Q2 2023
First six months
Press Release

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

ZURICH, SWITZERLAND, JULY 20, 2023

Q2 2023 results

Comparable order growth from a high base and record-high Operational EBITA margin[1]

- Orders $8,667 million, -2%; comparable[1] +2%
- Revenues $8,163 million, +13%; comparable +17%
- Income from operations $1,298 million; margin 15.9%
- Operational EBITA[1] $1,425 million; margin[1] 17.5%
- Basic EPS $0.49; +145%[2]
- Cash flow from operating activities[4] $760 million

KEY FIGURES

			CHANGE				CHANGE	
($ millions, unless otherwise indicated)	**Q2 2023**	**Q2 2022**	**US$**	**Comparable[1]**	**H1 2023**	**H1 2022**	**US$**	**Comparable[1]**
Orders	8,667	8,807	-2%	2%	18,117	18,180	0%	6%
Revenues	8,163	7,251	13%	17%	16,022	14,216	13%	19%
Gross Profit	2,888	2,290	26%		5,604	4,571	23%	
as % of revenues	35.4%	31.6%	+3.8 pts		35.0%	32.2%	+2.8 pts	
Income from operations	1,298	587	121%		2,496	1,444	73%	
Operational EBITA[1]	1,425	1,136	25%	26%[3]	2,702	2,133	27%	29%[3]
as % of operational revenues[1]	17.5%	15.5%	+2 pts		16.9%	14.9%	+2 pts	
Income from continuing operations, net of tax	932	406	130%		1,997	1,049	90%	
Net income attributable to ABB	906	379	139%		1,942	983	98%	
Basic earnings per share ($)	0.49	0.20	145%[2]		1.04	0.51	104%[2]	
Cash flow from operating activities[4]	760	382	99%		1,042	(191)	n.a.	

1 For a reconciliation of non-GAAP measures, see "supplemental reconciliations and definitions" in the attached Q2 2023 Financial Information.
2 EPS growth rates are computed using unrounded amounts.
3 Constant currency (not adjusted for portfolio changes).
4 Amount represents total for both continuing and discontinued operations.

"The positive book-to-bill ratio and new record-high Operational EBITA earnings and margin add to our confidence about ABB's 2023 outcome allowing us to sharpen our margin expectations."

Björn Rosengren, CEO

CEO summary

To summarize the outcome in the second quarter, I would first highlight the 2% comparable order growth which was up from last year's already high level, and the positive book-to-bill. It was good to see that the customer activity remained robust throughout the period. Secondly, the high revenue growth of 13% (17% comparable) supported by backlog execution. Thirdly, the record-high achievements on both absolute Operational EBITA of $1.4 billion and Operational EBITA margin of 17.5%, up 200 basis points from last year, with all four business areas above 15%. This was supported by a strong price contribution which more than offset labor inflation as well as some limited cost inflation related to commodities, with additional support from operational leverage on increased volumes in production. And lastly, the solid cash flow from operating activities of $760 million. All the while we executed on portfolio optimization and continued to introduce leading new technology to help our customers become more sustainable and resource efficient. In my view, the quarter is an additional indication that we are establishing ABB's operational performance at a higher level.

Order momentum was strongest in the systems- and project-related businesses, driven predominantly by the medium voltage segment and process-related industries. This offset some softening from last year's high order level in the short-cycle business, mainly evident in the residential construction segment and across the board in discrete manufacturing where customers normalize order patterns in the face of shortening delivery lead times. In total, the book-to-bill ratio was 1.06 driven by three out of four business areas, and we further increased order backlog.

It was good to see our cash flow from operating activities improve by $378 million from last year and I expect us to improve cash conversion from here onwards. Over the first six months we have generated just over $1 billion in Cash flow from operating activities, which helps position us well for what I expect to be a good cash delivery this year.

As announced earlier in the quarter, we experienced an IT security incident. I am grateful to our teams for the handling of the challenge and containment of the incident, and as a result we have had no consequential material financial impact in the quarter.

Just after the end of the second quarter, we successfully closed the divestment of the Power Conversion division at around $500 million. As a result, we expect to record a non-operational book gain estimated at approximately $50 million in Income from operations in the third quarter of 2023. With this transaction, we have completed all divisional portfolio divestments announced at the end of 2020. That said, we continuously review the product groups within all divisions to optimize the portfolio.

