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Q3 2024

Financial information

Financial Information

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Key Figures

(\$ in millions, unless otherwise indicated)	Q3 2024	Q3 2023	CHANGE	
			US\$	Comparable ⁽¹⁾
Orders	8,193	8,052	2%	2%
Order backlog (end September)	22,881	21,445	7%	4%
Revenues	8,151	7,968	2%	2%
Gross Profit	3,116	2,762	13%	
as % of revenues	38.2%	34.7%	+3.5 pts	
Income from operations	1,309	1,259	4%	
Operational EBITA ⁽¹⁾	1,553	1,392	12%	11% ⁽²⁾
as % of operational revenues ⁽¹⁾	19.0%	17.4%	+1.6 pts	
Income from continuing operations, net of tax	937	905	4%	
Net income attributable to ABB	947	882	7%	
Basic earnings per share (\$)	0.51	0.48	8% ⁽³⁾	
Cash flow from operating activities	1,345	1,351	0%	
Free cash flow ⁽¹⁾	1,173	1,186	-1%	

(\$ in millions, unless otherwise indicated)	9M 2024	9M 2023	CHANGE	
			US\$	Comparable ⁽¹⁾
Orders	25,602	26,169	-2%	-1%
Revenues	24,260	23,990	1%	3%
Gross Profit	9,225	8,366	10%	
as % of revenues	38.0%	34.9%	+3.1 pts	
Income from operations	3,902	3,755	4%	
Operational EBITA ⁽¹⁾	4,534	4,094	11%	11% ⁽²⁾
as % of operational revenues ⁽¹⁾	18.6%	17.0%	+1.6 pts	
Income from continuing operations, net of tax	2,955	2,902	2%	
Net income attributable to ABB	2,948	2,824	4%	
Basic earnings per share (\$)	1.60	1.52	5% ⁽³⁾	
Cash flow from operating activities	3,138	2,393	31%	
Free cash flow ⁽¹⁾	2,642	1,954	35%	

(1) For a reconciliation of alternative performance measures see "Supplemental Reconciliations and Definitions" on page 32.

(2) Constant currency (not adjusted for portfolio changes).

(3) EPS growth rates are computed using unrounded amounts.

(\$ in millions, unless otherwise indicated)		Q3 2024	Q3 2023	CHANGE		
				US\$	Local	Comparable
Orders	ABB Group	8,193	8,052	2%	2%	2%
	Electrification	4,049	3,693	10%	10%	10%
	Motion	1,806	1,886	-4%	-4%	-4%
	Process Automation	1,784	1,883	-5%	-5%	-5%
	Robotics & Discrete Automation	640	665	-4%	-4%	-4%
	<i>Corporate and Other</i>	132	135			
	<i>Intersegment eliminations</i>	(218)	(210)			
Order backlog (end September)	ABB Group	22,881	21,445	7%	4%	4%
	Electrification	7,945	6,994	14%	12%	12%
	Motion	5,750	5,108	13%	8%	8%
	Process Automation	7,782	7,135	9%	6%	6%
	Robotics & Discrete Automation	1,734	2,363	-27%	-29%	-29%
	<i>Corporate and Other</i>					
	<i>(incl. intersegment eliminations)</i>	(330)	(155)			
Revenues	ABB Group	8,151	7,968	2%	3%	2%
	Electrification	3,913	3,561	10%	10%	10%
	Motion	1,969	1,947	1%	1%	1%
	Process Automation	1,643	1,554	6%	6%	6%
	Robotics & Discrete Automation	747	929	-20%	-20%	-20%
	<i>Corporate and Other</i>	107	194			
	<i>Intersegment eliminations</i>	(228)	(217)			
Income from operations	ABB Group	1,309	1,259			
	Electrification	893	762			
	Motion	397	365			
	Process Automation	242	218			
	Robotics & Discrete Automation	31	113			
	<i>Corporate and Other</i>					
	<i>(incl. intersegment eliminations)</i>	(254)	(199)			
Income from operations %	ABB Group	16.1%	15.8%			
	Electrification	22.8%	21.4%			
	Motion	20.2%	18.7%			
	Process Automation	14.7%	14.0%			
	Robotics & Discrete Automation	4.1%	12.2%			
Operational EBITA	ABB Group	1,553	1,392	12%	11%	
	Electrification	944	748	26%	27%	
	Motion	404	390	4%	3%	
	Process Automation	251	226	11%	11%	
	Robotics & Discrete Automation	62	137	-55%	-55%	
	<i>Corporate and Other</i>					
	<i>(incl. intersegment eliminations)</i>	(108)	(109)			
Operational EBITA %	ABB Group	19.0%	17.4%			
	Electrification	24.1%	20.8%			
	Motion	20.7%	19.8%			
	Process Automation	15.2%	14.6%			
	Robotics & Discrete Automation	8.3%	14.7%			
Cash flow from operating activities	ABB Group	1,345	1,351			
	Electrification	1,041	1,051			
	Motion	397	466			
	Process Automation	323	258			
	Robotics & Discrete Automation	83	92			
	<i>Corporate and Other</i>					
	<i>(incl. intersegment eliminations)</i>	(499)	(516)			

(\$ in millions, unless otherwise indicated)		9M 2024	9M 2023	CHANGE		
				US\$	Local	Comparable
Orders	ABB Group	25,602	26,169	-2%	-1%	-1%
	Electrification	12,514	11,794	6%	7%	8%
	Motion	6,123	6,285	-3%	-2%	-2%
	Process Automation	5,283	5,665	-7%	-6%	-6%
	Robotics & Discrete Automation	2,029	2,516	-19%	-19%	-19%
	<i>Corporate and Other</i>	386	595			
	<i>Intersegment eliminations</i>	(733)	(686)			
Order backlog (end September)	ABB Group	22,881	21,445	7%	4%	4%
	Electrification	7,945	6,994	14%	12%	12%
	Motion	5,750	5,108	13%	8%	8%
	Process Automation	7,782	7,135	9%	6%	6%
	Robotics & Discrete Automation	1,734	2,363	-27%	-29%	-29%
	<i>Corporate and Other</i>					
	<i>(incl. intersegment eliminations)</i>	(330)	(155)			
Revenues	ABB Group	24,260	23,990	1%	2%	3%
	Electrification	11,402	10,886	5%	6%	8%
	Motion	5,749	5,868	-2%	-1%	-2%
	Process Automation	4,961	4,543	9%	10%	10%
	Robotics & Discrete Automation	2,444	2,788	-12%	-12%	-12%
	<i>Corporate and Other</i>	377	540			
	<i>Intersegment eliminations</i>	(673)	(635)			
Income from operations	ABB Group	3,902	3,755			
	Electrification	2,499	2,130			
	Motion	1,067	1,098			
	Process Automation	750	688			
	Robotics & Discrete Automation	168	347			
	<i>Corporate and Other</i>					
	<i>(incl. intersegment eliminations)</i>	(582)	(508)			
Income from operations %	ABB Group	16.1%	15.7%			
	Electrification	21.9%	19.6%			
	Motion	18.6%	18.7%			
	Process Automation	15.1%	15.1%			
	Robotics & Discrete Automation	6.9%	12.4%			
Operational EBITA	ABB Group	4,534	4,094	11%	11%	
	Electrification	2,657	2,212	20%	21%	
	Motion	1,135	1,157	-2%	-1%	
	Process Automation	767	670	14%	15%	
	Robotics & Discrete Automation	268	418	-36%	-35%	
	<i>Corporate and Other</i>					
	<i>(incl. intersegment eliminations)</i>	(293)	(363)			
Operational EBITA %	ABB Group	18.6%	17.0%			
	Electrification	23.2%	20.3%			
	Motion	19.7%	19.7%			
	Process Automation	15.4%	14.7%			
	Robotics & Discrete Automation	11.0%	15.0%			
Cash flow from operating activities	ABB Group	3,138	2,393			
	Electrification	2,438	2,143			
	Motion	1,258	935			
	Process Automation	809	558			
	Robotics & Discrete Automation	276	266			
	<i>Corporate and Other</i>					
	<i>(incl. intersegment eliminations)</i>	(1,643)	(1,509)			

Operational EBITA

(\$ in millions, unless otherwise indicated)	ABB		Electrification		Motion		Process Automation		Robotics & Discrete Automation	
	Q3 24	Q3 23	Q3 24	Q3 23	Q3 24	Q3 23	Q3 24	Q3 23	Q3 24	Q3 23
	Revenues	8,151	7,968	3,913	3,561	1,969	1,947	1,643	1,554	747
Foreign exchange/commodity timing differences in total revenues	6	51	9	32	(13)	23	10	(7)	–	2
Operational revenues	8,157	8,019	3,922	3,593	1,956	1,970	1,653	1,547	747	931
Income from operations	1,309	1,259	893	762	397	365	242	218	31	113
Acquisition-related amortization	44	55	23	22	9	9	2	1	7	20
Restructuring, related and implementation costs ⁽¹⁾	21	51	2	14	2	3	–	3	20	–
Changes in obligations related to divested businesses	–	–	–	–	–	–	–	–	–	–
Gains and losses from sale of businesses	(1)	(71)	(1)	(71)	–	–	–	–	–	–
Fair value adjustment on assets and liabilities held for sale	89	–	–	–	–	–	–	–	–	–
Acquisition- and divestment-related expenses and integration costs	17	10	4	4	1	3	2	(4)	5	3
Certain other non-operational items	55	49	1	2	2	1	3	–	1	1
Foreign exchange/commodity timing differences in income from operations	19	39	22	15	(7)	9	2	8	(2)	–
Operational EBITA	1,553	1,392	944	748	404	390	251	226	62	137
Operational EBITA margin (%)	19.0%	17.4%	24.1%	20.8%	20.7%	19.8%	15.2%	14.6%	8.3%	14.7%

(\$ in millions, unless otherwise indicated)	ABB		Electrification		Motion		Process Automation		Robotics & Discrete Automation	
	9M 24	9M 23	9M 24	9M 23	9M 24	9M 23	9M 24	9M 23	9M 24	9M 23
	Revenues	24,260	23,990	11,402	10,886	5,749	5,868	4,961	4,543	2,444
Foreign exchange/commodity timing differences in total revenues	67	25	32	12	16	12	16	3	(2)	2
Operational revenues	24,327	24,015	11,434	10,898	5,765	5,880	4,977	4,546	2,442	2,790
Income from operations	3,902	3,755	2,499	2,130	1,067	1,098	750	688	168	347
Acquisition-related amortization	157	164	69	66	26	26	5	4	48	59
Restructuring, related and implementation costs ⁽¹⁾	97	92	20	26	24	5	7	7	40	–
Changes in obligations related to divested businesses	(11)	(5)	–	1	–	–	–	–	–	–
Gains and losses from sale of businesses	13	(97)	(2)	(71)	–	–	–	(26)	–	–
Fair value adjustment on assets and liabilities held for sale	132	–	25	–	–	–	–	–	–	–
Acquisition- and divestment-related expenses and integration costs	54	55	33	23	3	15	3	(3)	12	7
Certain other non-operational items	168	89	3	11	5	4	(2)	–	–	4
Foreign exchange/commodity timing differences in income from operations	22	41	10	26	10	9	4	–	–	1
Operational EBITA	4,534	4,094	2,657	2,212	1,135	1,157	767	670	268	418
Operational EBITA margin (%)	18.6%	17.0%	23.2%	20.3%	19.7%	19.7%	15.4%	14.7%	11.0%	15.0%

(1) Includes impairment of certain assets.

