
# Q1 2023

## First three months

## Press Release

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

ZURICH, SWITZERLAND, APRIL 25, 2023

# Q1 2023 results

## Strong start to the year

- Orders $9,450 million, +1%; comparable[1] +9%
- Revenues $7,859 million, +13%; comparable +22%
- Income from operations $1,198 million; margin 15.2%
- Operational EBITA[1] $1,277 million; margin[1] 16.3%
- Basic EPS $0.56; +78%[2]
- Cash flow from operating activities[4] $282 million

**KEY FIGURES**

| ($ millions, unless otherwise indicated) | Q1 2023 | Q1 2022 | CHANGE US$ | CHANGE Comparable[1] |
|---|---|---|---|---|
| Orders | 9,450 | 9,373 | 1% | 9% |
| Revenues | 7,859 | 6,965 | 13% | 22% |
| Gross Profit | 2,716 | 2,281 | 19% | |
| as % of revenues | 34.6% | 32.7% | +1.9 pts | |
| Income from operations | 1,198 | 857 | 40% | |
| Operational EBITA[1] | 1,277 | 997 | 28% | 33% [3] |
| as % of operational revenues[1] | 16.3% | 14.3% | +2 pts | |
| Income from continuing operations, net of tax | 1,065 | 643 | 66% | |
| Net income attributable to ABB | 1,036 | 604 | 72% | |
| Basic earnings per share ($) | 0.56 | 0.31 | 78%[2] | |
| Cash flow from operating activities[4] | 282 | (573) | n.a. | |

1 For a reconciliation of non-GAAP measures, see “supplemental reconciliations and definitions” in the attached Q1 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.

“ABB had a strong start to the year, with a positive development in most measures, including cash flow. This gives us the confidence to raise our 2023 guidance.”

**Björn Rosengren**, CEO

## CEO summary

Customer activity was strong in the first quarter. Despite a very high comparable from last year, we increased order intake by 1% (9% comparable), with a positive development in three out of four business areas. While Robotics & Discrete Automation improved orders sequentially, it declined from last year's high level which benefited from pre-buys in a period of significant component shortages. Particularly strong momentum was noted in Process Automation with orders reaching the highest level in recent history. A positive underlying momentum was noted also in all three regions.

Just like in the previous quarter, we did not face significant supply chain constraints, hence we converted backlog into customer deliveries. Revenue growth was strong at 13% (22% comparable), with double-digit comparable increases in all business areas. The impacts from robust development in both pricing and volumes more than offset the notable adverse impact from changes in exchange rates. Despite strong revenue growth we built order backlog, with book-to-bill at 120%.

I was pleased about the operational execution of the increased revenues. We improved the Operational EBITA by 28% to $1,277 million and the margin was up by 200 basis points to 16.3%. This is the strongest first quarter result in many years.

On top of the strong operational performance, net income was additionally supported by net positive tax impacts of approximately $200 million linked to a favorable resolution of certain prior year tax matters, mainly related to the divestment of the Power Grids business.

It was good to see our cash flow improve from last year by $855 million, in line with our expectations. Cash flow from operating activities of $282 million was strong for a first quarter, and set us off to a robust start for what I expect will be a good cash delivery this year. I feel confident that our balance sheet will be strong enough to support both organic and acquired growth, a rising, sustainable dividend per share over time and utilizing share buybacks as a means to return excess cash to our shareholders. In early April, we launched our new share buyback program of up to $1 billion, which will run until March 2024.

In February, we published our first integrated report, including our 2022 sustainability report showing solid progress toward our 2030 goals. One highlight to mention is that we reduced our own greenhouse gas emissions by 43%, a total reduction of 65% from the 2019 baseline.

Furthermore, we defined a new emissions reduction target for our supply chain, covering suppliers that account for 70% of our procurement spend. We have continued our work to strengthen ABB's circularity approach by defining clear key performance indicators for every stage of the product life cycle, from design to end-of-life. The largest positive environmental impact we can make is through providing our customers with resource-efficient products and the demand for clean energy and efficiency is broad and long-term.

After having been listed on the New York Stock Exchange (NYSE) since 2001, we have decided to delist and plan to eventually deregister with the SEC. The main reason being that the access to international equity markets has increased since our listing, through digital trading on multiple platforms. Consequently, we no longer see the need to be listed on as many as three equity capital markets. We plan to delist our American Depositary Receipts (ADRs) on or around May 23, 2023, and as from the time of delisting, the ABB ADRs will instead be converted to a sponsored Level I program. This still gives US investors the ability to invest in ABB through ADRs. The ABB shares will remain listed on the SIX Swiss Exchange and the Swedish Nasdaq exchange due to the company's heritage. The delisting and planned deregistration in the US would be yet another step towards further simplification and efficiency at ABB.

I want to emphasize that we remain as committed to the US-market, which represented 24% of our revenues in 2022. The United States is critical to ABB's success, and approximately 85% of ABB's sales in the US are from products produced locally. To support future success, we are currently investing approximately $170 million in our US facilities to meet increasing demand for clean energy and automation.

**Björn Rosengren**
CEO

## Outlook

In the **second quarter of 2023**, we anticipate double-digit comparable revenue growth to support an improvement in the Operational EBITA margin, year-on-year.

**In full-year 2023**, despite current market uncertainty, we anticipate comparable revenue growth to be at least 10% and we expect to improve Operational EBITA margin, year-on-year.

## Orders and revenues

In the first quarter, a robust customer activity resulted in an order intake of $9,450 million, representing an increase of 1% (9% comparable) from last year's high level. The strongest order momentum was noted in the late-cyclical process industry-related business segments.

