Q3 2023

First nine months

Press Release

Ad hoc Announcement pursuant to Art. 53 Listing Rules of SIX Swiss Exchange

ZURICH, SWITZERLAND, OCTOBER 18, 2023

Q3 2023 results

Positive book-to-bill, high margin and strong cash flow delivery

- Orders $8,052 million, -2%; comparable[1] +2%
- Revenues $7,968 million, +8%; comparable[1] +11%
- Income from operations $1,259 million; margin 15.8%
- Operational EBITA[1] $1,392 million; margin[1] 17.4%
- Basic EPS $0.48; +149%[2]
- Cash flow from operating activities[4] $1,351 million; +71%

KEY FIGURES

			CHANGE				CHANGE	
($ millions, unless otherwise indicated)	**Q3 2023**	**Q3 2022**	**US$**	**Comparable[1]**	**9M 2023**	**9M 2022**	**US$**	**Comparable[1]**
Orders	8,052	8,188	-2%	2%	26,169	26,368	-1%	4%
Revenues	7,968	7,406	8%	11%	23,990	21,622	11%	16%
Gross Profit	2,762	2,481	11%		8,366	7,052	19%	
as % of revenues	34.7%	33.5%	+1.2 pts		34.9%	32.6%	+2.3 pts	
Income from operations	1,259	708	78%		3,755	2,152	74%	
Operational EBITA[1]	1,392	1,231	13%	11%[3]	4,094	3,364	22%	22%[3]
as % of operational revenues[1]	17.4%	16.6%	+0.8 pts		17.0%	15.5%	+1.5 pts	
Income from continuing operations, net of tax	905	420	115%		2,902	1,469	98%	
Net income attributable to ABB	882	360	145%		2,824	1,343	110%	
Basic earnings per share ($)	0.48	0.19	149%[2]		1.52	0.70	116%[2]	
Cash flow from operating activities[4]	1,351	791	71%		2,393	600	299%	

1 For a reconciliation of non-GAAP measures, see "supplemental reconciliations and definitions" in the attached Q3 2023 Financial Information.
2 EPS growth rates are computed using unrounded amounts.
3 Constant currency (not adjusted for portfolio changes).
4 Amount represents total for both continuing and discontinued operations.

"Q3 2023 was a strong quarter for ABB including a positive book-to-bill ratio, Operational EBITA margin again above 17% and a strong cash flow delivery putting us in a good position to achieve an annual free cash flow of about $3 billion."

Björn Rosengren, CEO

CEO summary

The third quarter developed largely as planned, and I am pleased about the comparable order growth of 2% supporting a book-to-bill ratio of 1.01. This means we delivered on our quarterly expectation of book-to-bill in positive territory, despite a double-digit comparable increase in revenues. We had yet another quarter with strong operational performance across the business areas, and this time coupled with a very strong cash flow generation, setting us up to achieve free cash flow of about $3 billion in 2023.

In total, Operational EBITA increased by 13% and we achieved an Operational EBITA margin of 17.4%, an improvement of 80 basis points from the corresponding period last year. This was supported by a strong price contribution which outweighed the impacts from inflation in labor costs, with additional support from efficient execution of higher volumes in production. It was good to see that our focus on cash conversion yielded results with Cash flow from operating activities at $1.4 billion, an increase of $560 million from last year supported mainly by higher earnings and better Net working capital management.

As in recent quarters, the order development was strong in the project- and systems-related businesses that is often linked to our various medium voltage offerings. This more than offset the impact from a decline in parts of the short-cycle businesses. In total, most customer segments remained overall stable or improved, with declines mainly noted in the discrete automation and construction segments. Order growth was strongest in business area Process Automation, supported by a strong underlying market and the added contribution from a large order amounting to approximately $285 million. In contrast, order intake in Robotics & Discrete Automation was hampered by customers normalizing order patterns in a period of shortening delivery lead times, with added pressure from inventory adjustments among robotics-related distribution channels in China.

From a geographical perspective, the Americas region was the growth engine for orders, driven by double-digit comparable growth in the United States and supported by the timing of large orders booked. Also, Asia, Middle East and Africa improved on a comparable basis where India noted yet another quarter with strong year-on-year development. In contrast, orders in China declined at a low single-digit comparable growth rate particularly hampered by weakness in robotics and construction demand. Outside of these segments and towards the end of the quarter we noted some indications of the underlying Chinese market stabilizing, although uncertainty is admittedly high. Europe declined to the tune of a low double-digit rate, and while the underlying market softened, the rate of decline was accentuated by a high comparable last year due to timing of larger orders booked.

Sustainability is embedded in everything we do, and I was pleased to see this being recognized by MSCI and the upgrade of ABB to the highest ESG rating of AAA, meaning we score in the top 10% of the peer universe.

During the quarter, Process Automation expanded its partnership with Northvolt, providing electrification and automation technologies to power the world's largest battery recycling facility, Revolt Ett. The recycling site will process 125,000 tons of end-of-life batteries and battery production waste each year – making it the largest plant of its kind in the world.

We recently took additional steps to support our customers on their journey towards more sustainable and flexible production with Robotics & Discrete Automation expanding its robot family with four models in 22 variants and energy savings of up to 20 percent. We have also announced our plans to invest $280 million in our Robotics business in Sweden. The site will serve as a European hub, and further strengthen our capabilities in serving our customers in Europe with locally manufactured products in a growing market. This is to replace the existing old robotics facilities at the site, and the new Campus is planned to open in late 2026.

To mark the completion of all divisional portfolio divestments announced at the end of 2020, we successfully closed the divestment of the Power Conversion division. Going forward we will continuously review the product groups within all divisions to optimize the portfolio as part of the ABB Way operating model.

Björn Rosengren
CEO

Outlook

In the **fourth quarter of 2023**, we anticipate low- to mid single digit comparable revenue growth. Additionally, we expect the historical pattern to repeat with the Operational EBITA margin in Q4 to be sequentially lower from Q3, and to be around 16%.

In full-year 2023, we anticipate comparable revenue growth to be in the low teens range and we expect Operational EBITA margin to be in the range of 16.5% - 17.0%.