Depreciation and Amortization

(\$ in millions)	ABB		Electrification		Motion		Process Automation		Robotics & Discrete Automation	
	Q3 24	Q3 23	Q3 24	Q3 23	Q3 24	Q3 23	Q3 24	Q3 23	Q3 24	Q3 23
	Depreciation	138	130	69	64	30	27	13	12	15
Amortization	56	64	29	27	11	11	3	2	8	21
including total acquisition-related amortization of:	44	55	23	22	9	9	2	1	7	20

(\$ in millions)	ABB		Electrification		Motion		Process Automation		Robotics & Discrete Automation	
	9M 24	9M 23	9M 24	9M 23	9M 24	9M 23	9M 24	9M 23	9M 24	9M 23
	Depreciation	406	384	201	190	88	80	36	35	44
Amortization	191	197	85	81	31	31	8	7	51	61
including total acquisition-related amortization of:	157	164	69	66	26	26	5	4	48	59

Orders received and revenues by region

(\$ in millions, unless otherwise indicated)	Orders received		CHANGE			Revenues		CHANGE		
	Q3 24	Q3 23	US\$	Local	Com-parable	Q3 24	Q3 23	US\$	Local	Com-parable
	Europe	2,572	2,391	8%	6%	6%	2,659	2,810	-5%	-6%
The Americas	3,048	3,258	-6%	-5%	-6%	3,006	2,775	8%	10%	9%
of which United States	2,307	2,479	-7%	-7%	-7%	2,259	2,067	9%	9%	9%
Asia, Middle East and Africa	2,573	2,403	7%	8%	8%	2,486	2,383	4%	5%	5%
of which China	1,035	1,044	-1%	-2%	-2%	1,094	1,075	2%	0%	0%
ABB Group	8,193	8,052	2%	2%	2%	8,151	7,968	2%	3%	2%

(\$ in millions, unless otherwise indicated)	Orders received		CHANGE			Revenues		CHANGE		
	9M 24	9M 23	US\$	Local	Com-parable	9M 24	9M 23	US\$	Local	Com-parable
	Europe	8,656	8,904	-3%	-3%	-3%	8,238	8,617	-4%	-5%
The Americas	8,983	9,452	-5%	-5%	-4%	8,755	8,243	6%	7%	8%
of which United States	6,687	6,928	-3%	-3%	-3%	6,590	6,143	7%	7%	9%
Asia, Middle East and Africa	7,963	7,813	2%	5%	6%	7,267	7,130	2%	5%	5%
of which China	3,152	3,593	-12%	-10%	-10%	3,226	3,404	-5%	-3%	-3%
ABB Group	25,602	26,169	-2%	-1%	-1%	24,260	23,990	1%	2%	3%

Consolidated Financial Information

ABB Ltd Consolidated Income Statements (unaudited)

(\$ in millions, except per share data in \$)	Nine months ended		Three months ended	
	Sep. 30, 2024	Sep. 30, 2023	Sep. 30, 2024	Sep. 30, 2023
Sales of products	20,132	20,210	6,777	6,680
Sales of services and other	4,128	3,780	1,374	1,288
Total revenues	24,260	23,990	8,151	7,968
Cost of sales of products	(12,686)	(13,393)	(4,271)	(4,447)
Cost of services and other	(2,349)	(2,231)	(764)	(759)
Total cost of sales	(15,035)	(15,624)	(5,035)	(5,206)
Gross profit	9,225	8,366	3,116	2,762
Selling, general and administrative expenses	(4,205)	(4,058)	(1,399)	(1,331)
Non-order related research and development expenses	(1,060)	(951)	(333)	(314)
Other income (expense), net	(58)	398	(75)	142
Income from operations	3,902	3,755	1,309	1,259
Interest and dividend income	146	115	43	37
Interest and other finance expense	(91)	(197)	(41)	(73)
Non-operational pension (cost) credit	39	23	13	8
Income from continuing operations before taxes	3,996	3,696	1,324	1,231
Income tax expense	(1,041)	(794)	(387)	(326)
Income from continuing operations, net of tax	2,955	2,902	937	905
Income (loss) from discontinued operations, net of tax	2	(16)	5	(7)
Net income	2,957	2,886	942	898
Net loss (income) attributable to noncontrolling interests and redeemable noncontrolling interests	(9)	(62)	5	(16)
Net income attributable to ABB	2,948	2,824	947	882
Amounts attributable to ABB shareholders:				
Income from continuing operations, net of tax	2,945	2,840	941	889
Income (loss) from discontinued operations, net of tax	3	(16)	6	(7)
Net income	2,948	2,824	947	882
Basic earnings per share attributable to ABB shareholders:				
Income from continuing operations, net of tax	1.60	1.53	0.51	0.48
Income (loss) from discontinued operations, net of tax	0.00	(0.01)	0.00	0.00
Net income	1.60	1.52	0.51	0.48
Diluted earnings per share attributable to ABB shareholders:				
Income from continuing operations, net of tax	1.59	1.52	0.51	0.48
Income (loss) from discontinued operations, net of tax	0.00	(0.01)	0.00	0.00
Net income	1.59	1.51	0.51	0.47
Weighted-average number of shares outstanding (in millions) used to compute:				
Basic earnings per share attributable to ABB shareholders	1,845	1,859	1,846	1,854
Diluted earnings per share attributable to ABB shareholders	1,853	1,871	1,851	1,865

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

See Notes to the Consolidated Financial Information

ABB Ltd Condensed Consolidated Statements of Comprehensive Income (unaudited)

(\$ in millions)	Nine months ended		Three months ended	
	Sep. 30, 2024	Sep. 30, 2023	Sep. 30, 2024	Sep. 30, 2023
Total comprehensive income, net of tax	2,952	2,729	899	815
Total comprehensive income attributable to noncontrolling interests and redeemable noncontrolling interests, net of tax	(6)	(54)	(8)	(11)
Total comprehensive income attributable to ABB shareholders, net of tax	2,946	2,675	891	804

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

See Notes to the Consolidated Financial Information

ABB Ltd Consolidated Balance Sheets (unaudited)

(\$ in millions)	Sep. 30, 2024	Dec. 31, 2023
Cash and equivalents	3,264	3,891
Restricted cash	19	18
Marketable securities and short-term investments	1,334	1,928
Receivables, net	7,448	7,446
Contract assets	1,236	1,090
Inventories, net	6,556	6,149
Prepaid expenses	306	235
Other current assets	434	520
Current assets held for sale	235	–
Total current assets	20,832	21,277
Property, plant and equipment, net	4,248	4,142
Operating lease right-of-use assets	873	893
Investments in equity-accounted companies	185	187
Prepaid pension and other employee benefits	871	780
Intangible assets, net	1,036	1,223
Goodwill	10,582	10,561
Deferred taxes	1,536	1,381
Other non-current assets	521	496
Total assets	40,684	40,940
Accounts payable, trade	5,167	4,847
Contract liabilities	3,081	2,844
Short-term debt and current maturities of long-term debt	109	2,607
Current operating leases	260	249
Provisions for warranties	1,289	1,210
Other provisions	907	1,201
Other current liabilities	4,617	5,046
Current liabilities held for sale	47	–
Total current liabilities	15,477	18,004
Long-term debt	6,666	5,221
Non-current operating leases	635	666
Pension and other employee benefits	677	686
Deferred taxes	747	669
Other non-current liabilities	1,722	1,548
Total liabilities	25,924	26,794
<i>Commitments and contingencies</i>		
Redeemable noncontrolling interest	80	89
Stockholders' equity:		
Common stock, CHF 0.12 par value (1,861 million and 1,882 million shares issued at September 30, 2024, and December 31, 2023, respectively)	162	163
Additional paid-in capital	32	7
Retained earnings	19,730	19,724
Accumulated other comprehensive loss	(5,072)	(5,070)
Treasury stock, at cost (17 million and 40 million shares at September 30, 2024, and December 31, 2023, respectively)	(770)	(1,414)
Total ABB stockholders' equity	14,082	13,410
Noncontrolling interests	598	647
Total stockholders' equity	14,680	14,057
Total liabilities and stockholders' equity	40,684	40,940

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)	Nine months ended		Three months ended	
	Sep. 30, 2024	Sep. 30, 2023	Sep. 30, 2024	Sep. 30, 2023
Operating activities:				
Net income	2,957	2,886	942	898
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	597	581	194	194
Changes in fair values of investments	(18)	(28)	2	(4)
Pension and other employee benefits	(52)	(67)	(17)	(55)
Deferred taxes	(93)	(44)	(115)	(80)
Loss from equity-accounted companies	14	11	5	4
Net loss (gain) from derivatives and foreign exchange	(68)	(43)	(29)	10
Net gain from sale of property, plant and equipment	(42)	(39)	(16)	(6)
Net loss (gain) from sale of businesses	4	(97)	(10)	(71)
Fair value adjustment on assets and liabilities held for sale	132	-	89	-
Other	99	115	35	23
Changes in operating assets and liabilities:				
Trade receivables, net	50	(797)	229	(138)
Contract assets and liabilities	121	243	(41)	164
Inventories, net	(424)	(438)	(113)	12
Accounts payable, trade	79	(56)	(119)	(48)
Accrued liabilities	(191)	138	233	342
Provisions, net	(44)	99	(30)	48
Income taxes payable and receivable	193	(9)	199	77
Other assets and liabilities, net	(176)	(62)	(93)	(19)
Net cash provided by operating activities	3,138	2,393	1,345	1,351
Investing activities:				
Purchases of investments	(1,202)	(1,103)	(286)	(343)
Purchases of property, plant and equipment and intangible assets	(562)	(506)	(196)	(175)
Acquisition of businesses (net of cash acquired) and increases in cost- and equity-accounted companies	(297)	(160)	(163)	(25)
Proceeds from sales of investments	1,838	598	254	422
Proceeds from maturity of investments	-	138	-	-
Proceeds from sales of property, plant and equipment	66	67	24	10
Proceeds from sales of businesses (net of transaction costs and cash disposed) and cost- and equity-accounted companies	(13)	531	(5)	509
Net cash from settlement of foreign currency derivatives	(9)	(76)	(133)	(58)
Changes in loans receivable, net	(10)	7	(4)	6
Other investing activities	(2)	9	(2)	-
Net cash provided by (used in) investing activities	(191)	(495)	(511)	346
Financing activities:				
Net changes in debt with original maturities of 90 days or less	(7)	(997)	-	(962)
Increase in debt	1,364	2,584	-	936
Repayment of debt	(2,487)	(1,437)	(336)	(309)
Delivery of shares	404	118	14	22
Purchase of treasury stock	(843)	(909)	(280)	(433)
Dividends paid	(1,769)	(1,713)	-	-
Dividends paid to noncontrolling shareholders	(103)	(89)	(9)	(6)
Proceeds from issuance of subsidiary shares	-	328	-	-
Other financing activities	(26)	4	29	4
Net cash used in financing activities	(3,467)	(2,111)	(582)	(748)
Effects of exchange rate changes on cash and equivalents and restricted cash	(106)	(74)	52	(32)
Adjustment for the net change in cash and equivalents and restricted cash in Assets held for sale	-	-	-	28
Net change in cash and equivalents and restricted cash	(626)	(287)	304	945
Cash and equivalents and restricted cash, beginning of period	3,909	4,174	2,979	2,942
Cash and equivalents and restricted cash, end of period	3,283	3,887	3,283	3,887
Supplementary disclosure of cash flow information:				
Interest paid	201	151	53	43
Income taxes paid	952	865	309	338

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, 2023	171	141	20,082	(4,556)	(3,061)	12,777	410	13,187
Net income ⁽¹⁾			2,824			2,824	65	2,889
Foreign currency translation adjustments, net of tax of \$0				(177)		(177)	(8)	(185)
Effect of change in fair value of available-for-sale securities, net of tax of \$1				6		6		6
Unrecognized income (expense) related to pensions and other postretirement plans, net of tax of \$8				19		19		19
Change in derivative instruments and hedges, net of tax of \$0				3		3		3
Issuance of subsidiary shares		170				170	168	338
Other changes in noncontrolling interests		(7)				(7)	5	(2)
Dividends to noncontrolling shareholders							(93)	(93)
Dividends to shareholders			(1,706)			(1,706)		(1,706)
Cancellation of treasury shares	(7)	(201)	(2,359)		2,567			
Share-based payment arrangements		82				82	1	83
Purchase of treasury stock					(898)	(898)		(898)
Delivery of shares		(163)			281	118		118
Other		(4)				(4)		(4)
Balance at September 30, 2023	163	19	18,840	(4,705)	(1,111)	13,206	548	13,754
Balance at January 1, 2024	163	7	19,724	(5,070)	(1,414)	13,410	647	14,057
Net income ⁽¹⁾			2,948			2,948	11	2,959
Foreign currency translation adjustments, net of tax of \$0				(22)		(22)	(3)	(25)
Effect of change in fair value of available-for-sale securities, net of tax of \$1				4		4		4
Unrecognized income (expense) related to pensions and other postretirement plans, net of tax of \$11				13		13		13
Change in derivative instruments and hedges, net of tax of \$(1)				3		3		3
Changes in noncontrolling interests		(12)	(62)			(74)	43	(31)
Dividends to noncontrolling shareholders							(103)	(103)
Dividends to shareholders			(1,804)			(1,804)		(1,804)
Cancellation of treasury shares	(2)	(2)	(828)		832			
Share-based payment arrangements		69				69	4	73
Purchase of treasury stock					(867)	(867)		(867)
Delivery of shares		(25)	(249)		678	404		404
Other		(4)				(4)		(4)
Balance at September 30, 2024	162	32	19,730	(5,072)	(770)	14,082	598	14,680

(1) Amounts attributable to noncontrolling interests for the nine months ended September 30, 2024 and 2023, exclude net losses of \$2 million and \$3 million, respectively, related to redeemable noncontrolling interests, which are reported in the mezzanine equity section on the Consolidated Balance Sheets.

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

See Notes to the Consolidated Financial Information

Notes to the Consolidated Financial Information (unaudited)

Note 1

The Company and basis of presentation

ABB Ltd and its subsidiaries (collectively, the Company) together form 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.

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, 2023.