Order intake improved in three out of four business areas. Process Automation increased orders by 25% (55% comparable) supported by a strong general demand pattern as well as by timing of larger project orders, and additionally by the impact from the de-booking of approximately $190 million in last year's period. Electrification orders were up by 1% (5% comparable) despite weakness in the residential construction market. Motion improved by 3% (8% comparable). In Robotics & Discrete Automation customers returned to a seemingly more normal order pattern, recovering from the previous quarter, although some hampering effect from customers outside of the automotive segment adjusting inventory levels was noted. In total, orders declined by 23% (20% comparable) from the high comparable last year.

The automotive segment improved on EV-related investments, while softening demand was noted in the robotics consumer related segments.

In transport & infrastructure, there was a positive development in marine & ports and renewables. In buildings there was weakness in all three regions in residential-related demand, while commercial construction was solid.

Demand in the process-related business was strong across the board, with particular strength in oil & gas, and it held up well also for refining, water & wastewater, power generation and pulp & paper.

Customer activity was high in all three regions. Orders in Europe increased by 1% (10% comparable), with growth rates reflecting the de-booking last year. The underlying business increased slightly, despite weakness in Germany. Asia, Middle East and Africa declined by 2% (up 11% comparable), although China declined by 12% (3% comparable). The Covid-related implications in China eased quickly, and demand came off to a strong start early in the quarter with the additional timing related support from ordering ahead of the New Year celebrations in China, after which customer activity slowed somewhat from the record-high comparable last year. The Americas improved by 3% (5% comparable), weighed down by the United States which declined by 4% (3% comparable) from the challenging comparable in last year's period.

### Growth

| Change year-on-year | Q1 Orders | Q1 Revenues |
|---|---|---|
| Comparable | 9% | 22% |
| FX | -5% | -6% |
| Portfolio changes | -3% | -3% |
| **Total** | **1%** | **13%** |

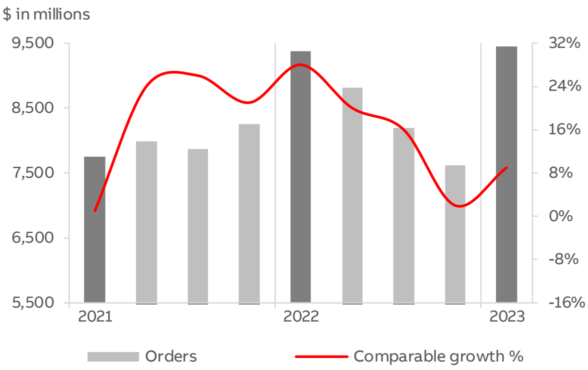
### Orders by region

| ($ in millions, unless otherwise indicated) | Q1 2023 | Q1 2022 | CHANGE US$ | CHANGE Comparable |
|---|---|---|---|---|
| Europe | 3,582 | 3,534 | 1% | 10% |
| The Americas | 2,985 | 2,897 | 3% | 5% |
| Asia, Middle East and Africa | 2,883 | 2,942 | -2% | 11% |
| **ABB Group** | **9,450** | **9,373** | **1%** | **9%** |

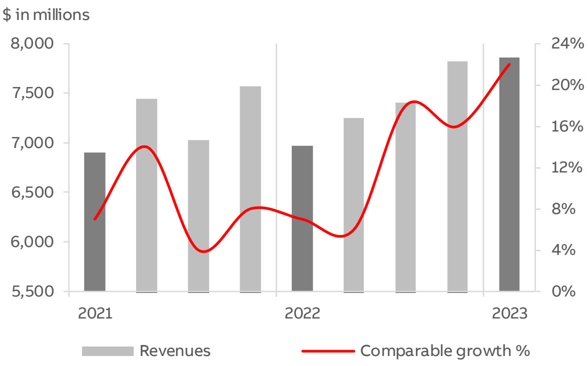
### Revenues by region

| ($ in millions, unless otherwise indicated) | Q1 2023 | Q1 2022 | CHANGE US$ | CHANGE Comparable |
|---|---|---|---|---|
| Europe | 2,872 | 2,518 | 14% | 24% |
| The Americas | 2,653 | 2,169 | 22% | 25% |
| Asia, Middle East and Africa | 2,334 | 2,278 | 2% | 16% |
| **ABB Group** | **7,859** | **6,965** | **13%** | **22%** |

### Orders




### Revenues



# Earnings

**Gross profit**

Gross profit increased strongly by 19% (25% constant currency) to $2,716 million, supported by a significant gross margin improvement of 190 basis points to 34.6%. Gross margin improved in all business areas, with three showing significant increases.

**Income from operations**

Income from operations amounted to $1,198 million, representing a strong increase of 40% (46% constant currency), year-on-year. Compared with last year, earnings were mainly supported by the improved operational performance, with some additional tailwind from lower expenses related to both acquisition- and divestments and non-operational items.

**Operational EBITA**

The year-on-year improvement was driven by strong operational execution of the significantly higher volumes as well as benefits from successful price management with only a slight adverse impact from raw materials and freight costs. Price clearly more than offset higher labor costs. Selling, general and administrative expenses declined in relation to revenues to 17.0%, from 17.8% last year. The operational improvements more than offset the adverse impact from changes in exchange rates, resulting in an Operational EBITA of $1,277 million, an increase of 28% (33% constant currency) year-on-year. Operational EBITA in Corporate and Other amounted to -$111 million, out of which -$28 million related to the E-mobility business, which is reported as part of Group Corporate and Other as from this quarter.

**Net finance expenses**

Net finance expense was $21 million, somewhat lower than expected due to a reduction in certain income tax-related risks.