Orders and revenues

Strong demand for the project- and systems-related businesses, often linked to the medium voltage offerings, more than offset a decline in parts of the short-cycle businesses hampered by inventory adjustments among channel partners and normalizing order patterns. In total, orders declined by 2% (up comparable 2%) year-on-year to 8,052 million. Comparable order growth was driven by the higher contribution from large orders, including the one in the Process Automation business area for $285 million, which will be executed over a multi-year period.

Timing of booking significant orders supported the Americas growth of 9% (comparable 13%). Orders in Asia, Middle East and Africa declined by 5% (up comparable 4%) as the decline in China of 10% (comparable 3%) was more than offset by strength elsewhere in the region, including strong growth in India. The sharp order decline of 11% (comparable 13%) in Europe was the result of softer markets including the impact from customers normalizing inventory levels, but also impacted by last year's high comparable supported by timing of customers placing large orders.

Demand in the automotive segment improved, supported by EV-related investments, while the general industry and consumer-related robotics segments declined. In transport & infrastructure, there were positive developments in marine, ports and renewables.

The machine builder segment declined as customers normalized order patterns in the face of shortening delivery lead times.

In buildings, there was weakness in all three regions in residential-related demand. In the commercial construction segment the United States stood out with a continued robust momentum and outperformed a broadly stable Europe and declining China.

Demand in the process-related businesses was strong across the board, with particular strength in the oil & gas segment, and it held up well also for refining, petrochemicals and the energy-related low carbon segments.

Revenues increased by 8% (11% comparable) to $7,968 million and benefitted primarily from increased volumes through execution of the order backlog, combined with a strong price contribution. These benefits more than offset a slight adverse impact from portfolio changes. Revenues increased in all business areas, supported by comparable growth in most divisions as the order backlog was executed.

Growth

Change year-on-year	Q3 Orders	Q3 Revenues
Comparable	2%	11%
FX	0%	1%
Portfolio changes	-4%	-4%
Total	**-2%**	**8%**

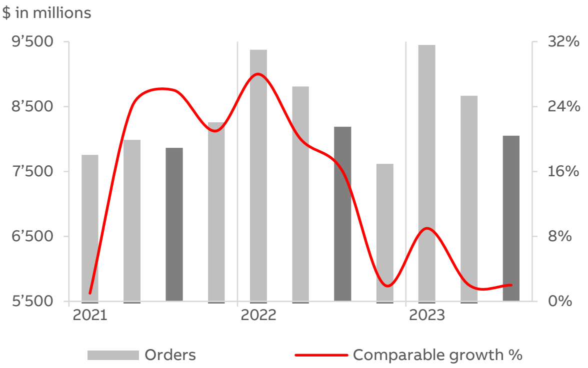
Orders by region

($ in millions, unless otherwise indicated)	Q3 2023	Q3 2022	CHANGE US$	CHANGE Comparable
Europe	2,391	2,682	-11%	-13%
The Americas	3,258	2,980	9%	13%
Asia, Middle East and Africa	2,403	2,526	-5%	4%
ABB Group	**8,052**	**8,188**	**-2%**	**2%**

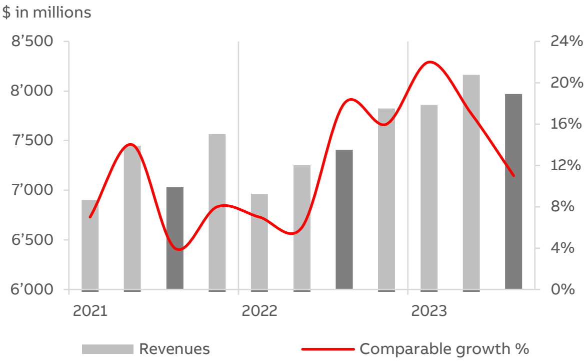
Revenues by region

($ in millions, unless otherwise indicated)	Q3 2023	Q3 2022	CHANGE US$	CHANGE Comparable
Europe	2,810	2,494	13%	10%
The Americas	2,775	2,452	13%	16%
Asia, Middle East and Africa	2,383	2,460	-3%	6%
ABB Group	**7,968**	**7,406**	**8%**	**11%**

Orders



Revenues



Earnings

Gross profit

Gross profit increased strongly by 11% (9% constant currency) to $2,762 million, reflecting a strong gross margin improvement of 120 basis points to 34.7%. Gross margin improved in three out of four business areas, with only Process Automation declining mainly due to the absence of the exited high margin Turbocharging division (Accelleron).

Income from operations

Income from operations amounted to $1,259 million and increased by 78% year-on-year. The improvement was driven by operational performance and contribution from gains of $71 million from selling businesses, including the divestment of the Power Conversion division, but also by last year's period being burdened by the recording of a provision of $325 million relating to the legacy Kusile project. Margin on Income from operations reached 15.8%, up by 620 basis points year-on-year.

Operational EBITA

Operational EBITA improved by 13% year-on-year to $1,392 million and the margin was up by 80 basis points to 17.4%. Key drivers to the higher earnings were the impacts from robust price activities and operational leverage on higher volumes, which more than offset adverse impacts from inflation in labor costs and from divestments. Selling, general and administrative expenses declined in relation to revenues to 16.7%, from 17.2% last year, mostly due to the absence of costs related to the spin-off of the Accelleron business in last year's period. Operational EBITA in Corporate and Other amounted to -$109 million, of which -$39 million related to the E-mobility business where operational performance was hampered by the ongoing reorganization to ensure a more focused portfolio, and some inventory-related provisions.

Net finance expenses

Net finance expense was $36 million and increased slightly from last year's $28 million.

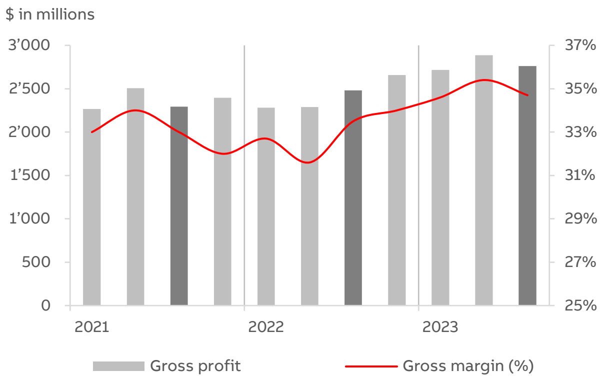
Income tax

Income tax expense was $326 million with an effective tax rate of 26.5%.

