABB Group**	**6,965**	**6,901**	**1%**	**4%**	**7%**
	Electrification	3,327	3,140	6%	10%	10%
	Motion	1,572	1,667	-6%	-2%	9%
	Process Automation	1,506	1,407	7%	11%	11%
	Robotics & Discrete Automation	730	853	-14%	-11%	-12%
	Corporate and Other (incl. intersegment eliminations)	(170)	(166)			
Income from operations	**ABB Group**	**857**	**797**			
	Electrification	506	440			
	Motion	254	265			
	Process Automation	151	147			
	Robotics & Discrete Automation	22	82			
	Corporate and Other (incl. intersegment eliminations)	(76)	(137)			
Income from operations %	**ABB Group**	**12.3%**	**11.5%**			
	Electrification	15.2%	14.0%			
	Motion	16.2%	15.9%			
	Process Automation	10.0%	10.4%			
	Robotics & Discrete Automation	3.0%	9.6%			
Operational EBITA	**ABB Group**	**997**	**959**	**4%**	**8%**	
	Electrification	510	511	0%	5%	
	Motion	274	289	-5%	-3%	
	Process Automation	196	155	26%	31%	
	Robotics & Discrete Automation	49	105	-53%	-50%	
	Corporate and Other (incl. intersegment eliminations)	(32)	(101)			
Operational EBITA %	**ABB Group**	**14.3%**	**13.8%**			
	Electrification	15.4%	16.2%			
	Motion	17.4%	17.1%			
	Process Automation	13.0%	11.0%			
	Robotics & Discrete Automation	6.7%	12.4%			
Cash flow from operating activities	**ABB Group**	**(573)**	**543**			
	Electrification	39	319			
	Motion	(2)	324			
	Process Automation	60	233			
	Robotics & Discrete Automation	(29)	111			
	Corporate and Other (incl. intersegment eliminations)	(632)	(464)			
	Discontinued operations	(9)	20			

Operational EBITA

($ in millions, unless otherwise indicated)	ABB Q1 22	ABB Q1 21	Electrification Q1 22	Electrification Q1 21	Motion Q1 22	Motion Q1 21	Process Automation Q1 22	Process Automation Q1 21	Robotics & Discrete Automation Q1 22	Robotics & Discrete Automation Q1 21
Revenues	**6,965**	**6,901**	**3,327**	**3,140**	**1,572**	**1,667**	**1,506**	**1,407**	**730**	**853**
Foreign exchange/commodity timing differences in total revenues	(3)	33	(10)	10	3	19	(1)	5	5	(3)
Operational revenues	**6,962**	**6,934**	**3,317**	**3,150**	**1,575**	**1,686**	**1,505**	**1,412**	**735**	**850**
Income from operations	**857**	**797**	**506**	**440**	**254**	**265**	**151**	**147**	**22**	**82**
Acquisition-related amortization	60	65	31	29	8	13	1	1	21	20
Restructuring, related and implementation costs	16	35	2	17	8	1	5	3	1	5
Changes in obligations related to divested businesses	(14)	2	–	–	–	–	–	–	–	–
Changes in pre-acquisition estimates	1	6	1	6	–	–	–	–	–	–
Gains and losses from sale of businesses	–	3	–	3	–	–	–	–	–	–
Acquisition- and divestment-related expenses and integration costs	59	10	19	6	5	3	33	1	1	–
Other income/expense relating to the Power Grids joint venture	35	17	–	–	–	–	–	–	–	–
Certain other non-operational items	(2)	12	(30)	(6)	–	–	–	–	–	–
Foreign exchange/commodity timing differences in income from operations	(15)	12	(19)	16	(1)	7	6	3	4	(2)
Operational EBITA	**997**	**959**	**510**	**511**	**274**	**289**	**196**	**155**	**49**	**105**
Operational EBITA margin (%)	**14.3%**	**13.8%**	**15.4%**	**16.2%**	**17.4%**	**17.1%**	**13.0%**	**11.0%**	**6.7%**	**12.4%**

Depreciation and Amortization

($ in millions)	ABB Q1 22	ABB Q1 21	Electrification Q1 22	Electrification Q1 21	Motion Q1 22	Motion Q1 21	Process Automation Q1 22	Process Automation Q1 21	Robotics & Discrete Automation Q1 22	Robotics & Discrete Automation Q1 21
Depreciation	136	144	67	64	27	32	18	19	15	13
Amortization	74	83	37	37	9	14	3	3	21	21
including total acquisition-related amortization of:	60	65	31	29	8	13	1	1	21	20

Orders received and revenues by region

($ in millions, unless otherwise indicated)	Orders received Q1 22	Orders received Q1 21	CHANGE US$	CHANGE Local	CHANGE Com-parable	Revenues Q1 22	Revenues Q1 21	CHANGE US$	CHANGE Local	CHANGE Com-parable
Europe	3,534	3,102	14%	24%	24%	2,518	2,551	-1%	7%	7%
The Americas	2,897	2,247	29%	29%	40%	2,169	2,043	6%	6%	15%
of which United States	2,225	1,679	33%	33%	46%	1,582	1,532	3%	3%	14%
Asia, Middle East and Africa	2,942	2,407	22%	24%	24%	2,278	2,307	-1%	0%	0%
of which China	1,537	1,199	28%	26%	26%	1,100	1,176	-6%	-8%	-8%
ABB Group	**9,373**	**7,756**	**21%**	**25%**	**28%**	**6,965**	**6,901**	**1%**	**4%**	**7%**

Consolidated Financial Information

ABB Ltd Interim Consolidated Income Statements (unaudited)

	Three months ended	
($ in millions, except per share data in $)	Mar. 31, 2022	Mar. 31, 2021
Sales of products	5,749	5,707
Sales of services and other	1,216	1,194
Total revenues	**6,965**	**6,901**
Cost of sales of products	(3,968)	(3,924)
Cost of services and other	(716)	(709)
Total cost of sales	**(4,684)**	**(4,633)**
Gross profit	**2,281**	**2,268**
Selling, general and administrative expenses	(1,239)	(1,263)
Non-order related research and development expenses	(277)	(293)
Other income (expense), net	92	85
Income from operations	**857**	**797**
Interest and dividend income	13	11
Interest and other finance expense	(22)	(55)
Non-operational pension (cost) credit	36	50
Income from continuing operations before taxes	**884**	**803**
Income tax expense	(241)	(252)
Income from continuing operations, net of tax	**643**	**551**
Loss from discontinued operations, net of tax	(11)	(28)
Net income	**632**	**523**
Net income attributable to noncontrolling interests	(28)	(21)
Net income attributable to ABB	**604**	**502**
Amounts attributable to ABB shareholders:		
Income from continuing operations, net of tax	615	530
Loss from discontinued operations, net of tax	(11)	(28)
Net income	604	502
Basic earnings per share attributable to ABB shareholders:		
Income from continuing operations, net of tax	0.32	0.26
Loss from discontinued operations, net of tax	(0.01)	(0.01)
Net income	0.31	0.25
Diluted earnings per share attributable to ABB shareholders:		
Income from continuing operations, net of tax	0.31	0.26
Loss from discontinued operations, net of tax	(0.01)	(0.01)
Net income	0.31	0.25
Weighted-average number of shares outstanding (in millions) used to compute:		
Basic earnings per share attributable to ABB shareholders	1,936	2,015
Diluted earnings per share attributable to ABB shareholders	1,953	2,034

Due to rounding, numbers presented may not add to the totals provided.

See Notes to the Interim Consolidated Financial Information

ABB Ltd Interim Condensed Consolidated Statements of Comprehensive Income (unaudited)

($ in millions)	Three months ended Mar. 31, 2022	Three months ended Mar. 31, 2021
Total comprehensive income, net of tax	**577**	**325**
Total comprehensive income attributable to noncontrolling interests, net of tax	(23)	(24)
Total comprehensive income attributable to ABB shareholders, net of tax	**554**	**301**

Due to rounding, numbers presented may not add to the totals provided.

See Notes to the Interim Consolidated Financial Information

ABB Ltd Consolidated Balance Sheets (unaudited)

($ in millions)	Mar. 31, 2022	Dec. 31, 2021
Cash and equivalents	5,216	4,159
Restricted cash	30	30
Marketable securities and short-term investments	967	1,170
Receivables, net	6,851	6,551
Contract assets	1,072	990
Inventories, net	5,372	4,880
Prepaid expenses	289	206
Other current assets	537	573
Current assets held for sale and in discontinued operations	140	136
Total current assets	**20,474**	**18,695**
Restricted cash, non-current	300	300
Property, plant and equipment, net	4,044	4,045
Operating lease right-of-use assets	867	895
Investments in equity-accounted companies	1,626	1,670
Prepaid pension and other employee benefits	915	892
Intangible assets, net	1,572	1,561
Goodwill	10,637	10,482
Deferred taxes	1,319	1,177
Other non-current assets	517	543
Total assets	**42,271**	**40,260**
Accounts payable, trade	4,830	4,921
Contract liabilities	2,080	1,894
Short-term debt and current maturities of long-term debt	3,114	1,384
Current operating leases	218	230
Provisions for warranties	999	1,005
Dividends payable to shareholders	824	–
Other provisions	1,311	1,386
Other current liabilities	4,114	4,367
Current liabilities held for sale and in discontinued operations	365	381
Total current liabilities	**17,855**	**15,568**
Long-term debt	6,171	4,177
Non-current operating leases	671	689
Pension and other employee benefits	990	1,025
Deferred taxes	745	685
Other non-current liabilities	2,091	2,116
Non-current liabilities held for sale and in discontinued operations	30	43
Total liabilities	**28,553**	**24,303**
Commitments and contingencies		
Redeemable noncontrolling interest	80	–
Stockholders' equity:		
Common stock, CHF 0.12 par value (2,053 million shares issued at March 31, 2022, and December 31, 2021)	178	178
Additional paid-in capital	–	22
Retained earnings	21,278	22,477
Accumulated other comprehensive loss	(4,138)	(4,088)
Treasury stock, at cost (124 million and 95 million shares at March 31, 2022, and December 31, 2021, respectively)	(4,071)	(3,010)
Total ABB stockholders' equity	**13,247**	**15,579**
Noncontrolling interests	391	378
Total stockholders' equity	**13,638**	**15,957**
Total liabilities and stockholders' equity	**42,271**	**40,260**

Due to rounding, numbers presented may not add to the totals provided.

See Notes to the Consolidated Financial Information

ABB Ltd Consolidated Statements of Cash Flows (unaudited)

($ in millions)	Three months ended Mar. 31, 2022	Mar. 31, 2021
Operating activities:		
Net income	632	523
Loss from discontinued operations, net of tax	11	28
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	210	227
Changes in fair values of investments	(24)	(10)
Pension and other employee benefits	(46)	(50)
Deferred taxes	(116)	59
Loss from equity-accounted companies	48	35
Net loss (gain) from derivatives and foreign exchange	(28)	20
Net gain from sale of property, plant and equipment	(32)	(11)
Other	36	20
Changes in operating assets and liabilities:		
Trade receivables, net	(317)	(2)
Contract assets and liabilities	107	(90)
Inventories, net	(542)	(168)
Accounts payable, trade	7	42
Accrued liabilities	(390)	(76)
Provisions, net	(53)	1
Income taxes payable and receivable	14	(50)
Other assets and liabilities, net	(81)	25
Net cash provided by (used in) operating activities – continuing operations	(564)	523
Net cash provided by (used in) operating activities – discontinued operations	(9)	20
Net cash provided by (used in) operating activities	**(573)**	**543**
Investing activities:		
Purchases of investments	(128)	(309)
Purchases of property, plant and equipment and intangible assets	(187)	(142)
Acquisition of businesses (net of cash acquired) and increases in cost- and equity-accounted companies	(145)	(4)
Proceeds from sales of investments	305	391
Proceeds from maturity of investments	–	80
Proceeds from sales of property, plant and equipment	35	20
Proceeds from sales of businesses (net of transaction costs and cash disposed) and cost- and equity-accounted companies	–	(2)
Net cash from settlement of foreign currency derivatives	66	(61)
Other investing activities	10	(8)
Net cash used in investing activities – continuing operations	(44)	(35)
Net cash used in investing activities – discontinued operations	(21)	(44)
Net cash used in investing activities	**(65)**	**(79)**
Financing activities:		
Net changes in debt with original maturities of 90 days or less	1,305	87
Increase in debt	2,542	991
Repayment of debt	(41)	(47)
Delivery of shares	370	760
Purchase of treasury stock	(1,561)	(1,386)
Dividends paid	(889)	(844)
Dividends paid to noncontrolling shareholders	(1)	(1)
Other financing activities	(34)	(36)
Net cash provided by (used in) financing activities – continuing operations	1,691	(476)
Net cash provided by financing activities – discontinued operations	–	–
Net cash provided by (used in) financing activities	**1,691**	**(476)**
Effects of exchange rate changes on cash and equivalents and restricted cash	4	(51)
Net change in cash and equivalents and restricted cash	**1,057**	**(63)**
Cash and equivalents and restricted cash, beginning of period	4,489	3,901
Cash and equivalents and restricted cash, end of period	**5,546**	**3,838**
Supplementary disclosure of cash flow information:		
Interest paid	9	12
Income taxes paid	340	256

Due to rounding, numbers presented may not add to the totals provided.