The small acquisition of Eve Systems is another example of our portfolio actions, this time by the Smart Buildings division in business area Electrification. With around 50 employees, Eve generated approximately $20 million in revenues in 2022. It is a pioneer in the new Matter connectivity standard which enables smart home products to be fully interoperable, irrespective of the manufacturer and user operating system, via Thread wireless technology for consumer-facing products tailored to the retrofit market.

I was pleased to see Process Automation unveil its new revolutionary propulsion concept initially aimed primarily at small- to medium-sized vessels, complementing its current market leading Azipod® offering for larger vessels. This industry-first electric propulsion concept ABB Dynafin™ mimics the movements of a whale tail for ultimate efficiency and emissions avoidance as it is set to reduce propulsion energy consumption by up to 22% compared to conventional shaftlines. The first commercial prototype is expected to be available in 2025.

Björn Rosengren
CEO

Outlook

In the **third quarter of 2023**, we anticipate a low double-digit comparable revenue growth and the Operational EBITA margin to be slightly up from the 16.6% reported in the third quarter last year.

In full-year 2023, despite current market uncertainty, we anticipate comparable revenue growth to be at least 10% and we expect Operational EBITA margin to be above 16%.

Orders and revenues

Order intake declined by 2% (up 2% comparable) year-on-year, hampered by changes in exchange rates and in the portfolio, while the comparable orders increased from last year's high base.

The strongest order momentum was recorded in the systems- and project-related business, linked to the medium voltage customer offering. The short-cycle business softened somewhat from last year's high level, impacted by inventory adjustments and normalizing order patterns under the presumption of further shortening delivery lead times. Two out of four business areas recorded single digit order growth, with Process Automation declining due to portfolio changes and Robotics and Discrete Automation down from last year's level which benefited from pre-buys in a period of significant component shortages.

Order intake increased in the Americas by 5% (6% comparable), supported by mid-single digit growth in the United States. Portfolio changes weighed on the year-on-year development in Europe while a low comparable growth was recorded for a total decline of 1% (up 1% comparable) despite declines in key countries like Germany and Italy. Asia, Middle East and Africa declined by 10% (1% comparable) as the positive development in countries like India and Saudi Arabia did not quite offset declines in other countries such as China with a drop of 15% (9% comparable).

Automotive remained broadly stable while the general industry and consumer-related robotics segments declined.

In transport & infrastructure, there were positive developments in marine & ports and renewables.

In buildings there was weakness in all three regions in residential-related demand. In the commercial construction segment weakness was noted in China and Germany, while demand was solid in the US.

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

Revenues increased by 13% (17% comparable) to $8,163 million and benefitted primarily from increased volumes through execution of the order backlog, combined with a robust price contribution in the mid-single digit range. These benefits more than offset the adverse impacts from changes in exchange rates and portfolio changes. Revenues increased in all business areas, supported by comparable growth in virtually all divisions.

Growth

Change year-on-year	Q2 Orders	Q2 Revenues
Comparable	2%	17%
FX	-2%	-1%
Portfolio changes	-2%	-3%
Total	**-2%**	**13%**

Orders by region

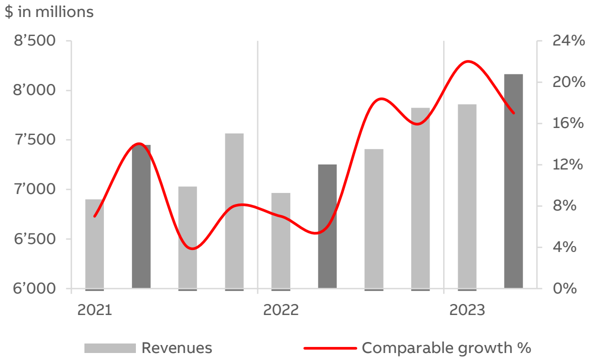
($ in millions, unless otherwise indicated)	Q2 2023	Q2 2022	CHANGE US$	CHANGE Comparable
Europe	2,931	2,958	-1%	1%
The Americas	3,209	3,050	5%	6%
Asia, Middle East and Africa	2,527	2,799	-10%	-1%
ABB Group	**8,667**	**8,807**	**-2%**	**2%**

Revenues by region

($ in millions, unless otherwise indicated)	Q2 2023	Q2 2022	CHANGE US$	CHANGE Comparable
Europe	2,935	2,508	17%	20%
The Americas	2,815	2,397	17%	19%
Asia, Middle East and Africa	2,413	2,346	3%	13%
ABB Group	**8,163**	**7,251**	**13%**	**17%**

Orders

Revenues



Earnings

Gross profit
Gross profit increased strongly by 26% (28% constant currency) to $2,888 million, supported by a significant gross margin improvement of 380 basis points to 35.4%. Gross margin improved in all business areas, with three showing significant increases.