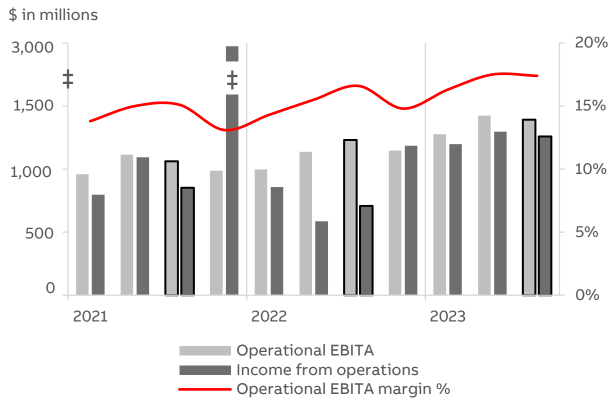
Net income and earnings per share

Net income attributable to ABB was $882 million and more than doubled from last year driven by improved operational performance and lower non-operational items. This resulted in basic earnings per share of $0.48, up from $0.19 last year.

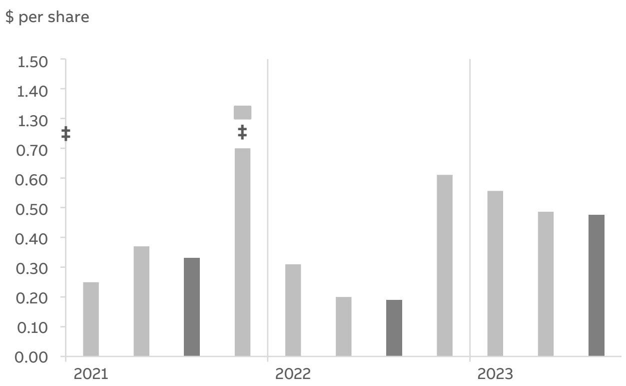
Gross profit & Gross margin



Income from operations & Operational EBITA



Basic EPS



Operational EBITA

($ millions)	Q3 2023	Q3 2022
Corporate and Other		
E-mobility	(39)	(4)
Corporate costs, intersegment eliminations and other[1]	(70)	(52)
Total	**(109)**	**(56)**

1 Majority of which relates to underlying corporate

Balance sheet & Cash flow

Net working capital
Net working capital amounted to $4,041 million, increasing year-on-year from $3,407 million driven mainly by the increase in inventories and receivables. Net working capital decreased sequentially from $4,585 million driven mainly by strong trade net working capital management and an increase in accrued expenses related to the timing of payments of accruals. Net working capital as a percentage of revenues[1] was 12.8%, down sequentially from 14.7%.

Capital expenditures
Purchases of property, plant and equipment and intangible assets amounted to $175 million.

Net debt
Net debt[1] amounted to $2,872 million at the end of the quarter and decreased from $4,117 million year-on-year, and declined sequentially from $4,165 million. The sequential net decrease was driven by the strong operational cash flow in the quarter, and further supported by the proceeds from the sale of the Power Conversion business.

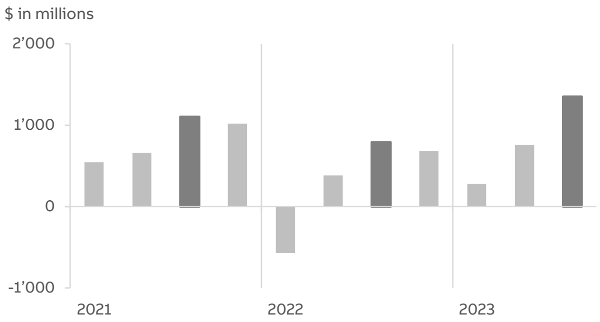
Cash flows
Cash flow from operating activities was $1,351 million, representing a steep year-on-year increase from $791 million. This was driven by strong improvements in all business areas on the back of higher earnings and a reduction of net working capital this quarter versus a build-up of net working capital in the prior year mainly related to inventories.

Share buyback program
A share buyback program of up to $1 billion was launched on April 3, 2023. During the third quarter, 5,244,809 shares were repurchased on the second trading line for approximately $200 million. ABB's total number of issued shares, including shares held in treasury, amounts to 1,882,002,575.

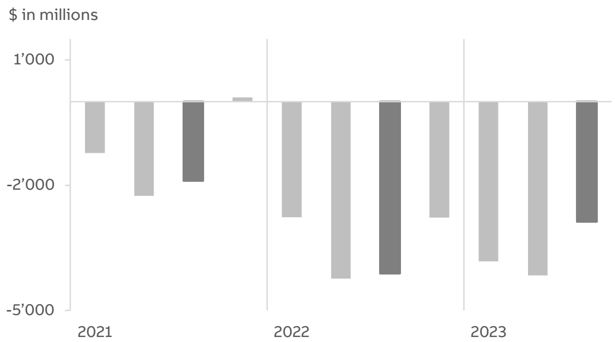
($ millions, unless otherwise indicated)	Sep. 30 2023	Sep. 30 2022	Dec. 31 2022
Short term debt and current maturities of long-term debt	2,951	3,068	2,535
Long-term debt	4,899	4,530	5,143
Total debt	**7,850**	**7,598**	**7,678**
Cash & equivalents	3,869	2,365	4,156
Restricted cash - current	18	323	18
Marketable securities and short-term investments	1,091	793	725
Restricted cash - non-current	–	–	–
Cash and marketable securities	**4,978**	**3,481**	**4,899**
Net debt (cash)*	**2,872**	**4,117**	**2,779**
Net debt (cash)* to EBITDA ratio	**0.5**	**0.7**	**0.7**
Net debt (cash)* to Equity ratio	**0.21**	**0.34**	**0.21**

* At Sep. 30, 2023, Sep. 30, 2022 and Dec. 31, 2022, net debt(cash) excludes net pension (assets)/liabilities of $(414) million $(114) million and $(276) million, respectively.