See Notes to the Consolidated Financial Information

ABB Ltd Consolidated Statements of Changes in Stockholders' Equity (unaudited)

($ in millions)	Common stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive loss	Treasury stock	**Total ABB stockholders' equity**	Non-controlling interests	**Total stockholders' equity**
Balance at January 1, 2021	**188**	**83**	**22,946**	**(4,002)**	**(3,530)**	**15,685**	**314**	**15,999**
Comprehensive income:								
Net income			502			**502**	21	**523**
Foreign currency translation adjustments, net of tax of $3				(273)		**(273)**	3	**(270)**
Effect of change in fair value of available-for-sale securities, net of tax of $(3)				(12)		**(12)**		**(12)**
Unrecognized income (expense) related to pensions and other postretirement plans, net of tax of $(2)				81		**81**		**81**
Change in derivative instruments and hedges, net of tax of $(1)				3		**3**		**3**
Total comprehensive income						**301**	**24**	**325**
Changes in noncontrolling interests		(37)				**(37)**	34	**(3)**
Dividends to noncontrolling shareholders						**–**	(4)	**(4)**
Dividends to shareholders			(1,730)			**(1,730)**		**(1,730)**
Share-based payment arrangements		11				**11**		**11**
Purchase of treasury stock					(1,300)	**(1,300)**		**(1,300)**
Delivery of shares		(58)	(136)		954	**760**		**760**
Balance at March 31, 2021	**188**	**–**	**21,582**	**(4,203)**	**(3,876)**	**13,691**	**368**	**14,059**
Balance at January 1, 2022	**178**	**22**	**22,477**	**(4,088)**	**(3,010)**	**15,579**	**378**	**15,957**
Comprehensive income:								
Net income			604			**604**	28	**632**
Foreign currency translation adjustments, net of tax of $0				(70)		**(70)**	(5)	**(75)**
Effect of change in fair value of available-for-sale securities, net of tax of $(3)				(12)		**(12)**		**(12)**
Unrecognized income (expense) related to pensions and other postretirement plans, net of tax of $10				28		**28**		**28**
Change in derivative instruments and hedges, net of tax of $2				4		**4**		**4**
Total comprehensive income						**554**	**23**	**577**
Changes in noncontrolling interests		(10)				**(10)**	(7)	**(17)**
Dividends to noncontrolling shareholders						**–**	(3)	**(3)**
Dividends to shareholders			(1,700)			**(1,700)**		**(1,700)**
Share-based payment arrangements		12				**12**		**12**
Purchase of treasury stock					(1,561)	**(1,561)**		**(1,561)**
Delivery of shares		(26)	(104)		500	**370**		**370**
Other		2				**2**		**2**
Balance at March 31, 2022	**178**	**–**	**21,278**	**(4,138)**	**(4,071)**	**13,247**	**391**	**13,638**

Due to rounding, numbers presented may not add to the totals provided.

See Notes to the Consolidated Financial Information

Note 1
The Company and basis of presentation

ABB Ltd and its subsidiaries (collectively, the Company) together form a leading global technology company, connecting software to its electrification, robotics, automation and motion portfolio to drive performance to new levels.

The Company's Consolidated Financial Information is prepared in accordance with United States of America generally accepted accounting principles (U.S. GAAP) for interim financial reporting. As such, the Consolidated Financial Information does not include all the information and notes required under U.S. GAAP for annual consolidated financial statements. Therefore, such financial information should be read in conjunction with the audited consolidated financial statements in the Company's Annual Report for the year ended December 31, 2021.

The preparation of financial information in conformity with U.S. GAAP requires management to make assumptions and estimates that directly affect the amounts reported in the Consolidated Financial Information. These accounting assumptions and estimates include:

- growth rates, discount rates and other assumptions used to determine impairment of long-lived assets and in testing goodwill for impairment,
- estimates to determine valuation allowances for deferred tax assets and amounts recorded for unrecognized tax benefits,
- assumptions used in determining inventory obsolescence and net realizable value,
- estimates and assumptions used in determining the initial fair value of retained noncontrolling interest and certain obligations in connection with divestments,
- estimates and assumptions used in determining the fair values of assets and liabilities assumed in business combinations,
- estimates of loss contingencies associated with litigation or threatened litigation and other claims and inquiries, environmental damages, product warranties, self-insurance reserves, regulatory and other proceedings,
- estimates used to record expected costs for employee severance in connection with restructuring programs,
- estimates related to credit losses expected to occur over the remaining life of financial assets such as trade and other receivables, loans and other instruments,
- assumptions used in the calculation of pension and postretirement benefits and the fair value of pension plan assets, and
- assumptions and projections, principally related to future material, labor and project-related overhead costs, used in determining the percentage-of-completion on projects, as well as the amount of variable consideration the Company expects to be entitled to.

The actual results and outcomes may differ from the Company's estimates and assumptions.

A portion of the Company's activities (primarily long-term construction activities) has an operating cycle that exceeds one year. For classification of current assets and liabilities related to such activities, the Company elected to use the duration of the individual contracts as its operating cycle. Accordingly, there are accounts receivable, contract assets, inventories and provisions related to these contracts which will not be realized within one year that have been classified as current.

Basis of presentation
In the opinion of management, the unaudited Consolidated Financial Information contains all necessary adjustments to present fairly the financial position, results of operations and cash flows for the reported periods. Management considers all such adjustments to be of a normal recurring nature. The Consolidated Financial Information is presented in United States dollars ($) unless otherwise stated. Due to rounding, numbers presented in the Consolidated Financial Information may not add to the totals provided.

—

Note 2
Recent accounting pronouncements

Applicable for current periods

Business Combinations — Accounting for contract assets and contract liabilities from contracts with customers

In January 2022, the Company early adopted a new accounting standard update, which provides guidance on the accounting for revenue contracts acquired in a business combination. The update requires contract assets and liabilities acquired in a business combination to be recognized and measured at the date of acquisition in accordance with the principles for recognizing revenues from contracts with customers. The Company has applied this accounting standard update prospectively starting with acquisitions closing after January 1, 2022.

Disclosures about government assistance

In January 2022, the Company adopted a new accounting standard update, which requires entities to disclose certain types of government assistance. Under the update, the Company is required to annually disclose (i) the type of the assistance received, including any significant terms and conditions, (ii) its related accounting policy, and (iii) the effect such transactions have on its financial statements. The Company has applied this accounting standard update prospectively. This update does not have a significant impact on the Company's consolidated financial statements.

Applicable for future periods

Facilitation of the effects of reference rate reform on financial reporting

In March 2020, an accounting standard update was issued which provides temporary optional expedients and exceptions to the current guidance on contract modifications and hedge accounting to ease the financial reporting burdens related to the expected market transition from the London Interbank Offered Rate (LIBOR) and other interbank offered rates to alternative reference rates. This update, along with clarifications outlined in a subsequent update issued in January 2021, can be adopted and applied no later than December 31, 2022, with early adoption permitted. The Company does not expect this update to have a significant impact on its consolidated financial statements.

—

Note 3
Discontinued operations and assets held for sale

Divestment of the Power Grids business

On July 1, 2020, the Company completed the sale of 80.1 percent of its Power Grids business to Hitachi Ltd (Hitachi). The transaction was executed through the sale of 80.1 percent of the shares of Hitachi Energy Ltd, formerly Hitachi ABB Power Grids Ltd ("Hitachi Energy"). Cash consideration received at the closing date was $9,241 million net of cash disposed. Further, for accounting purposes, the 19.9 percent ownership interest retained by the Company is deemed to have been both divested and reacquired at its fair value on July 1, 2020 (see Note 4).

At the date of the divestment, the Company recorded liabilities in discontinued operations for estimated future costs and other cash payments of $487 million for various contractual items relating to the sale of the business including required future cost reimbursements payable to Hitachi Energy, costs to be incurred by the Company for the direct benefit of Hitachi Energy, and an amount due to Hitachi Ltd in connection with the expected purchase price finalization of the closing debt and working capital balances. From the date of the disposal through March 31, 2022, $385 million of these liabilities had been paid and are reported as reductions in the cash consideration received, of which $21 million and $44 million was paid during the three months ended March 31, 2022 and 2021, respectively. At March 31, 2022, the remaining amount recorded was $111 million.

Certain entities of the Power Grids business for which the legal process or other regulatory delays resulted in the Company not yet having transferred legal titles to Hitachi were accounted for as being sold since control of the business as well as all risks and rewards of the business have been fully transferred to Hitachi Energy. The proceeds for these entities are included in the cash proceeds described above and certain funds were placed in escrow pending completion of the transfer process. At both March 31, 2022, and December 31, 2021, current restricted cash includes $12 million in respect of these funds.

Upon closing of the sale, the Company entered into various transition services agreements (TSAs). Pursuant to these TSAs, the Company and Hitachi Energy provide to each other, on an interim, transitional basis, various services. The services provided by the Company primarily include finance, information technology, human resources and certain other administrative services. Under the current terms, the TSAs will continue for up to 3 years, and can only be extended on an exceptional basis for business-critical services for an additional period which is reasonably necessary to avoid a material adverse impact on the business. In the three months ended March 31, 2022 and 2021, the Company has recognized within its continuing operations, general and administrative expenses incurred to perform the TSA, offset by $38 million and $47 million, respectively, in TSA-related income for such services that is reported in Other income (expense).

Discontinued operations

As a result of the sale of the Power Grids business, substantially all assets and liabilities related to Power Grids have been sold. As this divestment represented a strategic shift that would have a major effect on the Company's operations and financial results, the results of this business were presented as discontinued operations and the assets and liabilities were presented as held for sale and in discontinued operations. After the date of sale, certain business contracts in the Power Grids business continue to be executed by subsidiaries of the Company for the benefit/risk of Hitachi Energy. Assets and liabilities relating to, as well as the net financial results of, these contracts will continue to be included in discontinued operations until they have been completed or otherwise transferred to Hitachi Energy.

Amounts recorded in discontinued operations were as follows:

	Three months ended	
($ in millions)	Mar. 31, 2022	Mar. 31, 2021
Total revenues	–	–
Total cost of sales	–	–
Gross profit	**–**	**–**
Expenses	(6)	(4)
Change to net gain recognized on sale of the Power Grids business	(5)	(24)
Loss from operations	**(11)**	**(28)**
Net interest income (expense) and other finance expense	–	–
Non-operational pension (cost) credit	–	–
Loss from discontinued operations before taxes	**(11)**	**(28)**
Income tax	–	–
Loss from discontinued operations, net of tax	**(11)**	**(28)**

Of the total Loss from discontinued operations before taxes in the table above, $11 million and $28 million in the three months ended March 31, 2022 and 2021, respectively, are attributable to the Company.

In addition, the Company also has retained obligations (primarily for environmental and taxes) related to other businesses disposed or otherwise exited that qualified as discontinued operations. Changes to these retained obligations are also included in Loss from discontinued operations, net of tax, above.

The major components of assets and liabilities held for sale and in discontinued operations in the Company's Consolidated Balance Sheets are summarized as follows:

($ in millions)	Mar. 31, 2022(1)	Dec. 31, 2021(1)
Receivables, net	130	131
Other current assets	10	5
Current assets held for sale and in discontinued operations	**140**	**136**
Accounts payable, trade	58	71
Other liabilities	307	310
Current liabilities held for sale and in discontinued operations	**365**	**381**
Other non-current liabilities	30	43
Non-current liabilities held for sale and in discontinued operations	**30**	**43**

(1) At March 31, 2022, and December 31, 2021, the balances reported as held for sale and in discontinued operations pertain to Power Grids activities and other obligations which will remain with the Company until such time as the obligation is settled or the activities are fully wound down.

—

Note 4
Acquisitions and equity-accounted companies

Acquisition of controlling interests
Acquisitions of controlling interests were as follows:

	Three months ended March 31,	
($ in millions, except number of acquired businesses)	2022	2021
Purchase price for acquisitions (net of cash acquired)(1)	138	-
Aggregate excess of purchase price over fair value of net assets acquired(2)	191	-
Number of acquired businesses	1	-

(1) Excluding changes in cost- and equity-accounted companies.
(2) Recorded as goodwill.

In the table above, the "Purchase price for acquisitions" and "Aggregate excess of purchase price over fair value of net assets acquired" amounts for the three months ended March 31, 2022, relate primarily to the acquisition of InCharge Energy, Inc. (In-Charge).

Acquisitions of controlling interests have been accounted for under the acquisition method and have been included in the Company's Consolidated Financial Statements since the date of acquisition.

While the Company uses its best estimates and assumptions as part of the purchase price allocation process to value assets acquired and liabilities assumed at the acquisition date, the purchase price allocation for acquisitions is preliminary for up to 12 months after the acquisition date and is subject to refinement as more detailed analyses are completed and additional information about the fair values of the assets and liabilities becomes available.