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:

- estimates to determine valuation allowances for deferred tax assets and amounts recorded for unrecognized tax benefits,
- 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,
- 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,
- assumptions and projections, principally related to future material, labor and project-related overhead costs, used in determining the percentage-of-completion on projects where revenue is recognized over time, as well as the amount of variable consideration the Company expects to be entitled to,
- assumptions used in the calculation of pension and postretirement benefits and the fair value of pension plan assets,
- estimates used to record expected costs for employee severance in connection with restructuring programs,
- assumptions used in determining inventory obsolescence and net realizable value,
- growth rates, discount rates and other assumptions used to determine impairment of long-lived assets and in testing goodwill for impairment,
- estimates and assumptions used in determining the fair values of assets and liabilities assumed in business combinations, and
- estimates and assumptions used in determining the initial fair value of retained noncontrolling interests and certain obligations in connection with divestments.

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.

Certain amounts reported in the Consolidated Financial Information for prior periods have been reclassified to conform to the current year's presentation.

Change in accounting policy

Effective January 1, 2024, the Company changed the presentation of discontinued operations in its statement of cash flows to an alternate allowable policy. As a result, the total cash flows for operating, investing and financing activities from discontinued operations are no longer shown separately but instead all cash flows in discontinued operations are presented within each line item as appropriate in the statement of cash flows. As this presentation change represents a change in accounting policy, all prior periods presented have been reclassified to conform to the current period presentation and there was no material impact for the nine and three months ended September 30, 2023.

Note 2

Recent accounting pronouncements

Applicable for current periods

Improvements to reportable segment disclosures

In January 2024, the Company adopted an accounting standard update which requires the Company to disclose additional reportable segment information primarily through enhanced disclosures about significant segment expenses and extending certain annual disclosure requirements to a quarterly frequency. The update will be applied retrospectively for all periods presented in the Company's 2024 annual consolidated financial statements and then commencing from the first quarter of 2025, in its interim consolidated financial information. Other than these additional disclosures, this update does not have a significant impact on the Company's consolidated financial statements.

Applicable for future periods

Improvements to Income tax disclosures

In December 2023, an accounting standard update was issued which requires the Company to disclose additional information related to income taxes. Under the update, the Company is required to annually disclose by jurisdiction (i) additional disaggregated information within the tax rate reconciliation and (ii) income taxes paid. This update is effective for the Company prospectively, with retrospective adoption permitted, for annual periods beginning January 1, 2025. The Company is currently evaluating the impact of adopting this update on its consolidated financial statements.

Note 3

Acquisitions and divestments

Acquisition of controlling interests

Acquisitions of controlling interests were as follows:

(\$ in millions, except number of acquired businesses)	Nine months ended September 30,		Three months ended September 30,	
	2024	2023	2024	2023
Purchase price for acquisitions (net of cash acquired) ⁽¹⁾	266	115	162	1
Aggregate excess of purchase price over fair value of net assets acquired ⁽²⁾	220	55	131	1
Number of acquired businesses	4	3	1	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 in the nine months ended September 30, 2024, relate primarily to the acquisitions of the SEAM Group and DTN Europe B.V.

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.

Business divestments

There were no significant divestments in the nine and three months ended September 30, 2024. In the nine and three months ended September 30, 2023, the Company received proceeds (net of transaction costs and cash disposed) of \$552 million and \$509 million, respectively, relating to divestments of consolidated businesses and recorded gains of \$97 million and \$71 million, respectively, in Other income (expense), net, on the sale of such businesses. These are primarily due the divestment of the Company's Power Conversion Division to AcBel Polytech Inc., which prior to its sale was part of the Company's Electrification operating segment.

Planned business divestments classified as held for sale

The Company classifies its long-lived assets or disposal groups to be sold as held for sale in the period in which all of the held for sale criteria are met. The Company initially measures a long-lived asset or disposal group that is classified as held for sale at the lower of its carrying value or fair value less any costs to sell. Any resulting loss is recognized in the period in which the held for sale criteria are met, while gains are not recognized on the sale of a long-lived asset or disposal group until the date of sale. The Company assesses the fair value of a long-lived asset or disposal group less any costs to sell at each reporting period and until the asset or disposal group is no longer classified as held for sale.

In January 2022, the Company's E-mobility Division obtained control of a company by increasing its ownership to a 60 percent controlling interest. At that time, the Company had entered into an agreement with the remaining noncontrolling shareholders allowing either party to put or call the remaining 40 percent of the shares of that company until 2027. The amount for which either party could exercise their option was dependent on a formula based on revenues. In September 2024, the parties came to a definitive agreement to terminate their respective put and call options by settling the contracts on a net basis. This settlement is expected to be completed in the fourth quarter of 2024 and will lead to ABB returning a portion of its shares to this company, resulting in a reduction of ABB's direct ownership to approximately 46 percent and thus losing control. This transaction will be treated similar to a business divestment and a separate re-acquisition at fair value of the 46 percent equity-method investment.

As a result, as of September 30, 2024, the assets and liabilities of this company have been presented as held for sale and a loss of \$89 million was recorded in Other income (expense), net, in connection with the expected loss of control. The fair value adjustment on this business was determined using Level 3 inputs and based on a discounted cash flow model considering the expected future results of this business. The loss is based on the net assets of the business; any changes to these factors through to the closing date of the transaction will result in adjustments to the loss recognized on the planned sale. The major classes of assets and liabilities held for sale relating to this planned divestment relate to inventory and intangible assets (including goodwill).

Subsequent event

On October 1, 2024, the Company acquired all the shares of the Födisch Group. The Födisch Group is a worldwide provider of advanced measurement and analytical solutions for the energy and industrial sectors. The initial cash outflow to complete the transaction was approximately \$300 million. This acquisition enhances the Company's Process Automation segment offering in continuous emission monitoring systems (CEMS) and bolsters its competitiveness in technology and innovation in this segment.

Note 4

Cash and equivalents, marketable securities and short-term investments

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

September 30, 2024						
(\$ 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	1,480			1,480	1,480	
Time deposits	2,313			2,313	1,803	510
Equity securities	593	32		625		625
	4,386	32	–	4,418	3,283	1,135
Changes in fair value recorded in other comprehensive income						
Debt securities available-for-sale:						
U.S. government obligations	193	4	(6)	191		191
European government obligations	8			8		8
	201	4	(6)	199	–	199
Total	4,587	36	(6)	4,617	3,283	1,334
Of which:						
Restricted cash, current					19	
December 31, 2023						
(\$ 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	1,449			1,449	1,449	
Time deposits	2,923			2,923	2,460	463
Equity securities	1,250	32		1,282		1,282
	5,622	32	–	5,654	3,909	1,745
Changes in fair value recorded in other comprehensive income						
Debt securities available-for-sale:						
U.S. government obligations	189	2	(8)	183		183
	189	2	(8)	183	–	183
Total	5,811	34	(8)	5,837	3,909	1,928
Of which:						
Restricted cash, current					18	

Note 5

Derivative financial instruments

The Company is exposed to certain currency, commodity and interest rate 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.

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 (\$ in millions)	Total notional amounts at		
	September 30, 2024	December 31, 2023	September 30, 2023
Foreign exchange contracts	14,160	12,335	13,090
Embedded foreign exchange derivatives	1,210	1,137	1,291
Cross-currency interest rate swaps	895	886	849
Interest rate contracts	1,345	1,606	1,751

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, steel 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		
		September 30, 2024	December 31, 2023	September 30, 2023
Copper swaps	metric tonnes	38,292	35,015	32,223
Silver swaps	ounces	2,708,095	2,359,363	1,702,359
Steel swaps	metric tonnes	25,175	10,206	11,476
Aluminum swaps	metric tonnes	5,250	5,900	5,800

Cash flow hedges

As noted above, the Company mainly uses forward foreign exchange contracts to manage the foreign exchange risk of its operations and commodity swaps to manage its commodity risks. 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 nine and three months ended September 30, 2024 and 2023, 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:

(\$ in millions)		Nine months ended September 30,		Three months ended September 30,	
		2024	2023	2024	2023
Gains (losses) recognized in Interest and other finance expense:					
Interest rate contracts	Designated as fair value hedges	28	30	18	12
	Hedged item	(29)	(31)	(19)	(13)
Cross-currency interest rate swaps	Designated as fair value hedges	20	(13)	25	(3)
	Hedged item	(18)	2	(24)	2

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 designated as a hedge (\$ in millions)	Location	Gains (losses) recognized in income			
		Nine months ended September 30,		Three months ended September 30,	
		2024	2023	2024	2023
Foreign exchange contracts	Total revenues	(119)	(13)	67	(18)
	Total cost of sales	35	(20)	(17)	(8)
	SG&A expenses ⁽¹⁾	24	24	3	10
	Non-order related research and development	–	(4)	1	(3)
	Interest and other finance expense	90	(16)	(104)	46
Embedded foreign exchange contracts	Total revenues	(7)	39	(23)	(6)
	Total cost of sales	–	–	4	1
Commodity contracts	Total cost of sales	49	(7)	4	8
Other	Interest and other finance expense	(1)	1	1	–
Total		71	4	(64)	30

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

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

(\$ in millions)	September 30, 2024			
	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	–	–	2	–
Interest rate contracts	–	7	–	–
Cross-currency interest rate swaps	–	–	–	202
Other	5	–	–	–
Total	5	7	2	202
Derivatives not designated as hedging instruments:				
Foreign exchange contracts	89	21	89	5
Commodity contracts	31	–	4	–
Interest rate contracts	–	–	–	–
Embedded foreign exchange derivatives	13	4	20	5
Other	–	3	–	–
Total	133	28	113	10
Total fair value	138	35	115	212

(\$ in millions)	December 31, 2023			
	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	-	-	5	2
Interest rate contracts	-	-	18	-
Cross-currency interest rate swaps	-	-	-	230
Other	10	-	-	-
Total	10	-	23	232
Derivatives not designated as hedging instruments:				
Foreign exchange contracts	123	30	177	9
Commodity contracts	8	-	3	-
Interest rate contracts	1	-	1	-
Other equity contracts	4	-	-	-
Embedded foreign exchange derivatives	23	5	26	5
Total	159	35	207	14
Total fair value	169	35	230	246

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 September 30, 2024, and December 31, 2023, have been presented on a gross basis.

The Company's netting agreements and other similar arrangements allow net settlements under certain conditions. At September 30, 2024, and December 31, 2023, information related to these offsetting arrangements was as follows:

(\$ in millions)	September 30, 2024				
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	156	(71)	-	-	85
Total	156	(71)	-	-	85

(\$ in millions)	September 30, 2024				
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	302	(71)	-	-	231
Total	302	(71)	-	-	231

(\$ in millions)	December 31, 2023				
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	176	(111)	-	-	65
Total	176	(111)	-	-	65

(\$ in millions)	December 31, 2023				
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	445	(111)	-	-	334
Total	445	(111)	-	-	334

Note 6

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 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, 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. 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:

(\$ in millions)	September 30, 2024			Total fair value
	Level 1	Level 2	Level 3	
Assets				
Securities in "Marketable securities and short-term investments":				
Equity securities	–	625	–	625
Debt securities—U.S. government obligations	191	–	–	191
Debt securities—European government obligations	8	–	–	8
Derivative assets—current in "Other current assets"	–	138	–	138
Derivative assets—non-current in "Other non-current assets"	–	35	–	35
Total	199	798	–	997
Liabilities				
Derivative liabilities—current in "Other current liabilities"	–	115	–	115
Derivative liabilities—non-current in "Other non-current liabilities"	–	212	–	212
Total	–	327	–	327

(\$ in millions)	December 31, 2023			
	Level 1	Level 2	Level 3	Total fair value
Assets				
Securities in "Marketable securities and short-term investments":				
Equity securities	–	1,282	–	1,282
Debt securities—U.S. government obligations	183	–	–	183
Debt securities—European government obligations	–	–	–	–
Derivative assets—current in "Other current assets"	–	169	–	169
Derivative assets—non-current in "Other non-current assets"	–	35	–	35
Total	183	1,486	–	1,669
Liabilities				
Derivative liabilities—current in "Other current liabilities"	–	230	–	230
Derivative liabilities—non-current in "Other non-current liabilities"	–	246	–	246
Total	–	476	–	476

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":** 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. 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

In the nine months ended September 30, 2024, the Company recognized \$132 million of fair value adjustments on assets and liabilities held for sale. These primarily relate to a fair value adjustment within the E-mobility Division of \$89 million recorded in the three months ended September 30, 2024 (See Note 3). There were no other significant non-recurring fair value measurements during the nine and three months ended September 30, 2024 and 2023.