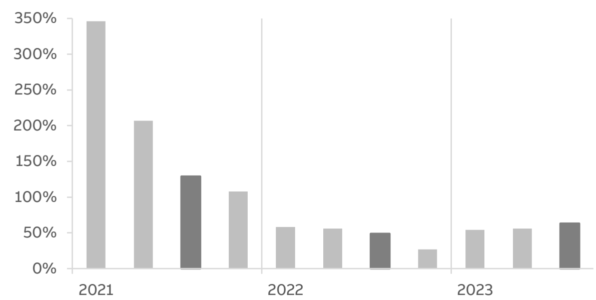
Cash flow from operating activities



Net Cash (Net Debt) position



Free cash flow conversion to net income[1], R12M



Electrification

Growth

Change year-on-year	Q3 Orders	Q3 Revenues
Comparable	1%	6%
FX	0%	1%
Portfolio changes	-3%	-4%
Total	**-2%**	**3%**

Orders and revenues

Demand linked to the medium-voltage offerings noted strong year-on-year development and more than offset market softness in parts of the short-cycle business which was hampered by distributors normalizing inventory levels in the face of shortening delivery lead times. Total orders amounted to $3,693 million and declined 2% (up comparable 1%) impacted by the divestment of the Power Conversion division early in the quarter.

- Demand was particularly strong in the datacenters and chemical, oil & gas segments with a solid development noted in rail and green energy-linked areas like solar. However, weakness was noted in construction with the residential segment down in all three regions while in commercial construction the United States stood out with a continued robust momentum and outperformed a broadly stable Europe and declining China.
- In Asia, Middle East and Africa orders decreased by 5% (up comparable 2%) including a slight comparable improvement in China, where signs of sequential stabilization emerged towards the latter part of the quarter outside of the construction segment. The Americas declined by 2% (up comparable 4%) with United States down by 2% (up comparable 6%). Europe was stable (down comparable 3%), including a 6% decline in Germany where weakness in the residential construction market weighed on the Smart Buildings division.
- Revenues amounted to $3,561 million and weakness in the buildings segment weighed on growth in Smart Buildings and Installation Products, while the remaining divisions contributed to revenue growth of 3% (comparable 6%) with a strong contribution from price as the key driver.

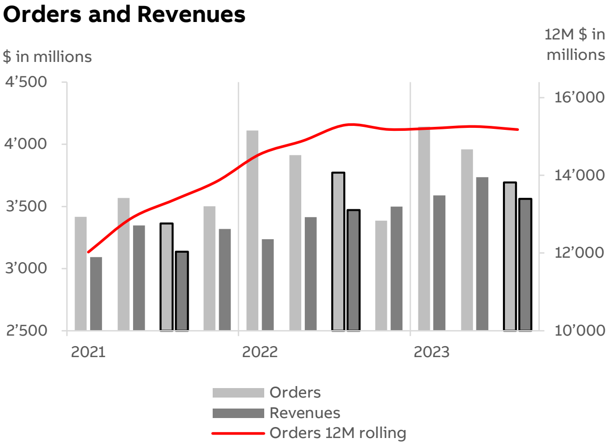
Profit

Operational EBITA increased by 15% year-on-year and amounted to $748 million, supported by strong operational performance which more than offset the absent earnings from portfolio changes. The Operational EBITA margin remained sequentially strong at 20.8%, representing an improvement of 210 basis points year-on-year.

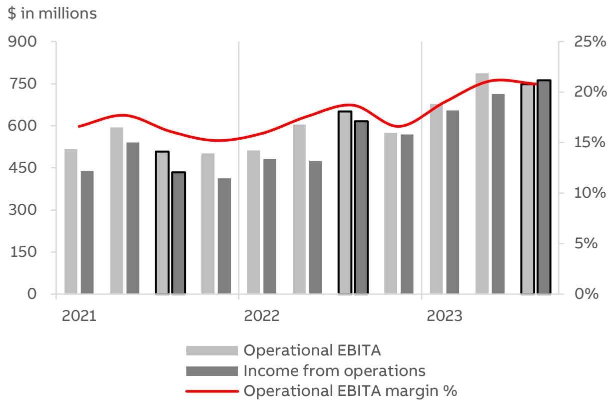
- Benefits from a strong price execution was the main driver to the earnings improvement, with some additional support from operational leverage on slightly higher volumes.
- The positive impact from lower commodity costs year-on-year, was virtually offset by inflation linked to labor.

($ millions, unless otherwise indicated)	Q3 2023	Q3 2022	CHANGE US$	CHANGE Comparable	9M 2023	9M 2022	CHANGE US$	CHANGE Comparable
Orders	3,693	3,772	-2%	1%	11,794	11,797	0%	3%
Order backlog	6,994	6,317	11%	16%	6,994	6,317	11%	16%
Revenues	3,561	3,471	3%	6%	10,886	10,121	8%	11%
Operational EBITA	748	651	15%		2,212	1,768	25%	
as % of operational revenues	20.8%	18.7%	+2.1 pts		20.3%	17.4%	+2.9 pts	
Cash flow from operating activities	1,051	715	47%		2,143	1,258	70%	
No. of employees (FTE equiv.)	50,500	50,500	0%					

Orders and Revenues



Income from operations & Operational EBITA



Motion

Growth

Change year-on-year	Q3 Orders	Q3 Revenues
Comparable	-7%	11%
FX	1%	1%
Portfolio changes	2%	2%
Total	**-4%**	**14%**

Orders and revenues

Total orders declined due to a high level of larger bookings in last year's period. Looking beyond this impact, it was a more stable development with a strong order momentum reported for the long-cycle businesses, while weakness was noted in parts of the short-cycle businesses. Order intake amounted to $1,886 million, representing a decrease of 4% (7% comparable).

- Demand improved in the process-related segments of chemicals, oil & gas, pulp & paper and mining, however declined in the more short-cycle segments including HVAC linked to weakness in construction, food & beverage and electronics.
- Order intake increased by 10% (comparable 15%) in Asia, Middle East and Africa, supported by a double-digit comparable growth in China. Europe declined sharply by 22% (comparable 28%) mainly due to the Traction-related high order level last year. The Americas increased by 3% (down comparable 3%) as the acquired contribution was more than offset by softness in demand for the low voltage motors.
- Execution of the order backlog resulted in high revenues of $1,947 million, representing an increase of 14% (comparable 11%) year-on-year. Higher volumes and earlier implemented pricing activities both contributed strongly to comparable growth.