On January 26, 2022, the Company increased its ownership in In-Charge to a 60 percent controlling interest through a stock purchase agreement. The resulting cash outflows for the Company amounted to $135 million (net of cash acquired of $4 million). The acquisition expands the market presence of the E-mobility Division, particularly in the North American market. In connection with the acquisition, the Company's pre-existing 13.2 percent ownership of In-Charge was revalued to fair value and a gain of $32 million was recorded in Other income (expense) in the three months ended March 31, 2022. The Company entered into an agreement with the remaining noncontrolling shareholders allowing either party to put or call the remaining 40 percent of the shares until 2027. The amount for which either party can exercise their option is dependent on a formula based on revenues and thus, the amount is subject to change. As a result of this agreement, the noncontrolling interest is classified as Redeemable noncontrolling interest (i.e. mezzanine equity) in the Consolidated Balance Sheets and was initially recognized at fair value.

There were no significant business acquisitions for the three months ended March 31, 2021.

Investments in equity-accounted companies

In connection with the divestment of its Power Grids business to Hitachi (see Note 3), the Company retained a 19.9 percent interest in the business and obtained an option, exercisable with three-months' notice commencing April 2023, granting it the right to require Hitachi to purchase this investment at fair value, subject to a minimum floor price equivalent to a 10 percent discount compared to the price paid for the initial 80.1 percent. The Company has concluded that based on its continuing involvement with the Power Grids business, including membership in its governing board of directors, it has significant influence over Hitachi Energy. As a result, the investment (including the value of the option) is accounted for using the equity method.

At the date of the divestment of the Power Grids business, the fair value of Hitachi Energy exceeded the book value of the underlying net assets. At March 31, 2022, and December 31, 2021, the reported value of the investment in Hitachi Energy includes $1,442 million and $1,474 million, respectively, for the Company's 19.9 percent share of this basis difference. The Company amortizes its share of these differences over the estimated remaining useful lives of the underlying assets that gave rise to this difference, recording the amortization, net of related deferred tax benefit, as a reduction of income from equity-accounted companies. As of March 31, 2022, the Company determined that no impairment of its equity-accounted investments existed.

The carrying value of the Company's investments in equity-accounted companies and respective percentage of ownership is as follows:

	Ownership as of	Carrying value at	
($ in millions, except ownership share in %)	**March 31, 2022**	**March 31, 2022**	**December 31, 2021**
Hitachi Energy Ltd	19.9%	1,555	1,609
Others		71	61
Total		**1,626**	**1,670**

In the three months ended March 31, 2022 and 2021, the Company recorded its share of the earnings of investees accounted for under the equity method of accounting in Other income (expense), net, as follows:

	Three months ended March 31,	
($ in millions)	**2022**	**2021**
Loss from equity-accounted companies, net of taxes	(11)	(3)
Basis difference amortization (net of deferred income tax benefit)	(37)	(32)
Loss from equity-accounted companies	**(48)**	**(35)**

—

Note 5
Cash and equivalents, marketable securities and short-term investments

Cash and equivalents, marketable securities and short-term investments consisted of the following:

	March 31, 2022					
($ in millions)	**Cost basis**	**Gross unrealized gains**	**Gross unrealized losses**	**Fair value**	**Cash and equivalents and restricted cash**	**Marketable securities and short-term investments**
Changes in fair value recorded in net income						
Cash	2,648			**2,648**	2,648	
Time deposits	3,100			**3,100**	2,898	202
Equity securities	468	13		**481**		481
	6,216	**13**	**–**	**6,229**	**5,546**	**683**
Changes in fair value recorded in other comprehensive income						
Debt securities available-for-sale:						
U.S. government obligations	203	4	(7)	**200**		200
Other government obligations	12			**12**		12
Corporate	75		(3)	**72**		72
	290	**4**	**(10)**	**284**	**–**	**284**
Total	**6,506**	**17**	**(10)**	**6,513**	**5,546**	**967**
Of which:						
Restricted cash, current					30	
Restricted cash, non-current					300	

	December 31, 2021					
($ in millions)	**Cost basis**	**Gross unrealized gains**	**Gross unrealized losses**	**Fair value**	**Cash and equivalents and restricted cash**	**Marketable securities and short-term investments**
Changes in fair value recorded in net income						
Cash	2,752			**2,752**	2,752	
Time deposits	2,037			**2,037**	1,737	300
Equity securities	569	18		**587**		587
	5,358	**18**	**–**	**5,376**	**4,489**	**887**
Changes in fair value recorded in other comprehensive income						
Debt securities available-for-sale:						
U.S. government obligations	203	7	(1)	**209**		209
Corporate	74	1	(1)	**74**		74
	277	**8**	**(2)**	**283**	**–**	**283**
Total	**5,635**	**26**	**(2)**	**5,659**	**4,489**	**1,170**
Of which:						
Restricted cash, current					30	
Restricted cash, non-current					300	

—

Note 6
Derivative financial instruments

The Company is exposed to certain currency, commodity, interest rate and equity risks arising from its global operating, financing and investing activities. The Company uses derivative instruments to reduce and manage the economic impact of these exposures.

Currency risk
Due to the global nature of the Company's operations, many of its subsidiaries are exposed to currency risk in their operating activities from entering into transactions in currencies other than their functional currency. To manage such currency risks, the Company's policies require its subsidiaries to hedge their foreign currency exposures from binding sales and purchase contracts denominated in foreign currencies. For forecasted foreign currency denominated sales of standard products and the related foreign currency denominated purchases, the Company's policy is to hedge up to a maximum of 100 percent of the forecasted foreign currency denominated exposures, depending on the length of the forecasted exposures. Forecasted exposures greater than 12 months are not hedged. Forward foreign exchange contracts are the main instrument used to protect the Company against the volatility of future cash flows (caused by changes in exchange rates) of contracted and forecasted sales and purchases denominated in foreign currencies. In addition, within its treasury operations, the Company primarily uses foreign exchange swaps and forward foreign exchange contracts to manage the currency and timing mismatches arising in its liquidity management activities.

Commodity risk
Various commodity products are used in the Company's manufacturing activities. Consequently it is exposed to volatility in future cash flows arising from changes in commodity prices. To manage the price risk of commodities, the Company's policies require that its subsidiaries hedge the commodity price risk exposures from binding contracts, as well as at least 50 percent (up to a maximum of 100 percent) of the forecasted commodity exposure over the next 12 months or longer (up to a maximum of 18 months). Primarily swap contracts are used to manage the associated price risks of commodities.

Interest rate risk
The Company has issued bonds at fixed rates. Interest rate swaps and cross-currency interest rate swaps are used to manage the interest rate and foreign currency risk associated with certain debt and generally such swaps are designated as fair value hedges. In addition, from time to time, the Company uses instruments such as interest rate swaps, interest rate futures, bond futures or forward rate agreements to manage interest rate risk arising from the Company's balance sheet structure but does not designate such instruments as hedges.

Equity risk
The Company is exposed to fluctuations in the fair value of its warrant appreciation rights (WARs) issued under its management incentive plan. A WAR gives its holder the right to receive cash equal to the market price of an equivalent listed warrant on the date of exercise. To eliminate such risk, the Company has purchased cash-settled call options, indexed to the shares of the Company, which entitle the Company to receive amounts equivalent to its obligations under the outstanding WARs.

Volume of derivative activity
In general, while the Company's primary objective in its use of derivatives is to minimize exposures arising from its business, certain derivatives are designated and qualify for hedge accounting treatment while others either are not designated or do not qualify for hedge accounting.

Foreign exchange and interest rate derivatives
The gross notional amounts of outstanding foreign exchange and interest rate derivatives (whether designated as hedges or not) were as follows:

Type of derivative	Total notional amounts at		
($ in millions)	March 31, 2022	December 31, 2021	March 31, 2021
Foreign exchange contracts	13,255	11,276	11,229
Embedded foreign exchange derivatives	863	815	1,313
Cross-currency interest rate swaps	888	906	973
Interest rate contracts	4,421	3,541	3,122

Derivative commodity contracts
The Company uses derivatives to hedge its direct or indirect exposure to the movement in the prices of commodities which are primarily copper, silver and aluminum. The following table shows the notional amounts of outstanding derivatives (whether designated as hedges or not), on a net basis, to reflect the Company's requirements for these commodities:

Type of derivative	Unit	Total notional amounts at		
		March 31, 2022	December 31, 2021	March 31, 2021
Copper swaps	metric tonnes	39,223	36,017	42,448
Silver swaps	ounces	2,634,550	2,842,533	2,217,821
Aluminum swaps	metric tonnes	6,950	7,125	7,450

Equity derivatives
At March 31, 2022, December 31, 2021, and March 31, 2021, the Company held 9 million, 9 million and 18 million cash-settled call options indexed to ABB Ltd shares (conversion ratio 5:1) with a total fair value of $20 million, $29 million and $30 million, respectively.

Cash flow hedges
As noted above, the Company mainly uses forward foreign exchange contracts to manage the foreign exchange risk of its operations, commodity swaps to manage its commodity risks and cash-settled call options to hedge its WAR liabilities. The Company applies cash flow hedge accounting in only limited cases. In these cases, the effective portion of the changes in their fair value is recorded in "Accumulated other comprehensive loss" and subsequently reclassified into earnings in the same line item and in the same period as the underlying hedged transaction affects earnings. For the three months ended March 31, 2022 and 2021, there were no significant amounts recorded for cash flow hedge accounting activities.

Fair value hedges
To reduce its interest rate exposure arising primarily from its debt issuance activities, the Company uses interest rate swaps and cross-currency interest rate swaps. Where such instruments are designated as fair value hedges, the changes in the fair value of these instruments, as well as the changes in the fair value of the risk component of the underlying debt being hedged, are recorded as offsetting gains and losses in "Interest and other finance expense".

The effect of derivative instruments, designated and qualifying as fair value hedges, on the Consolidated Income Statements was as follows:

		Three months ended March 31,	
($ in millions)		2022	2021
Gains (losses) recognized in Interest and other finance expense:			
Interest rate contracts	Designated as fair value hedges	(29)	(14)
	Hedged item	29	15
Cross-currency interest rate swaps	Designated as fair value hedges	(45)	(23)
	Hedged item	44	22

Derivatives not designated in hedge relationships

Derivative instruments that are not designated as hedges or do not qualify as either cash flow or fair value hedges are economic hedges used for risk management purposes. Gains and losses from changes in the fair values of such derivatives are recognized in the same line in the income statement as the economically hedged transaction.

Furthermore, under certain circumstances, the Company is required to split and account separately for foreign currency derivatives that are embedded within certain binding sales or purchase contracts denominated in a currency other than the functional currency of the subsidiary and the counterparty.

The gains (losses) recognized in the Consolidated Income Statements on derivatives not designated in hedging relationships were as follows:

Type of derivative not	Gains (losses) recognized in income		
designated as a hedge		Three months ended March 31,	
($ in millions)	Location	2022	2021
Foreign exchange contracts	Total revenues	4	(60)
	Total cost of sales	(6)	(4)
	SG&A expenses(1)	8	7
	Non-order related research and development	1	(1)
	Interest and other finance expense	22	(106)
Embedded foreign exchange contracts	Total revenues	(2)	(14)
	Total cost of sales	1	(1)
Commodity contracts	Total cost of sales	35	36
Other	Interest and other finance expense	1	–
Total		**64**	**(143)**

(1) SG&A expenses represent “Selling, general and administrative expenses”.

The fair values of derivatives included in the Consolidated Balance Sheets were as follows:

	March 31, 2022			
	Derivative assets		Derivative liabilities	
($ in millions)	Current in “Other current assets”	Non-current in “Other non-current assets”	Current in “Other current liabilities”	Non-current in “Other non-current liabilities”
Derivatives designated as hedging instruments:				
Foreign exchange contracts	–	–	4	4
Interest rate contracts	9	3	6	5
Cross-currency interest rate swaps	–	–	–	164
Cash-settled call options	20	–	–	–
Total	**29**	**3**	**10**	**173**
Derivatives not designated as hedging instruments:				
Foreign exchange contracts	88	16	134	7
Commodity contracts	38	–	2	–
Interest rate contracts	1	–	–	–
Embedded foreign exchange derivatives	13	8	17	12
Total	**140**	**24**	**153**	**19**
Total fair value	**169**	**27**	**163**	**192**

($ in millions)	December 31, 2021			
	Derivative assets		Derivative liabilities	
	Current in “Other current assets”	Non-current in “Other non-current assets”	Current in “Other current liabilities”	Non-current in “Other non-current liabilities”
Derivatives designated as hedging instruments:				
Foreign exchange contracts	–	–	3	5
Interest rate contracts	9	20	–	–
Cross currency swaps	–	–	–	109
Cash-settled call options	29	–	–	–
Total	**38**	**20**	**3**	**114**
Derivatives not designated as hedging instruments:				
Foreign exchange contracts	108	14	107	7
Commodity contracts	19	–	5	–
Interest rate contracts	1	–	2	–
Embedded foreign exchange derivatives	10	7	16	10
Total	**138**	**21**	**130**	**17**
Total fair value	**176**	**41**	**133**	**131**

Close-out netting agreements provide for the termination, valuation and net settlement of some or all outstanding transactions between two counterparties on the occurrence of one or more pre-defined trigger events.