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)	Carrying value	September 30, 2024			Total fair value
		Level 1	Level 2	Level 3	
Assets					
Cash and equivalents (excluding securities with original maturities up to 3 months):					
Cash	1,461	1,461	–	–	1,461
Time deposits	1,803	–	1,803	–	1,803
Restricted cash	19	19	–	–	19
Marketable securities and short-term investments (excluding securities):					
Time deposits	510	–	510	–	510
Liabilities					
Short-term debt and current maturities of long-term debt (excluding finance lease obligations)					
	78	25	53	–	78
Long-term debt (excluding finance lease obligations)	6,488	6,586	9	–	6,595

(\$ in millions)	Carrying value	December 31, 2023			Total fair value
		Level 1	Level 2	Level 3	
Assets					
Cash and equivalents (excluding securities with original maturities up to 3 months):					
Cash	1,431	1,431	–	–	1,431
Time deposits	2,460	–	2,460	–	2,460
Restricted cash	18	18	–	–	18
Marketable securities and short-term investments (excluding securities):					
Time deposits	463	–	463	–	463
Liabilities					
Short-term debt and current maturities of long-term debt (excluding finance lease obligations)					
	2,576	2,521	55	–	2,576
Long-term debt (excluding finance lease obligations)	5,060	5,096	5	–	5,101

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, 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 7

Contract assets and liabilities

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

(\$ in millions)	September 30, 2024	December 31, 2023	September 30, 2023
Contract assets	1,236	1,090	1,073
Contract liabilities	3,081	2,844	2,610

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. Management expects that the majority of the amounts will be collected within one year of the respective balance sheet date.

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 predominantly on 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:

(\$ in millions)	Nine months ended September 30,			
	2024		2023	
	Contract assets	Contract liabilities	Contract assets	Contract liabilities
Revenue recognized, which was included in the Contract liabilities balance at Jan 1, 2024/2023		(1,381)		(1,230)
Additions to Contract liabilities - excluding amounts recognized as revenue during the period		1,625		1,602
Receivables recognized that were included in the Contract assets balance at Jan 1, 2024/2023	(589)		(553)	

The Company considers its order backlog to represent its unsatisfied performance obligations. At September 30, 2024, the Company had unsatisfied performance obligations totaling \$22,881 million and, of this amount, the Company expects to fulfill approximately 29 percent of the obligations in 2024, approximately 47 percent of the obligations in 2025 and the balance thereafter.

Note 8

Supplier finance programs

The Company has several supplier finance programs, all with similar characteristics, with various financial institutions acting as paying agent. These programs allow qualifying suppliers access to bank facilities which permit earlier payment at a cost to the supplier. The Company's payment terms related to suppliers' finance programs are not impacted by the suppliers' decisions to sell amounts under the arrangements and are typically consistent with local market practices. Outstanding supplier finance obligations are included in "Accounts payable, trade" in the Consolidated Balance Sheets and are reported as operating or investing (if capitalized) activities in the Consolidated Statement of Cash Flows when paid. At September 30, 2024, and December 31, 2023, the total obligation outstanding under supplier finance programs amounted to \$443 million and \$415 million, respectively.

Note 9

Debt

The Company's total debt at September 30, 2024, and December 31, 2023, amounted to \$6,775 million and \$7,828 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)	September 30, 2024	December 31, 2023
Short-term debt	72	87
Current maturities of long-term debt	37	2,520
Total	109	2,607

Short-term debt primarily represented short-term bank borrowings from various banks.

In August 2024, the Company repaid at maturity its CHF 280 million 0.3% Bonds, equivalent to \$328 million on date of repayment. In May 2024, the Company repaid at maturity its EUR 750 million 0.75% EUR Instruments, equivalent to \$816 million on date of repayment. In April 2024, the Company repaid at maturity its EUR 700 million 0.625% EUR Instruments, equivalent to \$752 million on date of repayment and in March 2024, the Company repaid at maturity its EUR 500 million Floating Rate Instruments, equivalent to \$539 million on date of repayment.

Long-term debt

The Company's long-term debt at September 30, 2024, and December 31, 2023, amounted to \$6,666 million and \$5,221 million, respectively.

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

(in millions)	September 30, 2024		December 31, 2023					
	Nominal outstanding	Carrying value ⁽¹⁾	Nominal outstanding	Carrying value ⁽¹⁾				
Bonds:								
Floating Rate EUR Instruments, due 2024			EUR	500	\$	554		
0.625% EUR Instruments, due 2024			EUR	700	\$	768		
0.75% EUR Instruments, due 2024			EUR	750	\$	819		
0.3% CHF Bonds, due 2024			CHF	280	\$	335		
2.1% CHF Bonds, due 2025	CHF	150	\$	178	CHF	150	\$	179
1.965% CHF Bonds, due 2026	CHF	325	\$	384	CHF	325	\$	387
3.25% EUR Instruments, due 2027	EUR	500	\$	557	EUR	500	\$	551
0.75% CHF Bonds, due 2027	CHF	425	\$	503	CHF	425	\$	507
3.8% USD Notes, due 2028 ⁽²⁾	USD	383	\$	382	USD	383	\$	382
1.9775% CHF Bonds, due 2028	CHF	150	\$	177	CHF	150	\$	179
3.125% EUR Instruments, due 2029	EUR	500	\$	562				
1.0% CHF Bonds, due 2029	CHF	170	\$	201	CHF	170	\$	203
0% EUR Instruments, due 2030	EUR	800	\$	777	EUR	800	\$	749
2.375% CHF Bonds, due 2030	CHF	150	\$	177	CHF	150	\$	178
3.375% EUR Instruments, due 2031	EUR	750	\$	828	EUR	750	\$	818
2.1125% CHF Bonds, due 2033	CHF	275	\$	324	CHF	275	\$	327
3.375% EUR Instruments, due 2034	EUR	750	\$	839				
4.375% USD Notes, due 2042 ⁽²⁾	USD	609	\$	591	USD	609	\$	591
Total			\$	6,480			\$	7,527

(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 January 2024, the Company issued the following EUR Instruments: (i) EUR 500 million of 3.125 percent Instruments, due 2029, and (ii) EUR 750 million of 3.375 percent Instruments, due 2034, both paying interest annually in arrears. The aggregate net proceeds of these EUR Instruments, after discount and fees, amounted to EUR 1,243 million (equivalent to approximately \$1,360 million on date of issuance).

Note 10

Commitments and contingencies

Contingencies—Regulatory, Compliance and Legal

Regulatory

Based on findings during an internal investigation, the Company self-reported to the Securities and Exchange Commission (SEC) and the Department of Justice (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 SIU 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 made a provision of approximately \$325 million which was recorded in Other income (expense), net, during the third quarter of 2022. In December 2022, the Company settled with the SEC and DoJ as well as the authorities in South Africa and Switzerland. In March 2024, the Company settled its final pending matter with the authorities in Germany. The Company does not believe that it will need to record any additional provisions for this matter, and has paid all amounts in full.

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 September 30, 2024, and December 31, 2023, the Company had aggregate liabilities of \$79 million and \$101 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)	September 30, 2024	December 31, 2023
Performance guarantees	2,532	3,451
Financial guarantees	22	94
Total⁽¹⁾	2,554	3,545

(1) 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 September 30, 2024, and December 31, 2023, were not significant.

The Company is party to various guarantees providing financial or performance assurances to certain third parties. These guarantees, which have various maturities up to 2034, 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 September 30, 2024, and December 31, 2023, the maximum potential payable under these guarantees amounts to \$879 million and \$874 million, respectively, and these guarantees have various original maturities up to ten years.

The Company retained obligations for financial and performance guarantees related to its former Power Grids business (reported as discontinued operations prior to its sale to Hitachi Ltd in 2020), which at both September 30, 2024, and December 31, 2023, have been fully indemnified by Hitachi Ltd. These guarantees, having various maturities up to 2034, 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 these guarantees at September 30, 2024, and December 31, 2023, is approximately \$1.2 billion and \$2.2 billion, 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 September 30, 2024, and December 31, 2023, the total outstanding performance bonds aggregated to \$3.4 billion and \$3.1 billion, respectively. There have been no significant amounts reimbursed to financial institutions under these types of arrangements in the nine and three months ended September 30, 2024 and 2023.

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)	2024	2023
Balance at January 1,	1,210	1,028
Claims paid in cash or in kind	(116)	(132)
Net increase in provision for changes in estimates, warranties issued and warranties expired	192	228
Exchange rate differences	3	(16)
Balance at September 30,	1,289	1,108

Note 11

Income taxes

In calculating income tax expense, the Company uses an estimate of the annual effective tax rate based upon the facts and circumstances known at each interim period. On a quarterly basis, the actual effective tax rate is adjusted, as appropriate, based upon changed facts and circumstances, if any, as compared to those forecasted at the beginning of the year and each interim period thereafter.

The effective tax rate of 26.1 percent in the nine months ended September 30, 2024, was higher than the effective tax rate of 21.5 percent in the nine months ended September 30, 2023, primarily due to a net benefit of \$206 million realized on a favorable resolution of an uncertain tax position in the nine months ended September 30, 2023, partially offset by a net benefit of \$72 million from a partial reversal of an uncertain tax position related to the reassessment of certain tax risks in the nine months ended September 30, 2024. The former resulted in an increase of \$0.11 in earnings per share (basic and diluted) for the nine months ended September 30, 2023, while the latter resulted in an increase of \$0.04 in earnings per share (basic and diluted) for the nine months ended September 30, 2024.

Note 12

Employee benefits

The Company operates defined benefit pension plans, defined contribution pension plans, and termination indemnity plans, in accordance with local regulations and practices. At September 30, 2024, the Company's most significant defined benefit pension plans are in Switzerland as well as in Germany, the United Kingdom, and the United States. 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 postretirement benefit plans are not significant. 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.

Net periodic benefit cost of the Company's defined benefit pension plans consists of the following:

(\$ in millions)	Defined pension benefits			
	Switzerland		International	
Nine months ended September 30,	2024	2023	2024	2023
Operational pension cost:				
Service cost	35	29	20	21
Operational pension cost	35	29	20	21
Non-operational pension cost (credit):				
Interest cost	27	35	118	122
Expected return on plan assets	(98)	(94)	(128)	(116)
Amortization of prior service cost (credit)	(5)	(6)	(1)	(2)
Amortization of net actuarial loss	–	–	40	39
Curtailments, settlements and special termination benefits	3	–	4	18
Non-operational pension cost (credit)⁽¹⁾	(73)	(65)	33	61
Net periodic benefit cost (credit)	(38)	(36)	53	82

(\$ in millions)	Defined pension benefits			
	Switzerland		International	
	2024	2023	2024	2023
Three months ended September 30,				
Operational pension cost:				
Service cost	12	10	7	7
Operational pension cost	12	10	7	7
Non-operational pension cost (credit):				
Interest cost	10	11	40	40
Expected return on plan assets	(36)	(31)	(43)	(42)
Amortization of prior service cost (credit)	(1)	(2)	–	(1)
Amortization of net actuarial loss	–	–	14	16
Curtailments, settlements and special termination benefits	1	–	–	18
Non-operational pension cost (credit)⁽¹⁾	(26)	(22)	11	31
Net periodic benefit cost (credit)	(14)	(12)	18	38

(1) Total Non-operational pension cost (credit) includes additional credits of \$(2) million and \$(19) million for the nine months ended September 30, 2024 and 2023, respectively, and additional credits of \$(1) million and \$(17) million for the three months ended September 30, 2024 and 2023, respectively, related to other postretirement benefits.

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 Consolidated Income Statements.

Employer contributions were as follows:

(\$ in millions)	Defined pension benefits			
	Switzerland		International	
	2024	2023	2024	2023
Nine months ended September 30,				
Total contributions to defined benefit pension plans	44	8	30	85

(\$ in millions)	Defined pension benefits			
	Switzerland		International	
	2024	2023	2024	2023
Three months ended September 30,				
Total contributions to defined benefit pension plans	16	3	4	64

The Company expects to make contributions totaling approximately \$88 million to its defined benefit pension plans for the full year 2024.

Note 13

Stockholder's equity

At the Annual General Meeting of Shareholders (AGM) on March 21, 2024, shareholders approved the proposal of the Board of Directors to distribute 0.87 Swiss francs per share to shareholders. The declared dividend amounted to \$1,804 million, with the Company disbursing a portion in March and the remaining amounts in April.

In March 2024, the Company completed the share buyback program that was launched in April 2023. This program was executed on a second trading line on the SIX Swiss Exchange. Through this program, the Company purchased a total of 21 million shares for approximately \$0.8 billion, of which 4 million shares were purchased in the first quarter of 2024 (resulting in an increase in Treasury stock of \$187 million).

Also in March 2024, the Company announced a new share buyback program of up to \$1 billion. This program, which was launched in April 2024, is being executed on a second trading line on the SIX Swiss Exchange and is planned to run until January 2025. Through this program, the Company purchased, from the program's launch in April 2024 to September 30, 2024, 9 million shares, resulting in an increase in Treasury stock of \$505 million.

In the second quarter of 2024, the Company cancelled 21 million shares which had been purchased under its share buyback program. This resulted in a decrease in Treasury stock of \$832 million and a corresponding total decrease in Capital stock, Additional paid-in capital and Retained earnings.

In addition to the share buyback programs, the Company purchased 4 million of its own shares on the open market in the nine months ended September 30, 2024, mainly for use in connection with its employee share plans, resulting in an increase in Treasury stock of \$175 million.

In the nine months ended September 30, 2024, the Company delivered, out of treasury stock, approximately 17 million shares in connection with its Management Incentive Plan.