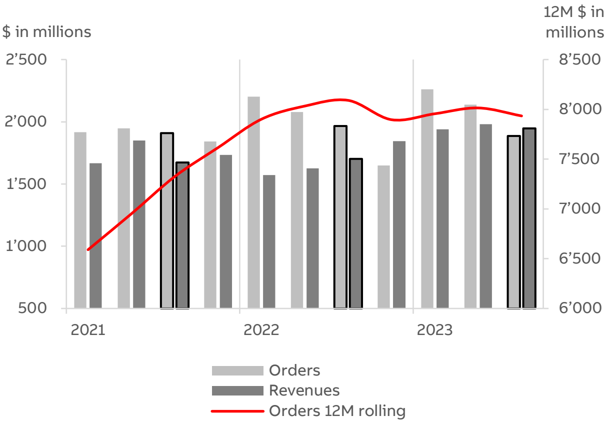
Profit

All divisions contributed to the strong 28% year-on-year improvement in Operational EBITA to $390 million, driving the Operational EBITA margin up by 200 basis points to 19.8%.

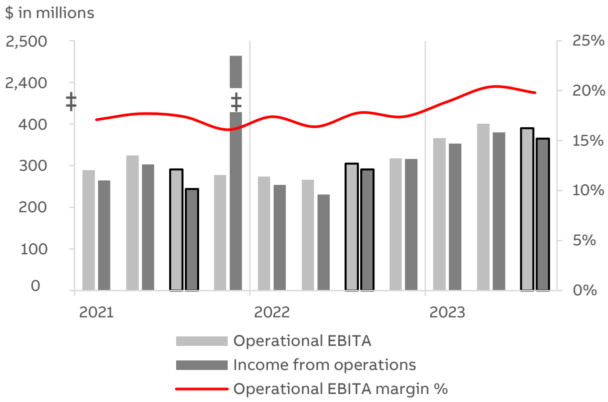
- Results were mainly supported by the benefits from a strong price execution which more than offset cost inflation related to labor and raw materials.
- Higher volume output supported the fixed cost absorption in production.
- Strongest profitability improvements were reported in the motor divisions, with Large Motors & Generators as the outperformer.
- Divisional mix was slightly positive due to strong deliveries from the drives and service-related businesses.

			CHANGE				CHANGE	
($ millions, unless otherwise indicated)	**Q3 2023**	**Q3 2022**	**US$**	**Comparable**	**9M 2023**	**9M 2022**	**US$**	**Comparable**
Orders	1,886	1,966	-4%	-7%	6,285	6,247	1%	1%
Order backlog	5,108	4,613	11%	5%	5,108	4,613	11%	5%
Revenues	1,947	1,702	14%	11%	5,868	4,900	20%	20%
Operational EBITA	390	305	28%		1,157	845	37%	
as % of operational revenues	19.8%	17.8%	+2 pts		19.7%	17.2%	+2.5 pts	
Cash flow from operating activities	466	268	74%		935	507	84%	
No. of employees (FTE equiv.)	22,100	20,700	7%					

Orders and Revenues



Income from operations & Operational EBITA



Process Automation

Growth

Change year-on-year	Q3 Orders	Q3 Revenues
Comparable	38%	23%
FX	2%	1%
Portfolio changes	-20%	-17%
Total	**20%**	**7%**

Orders and revenues

On a broad robust underlying activity across the customer segments, with the added contribution of large orders, order intake reached $1,883 million and increased by 20% (comparable 38%) year-on-year.

- Order intake included the booking of an order at a value of $285 million with fulfillment due over a multi-year period.
- The Energy Industries division benefited from strong demand in the traditional oil & gas segment, but also seeing high activity levels in low carbon-related areas such as hydrogen, LNG and carbon capture. One example of how Energy Industries builds further on its value creation offer enabling the clean energy transition, is that it was contracted to support the Danish company H2 Energy Esbjerg ApS with electrical engineering at its hydrogen production and distribution hub. The plant will convert renewable electricity from offshore wind into about 90,000 tons of green hydrogen per year – the equivalent of 1.9 million barrels of oil, supporting the decarbonization of heavy industry and road transportation.
- All divisions contributed with a double-digit growth in revenues, which amounted to $1,554 million, up by 7% (comparable 23%) year-on-year, supported mainly by volumes but also by a positive price development. Total revenue growth was hampered mainly by the absence of the Accelleron business which was spun-off in early October 2022, meaning this is the last quarter of structural impact.

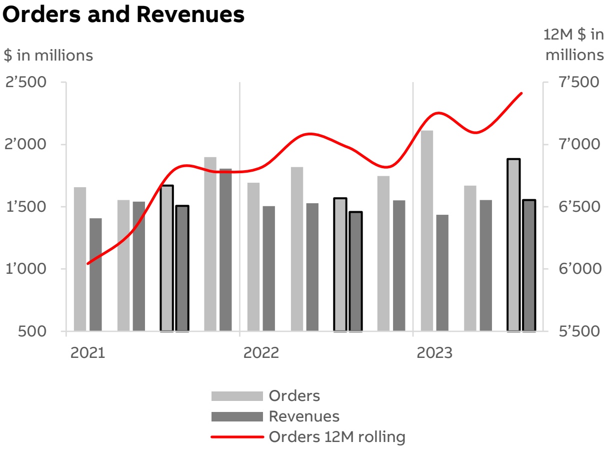
Profit

The Operational EBITA was largely stable year-on-year at $226 million, the result of a strong revenue execution which offset the absence of earnings related to the exited Accelleron business. The Operational EBITA margin amounted to 14.6%, representing a decline of 70 basis points as operational improvements did not quite offset the adverse impact of 190 basis points due to the portfolio change.