Although the Company is party to close-out netting agreements with most derivative counterparties, the fair values in the tables above and in the Consolidated Balance Sheets at March 31, 2022, and December 31, 2021, have been presented on a gross basis.

The Company’s netting agreements and other similar arrangements allow net settlements under certain conditions. At March 31, 2022, and December 31, 2021, information related to these offsetting arrangements was as follows:

($ in millions)	March 31, 2022				
Type of agreement or similar arrangement	**Gross amount of recognized assets**	**Derivative liabilities eligible for set-off in case of default**	**Cash collateral received**	**Non-cash collateral received**	**Net asset exposure**
Derivatives	175	(90)	–	–	**85**
Total	**175**	**(90)**	**–**	**–**	**85**

($ in millions)	March 31, 2022				
Type of agreement or similar arrangement	**Gross amount of recognized liabilities**	**Derivative liabilities eligible for set-off in case of default**	**Cash collateral pledged**	**Non-cash collateral pledged**	**Net liability exposure**
Derivatives	326	(90)	–	–	**236**
Total	**326**	**(90)**	**–**	**–**	**236**

($ in millions)	December 31, 2021				
Type of agreement or similar arrangement	**Gross amount of recognized assets**	**Derivative liabilities eligible for set-off in case of default**	**Cash collateral received**	**Non-cash collateral received**	**Net asset exposure**
Derivatives	200	(104)	–	–	**96**
Total	**200**	**(104)**	**–**	**–**	**96**

($ in millions)	December 31, 2021				
Type of agreement or similar arrangement	**Gross amount of recognized liabilities**	**Derivative liabilities eligible for set-off in case of default**	**Cash collateral pledged**	**Non-cash collateral pledged**	**Net liability exposure**
Derivatives	238	(104)	–	–	**134**
Total	**238**	**(104)**	**–**	**–**	**134**

—

Note 7
Fair values

The Company uses fair value measurement principles to record certain financial assets and liabilities on a recurring basis and, when necessary, to record certain non-financial assets at fair value on a non-recurring basis, as well as to determine fair value disclosures for certain financial instruments carried at amortized cost in the financial statements. Financial assets and liabilities recorded at fair value on a recurring basis include foreign currency, commodity and interest rate derivatives, as well as cash-settled call options and available-for-sale securities. Non-financial assets recorded at fair value on a non-recurring basis include long-lived assets that are reduced to their estimated fair value due to impairments.

Fair value is the price that would be received when selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Company uses various valuation techniques including the market approach (using observable market data for identical or similar assets and liabilities), the income approach (discounted cash flow models) and the cost approach (using costs a market participant would incur to develop a comparable asset). Inputs used to determine the fair value of assets and liabilities are defined by a three-level hierarchy, depending on the nature of those inputs. The Company has categorized its financial assets and liabilities and non-financial assets measured at fair value within this hierarchy based on whether the inputs to the valuation technique are observable or unobservable. An observable input is based on market data obtained from independent sources, while an unobservable input reflects the Company's assumptions about market data.

The levels of the fair value hierarchy are as follows:

Level 1: Valuation inputs consist of quoted prices in an active market for identical assets or liabilities (observable quoted prices). Assets and liabilities valued using Level 1 inputs include exchange-traded equity securities, listed derivatives which are actively traded such as commodity futures, interest rate futures and certain actively traded debt securities.

Level 2: Valuation inputs consist of observable inputs (other than Level 1 inputs) such as actively quoted prices for similar assets, quoted prices in inactive markets and inputs other than quoted prices such as interest rate yield curves, credit spreads, or inputs derived from other observable data by interpolation, correlation, regression or other means. The adjustments applied to quoted prices or the inputs used in valuation models may be both observable and unobservable. In these cases, the fair value measurement is classified as Level 2 unless the unobservable portion of the adjustment or the unobservable input to the valuation model is significant, in which case the fair value measurement would be classified as Level 3. Assets and liabilities valued or disclosed using Level 2 inputs include investments in certain funds, certain debt securities that are not actively traded, interest rate swaps, cross-currency interest rate swaps, commodity swaps, cash-settled call options, forward foreign exchange contracts, foreign exchange swaps and forward rate agreements, time deposits, as well as financing receivables and debt.

Level 3: Valuation inputs are based on the Company's assumptions of relevant market data (unobservable input).

Whenever quoted prices involve bid-ask spreads, the Company ordinarily determines fair values based on mid-market quotes. However, for the purpose of determining the fair value of cash-settled call options serving as hedges of the Company's management incentive plan, bid prices are used.

When determining fair values based on quoted prices in an active market, the Company considers if the level of transaction activity for the financial instrument has significantly decreased or would not be considered orderly. In such cases, the resulting changes in valuation techniques would be disclosed. If the market is considered disorderly or if quoted prices are not available, the Company is required to use another valuation technique, such as an income approach.

Recurring fair value measures

The fair values of financial assets and liabilities measured at fair value on a recurring basis were as follows:

	March 31, 2022			
($ in millions)	Level 1	Level 2	Level 3	Total fair value
Assets				
Securities in "Marketable securities and short-term investments":				
Equity securities	–	481	–	**481**
Debt securities—U.S. government obligations	200	–	–	**200**
Debt securities—Other government obligations	–	12	–	**12**
Debt securities—Corporate	–	72	–	**72**
Derivative assets—current in "Other current assets"	–	169	–	**169**
Derivative assets—non-current in "Other non-current assets"	–	27	–	**27**
Total	**200**	**761**	**–**	**961**
Liabilities				
Derivative liabilities—current in "Other current liabilities"	–	163	–	**163**
Derivative liabilities—non-current in "Other non-current liabilities"	–	192	–	**192**
Total	**–**	**355**	**–**	**355**

($ in millions)	December 31, 2021 Level 1	Level 2	Level 3	Total fair value
Assets				
Securities in “Marketable securities and short-term investments”:				
Equity securities		587		**587**
Debt securities—U.S. government obligations	209			**209**
Debt securities—Corporate		74		**74**
Derivative assets—current in “Other current assets”		176		**176**
Derivative assets—non-current in “Other non-current assets”		41		**41**
Total	**209**	**878**	**–**	**1,087**
Liabilities				
Derivative liabilities—current in “Other current liabilities”		133		**133**
Derivative liabilities—non-current in “Other non-current liabilities”		131		**131**
Total	**–**	**264**	**–**	**264**

The Company uses the following methods and assumptions in estimating fair values of financial assets and liabilities measured at fair value on a recurring basis:

- Securities in “Marketable securities and short-term investments” and “Other non-current assets”: If quoted market prices in active markets for identical assets are available, these are considered Level 1 inputs; however, when markets are not active, these inputs are considered Level 2. If such quoted market prices are not available, fair value is determined using market prices for similar assets or present value techniques, applying an appropriate risk-free interest rate adjusted for non-performance risk. The inputs used in present value techniques are observable and fall into the Level 2 category.

- Derivatives: The fair values of derivative instruments are determined using quoted prices of identical instruments from an active market, if available (Level 1 inputs). If quoted prices are not available, price quotes for similar instruments, appropriately adjusted, or present value techniques, based on available market data, or option pricing models are used. Cash-settled call options hedging the Company’s WAR liability are valued based on bid prices of the equivalent listed warrant. The fair values obtained using price quotes for similar instruments or valuation techniques represent a Level 2 input unless significant unobservable inputs are used.

Non-recurring fair value measures

The Company elects to record private equity investments without readily determinable fair values at cost, less impairment, adjusted by observable price changes. The Company reassesses at each reporting period whether these investments continue to qualify for this treatment. During the three months ended March 31, 2022 and 2021, the Company recognized, in Other income (expense), net fair value gains of $29 million and $10 million, respectively, related to certain of its private equity investments based on observable market price changes for an identical or similar investment of the same issuer. The fair values were determined using level 2 inputs. The carrying values of investments, carried at fair value on a non-recurring basis, at March 31, 2022, and December 31, 2021, totaled $226 million and $228 million, respectively.

Apart from the transactions above, there were no additional significant non-recurring fair value measurements during the three months ended March 31, 2022 and 2021.

Disclosure about financial instruments carried on a cost basis

The fair values of financial instruments carried on a cost basis were as follows:

($ in millions)	March 31, 2022 Carrying value	Level 1	Level 2	Level 3	Total fair value
Assets					
Cash and equivalents (excluding securities with original maturities up to 3 months):					
Cash	2,318	2,318	–	–	**2,318**
Time deposits	2,898	–	2,898	–	**2,898**
Restricted cash	30	30	–	–	**30**
Marketable securities and short-term investments (excluding securities):					
Time deposits	202	–	202	–	**202**
Restricted cash, non-current	300	300	–	–	**300**
Liabilities					
Short-term debt and current maturities of long-term debt (excluding finance lease obligations)	3,084	1,488	1,596	–	**3,084**
Long-term debt (excluding finance lease obligations)	6,000	6,028	49	–	**6,077**

($ in millions)	Carrying value	December 31, 2021 Level 1	Level 2	Level 3	Total fair value
Assets					
Cash and equivalents (excluding securities with original maturities up to 3 months):					
Cash	2,422	2,422			**2,422**
Time deposits	1,737		1,737		**1,737**
Restricted cash	30	30			**30**
Marketable securities and short-term investments (excluding securities):					
Time deposits	300		300		**300**
Restricted cash, non-current	300	300			**300**
Liabilities					
Short-term debt and current maturities of long-term debt (excluding finance lease obligations)	1,357	1,288	69		**1,357**
Long-term debt (excluding finance lease obligations)	4,043	4,234	58		**4,292**

The Company uses the following methods and assumptions in estimating fair values of financial instruments carried on a cost basis:

- Cash and equivalents (excluding securities with original maturities up to 3 months), Restricted cash, current and non-current, and Marketable securities and short-term investments (excluding securities): The carrying amounts approximate the fair values as the items are short-term in nature or, for cash held in banks, are equal to the deposit amount.
- Short-term debt and current maturities of long-term debt (excluding finance lease obligations): Short-term debt includes commercial paper, bank borrowings and overdrafts. The carrying amounts of short-term debt and current maturities of long-term debt, excluding finance lease obligations, approximate their fair values.
- Long-term debt (excluding finance lease obligations): Fair values of bonds are determined using quoted market prices (Level 1 inputs), if available. For bonds without available quoted market prices and other long-term debt, the fair values are determined using a discounted cash flow methodology based upon borrowing rates of similar debt instruments and reflecting appropriate adjustments for non-performance risk (Level 2 inputs).

—

Note 8
Contract assets and liabilities

The following table provides information about Contract assets and Contract liabilities:

($ in millions)	March 31, 2022	December 31, 2021	March 31, 2021
Contract assets	1,072	990	1,044
Contract liabilities	2,080	1,894	1,855

Contract assets primarily relate to the Company's right to receive consideration for work completed but for which no invoice has been issued at the reporting date. Contract assets are transferred to receivables when rights to receive payment become unconditional.

Contract liabilities primarily relate to up-front advances received on orders from customers as well as amounts invoiced to customers in excess of revenues recognized, primarily for long-term projects. Contract liabilities are reduced as work is performed and as revenues are recognized.

The significant changes in the Contract assets and Contract liabilities balances were as follows:

	Three months ended March 31,			
	2022		2021	
($ in millions)	Contract assets	Contract liabilities	Contract assets	Contract liabilities
Revenue recognized, which was included in the Contract liabilities balance at Jan 1, 2022/2021		(518)		(497)
Additions to Contract liabilities - excluding amounts recognized as revenue during the period		701		493
Receivables recognized that were included in the Contract asset balance at Jan 1, 2022/2021	(318)		(275)	

At March 31, 2022, the Company had unsatisfied performance obligations totaling $18,901 million and, of this amount, the Company expects to fulfill approximately 67 percent of the obligations in 2022, approximately 23 percent of the obligations in 2023 and the balance thereafter.

Note 9
Debt

The Company's total debt at March 31, 2022, and December 31, 2021, amounted to $9,285 million and $5,561 million, respectively.

Short-term debt and current maturities of long-term debt
The Company's "Short-term debt and current maturities of long-term debt" consisted of the following:

($ in millions)	March 31, 2022	December 31, 2021
Short-term debt	1,812	78
Current maturities of long-term debt	1,302	1,306
Total	**3,114**	**1,384**

Short-term debt primarily represented issued commercial paper and short-term bank borrowings from various banks. At March 31, 2022, $1,530 million was outstanding under the $2 billion Euro- commercial paper program in the United States, whereas at December 31, 2021, no amount was outstanding under this program.

Long-term debt
The Company's long-term debt at March 31, 2022, and December 31, 2021, amounted to $6,171 million and $4,177 million, respectively.