Income from operations
Income from operations amounted to $1,298 million and more than doubled year-on-year, and margin on Income from operations reached 15.9%. Earnings were mainly supported by the improved operational performance as well as by lower adverse impacts from commodity timing differences. Some additional tailwind to the strong year-on-year improvement was due to last year's period being weighed down by non-operational items, including approximately $250 million triggered by the exits of a legacy project and the Russia business.

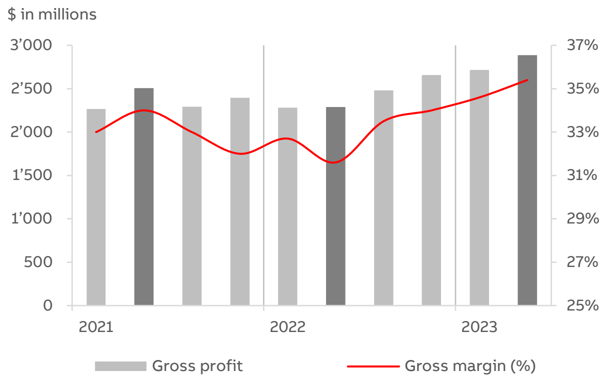
Operational EBITA
Operational EBITA increased by 25% (26% constant currency) year-on-year to $1,425 million and the margin was up by 200 basis points to 17.5%. A key driver for the increased result was the positive price development in all business areas, which more than offset labor inflation as well as some limited cost inflation related to commodities. Additional support was provided by higher volume output triggered by execution of the order backlog. Selling, general and administrative expenses declined in relation to revenues to 17.0%, from 18.2% last year. Operational EBITA in Corporate and Other amounted to -$143 million, of which -$67 million related to the E-mobility business, hampered by some inventory related provisions as well as technology investments triggered by a shift back to a more focused product strategy to secure a continued leading market position.

Net finance expenses
Net finance expense was $25 million and remained largely stable compared with last year.

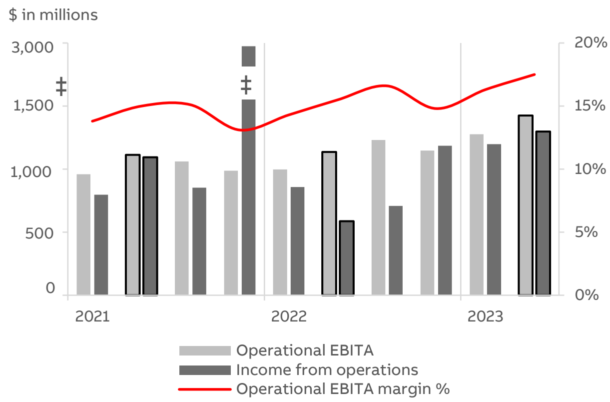
Income tax
Income tax expense was $349 million with an effective tax rate of 27.2%.

Net income and earnings per share
Net income attributable to ABB was $906 million and more than doubled from last year driven by improved operational performance and lower non-operational items. This resulted in basic earnings per share of $0.49, up from $0.20 last year.

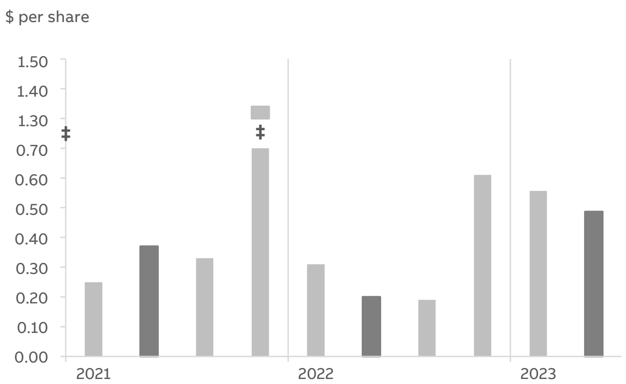
Gross profit & Gross margin



Income from operations & Operational EBITA



Basic EPS



Operational EBITA

($ millions)	Q2 2023	Q2 2022
Corporate and Other		
E-mobility	(67)	(6)
Corporate costs, intersegment eliminations and other[1]	(76)	(13)
Total	**(143)**	**(19)**