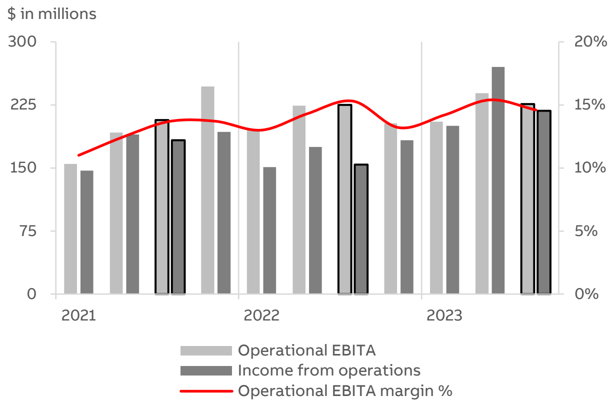
- Operational EBITA margin remained stable or increased in all divisions except for a decline in Marine & Ports, which was somewhat impacted by an adverse mix due to lower share of revenues stemming from the arctic marine propulsion business.

			CHANGE				CHANGE	
($ millions, unless otherwise indicated)	**Q3 2023**	**Q3 2022**	**US$**	**Comparable**	**9M 2023**	**9M 2022**	**US$**	**Comparable**
Orders	1,883	1,568	20%	38%	5,665	5,079	12%	31%
Order backlog	7,135	6,006	19%	20%	7,135	6,006	19%	20%
Revenues	1,554	1,458	7%	23%	4,543	4,493	1%	19%
Operational EBITA	226	225	0%		670	645	4%	
as % of operational revenues	14.6%	15.3%	-0.7 pts		14.7%	14.2%	+0.5 pts	
Cash flow from operating activities	258	217	19%		558	470	19%	
No. of employees (FTE equiv.)	20,900	22,400	-6%					

Orders and Revenues



Income from operations & Operational EBITA



Robotics & Discrete Automation

Growth

Change year-on-year	Q3 Orders	Q3 Revenues
Comparable	-27%	9%
FX	1%	3%
Portfolio changes	0%	0%
Total	**-26%**	**12%**

Orders and revenues

With both divisions in negative growth, total orders declined by 26% (comparable 27%), weighed down by normalizing order patterns and weakening of the Chinese robotics market. Although it is difficult to exactly assess, we expect these pressures to persist also in the next couple of quarters.

- In Machine Automation order intake was impacted by customers normalizing order patterns to align with shortening delivery lead times, and awaiting deliveries from the Machine Automation order backlog which extends into the second half of 2024.
- In the Robotics division, orders declined at a mid-single digit rate. This was driven by a sequential softening of the underlying Chinese market, with some additional pressure from local inventory reductions among channel partners outside of the automotive segment. Outside of China demand was more resilient with growth in the United States and the decline in Europe limited to a mid-single digit rate.
- From a geographical perspective, orders in the Americas declined by 10% (12% comparable). The decline in Europe was 35% (comparable 38%) triggered by machine automation-related customers normalizing order patterns. In Asia, Middle East and Africa orders declined by 20% (comparable 17%), hampered by China being down by 32% (comparable 28%) weighed down mainly by robotics-related channel partners adjusting inventories.
- Revenues increased in both divisions as the order backlog was executed and amounted to $929 million, an improvement of 12% (comparable 9%), supported by positive impacts from both price and volumes.

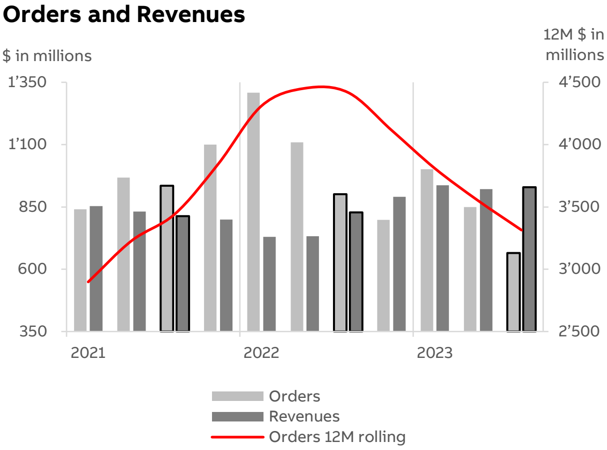
Profit

Steep improvement of 29% in Operational EBITA to $137 million was supported by both divisions, and Operational EBITA margin was up by 190 basis points and reached 14.7%.

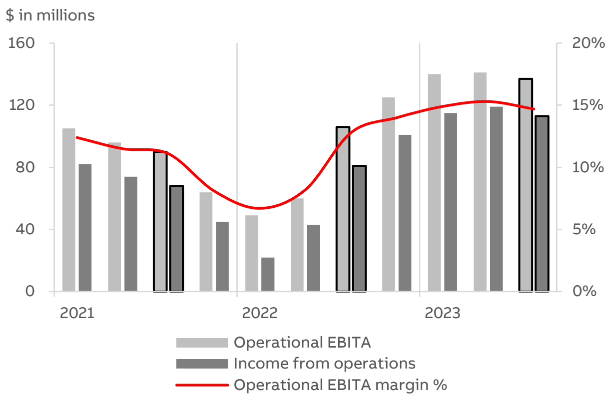
- Higher gross margin was the key contributor to the strong earnings improvement, mainly supported by positive impacts from earlier implemented price increases and improved operational execution, which more than offset the impacts from higher labor costs as well as increased spend in Research & Development.

($ millions, unless otherwise indicated)	Q3 2023	Q3 2022	CHANGE US$	CHANGE Comparable	9M 2023	9M 2022	CHANGE US$	CHANGE Comparable
Orders	665	901	-26%	-27%	2,516	3,318	-24%	-22%
Order backlog	2,363	2,659	-11%	-14%	2,363	2,659	-11%	-14%
Revenues	929	828	12%	9%	2,788	2,290	22%	23%
Operational EBITA	137	106	29%		418	215	94%	
as % of operational revenues	14.7%	12.8%	+1.9 pts		15.0%	9.4%	+5.6 pts	
Cash flow from operating activities	92	82	12%		266	109	144%	
No. of employees (FTE equiv.)	11,000	10,700	3%					

Orders and Revenues



Income from operations & Operational EBITA



Sustainability

Q3 outcome

- 34% reduction year-on-year of CO_2e emissions in own operations mainly driven by shifting to green electricity in our operations.
- 9% increase year-on-year in LTIFR due to a slight increase in incidents in absolute numbers.
- 3%-points increase year-on-year in share of women in senior management, demonstrating steady progress towards our target.