Note 14

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

(\$ in millions, except per share data in \$)	Nine months ended September 30,		Three months ended September 30,	
	2024	2023	2024	2023
Amounts attributable to ABB shareholders:				
Income from continuing operations, net of tax	2,945	2,840	941	889
Income (loss) from discontinued operations, net of tax	3	(16)	6	(7)
Net income	2,948	2,824	947	882
Weighted-average number of shares outstanding (in millions)	1,845	1,859	1,846	1,854
Basic earnings per share attributable to ABB shareholders:				
Income from continuing operations, net of tax	1.60	1.53	0.51	0.48
Income (loss) from discontinued operations, net of tax	0.00	(0.01)	0.00	0.00
Net income	1.60	1.52	0.51	0.48

Diluted earnings per share

(\$ in millions, except per share data in \$)	Nine months ended September 30,		Three months ended September 30,	
	2024	2023	2024	2023
Amounts attributable to ABB shareholders:				
Income from continuing operations, net of tax	2,945	2,840	941	889
Income (loss) from discontinued operations, net of tax	3	(16)	6	(7)
Net income	2,948	2,824	947	882
Weighted-average number of shares outstanding (in millions)	1,845	1,859	1,846	1,854
Effect of dilutive securities:				
Call options and shares	8	12	5	11
Adjusted weighted-average number of shares outstanding (in millions)	1,853	1,871	1,851	1,865
Diluted earnings per share attributable to ABB shareholders:				
Income from continuing operations, net of tax	1.59	1.52	0.51	0.48
Income (loss) from discontinued operations, net of tax	0.00	(0.01)	0.00	0.00
Net income	1.59	1.51	0.51	0.47

Note 15

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, 2023	(3,691)	(19)	(838)	(8)	(4,556)
Other comprehensive (loss) income:					
Other comprehensive (loss) income before reclassifications	(194)	–	(9)	(5)	(208)
Amounts reclassified from OCI	9	6	28	8	51
Total other comprehensive (loss) income	(185)	6	19	3	(157)
Less:					
Amounts attributable to noncontrolling interests and redeemable noncontrolling interests	(8)	–	–	–	(8)
Balance at September 30, 2023	(3,868)	(13)	(819)	(5)	(4,705)

(\$ 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, 2024	(3,977)	(8)	(1,075)	(10)	(5,070)
Other comprehensive (loss) income:					
Other comprehensive (loss) income before reclassifications	(26)	4	(14)	(5)	(41)
Amounts reclassified from OCI	1	–	27	8	36
Total other comprehensive (loss) income	(25)	4	13	3	(5)
Less:					
Amounts attributable to noncontrolling interests and redeemable noncontrolling interests	(3)	–	–	–	(3)
Balance at September 30, 2024	(3,999)	(4)	(1,062)	(7)	(5,072)

The amounts reclassified out of OCI were not significant for the nine and three months ended September 30, 2024 and 2023.

Note 16

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 renewable power solutions, modular substation packages, distribution automation products, switchboards 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 currently delivered through five operating Divisions: Distribution Solutions, Smart Power, Smart Buildings, Installation Products and Service, as well as, prior to its sale in July 2023, the Power Conversion Division.
- **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 140 years of cumulative experience in electric powertrains, Motion combines domain expertise and technology to deliver the optimum solution for a wide range of applications in all industrial segments. In addition, Motion, 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.

- **Process Automation:** offers a broad range of industry-specific, integrated automation, electrification and digital solutions, as well as lifecycle services for the process, hybrid and marine industries. The product portfolio includes control technologies, industrial software, advanced analytics, sensing and measurement technology, and marine propulsion systems. In addition, Process Automation offers a comprehensive range of services, from repair to advanced digital capabilities such as remote monitoring, preventive maintenance, asset performance management, emission monitoring and cybersecurity. The products, systems and services are delivered through four operating Divisions: Energy Industries, Process Industries, Marine & Ports and Measurement & Analytics.
- **Robotics & Discrete Automation:** delivers its products, solutions and services through two operating Divisions. Robotics provides industrial and collaborative robots, autonomous mobile robotics, mapping and navigation solutions, robotic solutions, field services, spare parts and digital services. Machine Automation specializes in automation solutions based on its programmable logic controllers (PLC), industrial PCs (IPC), servo motion, transport systems and machine vision. Both divisions offer software across the entire life cycle, including engineering and simulation software as well as a comprehensive range of digital solutions.

Corporate and Other: Corporate includes headquarter costs, the Company's corporate real estate activities and Corporate Treasury while Other includes the E-mobility operating segment, other non-core operating activities as well as the operating activities of certain divested businesses.

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),
- gains and losses from sale of businesses (including fair value adjustment on assets and liabilities held for sale, if any),
- acquisition- and divestment-related expenses and integration costs,
- 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 nine and three months ended September 30, 2024 and 2023, as well as total assets at September 30, 2024, and December 31, 2023.

Nine months ended September 30, 2024						
(\$ in millions)	Electrification	Motion	Process Automation	Robotics & Discrete Automation	Corporate and Other	Total
Geographical markets						
Europe	3,391	1,621	1,786	1,282	158	8,238
The Americas	4,886	1,948	1,384	399	138	8,755
of which: United States	3,803	1,580	857	248	102	6,590
Asia, Middle East and Africa	2,930	1,749	1,770	756	62	7,267
of which: China	1,337	827	522	524	16	3,226
	11,207	5,318	4,940	2,437	358	24,260
Product type						
Products	10,444	4,455	2,913	1,999	321	20,132
Services and other	763	863	2,027	438	37	4,128
	11,207	5,318	4,940	2,437	358	24,260
Third-party revenues	11,207	5,318	4,940	2,437	358	24,260
Intersegment revenues	195	431	21	7	(654)	-
Total revenues⁽¹⁾	11,402	5,749	4,961	2,444	(296)	24,260

Nine months ended September 30, 2023						
(\$ in millions)	Electrification	Motion	Process Automation	Robotics &	Corporate and Other	Total
				Discrete Automation		
Geographical markets						
Europe	3,411	1,858	1,663	1,456	229	8,617
The Americas	4,393	1,924	1,279	431	216	8,243
of which: United States	3,292	1,602	798	269	182	6,143
Asia, Middle East and Africa	2,912	1,699	1,580	886	53	7,130
of which: China	1,356	866	502	657	23	3,404
	10,716	5,481	4,522	2,773	498	23,990
Product type						
Products	10,050	4,695	2,667	2,353	445	20,210
Services and other	666	786	1,855	420	53	3,780
	10,716	5,481	4,522	2,773	498	23,990
Third-party revenues	10,716	5,481	4,522	2,773	498	23,990
Intersegment revenues	170	387	21	15	(593)	-
Total revenues⁽¹⁾	10,886	5,868	4,543	2,788	(95)	23,990

Three months ended September 30, 2024						
(\$ in millions)	Electrification	Motion	Process Automation	Robotics &	Corporate and Other	Total
				Discrete Automation		
Geographical markets						
Europe	1,095	559	605	358	42	2,659
The Americas	1,714	655	464	126	47	3,006
of which: United States	1,346	524	278	78	33	2,259
Asia, Middle East and Africa	1,037	607	570	261	11	2,486
of which: China	466	281	161	181	5	1,094
	3,846	1,821	1,639	745	100	8,151
Product type						
Products	3,582	1,529	975	601	90	6,777
Services and other	264	292	664	144	10	1,374
	3,846	1,821	1,639	745	100	8,151
Third-party revenues	3,846	1,821	1,639	745	100	8,151
Intersegment revenues	67	148	4	2	(221)	-
Total revenues⁽¹⁾	3,913	1,969	1,643	747	(121)	8,151

Three months ended September 30, 2023						
(\$ in millions)	Electrification	Motion	Process Automation	Robotics &	Corporate and Other	Total
				Discrete Automation		
Geographical markets						
Europe	1,083	569	582	500	76	2,810
The Americas	1,461	657	411	159	87	2,775
of which: United States	1,113	541	248	94	71	2,067
Asia, Middle East and Africa	964	582	553	263	21	2,383
of which: China	439	285	163	182	6	1,075
	3,508	1,808	1,546	922	184	7,968
Product type						
Products	3,288	1,526	924	777	165	6,680
Services and other	220	282	622	145	19	1,288
	3,508	1,808	1,546	922	184	7,968
Third-party revenues	3,508	1,808	1,546	922	184	7,968
Intersegment revenues	53	139	8	7	(207)	-
Total revenues⁽¹⁾	3,561	1,947	1,554	929	(23)	7,968

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

(\$ in millions)	Nine months ended September 30,		Three months ended September 30,	
	2024	2023	2024	2023
Operational EBITA:				
Electrification	2,657	2,212	944	748
Motion	1,135	1,157	404	390
Process Automation	767	670	251	226
Robotics & Discrete Automation	268	418	62	137
Corporate and Other				
– E-mobility	(201)	(134)	(60)	(39)
– Corporate costs, Intersegment elimination and other	(92)	(229)	(48)	(70)
Total	4,534	4,094	1,553	1,392
Acquisition-related amortization	(157)	(164)	(44)	(55)
Restructuring, related and implementation costs ⁽¹⁾	(97)	(92)	(21)	(51)
Changes in obligations related to divested businesses	11	5	–	–
Gains and losses from sale of businesses	(13)	97	1	71
Fair value adjustment on assets and liabilities held for sale	(132)	–	(89)	–
Acquisition- and divestment-related expenses and integration costs	(54)	(55)	(17)	(10)
Foreign exchange/commodity timing differences in income from operations:				
Unrealized gains and losses on derivatives (foreign exchange, commodities, embedded derivatives)	(38)	(58)	6	(48)
Realized gains and losses on derivatives where the underlying hedged transaction has not yet been realized	6	(8)	7	(2)
Unrealized foreign exchange movements on receivables/payables (and related assets/liabilities)	10	25	(32)	11
Certain other non-operational items:				
Other income/expense relating to the Power Grids joint venture	14	27	3	7
Regulatory, compliance and legal costs	1	–	5	–
Business transformation costs ⁽²⁾	(148)	(139)	(47)	(57)
Certain other fair value changes, including asset impairments	(31)	3	(12)	(3)
Other non-operational items	(4)	20	(4)	4
Income from operations	3,902	3,755	1,309	1,259
Interest and dividend income	146	115	43	37
Interest and other finance expense	(91)	(197)	(41)	(73)
Non-operational pension (cost) credit	39	23	13	8
Income from continuing operations before taxes	3,996	3,696	1,324	1,231

(1) Includes impairment of certain assets.

(2) Amount includes ABB Way process transformation costs of \$145 million and \$122 million for the nine months ended September 30, 2024 and 2023, respectively, and \$46 million and \$51 million for the three months ended September 30, 2024 and 2023, respectively.

(\$ in millions)	Total assets ⁽¹⁾	
	September 30, 2024	December 31, 2023
Electrification	13,544	12,668
Motion	7,164	7,016
Process Automation	5,126	4,971
Robotics & Discrete Automation	4,988	5,047
Corporate and Other	9,862	11,238
Consolidated	40,684	40,940

(1) Total assets are after intersegment eliminations and therefore reflect third-party assets only.

Supplemental Reconciliations and Definitions

The following reconciliations and definitions include alternative performance 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 not defined under U.S. GAAP.

While ABB's management believes that the 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 nine and three months ended September 30, 2024.