1 Majority of which relates to underlying corporate

Balance sheet & Cash flow

Net working capital
Net working capital amounted to $4,585 million, increasing year-on-year from $3,663 million and sequentially from $4,164 million. The sequential increase was driven mainly by higher receivables triggered by high revenue growth and higher inventories to support a positive book-to-bill ratio. Net working capital as a percentage of revenues[1] was 14.7%, up sequentially from 13.9%.

Capital expenditures
Purchases of property, plant and equipment and intangible assets amounted to $180 million.

Net debt
Net debt[1] amounted to $4,165 million at the end of the quarter and decreased from $4,235 million year-on-year, and increased from $3,826 million sequentially. The sequential net increase was mainly driven by cash payments related to the dividend and the ongoing share buyback program.

Cash flows
Cash flow from operating activities was $760 million and increased year-on-year from $382 million. This was driven by improvements in the Electrification and Motion business areas on the back of higher earnings and a lower build-up of net working capital, year-on-year, mainly related to inventories.

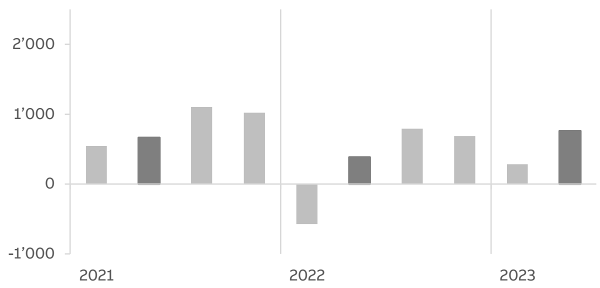
Share buyback program
A share buyback program of up to $1 billion was launched on April 3, 2023. During the second quarter, 5,778,691 shares were repurchased on the second trading line for approximately $212 million. ABB's total number of issued shares, including shares held in treasury, amounts to 1,882,002,575.

($ millions, unless otherwise indicated)	Jun. 30 2023	Jun. 30 2022	Dec. 31 2022
Short term debt and current maturities of long-term debt	3,849	2,830	2,535
Long-term debt	4,451	5,086	5,143
Total debt	**8,300**	**7,916**	**7,678**
Cash & equivalents	2,923	2,412	4,156
Restricted cash - current	19	23	18
Marketable securities and short-term investments	1,193	945	725
Restricted cash - non-current	–	301	–
Cash and marketable securities	**4,135**	**3,681**	**4,899**
Net debt (cash)*	**4,165**	**4,235**	**2,779**
Net debt (cash)* to EBITDA ratio	**0.8**	**0.7**	**0.7**
Net debt (cash)* to Equity ratio	**0.31**	**0.34**	**0.21**

* At Jun. 30, 2023, Jun. 30, 2022 and Dec. 31, 2022, net debt(cash) excludes net pension (assets)/liabilities of $(328) million $(71) million and $(276) million, respectively.

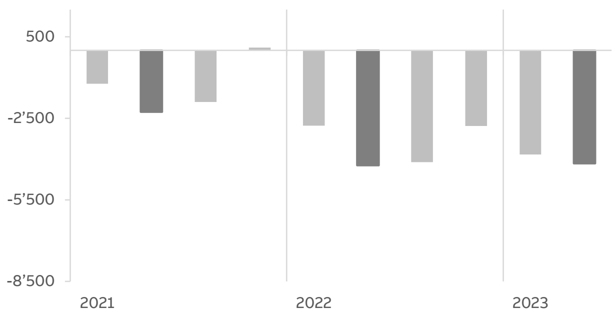
Cash flow from operating activities

$ in millions

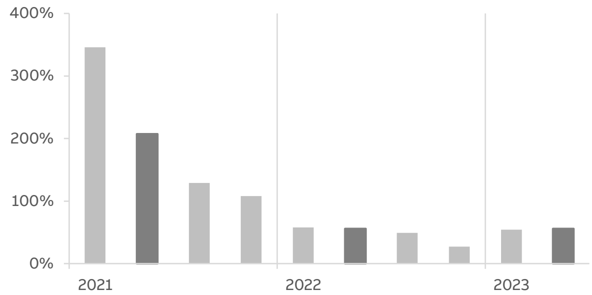


Net Cash (Net Debt) position

$ in millions



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



Electrification

Growth

Change year-on-year	Q2 Orders	Q2 Revenues
Comparable	3%	11%
FX	-2%	-2%
Portfolio changes	0%	0%
Total	**1%**	**9%**