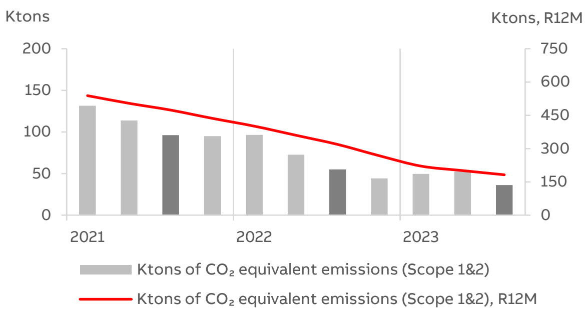
Quarterly highlights

- ABB was upgraded from AA to AAA in the MSCI ESG rating. ESG ratings from MSCI ESG Research are designed to measure a company's resilience to financially material environmental, societal and governance (ESG) risks. Achieving the highest possible rating of AAA, ABB ranks in the top ten percent of industry peers.
- As part of its commitment to increase the circularity of its low-voltage solutions, ABB expanded its portfolio of electrification products that are made of sustainable plastics in the Nordics, Germany and Spain. ABB's Smart Buildings division is progressively substituting about 1,000 tonnes per year of conventional fossil-based plastics with sustainable alternatives including mechanically recycled or bio-based plastics.
- ABB's Motion business area and WindESCo have signed a strategic partnership, where ABB has acquired a minority stake in the company. US-based WindESCo is the leading analytics software provider for improving the performance and reliability of wind turbines. Leveraging WindESCo' solutions, the investment will strengthen ABB's position as a key enabler of a low carbon society and its position in the renewable power generation sector.
- ABB will deliver complete power, propulsion and automation systems for two newbuild short-sea container ships of global logistics company Samskip Group. The vessels will be among the world's first of their kind to use hydrogen as a fuel. Both vessels will be operating between Oslo Fjord and Rotterdam, a distance of approximately 700 nautical miles.
- ABB has expanded its large robot range with four new models and 22 variants offering more choice, increased coverage and greater performance. The next generation models offer customers superior performance and up to 20% energy savings thanks to their lighter robot design and use of regenerative braking.
- In August and September 2023, ABB organized a range of courses and trainings for its employees to better understand the differences between generations, how to challenge biases, and benefit from intergenerational collaboration. The events were part of the company's commitment to the generations dimension of its D&I strategy that is focused on ensuring that all generations are welcomed and skills and strengths are utilized and bridged across.

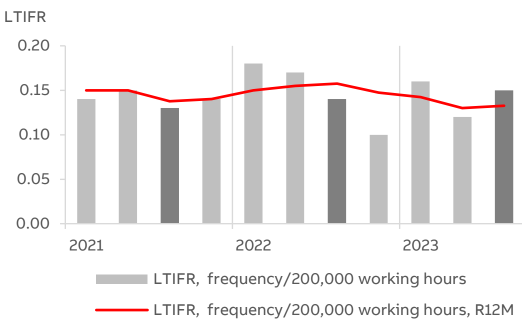
	Q3 2023	Q3 2022	CHANGE	12M ROLLING
CO_2e own operations emissions, Ktons scope 1 and 2[1]	36	55	-34%	182
Lost Time Injury Frequency Rate (LTIFR), frequency / 200,000 working hours[2]	0.15	0.14	9%	0.13
Share of females in senior management positions, %	20.4	17.4	+3 pts	19.4

1 CO_2 equivalent emissions from site, energy use, SF_6 and fleet, previous quarter
2 Current quarter Includes all incidents reported until October 5, 2023

CO_2e Scope 1&2



Lost Time Injury Frequency Rate



Significant events

During Q3 2023

- On July 3, ABB announced the closing of the divestment of the Power Conversion division at around $530 million. As a result, ABB recorded a non-operational book gain of $53 million in Income from operations in the third quarter of 2023. Net cash impact was approximately $500 million. With this transaction, ABB has completed all divisional portfolio divestments announced at the end of 2020.

First nine months 2023

The demand for ABB's offering was robust in the first nine months of 2023. Weakness in the short-cycle businesses from last year's high level was offset by strong momentum in the project- and systems businesses. Orders remained stable or increased in three out of four business areas, with a decline noted only in Robotics & Discrete Automation, for a combined total decrease of 1% (up 4% comparable) at $26,169 million. Revenues were supported by strong execution of the order backlog and amounted to $23,990 million, up by 11% (16% comparable), overall implying a book-to-bill of 1.09.

Income from operations amounted to $3,755 million, up from $2,152 million year-on-year. This increase can be attributed mostly to an improved operational performance. In addition, the result in the first three quarters last year was hampered by charges of approximately $195 million due to the exit of a legacy project in non-core business as well as a provision of $325 million related to the legacy Kusile project.

Operational EBITA increased by 22% year-on-year to $4,094 million, up from $3,364 million in last year's period and the Operational EBITA margin improved by 150 basis points to 17.0%. The increase was driven by higher margins across all business areas. Main drivers of the margin expansion were operating leverage on higher volumes from backlog execution as well as the impacts from earlier implemented price increases, which more than offset inflation in labor and input cost. Corporate and Other Operational EBITA amounted to -$363 million. Thereof, an amount of -$134 million can be attributed to the E-mobility business, which was negatively affected by the ongoing reorganization to ensure a more focused portfolio, and some inventory-related provisions.

Net finance expenses increased by $25 million to $82 million, whereas non-operational pension credits decreased by $79 million to $23 million in comparison to last year's period, reflecting the impact of higher interest rates. Income tax expense was $794 million reflecting a tax rate of 21.5%. This includes a net benefit realized on a favorable resolution of a prior year tax matter relating to the Power Grids business in the current year, as well as the impact of non-deductible regulatory penalties related to the Kusile project in the prior year.