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

Business Area	Q3 2024 compared to Q3 2023							
	Order growth rate				Revenue growth rate			
	US\$ (as reported)	Foreign exchange impact	Portfolio changes	Comparable	US\$ (as reported)	Foreign exchange impact	Portfolio changes	Comparable
Electrification	10%	0%	0%	10%	10%	0%	0%	10%
Motion	-4%	0%	0%	-4%	1%	0%	0%	1%
Process Automation	-5%	0%	0%	-5%	6%	0%	0%	6%
Robotics & Discrete Automation	-4%	0%	0%	-4%	-20%	0%	0%	-20%
ABB Group	2%	0%	0%	2%	2%	1%	-1%	2%

Business Area	9M 2024 compared to 9M 2023							
	Order growth rate				Revenue growth rate			
	US\$ (as reported)	Foreign exchange impact	Portfolio changes	Comparable	US\$ (as reported)	Foreign exchange impact	Portfolio changes	Comparable
Electrification	6%	1%	1%	8%	5%	1%	2%	8%
Motion	-3%	1%	0%	-2%	-2%	1%	-1%	-2%
Process Automation	-7%	1%	0%	-6%	9%	1%	0%	10%
Robotics & Discrete Automation	-19%	0%	0%	-19%	-12%	0%	0%	-12%
ABB Group	-2%	1%	0%	-1%	1%	1%	1%	3%

Regional comparable growth rate reconciliation

Regional comparable growth rate reconciliation for ABB Group - Quarter

Region	Q3 2024 compared to Q3 2023							
	Order growth rate				Revenue growth rate			
	US\$ (as reported)	Foreign exchange impact	Portfolio changes	Comparable	US\$ (as reported)	Foreign exchange impact	Portfolio changes	Comparable
Europe	8%	-2%	0%	6%	-5%	-1%	0%	-6%
The Americas	-6%	1%	-1%	-6%	8%	2%	-1%	9%
of which: United States	-7%	0%	0%	-7%	9%	0%	0%	9%
Asia, Middle East and Africa	7%	1%	0%	8%	4%	1%	0%	5%
of which: China	-1%	-1%	0%	-2%	2%	-2%	0%	0%
ABB Group	2%	0%	0%	2%	2%	1%	-1%	2%

Regional comparable growth rate reconciliation by Business Area - Quarter

Region	Q3 2024 compared to Q3 2023							
	Order growth rate				Revenue growth rate			
	US\$ (as reported)	Foreign exchange impact	Portfolio changes	Comparable	US\$ (as reported)	Foreign exchange impact	Portfolio changes	Comparable
Europe	8%	-1%	0%	7%	2%	-2%	0%	0%
The Americas	2%	1%	0%	3%	17%	1%	0%	18%
of which: United States	3%	0%	-1%	2%	21%	0%	-1%	20%
Asia, Middle East and Africa	24%	2%	0%	26%	8%	2%	0%	10%
of which: China	1%	-2%	0%	-1%	5%	-1%	0%	4%
Electrification	10%	0%	0%	10%	10%	0%	0%	10%

Region	Q3 2024 compared to Q3 2023							
	Order growth rate				Revenue growth rate			
	US\$ (as reported)	Foreign exchange impact	Portfolio changes	Comparable	US\$ (as reported)	Foreign exchange impact	Portfolio changes	Comparable
Europe	-3%	-1%	0%	-4%	1%	-2%	0%	-1%
The Americas	1%	1%	0%	2%	-1%	1%	0%	0%
of which: United States	2%	0%	0%	2%	-3%	-1%	0%	-4%
Asia, Middle East and Africa	-10%	0%	0%	-10%	3%	1%	0%	4%
of which: China	-6%	-1%	0%	-7%	1%	-1%	0%	0%
Motion	-4%	0%	0%	-4%	1%	0%	0%	1%

Region	Q3 2024 compared to Q3 2023							
	Order growth rate				Revenue growth rate			
	US\$ (as reported)	Foreign exchange impact	Portfolio changes	Comparable	US\$ (as reported)	Foreign exchange impact	Portfolio changes	Comparable
Europe	15%	0%	0%	15%	3%	-1%	0%	2%
The Americas	-32%	1%	0%	-31%	13%	2%	0%	15%
of which: United States	-39%	0%	0%	-39%	13%	-1%	0%	12%
Asia, Middle East and Africa	11%	1%	0%	12%	3%	0%	0%	3%
of which: China	52%	-2%	0%	50%	-2%	0%	0%	-2%
Process Automation	-5%	0%	0%	-5%	6%	0%	0%	6%

Region	Q3 2024 compared to Q3 2023							
	Order growth rate				Revenue growth rate			
	US\$ (as reported)	Foreign exchange impact	Portfolio changes	Comparable	US\$ (as reported)	Foreign exchange impact	Portfolio changes	Comparable
Europe	1%	-1%	0%	0%	-29%	-1%	0%	-30%
The Americas	14%	2%	0%	16%	-21%	2%	0%	-19%
of which: United States	6%	0%	0%	6%	-16%	0%	0%	-16%
Asia, Middle East and Africa	-20%	0%	0%	-20%	-2%	0%	0%	-2%
of which: China	-22%	0%	0%	-22%	-1%	-1%	0%	-2%
Robotics & Discrete Automation	-4%	0%	0%	-4%	-20%	0%	0%	-20%

Regional comparable growth rate reconciliation for ABB Group – Year to date

Region	9M 2024 compared to 9M 2023							
	Order growth rate				Revenue growth rate			
	US\$ (as reported)	Foreign exchange impact	Portfolio changes	Comparable	US\$ (as reported)	Foreign exchange impact	Portfolio changes	Comparable
Europe	-3%	0%	0%	-3%	-4%	-1%	0%	-5%
The Americas	-5%	0%	1%	-4%	6%	1%	1%	8%
of which: United States	-3%	0%	0%	-3%	7%	0%	2%	9%
Asia, Middle East and Africa	2%	3%	1%	6%	2%	3%	0%	5%
of which: China	-12%	2%	0%	-10%	-5%	2%	0%	-3%
ABB Group	-2%	1%	0%	-1%	1%	1%	1%	3%

Regional comparable growth rate reconciliation by Business Area – Year to date

Region	9M 2024 compared to 9M 2023							
	Order growth rate				Revenue growth rate			
	US\$ (as reported)	Foreign exchange impact	Portfolio changes	Comparable	US\$ (as reported)	Foreign exchange impact	Portfolio changes	Comparable
Europe	5%	0%	0%	5%	-1%	0%	1%	0%
The Americas	4%	0%	2%	6%	11%	0%	4%	15%
of which: United States	6%	0%	3%	9%	15%	0%	6%	21%
Asia, Middle East and Africa	11%	4%	1%	16%	2%	3%	1%	6%
of which: China	-4%	2%	0%	-2%	-2%	3%	0%	1%
Electrification	6%	1%	1%	8%	5%	1%	2%	8%

Region	9M 2024 compared to 9M 2023							
	Order growth rate				Revenue growth rate			
	US\$ (as reported)	Foreign exchange impact	Portfolio changes	Comparable	US\$ (as reported)	Foreign exchange impact	Portfolio changes	Comparable
Europe	-6%	-1%	0%	-7%	-11%	0%	0%	-11%
The Americas	-5%	1%	-2%	-6%	1%	0%	-2%	-1%
of which: United States	-7%	0%	-1%	-8%	-2%	0%	-1%	-3%
Asia, Middle East and Africa	3%	3%	0%	6%	4%	4%	0%	8%
of which: China	-7%	2%	0%	-5%	-2%	2%	0%	0%
Motion	-3%	1%	0%	-2%	-2%	1%	-1%	-2%

Region	9M 2024 compared to 9M 2023							
	Order growth rate				Revenue growth rate			
	US\$ (as reported)	Foreign exchange impact	Portfolio changes	Comparable	US\$ (as reported)	Foreign exchange impact	Portfolio changes	Comparable
Europe	7%	0%	0%	7%	7%	0%	0%	7%
The Americas	-24%	0%	0%	-24%	8%	1%	0%	9%
of which: United States	-23%	-1%	0%	-24%	7%	0%	0%	7%
Asia, Middle East and Africa	-4%	3%	0%	-1%	12%	2%	0%	14%
of which: China	-13%	2%	0%	-11%	4%	2%	0%	6%
Process Automation	-7%	1%	0%	-6%	9%	1%	0%	10%

Region	9M 2024 compared to 9M 2023							
	Order growth rate				Revenue growth rate			
	US\$ (as reported)	Foreign exchange impact	Portfolio changes	Comparable	US\$ (as reported)	Foreign exchange impact	Portfolio changes	Comparable
Europe	-23%	-1%	0%	-24%	-12%	0%	0%	-12%
The Americas	1%	0%	0%	1%	-8%	1%	0%	-7%
of which: United States	1%	0%	0%	1%	-8%	0%	0%	-8%
Asia, Middle East and Africa	-24%	2%	0%	-22%	-15%	3%	0%	-12%
of which: China	-32%	2%	0%	-30%	-20%	2%	0%	-18%
Robotics & Discrete Automation	-19%	0%	0%	-19%	-12%	0%	0%	-12%

Order backlog growth rate reconciliation

September 30, 2024 compared to September 30, 2023				
Business Area	US\$	Foreign	Portfolio changes	Comparable
	(as reported)	exchange impact		
Electrification	14%	-2%	0%	12%
Motion	13%	-5%	0%	8%
Process Automation	9%	-3%	0%	6%
Robotics & Discrete Automation	-27%	-2%	0%	-29%
ABB Group	7%	-3%	0%	4%

Other growth rate reconciliations

Q3 2024 compared to Q3 2023								
Business Area	Service orders growth rate				Services revenues growth rate			
	US\$	Foreign	Portfolio changes	Comparable	US\$	Foreign	Portfolio changes	Comparable
	(as reported)	exchange impact			(as reported)	exchange impact		
Electrification	17%	1%	-3%	15%	20%	1%	-5%	16%
Motion	13%	1%	0%	14%	3%	2%	0%	5%
Process Automation	-26%	0%	0%	-26%	7%	0%	0%	7%
Robotics & Discrete Automation	13%	0%	0%	13%	0%	0%	0%	0%
ABB Group	-10%	1%	-1%	-10%	7%	1%	-1%	7%

9M 2024 compared to 9M 2023								
Business Area	Service orders growth rate				Services revenues growth rate			
	US\$	Foreign	Portfolio changes	Comparable	US\$	Foreign	Portfolio changes	Comparable
	(as reported)	exchange impact			(as reported)	exchange impact		
Electrification	16%	2%	-1%	17%	15%	1%	-2%	14%
Motion	3%	2%	0%	5%	10%	3%	0%	13%
Process Automation	-6%	0%	0%	-6%	9%	1%	0%	10%
Robotics & Discrete Automation	5%	1%	0%	6%	4%	1%	0%	5%
ABB Group	0%	1%	0%	1%	9%	1%	0%	10%

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),
- gains and losses from sale of businesses (including fair value adjustment on assets and liabilities held for sale, if any),
- acquisition- and divestment-related expenses and integration costs,
- 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.

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.

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

(\$ in millions)	Nine months ended September 30,		Three months ended September 30,	
	2024	2023	2024	2023
Operational EBITA	4,534	4,094	1,553	1,392
Acquisition-related amortization	(157)	(164)	(44)	(55)
Restructuring, related and implementation costs ⁽¹⁾	(97)	(92)	(21)	(51)
Changes in obligations related to divested businesses	11	5	–	–
Gains and losses from sale of businesses	(13)	97	1	71
Fair value adjustment on assets and liabilities held for sale	(132)	–	(89)	–
Acquisition- and divestment-related expenses and integration costs	(54)	(55)	(17)	(10)
Certain other non-operational items	(168)	(89)	(55)	(49)
Foreign exchange/commodity timing differences in income from operations	(22)	(41)	(19)	(39)
Income from operations	3,902	3,755	1,309	1,259
Interest and dividend income	146	115	43	37
Interest and other finance expense	(91)	(197)	(41)	(73)
Non-operational pension (cost) credit	39	23	13	8
Income from continuing operations before taxes	3,996	3,696	1,324	1,231
Income tax expense	(1,041)	(794)	(387)	(326)
Income from continuing operations, net of tax	2,955	2,902	937	905
Loss from discontinued operations, net of tax	2	(16)	5	(7)
Net income	2,957	2,886	942	898

(1) Includes impairment of certain assets.

Reconciliation of Operational EBITA margin by business

	Three months ended September 30, 2024					
(\$ in millions, unless otherwise indicated)	Electrification	Motion	Process Automation	Robotics & Discrete Automation	Corporate and Other and Intersegment elimination	Consolidated
Total revenues	3,913	1,969	1,643	747	(121)	8,151
Foreign exchange/commodity timing differences in total revenues:						
Unrealized gains and losses on derivatives	(6)	(14)	(3)	(3)	(6)	(32)
Realized gains and losses on derivatives where the underlying hedged transaction has not yet been realized	–	(2)	3	–	(4)	(3)
Unrealized foreign exchange movements on receivables (and related assets)	15	3	10	3	10	41
Operational revenues	3,922	1,956	1,653	747	(121)	8,157
Income (loss) from operations	893	397	242	31	(254)	1,309
Acquisition-related amortization	23	9	2	7	3	44
Restructuring, related and implementation costs ⁽¹⁾	2	2	–	20	(3)	21
Gains and losses from sale of businesses	(1)	–	–	–	–	(1)
Fair value adjustment on assets and liabilities held for sale	–	–	–	–	89	89
Acquisition- and divestment-related expenses and integration costs	4	1	2	5	5	17
Certain other non-operational items	1	2	3	1	48	55
Foreign exchange/commodity timing differences in income from operations:						
Unrealized gains and losses on derivatives (foreign exchange, commodities, embedded derivatives)	13	(12)	(6)	(4)	3	(6)
Realized gains and losses on derivatives where the underlying hedged transaction has not yet been realized	(4)	(1)	3	–	(5)	(7)
Unrealized foreign exchange movements on receivables/payables (and related assets/liabilities)	13	6	5	2	6	32
Operational EBITA	944	404	251	62	(108)	1,553
Operational EBITA margin (%)	24.1%	20.7%	15.2%	8.3%	n.a.	19.0%

(1) Includes impairment of certain assets.