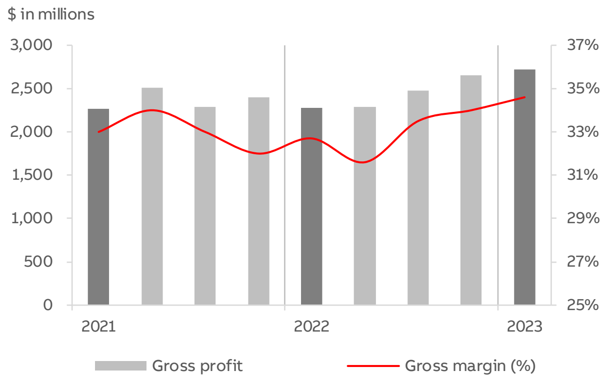
**Income tax**

Income tax expense was $119 million with an effective tax rate of 10.1%, including approximately 17% net benefit on the favorable resolution of a prior year tax matter relating to the divestment of the Power Grids business.

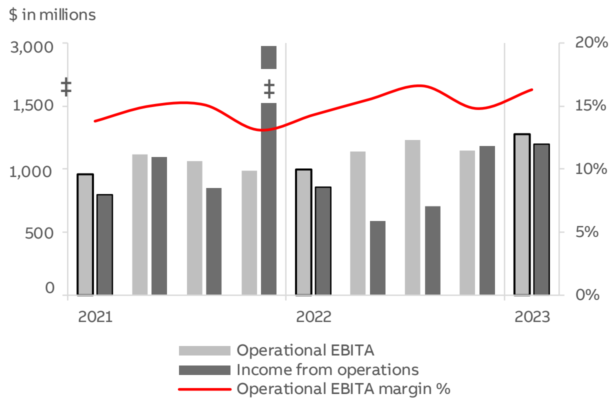
**Net income and earnings per share**

Net income attributable to ABB was $1,036 million and increased by 72%, driven primarily by improved operational performance and the benefit of the resolution of the prior year tax matter booked in the quarter. This resulted in basic earnings per share of $0.56, up from $0.31 last year.

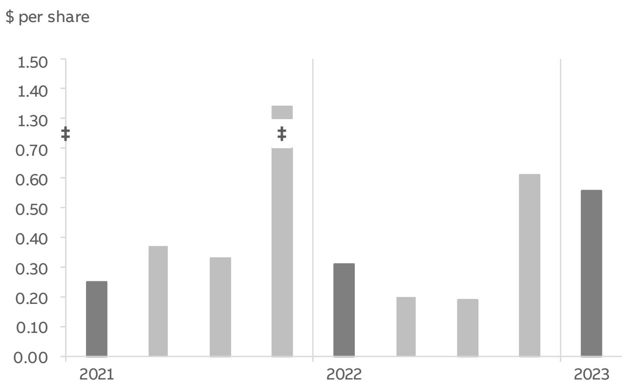
**Gross profit & Gross margin**




**Income from operations & Operational EBITA**




**Basic EPS**




**Operational EBITA**

| ($ millions) | Q1 2023 | Q1 2022 |
| --- | --- | --- |
| Corporate and Other | | |
| E-mobility | (28) | (2) |
| Corporate costs, intersegment eliminations and other[1] | (83) | (32) |
| **Total** | **(111)** | **(34)** |

1 Majority of which relates to underlying corporate

# Balance sheet & Cash flow

**Net working capital**

Net working capital amounted to $4,164 million, increasing year-on-year from $3,461 million and sequentially from $3,216 million. The sequential increase was mainly driven by higher receivables triggered by high revenue growth and higher inventories on the back of continued strong order intake. That said, inventory volumes began to decline toward the end of the quarter. Net working capital as a percentage of revenues[1] was 13.9% up from 11.1%.

**Capital expenditures**

Purchases of property, plant and equipment and intangible assets amounted to $151 million.

**Net debt**

Net debt[1] amounted to $3,826 million at the end of the quarter and increased from $2,772 million year-on-year, and sequentially from $2,779 million. The sequential increase was mainly driven by the initial dividend payments, partially offset by positive free cash flow during the period as well as the shares issued in our subsidiary ABB E-mobility to third parties in private placements of $341 million.

**Cash flows**

Cash flow from operating activities was $282 million and increased year-on-year from -$573 million. The improvement was driven by positive cash generation across all business areas on the back of higher earnings and a lower build-up of net working capital, year-on-year. It should also be noted that last year's cash flow included a negative cash flow of approximately $170 million for income taxes related to business separations.

**Share buyback program**

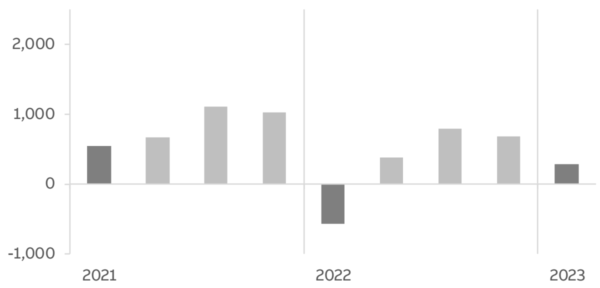
ABB has completed its share buyback program that was launched in April 2022. Through this buyback program, ABB repurchased a total of 67,459,000 shares – equivalent to 3.29% of its issued share capital at launch of the buyback program – for a total amount of approximately $2 billion. This included the remaining $1.2 billion of the $7.8 billion of cash proceeds from the Power Grids divestment. A new share buyback program of up to $1 billion was launched on April 3, 2023.

| ($ millions, unless otherwise indicated) | Mar. 31 2023 | Mar. 31 2022 | Dec. 31 2022 |
|---|---|---|---|
| Short term debt and current maturities of long-term debt | 3,433 | 3,114 | 2,535 |
| Long-term debt | 5,230 | 6,171 | 5,143 |
| **Total debt** | **8,663** | **9,285** | **7,678** |
| Cash & equivalents | 3,438 | 5,216 | 4,156 |
| Restricted cash - current | 19 | 30 | 18 |
| Marketable securities and short-term investments | 1,380 | 967 | 725 |
| Restricted cash - non-current | – | 300 | – |
| **Cash and marketable securities** | **4,837** | **6,513** | **4,899** |
| **Net debt (cash)*** | **3,826** | **2,772** | **2,779** |
| **Net debt (cash)* to EBITDA ratio** | **0.9** | **0.4** | **0.7** |
| **Net debt (cash)* to Equity ratio** | **0.30** | **0.20** | **0.21** |

* At Mar. 31, 2023, Mar. 31, 2022 and Dec. 31, 2022, net debt(cash) excludes net pension (assets)/liabilities of $(301) million $(13) million and $(114) million, respectively.