Net income attributable to ABB was $2,824 million, up from $1,343 million year-on-year. Basic earnings per share was $1.52, representing an increase of 116% compared with the first nine months last year.

Acquisitions and divestments, last twelve months

Acquisitions	Company/unit	Closing date	Revenues, $ million[1]	No. of employees
2023				
Electrification	Eve Systems	1-Jun	~20	50
Motion	Siemens low voltage NEMA Motors	2-May	~60	600
2022				
Motion	PowerTech Converter business	1-Dec	~60	300

Divestments	Company/unit	Closing date	Revenues, $ million[1]	No. of employees
2023				
Electrification	Power Conversion division	3-Jul	~440	1,500
Electrification	Industrial Plugs & Sockets business	3-Jul	~12	2
Process Automation	UK technical engineering consultancy business	1-May	~20	160
2022				
	Hitachi Energy JV (Power Grids, 19.9% stake)	28-Dec		

Note: comparable growth calculation includes acquisitions and divestments with revenues of greater than $50 million.

1 Represents the estimated revenues for the last fiscal year prior to the announcement of the respective acquisition/divestment unless otherwise stated.

Additional figures

ABB Group	Q1 2022	Q2 2022	Q3 2022	Q4 2022	FY 2022	Q1 2023	Q2 2023	Q3 2023
EBITDA, $ in million	1,067	794	906	1,384	4,151	1,389	1,494	1,453
Return on Capital Employed, %	n.a.	n.a.	n.a.	n.a.	16.50	n.a.	n.a.	n.a.
Net debt/Equity	0.20	0.34	0.34	0.21	0.21	0.30	0.31	0.21
Net debt/ EBITDA 12M rolling	0.4	0.7	0.7	0.7	0.7	0.9	0.8	0.5
Net working capital, % of 12M rolling revenues	12.1%	12.8%	11.7%	11.1%	11.1%	13.9%	14.7%	12.8%
Earnings per share, basic, $	0.31	0.20	0.19	0.61	1.30	0.56	0.49	0.48
Earnings per share, diluted, $	0.31	0.20	0.19	0.60	1.30	0.55	0.48	0.47
Dividend per share, CHF	n.a.	n.a.	n.a.	n.a.	0.84	n.a.	n.a.	n.a.
Share price at the end of period, CHF[1]	29.12	24.57	24.90	28.06	28.06	31.37	35.18	32.80
Share price at the end of period, $[1]	30.76	25.43	24.41	30.46	30.46	34.30	39.32	35.86
Number of employees (FTE equivalents)	104,720	106,380	106,830	105,130	105,130	106,170	108,320	107,430
No. of shares outstanding at end of period (in millions)	1,929	1,892	1,875	1,865	1,865	1,862	1,860	1,849

1 Data prior to October 3, 2022, has been adjusted for the Accelleron spin-off (Source: FactSet).

Additional 2023 guidance

($ in millions, unless otherwise stated)	FY 2023[1]	Q4 2023
Corporate and Other Operational EBITA[2]	~(300) unchanged	~(75)
Non-operating items		
Acquisition-related amortization	~(220) unchanged	~(55)
Restructuring and related[3]	~(180) from ~(150)	~(40)
ABB Way transformation	~(180) unchanged	~(55)

($ in millions, unless otherwise stated)	FY 2023
Net finance expenses	~(100) from ~(130)
Effective tax rate	~21% [4] unchanged
Capital Expenditures	~(800) unchanged

1 Excludes one project estimated to a total of ~$100 million, that is ongoing in the non-core business. Exact exit timing is difficult to assess due to legal proceedings etc.
2 Excludes Operational EBITA from E-mobility business.
3 Includes restructuring and restructuring-related as well as separation and integration costs.
4 Includes net positive tax impact of $206 million linked to a favorable resolution of certain prior year tax matters in Q1 2023 but excludes the impact of acquisitions or divestments or any significant non-operational items.

Important notice about forward-looking information

This press release includes forward-looking information and statements as well as other statements concerning the outlook for our business, including those in the sections of this release titled “CEO summary,” “Outlook,” and “Sustainability”. These statements are based on current expectations, estimates and projections about the factors that may affect our future performance, including global economic conditions, the economic conditions of the regions and industries that are major markets for ABB. These expectations, estimates and projections are generally identifiable by statements containing words such as “anticipates,” “expects,” “estimates,” “plans,” “targets,” “guidance,” “likely” or similar expressions. However, there are many risks and uncertainties, many of which are beyond our control, that could cause our actual results to differ materially from the forward-looking information and statements made in this press release and which could affect our ability to achieve any or all of our stated targets. Some important factors that could cause such differences include, among others, business risks associated with the volatile global economic environment and political conditions, costs associated with compliance activities, market acceptance of new products and services, changes in governmental regulations and currency exchange rates and such other factors as may be discussed from time to time in ABB Ltd’s filings with the U.S. Securities and Exchange Commission, including its Annual Reports on Form 20-F. Although ABB Ltd believes that its expectations reflected in any such forward looking statement are based upon reasonable assumptions, it can give no assurance that those expectations will be achieved.

Q3 results presentation on October 18, 2023

The Q3 2023 results press release and presentation slides are available on the ABB News Center at www.abb.com/news and on the Investor Relations homepage at www.abb.com/investorrelations.

A conference call and webcast for analysts and investors is scheduled to begin at 10:00 a.m. CET.

To pre-register for the conference call or to join the webcast, please refer to the ABB website: www.abb.com/investorrelations.

The recorded session will be available after the event on ABB’s website.

Financial calendar

2023	
November 30	Capital Markets Day in Frosinone, Italy
2024	
February 1	Q4 and FY 2023 results
March 21	Annual General Meeting, Zurich
April 18	Q1 2024 results
July 18	Q2 2024 results
October 17	Q3 2024 results

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ABB (ABBN: SIX Swiss Ex) is a technology leader in electrification and automation, enabling a more sustainable and resource-efficient future. The company’s solutions connect engineering know-how and software to optimize how things are manufactured, moved, powered and operated. Building on more than 130 years of excellence, ABB’s ~105,000 employees are committed to driving innovations that accelerate industrial transformation.