Outstanding bonds (including maturities within the next 12 months) were as follows:

	March 31, 2022				December 31, 2021			
(in millions)	Nominal outstanding		Carrying value(1)		Nominal outstanding		Carrying value(1)	
Bonds:								
2.875% USD Notes, due 2022	USD	1,250	$	1,252	USD	1,250	$	1,258
0.625% EUR Instruments, due 2023	EUR	700	$	779	EUR	700	$	800
0% CHF Bonds, due 2023	CHF	275	$	297				
0.625% EUR Instruments, due 2024	EUR	700	$	774				
0% EUR Instruments, due 2024	EUR	500	$	559				
0.75% EUR Instruments, due 2024	EUR	750	$	828	EUR	750	$	860
0.3% CHF Bonds, due 2024	CHF	280	$	302	CHF	280	$	306
0.75% CHF Bonds, due 2027	CHF	425	$	459				
3.8% USD Notes, due 2028(2)	USD	383	$	381	USD	383	$	381
1.0% CHF Bonds, due 2029	CHF	170	$	183	CHF	170	$	186
0% EUR Notes, due 2030	EUR	800	$	801	EUR	800	$	862
4.375% USD Notes, due 2042 (2)	USD	609	$	590	USD	609	$	589
Total			**$**	**7,205**			**$**	**5,242**

(1) USD carrying values include unamortized debt issuance costs, bond discounts or premiums, as well as adjustments for fair value hedge accounting, where appropriate.
(2) Prior to completing a cash tender offer in November 2020, the original principal amount outstanding, on each of the 3.8% USD Notes, due 2028, and the 4.375% USD Notes, due 2042, was USD 750 million.

In March 2022, the Company issued the following CHF bonds: (i) CHF 275 million of zero interest bonds, due 2023, and (ii) CHF 425 million of 0.75 percent bonds, due 2027 with interest payable annually in arrears. The aggregate net proceeds of these CHF bond issues, after discount and fees, amounted to CHF 699 million (equivalent to approximately $751 million on date of issuance).

Also in March 2022, the Company issued the following EUR notes, both due in 2024, (i) EUR 700 million, paying interest annually in arrears at a fixed rate of 0.625 percent per annum, and (ii) EUR 500 million floating rate notes, paying interest quarterly in arrears at a variable rate of 70 basis points above the 3-month EURIBOR. In relation to these EUR Notes, the Company recorded net proceeds (after the respective discount and premium, as well as fees) of EUR 1,203 million (equivalent to $1,335 million on the date of issuance).

In line with the Company's policy of reducing its currency and interest rate exposures, interest rate swaps have been used to modify the characteristics of the CHF 425 million Bonds, due 2027, and the EUR 700 million Notes, due 2024. After considering the impact of these interest rate swaps, the CHF 425 million Bonds and EUR 700 million Notes, effectively become floating rate obligations.

Note 10
Commitments and contingencies

Contingencies—Regulatory, Compliance and Legal
Regulatory
As a result of an internal investigation, the Company self-reported to the Securities and Exchange Commission (SEC) and the Department of Justice (DoJ) in the United States as well as to the Serious Fraud Office (SFO) in the United Kingdom concerning certain of its past dealings with Unaoil and its subsidiaries, including alleged improper payments made by these entities to third parties. In May 2020, the SFO closed its investigation, which it originally announced in February 2017, as the case did not meet the relevant test for prosecution. The Company continues to cooperate with the U.S. authorities as requested. At this time, it is not possible for the Company to make an informed judgment about the outcome of this matter.

Based on findings during an internal investigation, the Company self-reported to the SEC and the DoJ, in the United States, to the Special Investigating Unit (SIU) and the National Prosecuting Authority (NPA) in South Africa as well as to various authorities in other countries potential suspect payments and other compliance concerns in connection with some of the Company's dealings with Eskom and related persons. Many of those parties have expressed an interest in, or commenced an investigation into, these matters and the Company is cooperating fully with them. The Company paid $104 million to Eskom in December 2020 as part of a full and final settlement with Eskom and the Special Investigating Unit relating to improper payments and other compliance issues associated with the Controls and Instrumentation Contract, and its Variation Orders for Units 1 and 2 at Kusile. The Company continues to cooperate fully with the authorities in their review of the Kusile project and is in discussions with them regarding a coordinated resolution. Although the Company believes that there could be an unfavorable outcome in one or more of these ongoing reviews, at this time it is not possible for the Company to make an informed judgment about the possible financial impact.

General

The Company is aware of proceedings, or the threat of proceedings, against it and others in respect of private claims by customers and other third parties with regard to certain actual or alleged anticompetitive practices. Also, the Company is subject to other claims and legal proceedings, as well as investigations carried out by various law enforcement authorities. With respect to the above-mentioned claims, regulatory matters, and any related proceedings, the Company will bear the related costs, including costs necessary to resolve them.

Liabilities recognized

At March 31, 2022, and December 31, 2021, the Company had aggregate liabilities of $106 million and $104 million, respectively, included in "Other provisions" and "Other non-current liabilities", for the above regulatory, compliance and legal contingencies, and none of the individual liabilities recognized was significant. As it is not possible to make an informed judgment on, or reasonably predict, the outcome of certain matters and as it is not possible, based on information currently available to management, to estimate the maximum potential liability on other matters, there could be adverse outcomes beyond the amounts accrued.

Guarantees

General

The following table provides quantitative data regarding the Company's third-party guarantees. The maximum potential payments represent a "worst-case scenario", and do not reflect management's expected outcomes.

Maximum potential payments ($ in millions)	March 31, 2022	December 31, 2021
Performance guarantees	4,320	4,540
Financial guarantees	54	52
Indemnification guarantees(1)	134	136
Total(2)	**4,508**	**4,728**

(1) Certain indemnifications provided to Hitachi in connection with the divestment of Power Grids are without limit.
(2) Maximum potential payments include amounts in both continuing and discontinued operations.

The carrying amount of liabilities recorded in the Consolidated Balance Sheets reflects the Company's best estimate of future payments, which it may incur as part of fulfilling its guarantee obligations. In respect of the above guarantees, the carrying amounts of liabilities at March 31, 2022, and December 31, 2021, amounted to $148 million and $156 million, respectively, the majority of which is included in discontinued operations.

The Company is party to various guarantees providing financial or performance assurances to certain third parties. These guarantees, which have various maturities up to 2035, mainly consist of performance guarantees whereby (i) the Company guarantees the performance of a third party's product or service according to the terms of a contract and (ii) as member of a consortium/joint-venture that includes third parties, the Company guarantees not only its own performance but also the work of third parties. Such guarantees may include guarantees that a project will be completed within a specified time. If the third party does not fulfill the obligation, the Company will compensate the guaranteed party in cash or in kind. The original maturity dates for the majority of these performance guarantees range from one to ten years.

In conjunction with the divestment of the high-voltage cable and cables accessories businesses, the Company has entered into various performance guarantees with other parties with respect to certain liabilities of the divested business. At March 31, 2022, and December 31, 2021, the maximum potential payable under these guarantees amounts to $891 million and $911 million, respectively, and these guarantees have various original maturities ranging from five to ten years.

The Company retained obligations for financial, performance and indemnification guarantees related to the Power Grids business sold on July 1, 2020 (see Note 3 for details). The performance and financial guarantees have been indemnified by Hitachi, at the same proportion of its ownership in Hitachi Energy Ltd (80.1 percent). These guarantees, which have various maturities up to 2035, primarily consist of bank guarantees, standby letters of credit, business performance guarantees and other trade-related guarantees, the majority of which have original maturity dates ranging from one to ten years. The maximum amount payable under the guarantees at March 31, 2022, and December 31, 2021, is approximately $3.1 billion and $3.2 billion, respectively, and the carrying amounts of liabilities (recorded in discontinued operations) at March 31, 2022, and December 31, 2021, amounted to $134 million and $136 million, respectively.

Commercial commitments

In addition, in the normal course of bidding for and executing certain projects, the Company has entered into standby letters of credit, bid/performance bonds and surety bonds (collectively "performance bonds") with various financial institutions. Customers can draw on such performance bonds in the event that the Company does not fulfill its contractual obligations. The Company would then have an obligation to reimburse the financial institution for amounts paid under the performance bonds. At both March 31, 2022, and December 31, 2021, the total outstanding performance bonds aggregated to $3.6 billion, of each of these amounts, $0.1 billion relates to discontinued operations. There have been no significant amounts reimbursed to financial institutions under these types of arrangements in the three months ended March 31, 2022 and 2021.

Product and order-related contingencies

The Company calculates its provision for product warranties based on historical claims experience and specific review of certain contracts. The reconciliation of the "Provisions for warranties", including guarantees of product performance, was as follows:

($ in millions)	2022	2021
Balance at January 1,	**1,005**	**1,035**
Net change in warranties due to acquisitions, divestments and liabilities held for sale	–	1
Claims paid in cash or in kind	(36)	(54)
Net increase in provision for changes in estimates, warranties issued and warranties expired	38	63
Exchange rate differences	(8)	(33)
Balance at March 31,	**999**	**1,012**

—

Note 11
Employee benefits

The Company operates defined benefit pension plans, defined contribution pension plans, and termination indemnity plans, in accordance with local regulations and practices. These plans cover a large portion of the Company's employees and provide benefits to employees in the event of death, disability, retirement, or termination of employment. Certain of these plans are multi-employer plans. The Company also operates other postretirement benefit plans including postretirement health care benefits, and other employee-related benefits for active employees including long-service award plans. The measurement date used for the Company's employee benefit plans is December 31. The funding policies of the Company's plans are consistent with the local government and tax requirements.

The following tables include amounts relating to defined benefit pension plans and other postretirement benefits for continuing operations.

Net periodic benefit cost of the Company's defined benefit pension and other postretirement benefit plans consisted of the following:

($ in millions)	Defined pension benefits				Other postretirement benefits	
	Switzerland		International			
Three months ended March 31,	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
Operational pension cost:						
Service cost	14	15	9	10	–	–
Operational pension cost	**14**	**15**	**9**	**10**	**–**	**–**
Non-operational pension cost (credit):						
Interest cost	1	(1)	22	18	–	–
Expected return on plan assets	(30)	(29)	(41)	(47)	–	–
Amortization of prior service cost (credit)	(2)	(2)	–	–	(1)	–
Amortization of net actuarial loss	–	–	15	17	–	–
Curtailments, settlements and special termination benefits	–	–	–	(6)	–	–
Non-operational pension cost (credit)	**(31)**	**(32)**	**(4)**	**(18)**	**(1)**	**–**
Net periodic benefit cost (credit)	**(17)**	**(17)**	**5**	**(8)**	**(1)**	**–**

The components of net periodic benefit cost other than the service cost component are included in the line "Non-operational pension (cost) credit" in the income statement.

Employer contributions were as follows:

($ in millions)	Defined pension benefits				Other postretirement benefits	
	Switzerland		International			
Three months ended March 31,	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
Total contributions to defined benefit pension and other postretirement benefit plans	16	15	10	(3)	3	1
Of which, discretionary contributions to defined benefit pension plans	–	–	–	(9)	–	–

The Company expects to make contributions totaling approximately $104 million and $6 million to its defined pension plans and other postretirement benefit plans, respectively, for the full year 2022.

Note 12
Stockholder's equity

At the Annual General Meeting of Shareholders (AGM) on March 24, 2022, shareholders approved the proposal of the Board of Directors to distribute 0.82 Swiss francs per share to shareholders. The declared dividend amounted to $1,700 million, with the Company disbursing a portion in March and the remaining amounts scheduled to be paid in the second quarter of 2022.

In March 2022, the Company completed the share buyback program that was launched in April 2021. This program was executed on a second trading line on the SIX Swiss Exchange. Through this program, the Company purchased a total of 90 million shares for approximately $3.1 billion, of which 31 million shares were purchased in the first quarter of 2022 (resulting in an increase in Treasury stock of $1,089 million). At the 2022 AGM, shareholders approved the cancellation of 88 million shares which had been purchased under the share buyback programs launched in July 2020 and April 2021. The cancellation is expected to be completed in the second quarter of 2022.

In addition to the share buyback programs, the Company purchased 14 million of its own shares on the open market in the three months ended March 31, 2022, mainly for use in connection with its employee share plans, resulting in an increase in Treasury stock of $472 million.

During the first quarter of 2022, the Company delivered, out of treasury stock, 15 million shares in connection with its Management Incentive Plan.

In March 2022, the Company announced a new share buyback program of up to $3 billion. This program, which was launched in April 2022, is being executed on a second trading line on the SIX Swiss Exchange and is planned to run until the Company's 2023 AGM. At the 2023 AGM, the Company intends to request shareholder approval to cancel the shares purchased through this new program as well as those shares purchased under the program launched in April 2021 that were not proposed for cancellation at the 2022 AGM.

Note 13
Earnings per share

Basic earnings per share is calculated by dividing income by the weighted-average number of shares outstanding during the period. Diluted earnings per share is calculated by dividing income by the weighted-average number of shares outstanding during the period, assuming that all potentially dilutive securities were exercised, if dilutive. Potentially dilutive securities comprise outstanding written call options, and outstanding options and shares granted subject to certain conditions under the Company's share-based payment arrangements.