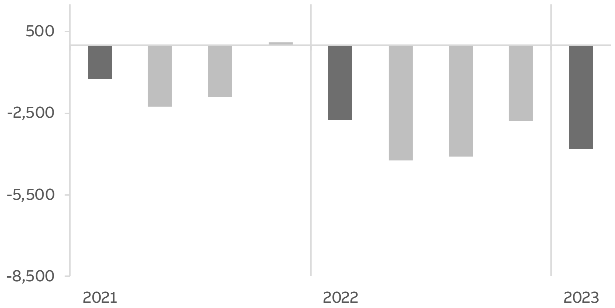
**Cash flow from operating activities**

$ in millions

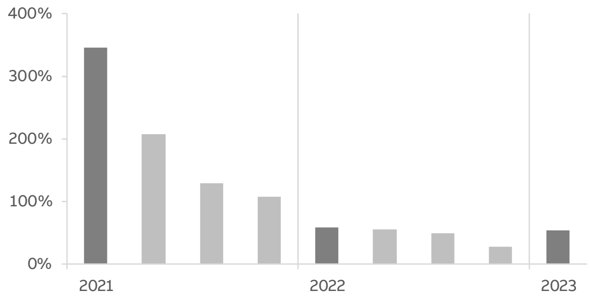



**Net Cash (Net Debt) position**

$ in millions




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



# Electrification

### Growth

| Change year-on-year | Q1 Orders | Q1 Revenues |
|---|---|---|
| Comparable | 5% | 16% |
| FX | -4% | -5% |
| Portfolio changes | 0% | 0% |
| **Total** | **1%** | **11%** |

### Orders and revenues

Despite a very challenging comparable from last year, order intake increased by 1% (5% comparable) to $4,141 million, the highest quarterly level in several years. Strong orders added further to the order backlog, with book-to-bill at 115%.

- Demand improved in all customer segments except for residential construction, which declined year-on-year in all three regions. Weakness in residential construction impacted primarily the Smart Buildings division, and to some extent also Installation Products, while the other divisions generally improved order intake at a double-digit pace.
- Orders increased by 4% (15% comparable) in Asia, Middle East and Africa, as the decline in China of 11% (4% comparable) was more than offset by a strong development elsewhere in the region. Europe improved by 1% (5% comparable), as a solid development in a majority of the markets more than offset a low single-digit decline in Germany. The Americas declined slightly by 1% (1% comparable), weighed down by a 6% drop in the United States.
- Revenues increased by 11% (16% comparable) to the highest level in many years, with strong developments in both pricing and volume, supported by solid market demand and execution of the order backlog.
- This was the first quarter when the E-mobility business was not reported as part of the business area. In preparation of the planned separate listing and new governance structure, E-mobility is now reported in Corporate and Other.

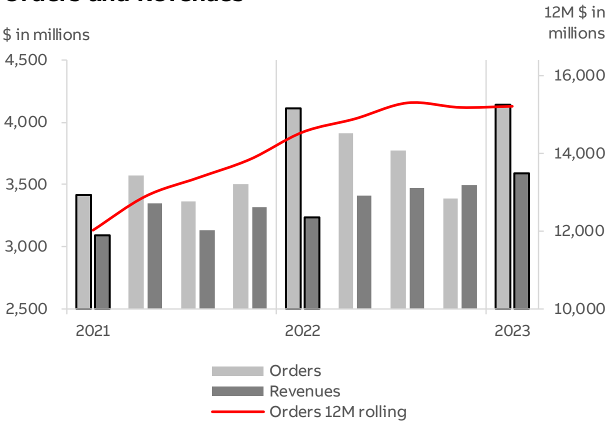
### Profit

Both earnings and margin reached their highest levels in recent history. Operational EBITA amounted to $677 million, up 32% year-on-year, and the Operational EBITA margin reached 19.0%, representing a 310 basis points improvement.

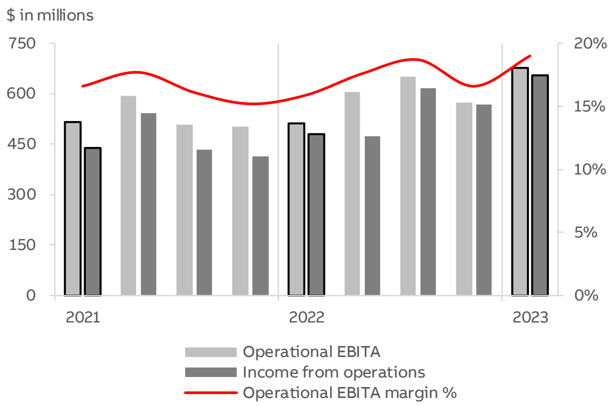
- The impacts from operational leverage on increased volumes and strong pricing activities, in combination with lower costs related to raw materials and freight, more than offset a slight negative divisional and geographical mix in revenues, as well as the adverse impacts from changes in exchange rates.
- Margins improved in all divisions except in Smart Buildings where profitability was slightly hampered due to the weakness in residential construction demand.