In the three months ended September 30, 2024, Certain other non-operational items in the table above includes the following:

	Three months ended September 30, 2024					
(\$ in millions, unless otherwise indicated)	Electrification	Motion	Process Automation	Robotics & Discrete Automation	Corporate and Other	Consolidated
Certain other non-operational items:						
Other income/expense relating to the Power Grids joint venture	–	–	–	–	(3)	(3)
Regulatory, compliance and legal costs	–	–	–	–	(5)	(5)
Business transformation costs ⁽¹⁾	2	–	–	–	45	47
Certain other fair values changes, including asset impairments	1	2	2	–	7	12
Other non-operational items	(2)	–	1	1	4	4
Total	1	2	3	1	48	55

(1) Amounts include ABB Way process transformation costs of \$46 million for the three months ended September 30, 2024.

Three months ended September 30, 2023						
(\$ in millions, unless otherwise indicated)	Electrification	Motion	Process Automation	Robotics &	Corporate and	Consolidated
				Discrete Automation	Other and Intersegment elimination	
Total revenues	3,561	1,947	1,554	929	(23)	7,968
Foreign exchange/commodity timing differences in total revenues:						
Unrealized gains and losses on derivatives	45	20	(13)	(4)	2	50
Realized gains and losses on derivatives where the underlying hedged transaction has not yet been realized	–	(1)	2	1	1	3
Unrealized foreign exchange movements on receivables (and related assets)	(13)	4	4	5	(2)	(2)
Operational revenues	3,593	1,970	1,547	931	(22)	8,019
Income (loss) from operations	762	365	218	113	(199)	1,259
Acquisition-related amortization	22	9	1	20	3	55
Restructuring, related and implementation costs ⁽¹⁾	14	3	3	–	31	51
Changes in obligations related to divested businesses	–	–	–	–	–	–
Gains and losses from sale of businesses	(71)	–	–	–	–	(71)
Acquisition- and divestment-related expenses and integration costs	4	3	(4)	3	4	10
Certain other non-operational items	2	1	–	1	45	49
Foreign exchange/commodity timing differences in income from operations:						
Unrealized gains and losses on derivatives (foreign exchange, commodities, embedded derivatives)	26	10	9	(5)	8	48
Realized gains and losses on derivatives where the underlying hedged transaction has not yet been realized	1	(1)	–	2	–	2
Unrealized foreign exchange movements on receivables/payables (and related assets/liabilities)	(12)	–	(1)	3	(1)	(11)
Operational EBITA	748	390	226	137	(109)	1,392
Operational EBITA margin (%)	20.8%	19.8%	14.6%	14.7%	n.a.	17.4%

(1) Includes impairment of certain assets.

In the three months ended September 30, 2023, Certain other non-operational items in the table above includes the following:

Three months ended September 30, 2023						
(\$ in millions, unless otherwise indicated)	Electrification	Motion	Process Automation	Robotics &	Corporate	Consolidated
				Discrete Automation	and Other	
Certain other non-operational items:						
Other income/expense relating to the Power Grids joint venture	–	–	–	–	(7)	(7)
Business transformation costs ⁽¹⁾	3	1	–	1	52	57
Certain other fair values changes, including asset impairments	–	1	–	–	2	3
Other non-operational items	(1)	(1)	–	–	(2)	(4)
Total	2	1	–	1	45	49

(1) Amounts include ABB Way process transformation costs of \$51 million for the three months ended September 30, 2023.

Nine months ended September 30, 2024						
(\$ in millions, unless otherwise indicated)	Electrification	Motion	Process Automation	Robotics & Discrete Automation	Corporate and Other and Intersegment elimination	Consolidated
				Automation		
Total revenues	11,402	5,749	4,961	2,444	(296)	24,260
Foreign exchange/commodity timing differences in total revenues:						
Unrealized gains and losses on derivatives	45	29	20	3	2	99
Realized gains and losses on derivatives where the underlying hedged transaction has not yet been realized	(2)	-	4	-	(2)	-
Unrealized foreign exchange movements on receivables (and related assets)	(11)	(13)	(8)	(5)	5	(32)
Operational revenues	11,434	5,765	4,977	2,442	(291)	24,327
Income (loss) from operations	2,499	1,067	750	168	(582)	3,902
Acquisition-related amortization	69	26	5	48	9	157
Restructuring, related and implementation costs ⁽¹⁾	20	24	7	40	6	97
Changes in obligations related to divested businesses	-	-	-	-	(11)	(11)
Gains and losses from sale of businesses	(2)	-	-	-	15	13
Fair value adjustment on assets and liabilities held for sale	25	-	-	-	107	132
Acquisition- and divestment-related expenses and integration costs	33	3	3	12	3	54
Certain other non-operational items	3	5	(2)	-	162	168
Foreign exchange/commodity timing differences in income from operations:						
Unrealized gains and losses on derivatives (foreign exchange, commodities, embedded derivatives)	12	15	4	2	5	38
Realized gains and losses on derivatives where the underlying hedged transaction has not yet been realized	(7)	-	4	-	(3)	(6)
Unrealized foreign exchange movements on receivables/payables (and related assets/liabilities)	5	(5)	(4)	(2)	(4)	(10)
Operational EBITA	2,657	1,135	767	268	(293)	4,534
Operational EBITA margin (%)	23.2%	19.7%	15.4%	11.0%	n.a.	18.6%

(1) Includes impairment of certain assets.

In the nine months ended September 30, 2024, Certain other non-operational items in the table above includes the following:

Nine months ended September 30, 2024						
(\$ in millions, unless otherwise indicated)	Electrification	Motion	Process Automation	Robotics & Discrete Automation	Corporate and Other	Consolidated
				Automation		
Certain other non-operational items:						
Other income/expense relating to the Power Grids joint venture	-	-	-	-	(14)	(14)
Regulatory, compliance and legal costs	-	-	-	-	(1)	(1)
Business transformation costs ⁽¹⁾	3	1	-	-	144	148
Certain other fair values changes, including asset impairments	1	4	(2)	-	28	31
Other non-operational items	(1)	-	-	-	5	4
Total	3	5	(2)	-	162	168

(1) Amounts include ABB Way process transformation costs of \$145 million for the nine months ended September 30, 2024.

Nine months ended September 30, 2023						
(\$ in millions, unless otherwise indicated)	Electrification	Motion	Process Automation	Robotics &	Corporate and	Consolidated
				Discrete Automation	Other and Intersegment elimination	
Total revenues	10,886	5,868	4,543	2,788	(95)	23,990
Foreign exchange/commodity timing differences in total revenues:						
Unrealized gains and losses on derivatives	37	15	3	4	6	65
Realized gains and losses on derivatives where the underlying hedged transaction has not yet been realized	(5)	(1)	8	1	1	4
Unrealized foreign exchange movements on receivables (and related assets)	(20)	(2)	(8)	(3)	(11)	(44)
Operational revenues	10,898	5,880	4,546	2,790	(99)	24,015
Income (loss) from operations	2,130	1,098	688	347	(508)	3,755
Acquisition-related amortization	66	26	4	59	9	164
Restructuring, related and implementation costs ⁽¹⁾	26	5	7	-	54	92
Changes in obligations related to divested businesses	1	-	-	-	(6)	(5)
Gains and losses from sale of businesses	(71)	-	(26)	-	-	(97)
Acquisition- and divestment-related expenses and integration costs	23	15	(3)	7	13	55
Certain other non-operational items	11	4	-	4	70	89
Foreign exchange/commodity timing differences in income from operations:						
Unrealized gains and losses on derivatives (foreign exchange, commodities, embedded derivatives)	42	15	(1)	1	1	58
Realized gains and losses on derivatives where the underlying hedged transaction has not yet been realized	(1)	(1)	7	2	1	8
Unrealized foreign exchange movements on receivables/payables (and related assets/liabilities)	(15)	(5)	(6)	(2)	3	(25)
Operational EBITA	2,212	1,157	670	418	(363)	4,094
Operational EBITA margin (%)	20.3%	19.7%	14.7%	15.0%	n.a.	17.0%

(1) Includes impairment of certain assets.

In the nine months ended September 30, 2023, certain other non-operational items in the table above includes the following:

Nine months ended September 30, 2023						
(\$ in millions, unless otherwise indicated)	Electrification	Motion	Process Automation	Robotics &	Corporate	Consolidated
				Discrete Automation	and Other	
Certain other non-operational items:						
Other income/expense related to the Power Grids joint venture	-	-	-	-	(27)	(27)
Business transformation costs	12	1	-	3	123	139
Certain other fair values changes, including asset impairments	1	2	-	1	(7)	(3)
Other non-operational items	(2)	1	-	-	(19)	(20)
Total	11	4	-	4	70	89

(1) Amounts include ABB Way process transformation costs of \$122 million for the nine months ended September 30, 2023.

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 and Marketable securities and short-term investments.

Reconciliation

(\$ in millions)	September 30, 2024	December 31, 2023
Short-term debt and current maturities of long-term debt	109	2,607
Long-term debt	6,666	5,221
Total debt	6,775	7,828
Cash and equivalents	3,264	3,891
Restricted cash	19	18
Marketable securities and short-term investments	1,334	1,928
Cash and marketable securities	4,617	5,837
Net debt	2,158	1,991

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)	September 30, 2024	December 31, 2023
Total stockholders' equity	14,680	14,057
Net debt (as defined above)	2,158	1,991
Net debt / Equity ratio	0.15	0.14

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)	September 30, 2024	September 30, 2023
Income from operations for the three months ended:		
December 31, 2023 / 2022	1,116	1,185
March 31, 2024 / 2023	1,217	1,198
June 30, 2024 / 2023	1,376	1,298
September 30, 2024 / 2023	1,309	1,259
Depreciation and Amortization for the three months ended:		
December 31, 2023 / 2022	199	199
March 31, 2024 / 2023	201	191
June 30, 2024 / 2023	202	196
September 30, 2024 / 2023	194	194
EBITDA	5,814	5,720
Net debt (as defined above)	2,158	2,872
Net debt / EBITDA	0.4	0.5

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 certain other restructuring-related activities); and including the amounts related to these accounts which have been presented as either assets or liabilities held for sale.

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)	September 30, 2024	September 30, 2023
Net working capital:		
Receivables, net	7,448	7,586
Contract assets	1,236	1,073
Inventories, net	6,556	6,332
Prepaid expenses	306	280
Accounts payable, trade	(5,167)	(4,777)
Contract liabilities	(3,081)	(2,610)
Other current liabilities ⁽¹⁾	(3,714)	(3,843)
Net working capital in assets and liabilities held for sale	19	–
Net working capital	3,603	4,041
Total revenues for the three months ended:		
December 31, 2023 / 2022	8,245	7,824
March 31, 2024 / 2023	7,870	7,859
June 30, 2024 / 2023	8,239	8,163
September 30, 2024 / 2023	8,151	7,968
Adjustment to annualize/eliminate revenues of certain acquisitions/divestments	83	(267)
Adjusted revenues for the trailing twelve months	32,588	31,547
Net working capital as a percentage of revenues (%)	11.1%	12.8%

- (1) Amounts exclude \$903 million and \$754 million at September 30, 2024 and 2023, 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 certain restructuring-related activities.

Free cash flow

Definition

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.

Reconciliation

(\$ in millions, unless otherwise indicated)	Nine months ended September 30,		Three months ended	
	2024	2023	2024	2023
Net cash provided by operating activities	3,138	2,393	1,345	1,351
Adjusted for the effects of operations:				
Purchases of property, plant and equipment and intangible assets	(562)	(506)	(196)	(175)
Proceeds from sale of property, plant and equipment	66	67	24	10
Free cash flow	2,642	1,954	1,173	1,186

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 gains or losses arising on sale of certain businesses and certain other significant items within net income which are also excluded / adjusted for when calculating operating cashflows.

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.

Reconciliation

(\$ in millions, unless otherwise indicated)	Trailing twelve months to	
	September 30, 2024	December 31, 2023
Net cash provided by operating activities	5,035	4,290
Adjusted for the effects of operations:		
Purchases of property, plant and equipment and intangible assets	(826)	(770)
Proceeds from sale of property, plant and equipment	146	147
Free cash flow	4,355	3,667
Adjusted net income attributable to ABB⁽¹⁾	3,952	3,686
Free cash flow conversion to net income	110%	99%

(1) Adjusted net income attributable to ABB for the year ended December 31, 2023, is adjusted to exclude the gain on sale of the Power Conversion Division of \$59 million.

Reconciliation of the trailing twelve months to September 30, 2024

(\$ in millions)	Net cash provided by 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⁾
Q4 2023	1,897	(264)	80	915
Q1 2024	726	(181)	6	905
Q2 2024	1,067	(185)	36	1,096
Q3 2024	1,345	(196)	24	1,036
Total for the trailing twelve months to September 30, 2024	5,035	(826)	146	3,952

(1) Adjusted net income attributable to ABB for Q4 2023 is adjusted to exclude an increase in the gain on sale of the Power Conversion Division of \$6 million and Q3 2024 is adjusted to exclude the fair value adjustment on assets and liabilities held for sale of \$89 million within the E-mobility Division.

Free cash flow margin

Effective January 1, 2024, ABB changed the presentation of discontinued operations in its statement of cash flows to an alternate allowable policy. As a result, the total cash flows from discontinued operations are no longer shown separately but instead all cash flows in discontinued operations are presented within each line item as appropriate in the statement of cash flows. For the purposes of the table below, these changes have not been reflected in all periods up to and including December 31, 2023.