Basic earnings per share

	Three months ended March 31,	
($ in millions, except per share data in $)	**2022**	**2021**
Amounts attributable to ABB shareholders:		
Income from continuing operations, net of tax	615	530
Loss from discontinued operations, net of tax	(11)	(28)
Net income	**604**	**502**
Weighted-average number of shares outstanding (in millions)	**1,936**	**2,015**
Basic earnings per share attributable to ABB shareholders:		
Income from continuing operations, net of tax	0.32	0.26
Loss from discontinued operations, net of tax	(0.01)	(0.01)
Net income	**0.31**	**0.25**

Diluted earnings per share

	Three months ended March 31,	
($ in millions, except per share data in $)	**2022**	**2021**
Amounts attributable to ABB shareholders:		
Income from continuing operations, net of tax	615	530
Loss from discontinued operations, net of tax	(11)	(28)
Net income	**604**	**502**
Weighted-average number of shares outstanding (in millions)	1,936	2,015
Effect of dilutive securities:		
Call options and shares	17	19
Adjusted weighted-average number of shares outstanding (in millions)	**1,953**	**2,034**
Diluted earnings per share attributable to ABB shareholders:		
Income from continuing operations, net of tax	0.31	0.26
Loss from discontinued operations, net of tax	(0.01)	(0.01)
Net income	**0.31**	**0.25**

—

Note 14
Reclassifications out of accumulated other comprehensive loss

The following table shows changes in “Accumulated other comprehensive loss” (OCI) attributable to ABB, by component, net of tax:

($ in millions)	Foreign currency translation adjustments	Unrealized gains (losses) on available-for-sale securities	Pension and other postretirement plan adjustments	Derivative instruments and hedges	Total OCI
Balance at January 1, 2021	**(2,460)**	**17**	**(1,556)**	**(3)**	**(4,002)**
Other comprehensive (loss) income:					
Other comprehensive (loss) income before reclassifications	(270)	(11)	56	12	**(213)**
Amounts reclassified from OCI	–	(1)	25	(9)	**15**
Total other comprehensive (loss) income	**(270)**	**(12)**	**81**	**3**	**(198)**
Less:					
Amounts attributable to noncontrolling interests	3	–	–	–	**3**
Balance at March 31, 2021	**(2,733)**	**5**	**(1,475)**	**–**	**(4,203)**

($ in millions)	Foreign currency translation adjustments	Unrealized gains (losses) on available-for-sale securities	Pension and other postretirement plan adjustments	Derivative instruments and hedges	Total OCI
Balance at January 1, 2022	**(2,993)**	**2**	**(1,089)**	**(8)**	**(4,088)**
Other comprehensive (loss) income:					
Other comprehensive (loss) income before reclassifications	(80)	(12)	20	(4)	**(76)**
Amounts reclassified from OCI	5	–	8	8	**21**
Total other comprehensive (loss) income	**(75)**	**(12)**	**28**	**4**	**(55)**
Less:					
Amounts attributable to noncontrolling interests	(5)	–	–	–	**(5)**
Balance at March 31, 2022	**(3,063)**	**(10)**	**(1,061)**	**(4)**	**(4,138)**

The following table reflects amounts reclassified out of OCI in respect of Pension and other postretirement plan adjustments:

($ in millions)		Three months ended March 31,	
Details about OCI components	**Location of (gains) losses reclassified from OCI**	**2022**	**2021**
Foreign currency translation adjustments:			
Net loss on complete or substantially complete liquidations of foreign subsidiaries	Other income (expense), net	5	–
Pension and other postretirement plan adjustments:			
Amortization of prior service cost	Non-operational pension (cost) credit	(3)	(2)
Amortization of net actuarial loss	Non-operational pension (cost) credit	15	11
Total before tax		**12**	**9**
Tax	Provision for taxes	(4)	16
Amounts reclassified from OCI		**8**	**25**

The amounts in respect of Unrealized gains (losses) on available-for-sale securities and Derivative instruments and hedges were not significant for the three months ended March 31, 2022 and 2021.

—

Note 15
Operating segment data

The Chief Operating Decision Maker (CODM) is the Chief Executive Officer. The CODM allocates resources to and assesses the performance of each operating segment using the information outlined below. The Company is organized into the following segments, based on products and services: Electrification, Motion, Process Automation, and Robotics & Discrete Automation. The remaining operations of the Company are included in Corporate and Other.

A description of the types of products and services provided by each reportable segment is as follows:

- Electrification: manufactures and sells electrical products and solutions which are designed to provide safe, smart and sustainable electrical flow from the substation to the socket. The portfolio of increasingly digital and connected solutions includes electric vehicle charging infrastructure, renewable power solutions, modular substation packages, distribution automation products, switchboard and panelboards, switchgear, UPS solutions, circuit breakers, measuring and sensing devices, control products, wiring accessories, enclosures and cabling systems and intelligent home and building solutions, designed to integrate and automate lighting, heating, ventilation, security and data communication networks. The products and services are delivered through seven operating Divisions: Distribution Solutions, Smart Power, Smart Buildings, E-Mobility, Installation Products, Power Conversion and Electrification Service.

- Motion: designs, manufactures, and sells drives, motors, generators and traction converters that are driving the low-carbon future for industries, cities, infrastructure and transportation. These products, digital technology and related services enable industrial customers to increase energy efficiency, improve safety and reliability, and achieve precise control of their processes. Building on over 130 years of cumulative experience in electric powertrains, the Business Area combines domain expertise and technology to deliver the optimum solution for a wide range of applications in all industrial segments. In addition, the Business Area, along with its partners, has a leading global service presence. These products and services are delivered through seven operating Divisions: Large Motors and Generators, IEC LV Motors, NEMA Motors, Drive Products, System Drives, Service and Traction, as well as, prior to its sale in November 2021, the Mechanical Power Transmission Division.

- Process Automation: develops and sells a broad range of industry-specific, integrated automation, electrification and digital systems and solutions, as well as digital solutions, lifecycle services, advanced industrial analytics and artificial intelligence applications and suites for the process, marine and hybrid industries. Products and solutions include control technologies, advanced process control software and manufacturing execution systems, sensing, measurement and analytical instrumentation, marine propulsion systems and turbochargers. In addition, the Business Area offers a comprehensive range of services ranging from repair to advanced services such as remote monitoring, preventive maintenance, asset performance management, emission monitoring and cybersecurity services. The products, systems and services are delivered through five operating Divisions: Energy Industries, Process Industries, Marine & Ports, Turbocharging, and Measurement & Analytics.

- Robotics & Discrete Automation: delivers its products, solutions and services through two operating Divisions: Robotics and Machine Automation. Robotics includes industrial robots, software, robotic solutions and systems, field services, spare parts, and digital services. Machine Automation specializes in solutions based on its programmable logic controllers (PLC), industrial PCs (IPC), servo motion, transport systems and machine vision. Both Divisions offer engineering and simulation software as well as a comprehensive range of digital solutions.

Corporate and Other: includes headquarter costs, the Company's corporate real estate activities, Corporate Treasury Operations, historical operating activities of certain divested businesses and other non-core operating activities.

The primary measure of profitability on which the operating segments are evaluated is Operational EBITA, which represents income from operations excluding:

- amortization expense on intangibles arising upon acquisition (acquisition-related amortization),
- restructuring, related and implementation costs,
- changes in the amount recorded for obligations related to divested businesses occurring after the divestment date (changes in obligations related to divested businesses),
- changes in estimates relating to opening balance sheets of acquired businesses (changes in pre-acquisition estimates),
- gains and losses from sale of businesses (including fair value adjustment on assets and liabilities held for sale),
- acquisition- and divestment-related expenses and integration costs,
- other income/expense relating to the Power Grids joint venture,
- certain other non-operational items, as well as
- foreign exchange/commodity timing differences in income from operations consisting of: (a) unrealized gains and losses on derivatives (foreign exchange, commodities, embedded derivatives), (b) realized gains and losses on derivatives where the underlying hedged transaction has not yet been realized, and (c) unrealized foreign exchange movements on receivables/payables (and related assets/liabilities).

Certain other non-operational items generally includes certain regulatory, compliance and legal costs, certain asset write downs/impairments and certain other fair value changes, as well as other items which are determined by management on a case-by-case basis.

The CODM primarily reviews the results of each segment on a basis that is before the elimination of profits made on inventory sales between segments. Segment results below are presented before these eliminations, with a total deduction for intersegment profits to arrive at the Company's consolidated Operational EBITA. Intersegment sales and transfers are accounted for as if the sales and transfers were to third parties, at current market prices.

The following tables present disaggregated segment revenues from contracts with customers, Operational EBITA, and the reconciliations of consolidated Operational EBITA to Income from continuing operations before taxes for the three months ended March 31, 2022 and 2021, as well as total assets at March 31, 2022, and December 31, 2021.

($ in millions)	Electrification	Motion	Process Automation	Robotics & Discrete Automation	Corporate and Other	Total
	Three months ended March 31, 2022					
Geographical markets						
Europe	1,112	466	585	354	1	**2,518**
The Americas	1,201	492	368	108	–	**2,169**
of which: United States	882	407	221	72	–	**1,582**
Asia, Middle East and Africa	964	499	546	267	2	**2,278**
of which: China	465	287	150	197	1	**1,100**
	3,277	**1,457**	**1,499**	**729**	**3**	**6,965**
Product type						
Products	2,827	1,248	346	440	4	**4,865**
Systems	246	–	467	172	(1)	**884**
Services and other	204	209	686	117	–	**1,216**
	3,277	**1,457**	**1,499**	**729**	**3**	**6,965**
Third-party revenues	3,277	1,457	1,499	729	3	**6,965**
Intersegment revenues	50	115	7	1	(173)	**–**
Total revenues	**3,327**	**1,572**	**1,506**	**730**	**(170)**	**6,965**

($ in millions)	Electrification	Motion	Process Automation	Robotics & Discrete Automation	Corporate and Other	Total
	Three months ended March 31, 2021					
Geographical markets						
Europe	1,100	469	563	418	1	**2,551**
The Americas	1,058	588	290	106	1	**2,043**
of which: United States	800	494	163	75	–	**1,532**
Asia, Middle East and Africa	929	503	542	326	7	**2,307**
of which: China	488	264	175	249	–	**1,176**
	3,087	**1,560**	**1,395**	**850**	**9**	**6,901**
Product type						
Products	2,620	1,349	321	526	7	**4,823**
Systems	269	–	409	204	2	**884**
Services and other	198	211	665	120	–	**1,194**
	3,087	**1,560**	**1,395**	**850**	**9**	**6,901**
Third-party revenues	3,087	1,560	1,395	850	9	**6,901**
Intersegment revenues	53	107	12	3	(175)	**–**
Total revenues	**3,140**	**1,667**	**1,407**	**853**	**(166)**	**6,901**

($ in millions)	Three months ended March 31, 2022	2021
Operational EBITA:		
Electrification	510	511
Motion	274	289
Process Automation	196	155
Robotics & Discrete Automation	49	105
Corporate and Other		
– Non-core business activities	6	(22)
– Corporate costs and intersegment elimination	(38)	(79)
Total	**997**	**959**
Acquisition-related amortization	(60)	(65)
Restructuring, related and implementation costs	(16)	(35)
Changes in obligations related to divested businesses	14	(2)
Changes in pre-acquisition estimates	(1)	(6)
Gains and losses from sale of businesses	–	(3)
Acquisition- and divestment-related expenses and integration costs	(59)	(10)
Other income/expense relating to the Power Grids joint venture	(35)	(17)
Foreign exchange/commodity timing differences in income from operations:		
Unrealized gains and losses on derivatives (foreign exchange, commodities, embedded derivatives)	18	(48)
Realized gains and losses on derivatives where the underlying hedged transaction has not yet been realized	(2)	2
Unrealized foreign exchange movements on receivables/payables (and related assets/liabilities)	(1)	34
Certain other non-operational items:		
Regulatory, compliance and legal costs	1	(2)
Business transformation costs(1)	(26)	(20)
Assets write downs/impairments & certain other fair value changes	34	18
Other non-operational items	(7)	(8)
Income from operations	**857**	**797**
Interest and dividend income	13	11
Interest and other finance expense	(22)	(55)
Non-operational pension (cost) credit	36	50
Income from continuing operations before taxes	**884**	**803**

(1) Amount includes ABB Way process transformation costs of $25 million and $15 million for three months ended March 31, 2022 and 2021, respectively.

($ in millions)	Total assets(1) March 31, 2022	December 31, 2021
Electrification	13,642	12,831
Motion	6,176	5,936
Process Automation	5,062	5,009
Robotics & Discrete Automation	4,902	4,860
Corporate and Other(2)	12,489	11,624
Consolidated	**42,271**	**40,260**

(1) Total assets are after intersegment eliminations and therefore reflect third-party assets only.
(2) At March 31, 2022 and December 31, 2021, respectively, Corporate and Other includes $140 million and $136 million of assets in the Power Grids business which is reported as discontinued operations (see Note 3). In addition, at March 31, 2022, and December 31, 2021, Corporate and Other includes $1,555 million and $1,609 million, respectively, related to the equity investment in Hitachi Energy Ltd (see Note 4).

Supplemental Reconciliations and Definitions

The following reconciliations and definitions include measures which ABB uses to supplement its Consolidated Financial Information (unaudited) which is prepared in accordance with United States generally accepted accounting principles (U.S. GAAP). Certain of these financial measures are, or may be, considered non-GAAP financial measures as defined in the rules of the U.S. Securities and Exchange Commission (SEC).