| | | | CHANGE | |
|---|---|---|---|---|
| **($ millions, unless otherwise indicated)** | **Q1 2023** | **Q1 2022** | **US$** | **Comparable** |
| Orders | 4,141 | 4,112 | 1% | 5% |
| Order backlog | 7,101 | 5,946 | 19% | 24% |
| Revenues | 3,590 | 3,236 | 11% | 16% |
| Operational EBITA | 677 | 512 | 32% | |
| as % of operational revenues | 19.0% | 15.9% | +3.1 pts | |
| Cash flow from operating activities | 395 | 87 | 354% | |
| No. of employees (FTE equiv.) | 51,130 | 49,650 | | |

### Orders and Revenues




### Income from operations & Operational EBITA



## Motion

### Growth

| Change year-on-year | Q1 Orders | Q1 Revenues |
|---|---|---|
| Comparable | 8% | 29% |
| FX | -5% | -7% |
| Portfolio changes | 0% | 1% |
| **Total** | **3%** | **23%** |

### Orders and revenues

Order intake of $2,262 million reached the highest level in several years, up by 3% (8% comparable) from last year's high comparable. Notably, the order intake increased also when separating out the impact of larger project orders. Book-to-bill was 117%, expanding the order backlog to $5,102 million.

- Positive developments for the energy efficiency-related drives business, the e-mobility Traction division and the Service division supported the strong overall order growth, while the low voltage motor divisions declined from last year's very high levels.
- In total, customer activity improved in all segments, except for weakness in the HVAC business due to softer construction demand.
- Order intake increased in Europe by 6% (11% comparable), despite a double-digit decline in Germany. Asia, Middle East and Africa was up by 2% (11% comparable), as a slight decline in China was more than offset by good momentum elsewhere in the region. The Americas was stable (1% comparable), including a slight increase of 2% (2% comparable) in the United States.
- Strong revenue growth of 23% (29% comparable) supported by execution of the order backlog resulted in the highest revenues since the formation of the Motion business area. Significant support from both increased volumes and robust price development.

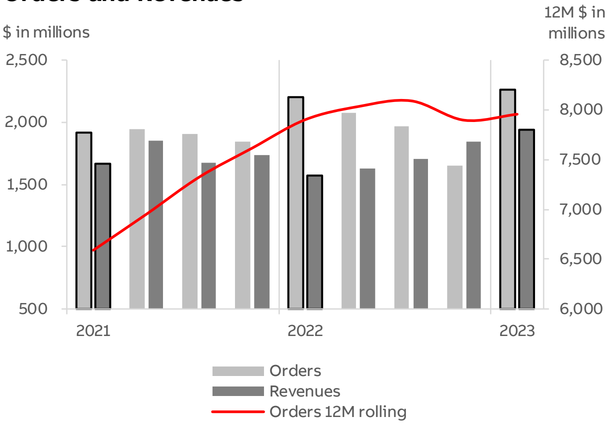
### Profit

Operational EBITA of $366 million and Operational EBITA margin of 18.9% reached their highest levels in several years.

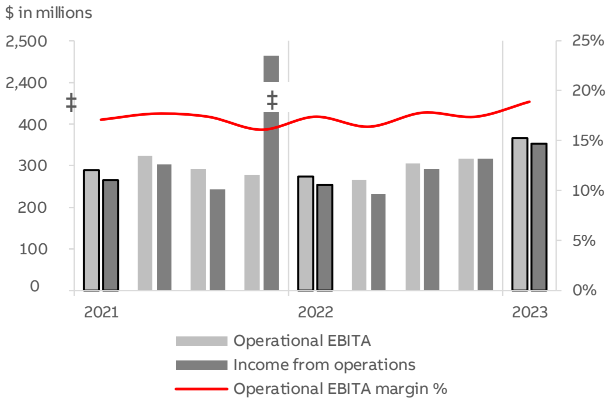
- Positive earnings and margin impact from earlier implemented price actions were the main drivers to the year-on-year improvement.
- Efficient execution of increased volumes, supported by deliveries from the order backlog, contributed significantly.
- The margin was somewhat supported by a positive divisional mix as the drives and service businesses represented a slightly larger proportion of revenues, year-on-year.

| | | | CHANGE | |
|---|---|---|---|---|
| **($ millions, unless otherwise indicated)** | **Q1 2023** | **Q1 2022** | **US$** | **Comparable** |
| Orders | 2,262 | 2,202 | 3% | 8% |
| Order backlog | 5,102 | 4,317 | 18% | 22% |
| Revenues | 1,940 | 1,572 | 23% | 29% |
| Operational EBITA | 366 | 274 | 34% | |
| as % of operational revenues | 18.9% | 17.4% | +1.5 pts | |
| Cash flow from operating activities | 149 | (2) | n.a. | |
| No. of employees (FTE equiv.) | 21,000 | 20,330 | | |

### Orders and Revenues




### Income from operations & Operational EBITA



## Process Automation

### Growth

| Change year-on-year | Q1 Orders | Q1 Revenues |
|---|---|---|
| Comparable | 55% | 15% |
| FX | -7% | -5% |
| Portfolio changes | -23% | -15% |
| **Total** | **25%** | **-5%** |

**Orders and revenues**

Driven by a strong underlying customer activity across the segments, as well as by supportive timing of some project orders, the orders increased by 25% (55% comparable) to $2,113 million - the highest quarterly level in recent history. The order backlog increased to $6,893 million.