Definition

Free cash flow margin

Free cash flow margin is calculated as Free cash flow from continuing operations divided by total revenues.

Free cash flow from continuing operations

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

Reconciliation

(\$ in millions, unless otherwise indicated)	Nine months ended, September 30, 2024	Twelve months ended December 31,				
		2023	2022	2021	2020	2019
Free cash flow from continuing operations:						
Net cash provided by operating activities - continuing activities	3,138	4,301	1,334	3,338	1,875	1,899
Adjusted for the effects of continuing operations:						
Purchases of property, plant and equipment and intangible assets	(562)	(770)	(762)	(820)	(694)	(762)
Proceeds from sale of property, plant and equipment	66	147	127	93	114	82
Free cash flow from continuing operations	2,642	3,678	699	2,611	1,295	1,219
Total revenues	24,260	32,235	29,446	28,945	26,134	27,978
Free cash flow margin	10.9%	11.4%	2.4%	9.0%	5.0%	4.4%

(1) In the nine months ended September 30, 2024, Free cash flow from discontinued operations is not material and as such has not been excluded from the amounts presented.

Net finance income (expense)

Definition

Net finance income (expense) is calculated as Interest and dividend income less Interest and other finance expense.

Reconciliation

(\$ in millions)	Nine months ended September 30,		Three months ended September 30,	
	2024	2023	2024	2023
Interest and dividend income	146	115	43	37
Interest and other finance expense	(91)	(197)	(41)	(73)
Net finance income (expense)	55	(82)	2	(36)

Book-to-bill ratio

Definition

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

Reconciliation

(\$ in millions, except Book-to-bill presented as a ratio)	Nine months ended September 30,					
	2024			2023		
	Orders	Revenues	Book-to-bill	Orders	Revenues	Book-to-bill
Electrification	12,514	11,402	1.10	11,794	10,886	1.08
Motion	6,123	5,749	1.07	6,285	5,868	1.07
Process Automation	5,283	4,961	1.06	5,665	4,543	1.25
Robotics & Discrete Automation	2,029	2,444	0.83	2,516	2,788	0.90
Corporate and Other <i>(incl. intersegment eliminations)</i>	(347)	(296)	n.a.	(91)	(95)	n.a.
ABB Group	25,602	24,260	1.06	26,169	23,990	1.09

(\$ in millions, except Book-to-bill presented as a ratio)	Three months ended September 30,					
	2024			2023		
	Orders	Revenues	Book-to-bill	Orders	Revenues	Book-to-bill
Electrification	4,049	3,913	1.03	3,693	3,561	1.04
Motion	1,806	1,969	0.92	1,886	1,947	0.97
Process Automation	1,784	1,643	1.09	1,883	1,554	1.21
Robotics & Discrete Automation	640	747	0.86	665	929	0.72
Corporate and Other <i>(incl. intersegment eliminations)</i>	(86)	(121)	n.a.	(75)	(23)	n.a.
ABB Group	8,193	8,151	1.01	8,052	7,968	1.01

R&D and related spend

Definition

R&D and related spend

R&D and related spend is calculated as the sum of Non-order related R&D excluding completed divisional exits but including Venture Investments.

Non-order related R&D excluding completed divisional exits

Non-order related R&D excluding completed divisional exits is calculated as Non-order related research and development expenses adjusted for the impacts from the divestment of the Power Conversion Division, the Mechanical Power Transmission Division (Dodge) and the Solar invertors business as well as the spin-off of the Turbocharging Division (Impact of divisional exits).

Venture Investments

Venture Investments are defined as investments in and funding provided directly to start-up companies.

Reconciliation

(\$ in millions, unless otherwise indicated)	Trailing 12 mths to Sept. 30, 2024	December 31,					
		2023	2022	2021	2020	2019	2018
Non-order related research and development expenses	1,426	1,317	1,166	1,219	1,127	1,198	1,147
Impact of divisional exits	–	(14)	(64)	(89)	(86)	(107)	(101)
Non-order related R&D excluding completed divisional exits	1,426	1,303	1,102	1,130	1,041	1,091	1,046
Venture Investments	48	78	84	35	20	15	18
R&D and related spend	1,474	1,381	1,186	1,165	1,061	1,106	1,064

Reconciliation of the trailing twelve months to September 30, 2024

(\$ in millions)	R&D and related spend					Revenues excluding divisional exits		
	Non-order related research and development expenses	Impact of divisional exits	Non-order related R&D excluding completed divisional exits	Venture Investments	R&D and related spend	Total revenues	Impact of divisional exits	Revenues excluding divisional exits
Q4 2023	366	–	366	10	376	8,245	–	8,245
Q1 2024	363	–	363	–	363	7,870	–	7,870
Q2 2024	364	–	364	34	398	8,239	–	8,239
Q3 2024	333	–	333	4	337	8,151	–	8,151
Total for the trailing 12 mths to Sept. 30, 2024	1,426	–	1,426	48	1,474	32,505	–	32,505

R&D and related spend as a percentage of revenues

Definition

R&D and related spend as a percentage of Revenues

R&D and related spend as a percentage of Revenues is calculated as R&D and related spend divided by Revenues excluding divisional exits, for the trailing twelve months.

Revenues excluding divisional exits

Revenues excluding divisional exits includes Total revenues recorded by ABB in the twelve months preceding the relevant reporting date, adjusted to eliminate revenues of certain divested businesses (i.e. Power Conversion Division, Mechanical Power Transmission Division, the Solar invertors business and the Turbocharging Division) in the same trailing twelve-month period.

Reconciliation

(\$ in millions, unless otherwise indicated)	Trailing 12 mths to Sept. 30, 2024	December 31,					
		2023	2022	2021	2020	2019	2018
Total revenues	32,505	32,235	29,446	28,945	26,134	27,978	27,662
Impact of divisional exits	–	(220)	(1,012)	(1,625)	(1,604)	(2,032)	(1,915)
Revenues excluding divisional exits	32,505	32,015	28,434	27,320	24,530	25,946	25,747
R&D and related spend (as defined above)	1,474	1,381	1,186	1,165	1,061	1,106	1,064
R&D and related spend as a % of revenues	4.5%	4.3%	4.2%	4.3%	4.3%	4.3%	4.1%

Non-order related R&D as a percentage of revenues

Definition

Non-order related R&D as a percentage of Revenues

Non-order related R&D as a percentage of Revenues is calculated as Non-order related R&D excluding completed divisional exits divided by Revenues excluding divisional exits (defined above).

Reconciliation

(\$ in millions, unless otherwise indicated)	Trailing 12 mths to Sept. 30, 2024	December 31,					
		2023	2022	2021	2020	2019	2018
Non-order related R&D excluding completed divisional exits (as defined above)	1,426	1,303	1,102	1,130	1,041	1,091	1,046
Revenues excluding divisional exits (as defined above)	32,505	32,015	28,434	27,320	24,530	25,946	25,747
Non-order related R&D as a % of revenues	4.4%	4.1%	3.9%	4.1%	4.2%	4.2%	4.1%

Return on Capital employed (ROCE) – Trailing twelve months

Definition

Return on Capital employed (ROCE) – Trailing twelve months

Return on Capital employed (ROCE) – Trailing twelve months is calculated as Operational EBITA after tax for the trailing twelve months, divided by the average of the opening and closing Capital employed for each of the four quarters during the trailing twelve-month period (4 quarter average).

Capital employed

Capital employed is calculated as the sum of Adjusted total fixed assets and Net working capital (as defined above).

Adjusted total fixed assets

Adjusted total fixed assets is the sum of (i) property, plant and equipment, net, (ii) goodwill, (iii) other intangible assets, net, (iv) investments in equity-accounted companies, (v) operating lease right-of-use assets, and (vi) fixed assets included in assets held for sale, less (vii) deferred tax liabilities recognized in certain acquisitions.

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, (e) liabilities related to certain other restructuring-related activities and (f) 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.

Notional tax on Operational EBITA

The Notional tax on Operational EBITA is computed using the adjusted group effective tax rate multiplied by Operational EBITA.

Adjusted Group effective tax rate

The Adjusted Group effective tax rate is computed by dividing an adjusted income tax expense by an adjusted pre-tax income. Certain amounts recorded in income before taxes and the related income tax expense (primarily due to gains and losses from sale of businesses) are removed from the reported amounts when computing these adjusted amounts. Certain other amounts recorded in income tax expense are also excluded from the computation to determine the Adjusted Group effective tax rate.

Reconciliation

(\$ in millions, unless otherwise indicated)	2024 Q3	2024 Q2	2024 Q1	2023 Q4	2023 Q3
Adjusted total fixed assets:					
Property, plant and equipment, net	4,248	4,095	4,047	4,142	3,891
Goodwill	10,582	10,525	10,494	10,561	10,356
Other intangible assets, net	1,036	1,089	1,128	1,223	1,181
Investments in equity-accounted companies	185	189	178	187	186
Operating lease right-of-use assets	873	861	863	893	850
Fixed assets included in assets held for sale	176	-	-	-	-
Total fixed assets	17,100	16,759	16,710	17,006	16,464
Less: Deferred taxes recognized in certain acquisitions ⁽¹⁾	(253)	(265)	(281)	(297)	(312)
Adjusted total fixed assets	16,847	16,494	16,429	16,709	16,152
Net working capital - (as defined above)	3,603	3,607	3,588	3,257	4,041
Capital employed	20,450	20,101	20,017	19,966	20,193
Operational EBITA for the three months ended	1,553	1,564	1,417	1,333	
Average Capital employed (4 quarters)	20,101				
Operational EBITA for the trailing twelve months	5,867				
Notional tax on Operational EBITA	(1,467)				
Operational EBITA after tax for the trailing twelve months	4,400				
Return on Capital employed (ROCE) - Trailing twelve months	21.9%				

(1) Amount relates to GEIS acquired in 2018, B&R acquired in 2017, Thomas & Betts acquired in 2012 and Baldor acquired in 2011.

Return on Capital employed (ROCE) on Net Operating assets

Definition

Return on Capital employed (ROCE) on Net Operating assets

Return on Capital employed on Net Operating assets is calculated as Operational EBITA after tax, divided by the average of the period's opening and closing Capital employed on Net Operating assets.

Capital employed on Net Operating assets

Capital employed on Net Operating assets is calculated as the sum of Operating assets and Net working capital (as defined on the previous page).

Operating assets

Operating assets is the sum of (i) property, plant and equipment, net, (ii) capitalized software for internal use, net, (iii) investments in equity-accounted companies, (iv) operating lease right-of-use assets, and (v) fixed assets included in assets held for sale, as applicable.

Return on Capital employed (ROCE) on Net Operating assets – Trailing twelve months

Return on Capital employed (ROCE) on Net Operating assets is calculated as Operational EBITA after tax, divided by the average of the period's opening and closing Capital employed on Net Operating assets for each of the four quarters during the trailing twelve-month period (4 quarter average).

Reconciliation – ROCE on Net Operating assets

(\$ in millions, unless otherwise indicated)	December 31,	
	2023	2022
Operating assets:		
Property, plant and equipment, net	4,142	3,911
Capitalized software for internal use, net	129	110
Investments in equity-accounted companies	187	130
Operating lease right-of-use assets	893	841
Total Operating assets	5,351	4,992
Net working capital - (as defined above)	3,257	3,216
Capital employed on Net Operating assets	8,608	8,208
Capital employed on Net Operating assets:		
- at December 31, 2022	8,208	
- at December 31, 2023	8,608	
Average Capital employed on Net Operating assets	8,408	
Operational EBITA for the year ended	5,427	
Notional tax on Operational EBITA (as defined above)	(1,248)	
Operational EBITA after tax	4,179	
ROCE on Net Operating assets	49.7%	

Reconciliation – Return on Capital employed (ROCE) on Net Operating assets – Trailing twelve months

(\$ in millions, unless otherwise indicated)	2024 Q3	2024 Q2	2024 Q1	2023 Q4	2023 Q3
Operating assets:					
Property, plant and equipment, net	4,248	4,095	4,047	4,142	3,891
Capitalized software for internal use, net	119	116	124	129	104
Investments in equity-accounted companies	185	189	178	187	186
Operating lease right-of-use assets	873	861	863	893	850
Fixed assets included in assets held for sale	11	-	-	-	-
Total Operating assets	5,436	5,261	5,212	5,351	5,031
Net working capital - (as defined above)	3,603	3,607	3,588	3,257	4,041
Capital employed on Net Operating assets	9,039	8,868	8,800	8,608	9,072
Operational EBITA for the three months ended	1,553	1,564	1,417	1,333	
Average Capital employed on Net Operating assets (4 quarters)	8,833				
Operational EBITA for the trailing twelve months	5,867				
Notional tax on Operational EBITA (as defined above)	(1,467)				
Operational EBITA after tax for the trailing twelve months	4,400				
ROCE on Net Operating assets - Trailing twelve months	49.8%				

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