While ABB's management believes that the non-GAAP financial measures herein are useful in evaluating ABB's operating results, this information should be considered as supplemental in nature and not as a substitute for the related financial information prepared in accordance with U.S. GAAP. Therefore these measures should not be viewed in isolation but considered together with the Consolidated Financial Information (unaudited) prepared in accordance with U.S. GAAP as of and for the three months ended March 31, 2022.

Comparable growth rates

Growth rates for certain key figures may be presented and discussed on a "comparable" basis. The comparable growth rate measures growth on a constant currency basis. Since we are a global company, the comparability of our operating results reported in U.S. dollars is affected by foreign currency exchange rate fluctuations. We calculate the impacts from foreign currency fluctuations by translating the current-year periods' reported key figures into U.S. dollar amounts using the exchange rates in effect for the comparable periods in the previous year.

Comparable growth rates are also adjusted for changes in our business portfolio. Adjustments to our business portfolio occur due to acquisitions, divestments, or by exiting specific business activities or customer markets. The adjustment for portfolio changes is calculated as follows: where the results of any business acquired or divested have not been consolidated and reported for the entire duration of both the current and comparable periods, the reported key figures of such business are adjusted to exclude the relevant key figures of any corresponding quarters which are not comparable when computing the comparable growth rate. Certain portfolio changes which do not qualify as divestments under U.S. GAAP have been treated in a similar manner to divestments. Changes in our portfolio where we have exited certain business activities or customer markets are adjusted as if the relevant business was divested in the period when the decision to cease business activities was taken. We do not adjust for portfolio changes where the relevant business has annualized revenues of less than $50 million.

The following tables provide reconciliations of reported growth rates of certain key figures to their respective comparable growth rate.

Comparable growth rate reconciliation by Business Area

	Q1 2022 compared to Q1 2021							
	Order growth rate				Revenue growth rate			
Business Area	**US$ (as reported)**	**Foreign exchange impact**	**Portfolio changes**	**Comparable**	**US$ (as reported)**	**Foreign exchange impact**	**Portfolio changes**	**Comparable**
Electrification	25%	4%	0%	**29%**	6%	4%	0%	**10%**
Motion	15%	5%	12%	**32%**	-6%	4%	10%	**8%**
Process Automation	2%	4%	0%	**6%**	7%	4%	0%	**11%**
Robotics & Discrete Automation	56%	6%	-2%	**60%**	-14%	3%	-1%	**-12%**
ABB Group	**21%**	**4%**	**3%**	**28%**	**1%**	**3%**	**3%**	**7%**

Regional comparable growth rate reconciliation

Regional comparable growth rate reconciliation for ABB Group - Quarter

	Q1 2022 compared to Q1 2021							
	Order growth rate				Revenue growth rate			
Region	US$ (as reported)	Foreign exchange impact	Portfolio changes	Comparable	US$ (as reported)	Foreign exchange impact	Portfolio changes	Comparable
Europe	14%	10%	0%	**24%**	-1%	8%	0%	**7%**
The Americas	29%	0%	11%	**40%**	6%	0%	9%	**15%**
of which: United States	33%	0%	13%	**46%**	3%	0%	11%	**14%**
Asia, Middle East and Africa	22%	2%	0%	**24%**	-1%	1%	0%	**0%**
of which: China	28%	-2%	0%	**26%**	-6%	-2%	0%	**-8%**
ABB Group	**21%**	**4%**	**3%**	**28%**	**1%**	**3%**	**3%**	**7%**

Regional comparable growth rate reconciliation by Business Area - Quarter

	Q1 2022 compared to Q1 2021							
	Order growth rate				Revenue growth rate			
Region	US$ (as reported)	Foreign exchange impact	Portfolio changes	Comparable	US$ (as reported)	Foreign exchange impact	Portfolio changes	Comparable
Europe	24%	11%	0%	**35%**	1%	10%	0%	**11%**
The Americas	42%	0%	0%	**42%**	13%	1%	0%	**14%**
of which: United States	50%	0%	0%	**50%**	11%	0%	0%	**11%**
Asia, Middle East and Africa	6%	1%	0%	**7%**	3%	1%	0%	**4%**
of which: China	11%	-2%	0%	**9%**	-5%	-2%	0%	**-7%**
Electrification	**25%**	**4%**	**0%**	**29%**	**6%**	**4%**	**0%**	**10%**

	Q1 2022 compared to Q1 2021							
	Order growth rate				Revenue growth rate			
Region	US$ (as reported)	Foreign exchange impact	Portfolio changes	Comparable	US$ (as reported)	Foreign exchange impact	Portfolio changes	Comparable
Europe	18%	13%	0%	**31%**	4%	10%	1%	**15%**
The Americas	0%	1%	35%	**36%**	-17%	1%	30%	**14%**
of which: United States	-2%	0%	36%	**34%**	-17%	0%	33%	**16%**
Asia, Middle East and Africa	27%	1%	1%	**29%**	-3%	1%	1%	**-1%**
of which: China	23%	-2%	-2%	**19%**	4%	-2%	6%	**8%**
Motion	**15%**	**5%**	**12%**	**32%**	**-6%**	**4%**	**10%**	**8%**

	Q1 2022 compared to Q1 2021							
	Order growth rate				Revenue growth rate			
Region	US$ (as reported)	Foreign exchange impact	Portfolio changes	Comparable	US$ (as reported)	Foreign exchange impact	Portfolio changes	Comparable
Europe	-25%	5%	0%	**-20%**	4%	8%	0%	**12%**
The Americas	22%	1%	0%	**23%**	26%	0%	0%	**26%**
of which: United States	34%	0%	0%	**34%**	34%	1%	0%	**35%**
Asia, Middle East and Africa	28%	3%	0%	**31%**	0%	3%	0%	**3%**
of which: China	13%	-1%	0%	**12%**	-14%	-1%	0%	**-15%**
Process Automation	**2%**	**4%**	**0%**	**6%**	**7%**	**4%**	**0%**	**11%**

	Q1 2022 compared to Q1 2021							
	Order growth rate				Revenue growth rate			
Region	US$ (as reported)	Foreign exchange impact	Portfolio changes	Comparable	US$ (as reported)	Foreign exchange impact	Portfolio changes	Comparable
Europe	40%	12%	-3%	**49%**	-15%	6%	-2%	**-11%**
The Americas	89%	0%	0%	**89%**	2%	-1%	0%	**1%**
of which: United States	87%	0%	0%	**87%**	-4%	0%	0%	**-4%**
Asia, Middle East and Africa	67%	-1%	0%	**66%**	-18%	0%	0%	**-18%**
of which: China	96%	-3%	0%	**93%**	-21%	-1%	0%	**-22%**
Robotics & Discrete Automation	**56%**	**6%**	**-2%**	**60%**	**-14%**	**3%**	**-1%**	**-12%**

Order backlog growth rate reconciliation

	March 31, 2022 compared to March 31, 2021			
Business Area	**US$ (as reported)**	**Foreign exchange impact**	**Portfolio changes**	**Comparable**
Electrification	38%	4%	0%	**42%**
Motion	26%	6%	0%	**32%**
Process Automation	5%	2%	0%	**7%**
Robotics & Discrete Automation	83%	3%	0%	**86%**
ABB Group	**28%**	**4%**	**0%**	**32%**

Other growth rate reconciliations

	Q1 2022 compared to Q1 2021							
	Service orders growth rate				**Services revenues growth rate**			
Business Area	**US$ (as reported)**	**Foreign exchange impact**	**Portfolio changes**	**Comparable**	**US$ (as reported)**	**Foreign exchange impact**	**Portfolio changes**	**Comparable**
Electrification	14%	5%	0%	**19%**	3%	3%	0%	**6%**
Motion	14%	6%	0%	**20%**	-1%	5%	0%	**4%**
Process Automation	7%	5%	0%	**12%**	3%	5%	0%	**8%**
Robotics & Discrete Automation	11%	6%	0%	**17%**	-2%	6%	0%	**4%**
ABB Group	**10%**	**5%**	**0%**	**15%**	**2%**	**4%**	**0%**	**6%**

Operational EBITA as % of operational revenues (Operational EBITA margin)

Definition

Operational EBITA margin

Operational EBITA margin is Operational EBITA as a percentage of operational revenues.

Operational EBITA

Operational earnings before interest, taxes and acquisition-related amortization (Operational EBITA) represents Income from operations excluding:

- acquisition-related amortization (as defined below),
- restructuring, related and implementation costs,
- changes in the amount recorded for obligations related to divested businesses occurring after the divestment date (changes in obligations related to divested businesses),
- changes in estimates relating to opening balance sheets of acquired businesses (changes in pre-acquisition estimates),
- gains and losses from sale of businesses (including fair value adjustment on assets and liabilities held for sale),
- acquisition- and divestment-related expenses and integration costs,
- other income/expense relating to the Power Grids joint venture,
- certain other non-operational items, as well as
- foreign exchange/commodity timing differences in income from operations consisting of: (a) unrealized gains and losses on derivatives (foreign exchange, commodities, embedded derivatives), (b) realized gains and losses on derivatives where the underlying hedged transaction has not yet been realized, and (c) unrealized foreign exchange movements on receivables/payables (and related assets/liabilities).

Certain other non-operational items generally includes certain regulatory, compliance and legal costs, certain asset impairments and certain other fair value changes, as well as other items which are determined by management on a case-by-case basis.

Operational EBITA is our measure of segment profit but is also used by management to evaluate the profitability of the Company as a whole.

Acquisition-related amortization

Amortization expense on intangibles arising upon acquisitions.

Restructuring, related and implementation costs

Restructuring, related and implementation costs consists of restructuring and other related expenses, as well as internal and external costs relating to the implementation of group-wide restructuring programs.

Other income/expense relating to the Power Grids joint venture

Other income/expense relating to the Power Grids joint venture consists of amounts recorded in Income from continuing operations before taxes relating to the divested Power Grids business including the income/loss under the equity method for the investment in Hitachi Energy Ltd. (Hitachi Energy), amortization of deferred brand income as well as changes in value of other obligations relating to the divestment.

Operational revenues

The Company presents operational revenues solely for the purpose of allowing the computation of Operational EBITA margin. Operational revenues are Total revenues adjusted for foreign exchange/commodity timing differences in total revenues of: (i) unrealized gains and losses on derivatives, (ii) realized gains and losses on derivatives where the underlying hedged transaction has not yet been realized, and (iii) unrealized foreign exchange movements on receivables (and related assets). Operational revenues are not intended to be an alternative measure to Total revenues, which represent our revenues measured in accordance with U.S. GAAP.

Reconciliation

The following tables provide reconciliations of consolidated Operational EBITA to Net Income and Operational EBITA Margin by business.

Reconciliation of consolidated Operational EBITA to Net Income

	Three months ended March 31,	
($ in millions)	**2022**	**2021**
Operational EBITA	**997**	**959**
Acquisition-related amortization	(60)	(65)
Restructuring, related and implementation costs	(16)	(35)
Changes in obligations related to divested businesses	14	(2)
Changes in pre-acquisition estimates	(1)	(6)
Gains and losses from sale of businesses	–	(3)
Acquisition- and divestment-related expenses and integration costs	(59)	(10)
Other income/expense relating to the Power Grids joint venture	(35)	(17)
Certain other non-operational items	2	(12)
Foreign exchange/commodity timing differences in income from operations	15	(12)
Income from operations	**857**	**797**
Interest and dividend income	13	11
Interest and other finance expense	(22)	(55)
Non-operational pension (cost) credit	36	50
Income from continuing operations before taxes	**884**	**803**
Income tax expense	(241)	(252)
Income from continuing operations, net of tax	**643**	**551**
Loss from discontinued operations, net of tax	(11)	(28)
Net income	**632**	**523**

Reconciliation of Operational EBITA margin by business

($ in millions, unless otherwise indicated)	Three months ended March 31, 2022 Electrification	Motion	Process Automation	Robotics & Discrete Automation	Corporate and Other and Intersegment elimination	Consolidated
Total revenues	**3,327**	**1,572**	**1,506**	**730**	**(170)**	**6,965**
Foreign exchange/commodity timing differences in total revenues:						
Unrealized gains and losses on derivatives	(12)	4	(1)	2	(1)	**(8)**
Realized gains and losses on derivatives where the underlying hedged transaction has not yet been realized	2	1	(3)	–	3	**3**
Unrealized foreign exchange movements on receivables (and related assets)	–	(2)	3	3	(2)	**2**
Operational revenues	**3,317**	**1,575**	**1,505**	**735**	**(170)**	**6,962**
Income (loss) from operations	**506**	**254**	**151**	**22**	**(76)**	**857**
Acquisition-related amortization	31	8	1	21	(1)	**60**
Restructuring, related and implementation costs	2	8	5	1	–	**16**
Changes in obligations related to divested businesses	–	–	–	–	(14)	**(14)**
Changes in pre-acquisition estimates	1	–	–	–	–	**1**
Gains and losses from sale of businesses	–	–	–	–	–	**–**
Acquisition- and divestment-related expenses and integration costs	19	5	33	1	1	**59**
Other income/expense relating to the Power Grids joint venture	–	–	–	–	35	**35**
Certain other non-operational items	(30)	–	–	–	28	**(2)**
Foreign exchange/commodity timing differences in income from operations:						
Unrealized gains and losses on derivatives (foreign exchange, commodities, embedded derivatives)	(21)	(1)	6	3	(5)	**(18)**
Realized gains and losses on derivatives where the underlying hedged transaction has not yet been realized	2	–	(3)	–	3	**2**
Unrealized foreign exchange movements on receivables/payables (and related assets/liabilities)	–	–	3	1	(3)	**1**
Operational EBITA	**510**	**274**	**196**	**49**	**(32)**	**997**
Operational EBITA margin (%)	**15.4%**	**17.4%**	**13.0%**	**6.7%**	**n.a.**	**14.3%**

In the three months ended March 31, 2022, Certain other non-operational items in the table above includes the following:

($ in millions, unless otherwise indicated)	Three months ended March 31, 2022 Electrification	Motion	Process Automation	Robotics & Discrete Automation	Corporate and Other	Consolidated
Certain other non-operational items:						
Regulatory, compliance and legal costs	–	–	–	–	(1)	**(1)**
Certain other fair values changes, including asset impairments	(31)	–	–	–	(3)	**(34)**
Business transformation costs[1]	1	–	–	–	25	**26**
Other non-operational items	–	–	–	–	7	**7**
Total	**(30)**	**–**	**–**	**–**	**28**	**(2)**

(1) Amounts include ABB Way process transformation costs of $25 million for the three months ended March 31, 2022.