- All divisions reported order growth of more than 15% (+20% comparable) year-on-year. Momentum was particularly strong in the Energy Industries division, including high activity related to new energy sources such as hydrogen, which admittedly still is a small part of the total but growing at a high pace.
- Europe improved by 44% (88% comparable), with growth rates positively impacted by the order de-booking of approximately $190 million in last year's period. Asia, Middle East and Africa was up by 5% (34% comparable), with strong contribution from China at 16% (52% comparable). The Americas was up by 29% (47% comparable), including an overall decline in the United States of 9% (up 6% comparable).
- Total revenue growth was hampered primarily by the absence of the Turbocharging division (Accelleron) which was spun-off in 2022. That aside, a strong customer activity and deliveries from the order backlog resulted in revenues of $1,436 million, down in total by 5% (up 15% comparable), year-on-year.

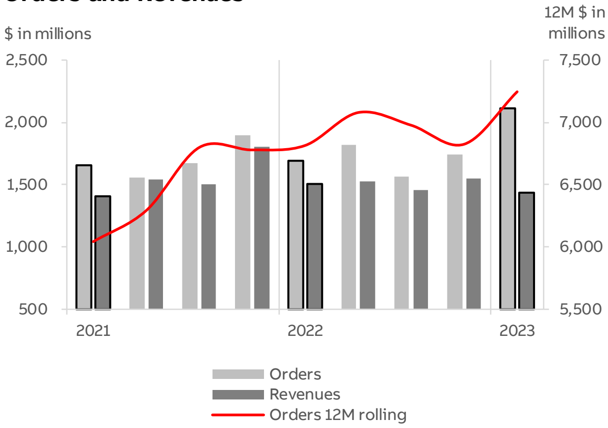
**Profit**

Strong operational performance resulted in an Operational EBITA margin of 14.2%, up by 120 basis points year-on-year, more than offsetting the adverse margin impact of 140 basis points related to the exit of the high-margin Accelleron business.

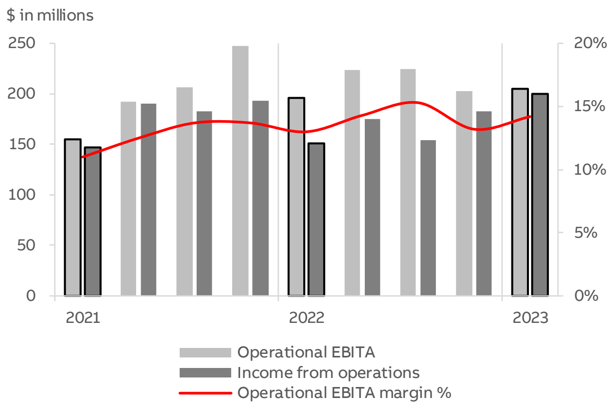
- Significant gross margin improvement was the main contributor to the strong operational performance.
- Operational EBITA margin increased in all divisions except for a slight decline in Marine & Ports, which was somewhat impacted by an adverse mix due to lower share of revenues stemming from the arctic marine propulsion business.
- All divisions were well into double-digit margin territory. Particularly strong year-on-year improvement was noted in Measurement & Analytics which benefited from a positive mix in deliveries.

| | | | CHANGE | |
|---|---|---|---|---|
| **($ millions, unless otherwise indicated)** | **Q1 2023** | **Q1 2022** | **US$** | **Comparable** |
| Orders | 2,113 | 1,692 | 25% | 55% |
| Order backlog | 6,893 | 6,190 | 11% | 21% |
| Revenues | 1,436 | 1,506 | -5% | 15% |
| Operational EBITA | 205 | 196 | 5% | |
| as % of operational revenues | 14.2% | 13.0% | +1.2 pts | |
| Cash flow from operating activities | 112 | 60 | 87% | |
| No. of employees (FTE equiv.) | 20,500 | 21,920 | | |

### Orders and Revenues




### Income from operations & Operational EBITA



# Robotics & Discrete Automation

## Growth

| Change year-on-year | Q1 Orders | Q1 Revenues |
|---|---|---|
| Comparable | -20% | 35% |
| FX | -3% | -7% |
| Portfolio changes | 0% | 0% |
| **Total** | **-23%** | **28%** |

**Orders and revenues**

Order intake amounted to $1,001 million, declining by 23% (20% comparable) from the high order level last year, which benefitted from pre-buys in a period of a strained supply chain. While orders increased from the fourth quarter, somewhat of a hampering effect from customers outside of the automotive segment adjusting inventory levels was noted, particularly in China.

- Orders declined at a double-digit rate in both divisions and all regions. In total, book-to-bill was 107% and order backlog increased to $2,782 million.
- Orders were positively impacted by favorable development in the automotive segment. This was however offset by declines across other segments and primarily for machine builders, from last year's very high level.
- With no material supply chain constraints, execution of the order backlog supported the strong revenue growth of 28% (35% comparable). Both divisions benefitted from strong double-digit comparable growth, with contribution from both higher volumes and solid pricing actions.

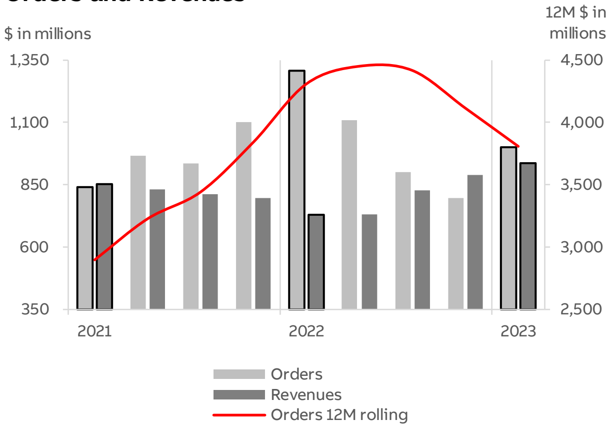
**Profit**

Operational EBITA close to tripled year-on-year and amounted to $140 million, supported by higher production output and favorable business mix, which triggered an 820 basis point margin improvement to 14.9%.

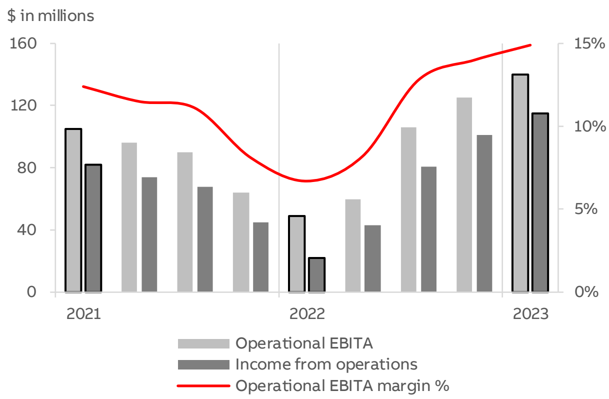
- Significantly higher volumes in production improved cost absorption and were the main driver in the strong earnings increase.
- Strong contribution from earlier implemented price actions.

| ($ millions, unless otherwise indicated) | Q1 2023 | Q1 2022 | CHANGE US$ | CHANGE Comparable |
|---|---|---|---|---|
| Orders | 1,001 | 1,308 | -23% | -20% |
| Order backlog | 2,782 | 2,495 | 12% | 16% |
| Revenues | 937 | 730 | 28% | 35% |
| Operational EBITA | 140 | 49 | 186% | |
| as % of operational revenues | 14.9% | 6.7% | +8.2 pts | |
| Cash flow from operating activities | 130 | (29) | n.a. | |
| No. of employees (FTE equiv.) | 10,850 | 10,690 | | |

## Orders and Revenues




## Income from operations & Operational EBITA



# Sustainability

**Q1 outcome**

- 48% reduction of $CO_2e$ emissions in own operations mainly driven by shifting to green electricity in our operations.
- 13% decrease in LTIFR due to a decrease in incidents in absolute numbers.
- 2.1%-points increase in share of women in senior management, demonstrating progress towards our target.

## Quarterly highlights

- ABB's production site in Xiamen – which covers 425,000 $m^2$ and employs over 3,000 people – has reduced its $CO_2$ equivalent ($CO_2e$) emissions by 13,400 tons as part of ABB's global Mission to Zero program. This year, Xiamen will be opening its doors to customers and other manufacturers in China to showcase how its smart digital technology has been applied to decarbonize and reduce scope 2 emissions and help them achieve similar results.
- ABB launched its new film series: Unstoppable. This series aims to promote diversity and profiles three remarkable female leaders in the mining, pulp & paper, and metals industries. Unstoppable highlights the inspiring stories of three women who have broken down barriers and made significant contributions to their respective industries. Through this series, ABB aims to raise awareness of the importance of diversity and inclusion; and encourage more women to pursue careers in STEM fields.
- On March 8, 2022, CEO – Björn Rosengren signed ABB's commitment to UN's Women Empowerment's Principles (WEPs). The UN WEPs are a powerful vehicle for corporate delivery on the gender equality dimension of the 2030 agenda and the UN Sustainable Development Goals. Following the commitment, in March 2023, the WEPs were witnessed in action through organization-wide participation in numerous activities and events – such as panel discussions with leadership on the commitment, mastering the Open Job Market and global engagement in the social media campaign #ABBsolutelyUnited, to name a few.
- Tarkett's vinyl flooring factory in Ronneby, Sweden, is using ABB data insights and service expertise to save 800 megawatt-hours (MWh) of energy per year from their motor-driven systems. With the data gathered through the ABB Ability™ Digital Powertrain Energy Appraisal solution, ABB identified that upgrading 10 motors to IE5 SynRM technology would boost efficiency from 80% to 95%. With the current energy prices, the payback period would be only 18 months or less.
- ABB has been recognized for its global leadership in corporate sustainability as the company has been named on CDP's this years' Supplier Engagement Leaderboard, being among the top 8% of the assessed companies for supplier engagement on climate change, based on ABB's 2022 CDP disclosure.

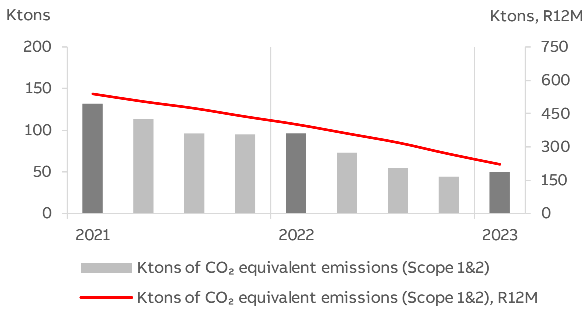
## Story of the quarter

- Research shows that businesses around the world remain concerned about the impacts of energy security and prices, which could be a catalyst for a range of environmental, social and economic ripple effects. According to ABB Electrification's Energy Insights survey of 2,300 leaders from small and large businesses across a range of sectors, 92% of respondents feel that the continuing instability of energy is threatening their profitability and competitiveness. Energy costs and insecurity are having a significant impact on the workforce with decreased investment in employees. Business leaders are also concerned about potential impacts of meeting their sustainability targets.