	Three months ended March 31, 2021					
($ in millions, unless otherwise indicated)	Electrification	Motion	Process Automation	Robotics & Discrete Automation	Corporate and Other and Intersegment elimination	Consolidated
Total revenues	**3,140**	**1,667**	**1,407**	**853**	**(166)**	**6,901**
Foreign exchange/commodity timing differences in total revenues:						
Unrealized gains and losses on derivatives	29	27	12	5	4	**77**
Realized gains and losses on derivatives where the underlying hedged transaction has not yet been realized	–	–	(2)	(1)	–	**(3)**
Unrealized foreign exchange movements on receivables (and related assets)	(19)	(8)	(5)	(7)	(2)	**(41)**
Operational revenues	**3,150**	**1,686**	**1,412**	**850**	**(164)**	**6,934**
Income (loss) from operations	**440**	**265**	**147**	**82**	**(137)**	**797**
Acquisition-related amortization	29	13	1	20	2	**65**
Restructuring, related and implementation costs	17	1	3	5	9	**35**
Changes in obligations related to divested businesses	–	–	–	–	2	**2**
Changes in pre-acquisition estimates	6	–	–	–	–	**6**
Gains and losses from sale of businesses	3	–	–	–	–	**3**
Acquisition- and divestment-related expenses and integration costs	6	3	1	–	–	**10**
Other income/expense relating to the Power Grids joint venture	–	–	–	–	17	**17**
Certain other non-operational items	(6)	–	–	–	18	**12**
Foreign exchange/commodity timing differences in income from operations:						
Unrealized gains and losses on derivatives (foreign exchange, commodities, embedded derivatives)	25	14	10	1	(2)	**48**
Realized gains and losses on derivatives where the underlying hedged transaction has not yet been realized	–	–	(1)	–	(1)	**(2)**
Unrealized foreign exchange movements on receivables/payables (and related assets/liabilities)	(9)	(7)	(6)	(3)	(9)	**(34)**
Operational EBITA	**511**	**289**	**155**	**105**	**(101)**	**959**
Operational EBITA margin (%)	**16.2%**	**17.1%**	**11.0%**	**12.4%**	**n.a.**	**13.8%**

In the three months ended March 31, 2021, Certain other non-operational items in the table above includes the following:

	Three months ended March 31, 2021					
($ in millions, unless otherwise indicated)	Electrification	Motion	Process Automation	Robotics & Discrete Automation	Corporate and Other	Consolidated
Certain other non-operational items:						
Regulatory, compliance and legal costs	–	–	–	–	2	**2**
Certain other fair values changes, including asset impairments	(9)	–	–	–	(9)	**(18)**
Business transformation costs	3	–	–	–	17	**20**
Other non-operational items	–	–	–	–	8	**8**
Total	**(6)**	**–**	**–**	**–**	**18**	**12**

(1) Amounts include ABB Way process transformation costs of $15 million for the three months ended March 31, 2021.

Net debt

Definition

Net debt

Net debt is defined as Total debt less Cash and marketable securities.

Total debt

Total debt is the sum of Short-term debt and current maturities of long-term debt, and Long-term debt.

Cash and marketable securities

Cash and marketable securities is the sum of Cash and equivalents, Restricted cash (current and non-current) and Marketable securities and short-term investments.

Reconciliation

($ in millions)	March 31, 2022	December 31, 2021
Short-term debt and current maturities of long-term debt	3,114	1,384
Long-term debt	6,171	4,177
Total debt (gross debt)	**9,285**	**5,561**
Cash and equivalents	5,216	4,159
Restricted cash - current	30	30
Marketable securities and short-term investments	967	1,170
Restricted cash - non-current	300	300
Cash and marketable securities	**6,513**	**5,659**
Net debt (cash)	**2,772**	**(98)**

Net debt/Equity ratio

Definition

Net debt/Equity ratio

Net debt/Equity ratio is defined as Net debt divided by Equity.

Equity

Equity is defined as Total stockholders' equity.

Reconciliation

($ in millions, unless otherwise indicated)	March 31, 2022	December 31, 2021
Total stockholders' equity	13,638	15,957
Net debt (cash) (as defined above)	2,772	(98)
Net debt (cash) / Equity ratio	**0.20**	**-0.01**

Net debt/EBITDA ratio

Definition

Net debt/EBITDA ratio

Net debt/EBITDA ratio is defined as Net debt divided by EBITDA.

EBITDA

EBITDA is defined as Income from operations for the trailing twelve months preceding the balance sheet date before depreciation and amortization for the same trailing twelve-month period.

Reconciliation

($ in millions, unless otherwise indicated)	March 31, 2022	March 31, 2021
Income from operations for the three months ended:		
March 31, 2022 / 2021	857	797
December 31, 2021 / 2020	2,975	578
September 30, 2021 / 2020	852	71
June 30, 2021 / 2020	1,094	571
Depreciation and Amortization for the three months ended:		
March 31, 2022 / 2021	210	227
December 31, 2021 / 2020	216	229
September 30, 2021 / 2020	220	231
June 30, 2021 / 2020	230	228
EBITDA	**6,654**	**2,932**
Net debt (as defined above)	**2,772**	**1,233**
Net debt / EBITDA	**0.4**	**0.4**

Net working capital as a percentage of revenues

Definition

Net working capital as a percentage of revenues

Net working capital as a percentage of revenues is calculated as Net working capital divided by Adjusted revenues for the trailing twelve months.

Net working capital

Net working capital is the sum of (i) receivables, net, (ii) contract assets, (iii) inventories, net, and (iv) prepaid expenses; less (v) accounts payable, trade, (vi) contract liabilities, and (vii) other current liabilities (excluding primarily: (a) income taxes payable, (b) current derivative liabilities, (c) pension and other employee benefits, (d) payables under the share buyback program and (e) liabilities related to the divestment of the Power Grids business); and including the amounts related to these accounts which have been presented as either assets or liabilities held for sale but excluding any amounts included in discontinued operations.

Adjusted revenues for the trailing twelve months

Adjusted revenues for the trailing twelve months includes total revenues recorded by ABB in the twelve months preceding the relevant balance sheet date adjusted to eliminate revenues of divested businesses and the estimated impact of annualizing revenues of certain acquisitions which were completed in the same trailing twelve-month period.

Reconciliation

($ in millions, unless otherwise indicated)	March 31, 2022	March 31, 2021
Net working capital:		
Receivables, net	6,851	6,663
Contract assets	1,072	1,044
Inventories, net	5,372	4,475
Prepaid expenses	289	241
Accounts payable, trade	(4,830)	(4,453)
Contract liabilities	(2,080)	(1,855)
Other current liabilities(1)	(3,213)	(3,211)
Net working capital	**3,461**	**2,904**
Total revenues for the three months ended:		
March 31, 2022 / 2021	6,965	6,901
December 31, 2021 / 2020	7,567	7,182
September 30, 2021 / 2020	7,028	6,582
June 30, 2021 / 2020	7,449	6,154
Adjustment to annualize/eliminate revenues of certain acquisitions/divestments	(363)	–
Adjusted revenues for the trailing twelve months	**28,646**	**26,819**
Net working capital as a percentage of revenues (%)	**12.1%**	**10.8%**

(1) Amounts exclude $901 million and $710 million at March 31, 2022 and 2021, respectively, related primarily to (a) income taxes payable, (b) current derivative liabilities, (c) pension and other employee benefits (d) payables under the share buyback program and (e) liabilities related to the divestment of the Power Grids business.

Free cash flow conversion to net income

Definition

Free cash flow conversion to net income

Free cash flow conversion to net income is calculated as free cash flow divided by Adjusted net income attributable to ABB.

Adjusted net income attributable to ABB

Adjusted net income attributable to ABB is calculated as net income attributable to ABB adjusted for: (i) impairment of goodwill, (ii) losses from extinguishment of debt, and (iii) gains arising on the sale of both the Mechanical Power Transmission Division (Dodge) and Power Grids business, the latter being included in discontinued operations.

Free cash flow

Free cash flow is calculated as net cash provided by operating activities adjusted for: (i) purchases of property, plant and equipment and intangible assets, and (ii) proceeds from sales of property, plant and equipment.

Free cash flow for the trailing twelve months

Free cash flow for the trailing twelve months includes free cash flow recorded by ABB in the twelve months preceding the relevant balance sheet date.

Net income for the trailing twelve months

Net income for the trailing twelve months includes net income recorded by ABB (as adjusted) in the twelve months preceding the relevant balance sheet date.

Free cash flow conversion to net income

	Twelve months to	
($ in millions, unless otherwise indicated)	March 31, 2022	December 31, 2021
Net cash provided by operating activities – continuing operations	**2,251**	**3,338**
Adjusted for the effects of continuing operations:		
Purchases of property, plant and equipment and intangible assets	(865)	(820)
Proceeds from sale of property, plant and equipment	108	93
Free cash flow from continuing operations	**1,494**	**2,611**
Net cash provided by (used in) operating activities – discontinued operations	**(37)**	**(8)**
Free cash flow	**1,457**	**2,603**
Adjusted net income attributable to ABB(1)	**2,499**	**2,416**
Free cash flow conversion to net income	**58%**	**108%**

(1) Adjusted net income attributable to ABB for the year ended December 31, 2021, is adjusted to exclude the gain on the sale of Dodge of $2,195 million and reductions to the gain on the sale of Power Grids of $65 million.

Reconciliation of the trailing twelve months to March 31, 2022

	Continuing operations			Discontinued operations			
($ in millions)	Net cash provided by continuing operating activities	Purchases of property, plant and equipment and intangible assets	Proceeds from sale of property, plant and equipment	Net cash provided by (used in) discontinued operating activities	Purchases of property, plant and equipment and intangible assets	Proceeds from sale of property, plant and equipment	Adjusted net income attributable to ABB(1)
Q2 2021	663	(151)	3	–	–	–	755
Q3 2021	1,119	(166)	13	(15)	–	–	657
Q4 2021	1,033	(361)	57	(13)	–	–	478
Q1 2022	(564)	(187)	35	(9)	–	–	609
Total for the trailing twelve months to March 31, 2022	**2,251**	**(865)**	**108**	**(37)**	**–**	**–**	**2,499**

(1) Adjusted net income attributable to ABB for Q2, Q3 and Q4 of 2021 as well as Q1 2022, is adjusted to exclude reductions to the gain on the sale of Power Grids of $3 million, $5 million, $33 million and $5 million, respectively. In addition, Q4 2021 is also adjusted to exclude the gain on the sale of Dodge of $2,195 million.

Net finance expenses

Definition
Net finance expenses is calculated as Interest and dividend income less Interest and other finance expense and Losses from extinguishment of debt.

Reconciliation

	Three months ended March 31,	
($ in millions)	2022	2021
Interest and dividend income	13	11
Interest and other finance expense	(22)	(55)
Net finance expenses	**(9)**	**(44)**

Book-to-bill ratio

Definition
Book-to-bill ratio is calculated as Orders received divided by Total revenues.

Reconciliation

	Three months ended March 31,					
	2022			2021		
($ in millions, except Book-to-bill presented as a ratio)	Orders	Revenues	Book-to-bill	Orders	Revenues	Book-to-bill
Electrification	4,397	3,327	**1.32**	3,531	3,140	**1.12**
Motion	2,202	1,572	**1.40**	1,917	1,667	**1.15**
Process Automation	1,692	1,506	**1.12**	1,656	1,407	**1.18**
Robotics & Discrete Automation	1,308	730	**1.79**	841	853	**0.99**
Corporate and Other *(incl. intersegment eliminations)*	(226)	(170)	**n.a.**	(189)	(166)	**n.a.**
ABB Group	**9,373**	**6,965**	**1.35**	**7,756**	**6,901**	**1.12**

ABB Ltd

Corporate Communications
P.O. Box 8131
8050 Zurich
Switzerland
Tel: +41 (0)43 317 71 11

www.abb.com