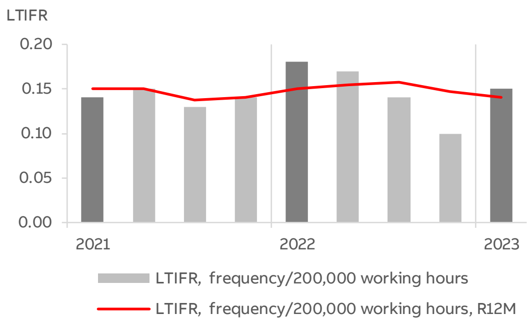
| | Q1 2023 | Q1 2022 | CHANGE | 12M ROLLING |
|---|---|---|---|---|
| $CO_2e$ own operations emissions, Ktons scope 1 and 2[1] | 50 | 96 | -48% | 221 |
| Lost Time Injury Frequency Rate (LTIFR), frequency / 200,000 working hours[2] | 0.15 | 0.18 | -13% | 0.14 |
| Share of females in senior management positions, % | 19.0 | 16.9 | +2.1 pts | 17.6 |

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

### $CO_2e$ Scope 1&2




### Lost Time Injury Frequency Rate



## Significant events

**During Q1 2023**

- On January 20, ABB announced it had reached an agreement to sell its Power Conversion division to AcBel Polytech Inc. for $505 million in cash. The transaction is subject to regulatory approvals and is expected to be completed in the second half of 2023. Upon closing, ABB expects to record a small non-operational book gain in Income from operations on the sale.
- On February 1, ABB announced its E-mobility business had signed an agreement with four minority investors to raise an additional CHF325 million in funds in exchange for approximately a 12% shareholding in the company. The transaction represents the final part of ABB E-mobility's pre-IPO funding tranche through newly issued shares. Through the private placement, a total of approximately CHF525 million has been raised for approximately a 20% shareholding in ABB's E-mobility business, which will be used to continue the execution of its growth strategy, driven by both organic and M&A investments in hardware and software.
- On March 23, at ABB's Annual General Meeting, Denise C. Johnson was elected as a new member to the Board while Satish Pai did not stand for re-election.
- On March 31, ABB announced its E-mobility business is taking additional strategic steps to further increase customer focus by driving growth in the three customer-centric business lines of public, transit & fleet and home & work. Supporting this strategy evolution, changes in the company's leadership were announced and Michael Halbherr, with his strong background in software and high-tech industries, will take on the role of Executive Chairman and interim-CEO.

**After Q1 2023**

- On April 3, ABB launched its previously announced new share buyback program of up to $1 billion. The maximum number of shares that may be repurchased under this new program on any given trading day is 762,196.
- On April 25, ABB announced it plans to delist its American Depositary Receipts (ADRs) from the New York Stock Exchange (NYSE), and ultimately to seek to deregister its ADRs and the underlying shares under the US Securities Act of 1934 (the Exchange Act). In connection with the delisting of its ADRs from the NYSE, ABB intends to convert its current sponsored Level II ADR program into a sponsored Level I ADR program, which would give US investors a continued investment option, in addition to the ordinary ABB share. The company's shares will remain listed on the SIX Swiss Exchange (SIX) and the Swedish Nasdaq exchange due to the company's heritage.

## Acquisitions and divestments, last twelve months

| Acquisitions | Company/unit | Closing date | Revenues, $ million[1] | No. of employees |
|---|---|---|---|---|
| **2022** | | | | |
| Motion | PowerTech Converter business | 1-Dec | ~60 | 300 |
| Electrification | ASKI Industrie Elektronik GmbH | 3-Oct | ~2 | 16 |
| Electrification | Numocity Technologies Private Ltd. (majority stake) | 22-Jul | <1 | 20 |

| Divestments | Company/unit | Closing date | Revenues, $ million[1] | No. of employees |
|---|---|---|---|---|
| **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 |
|---|---|---|---|---|---|---|
| EBITDA, $ in million | 1,067 | 794 | 906 | 1,384 | 4,151 | 1,389 |
| Return on Capital Employed, % | n.a. | n.a. | n.a. | n.a. | 16.50 | n.a. |
| Net debt/Equity | 0.20 | 0.34 | 0.34 | 0.21 | 0.21 | 0.30 |
| Net debt/ EBITDA 12M rolling | 0.4 | 0.7 | 0.7 | 0.7 | 0.7 | 0.9 |
| Net working capital, % of 12M rolling revenues | 12.1% | 12.8% | 11.7% | 11.1% | 11.1% | 13.9% |
| Earnings per share, basic, $ | 0.31 | 0.20 | 0.19 | 0.61 | 1.30 | 0.56 |
| Earnings per share, diluted, $ | 0.31 | 0.20 | 0.19 | 0.60 | 1.30 | 0.55 |
| Dividend per share, CHF | n.a. | n.a. | n.a. | n.a. | 0.84 | n.a. |
| Share price at the end of period, CHF[1] | 29.12 | 24.57 | 24.90 | 28.06 | 28.06 | 31.37 |
| Share price at the end of period, $[1] | 30.76 | 25.43 | 24.41 | 30.46 | 30.46 | 34.30 |
| Number of employees (FTE equivalents) | 104,720 | 106,380 | 106,830 | 105,130 | 105,130 | 106,170 |
| No. of shares outstanding at end of period (in millions) | 1,929 | 1,892 | 1,875 | 1,865 | 1,865 | 1,862 |

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] | Q2 2023 |
|---|---|---|
| Corporate and Other Operational EBITA[2] | ~(300) unchanged | ~(75) |
| **Non-operating items** | | |
| Acquisition-related amortization | ~(220) unchanged | ~(55) |
| Restructuring and related[3] | ~(150) unchanged | ~(40) |
| ABB Way transformation | ~(180) unchanged | ~(40) |

| ($ in millions, unless otherwise stated) | FY 2023 |
|---|---|
| **Net finance expenses** | ~(150) unchanged |
| **Effective tax rate** | ~21% [4] from ~25% |
| **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 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," "Earnings," "Balance sheet & cash flow," "Sustainability" and "Significant events". 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," "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.

## Q1 results presentation on April 25, 2023

The Q1 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 today 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** | |
|---|---|
| July 20 | Q2 2023 results |
| October 18 | Q3 2023 results |
| November 30 | Capital Markets Day in Frosinone, Italy |

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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.