Orders and revenues

Customer activity was yet again at a high level. At $3,960 million, orders increased by 1% (3% comparable), up from the high base last year.

- Order momentum was strongest in the systems-related offering often linked to the medium voltage segment which supported a strong order growth in the Distribution Solutions division. Overall demand remained firm in most segments and was particularly strong in segments like data centers and oil & gas. Weakness was noted in the buildings segment where residential construction declined in all regions. Some weakness was recorded in commercial construction in China and Germany, while the US remained broadly stable.
- High order activity in the Americas resulted in regional growth of 8% (8% comparable), supported by a strong increase in the United States of 6% (6% comparable), resulting in one of the strongest quarters on record. Orders in Asia, Middle East and Africa declined by 3% (up 5% comparable) with the comparable demand decline in China more than offset by strength in markets such as India. Europe declined by 4% (6% comparable) hampered mainly by a weak residential construction market in Germany.
- Revenues improved by 9% (11% comparable) to $3,735 million with double-digit growth in all divisions except Smart Buildings and Installation Products due mainly to the adverse impact of residential construction. Increased volumes combined with strong price development, contributed more or less equally to comparable growth.

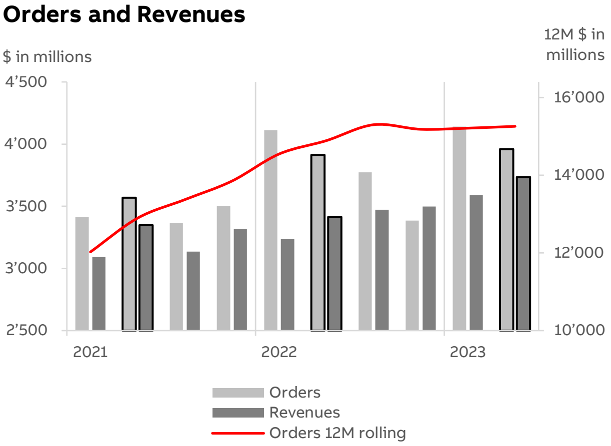
Profit

The second quarter was an all-time-high period for both absolute Operational EBITA of $787 million and the Operational EBITA margin of 21.1%, supported by a significant gross margin improvement. Profitability improved in all but one division, with the strongest improvement recorded in Distribution Solutions which is reaping the rewards of order backlog execution and structural profitability efforts.

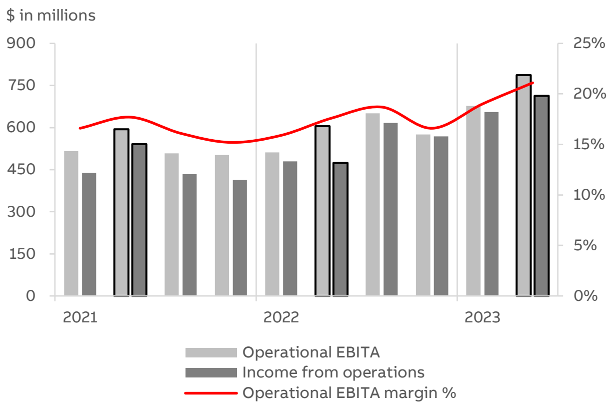
- Positive price impact more than offset labor inflation, and the margin was additionally supported by a reduction in raw materials and freight costs, year-on-year.
- Higher volume output in production supported operational leverage for an improved Operational EBITA margin.

($ millions, unless otherwise indicated)	Q2 2023	Q2 2022	CHANGE US$	CHANGE Comparable	H1 2023	H1 2022	CHANGE US$	CHANGE Comparable
Orders	3,960	3,913	1%	3%	8,101	8,025	1%	4%
Order backlog	7,298	6,194	18%	19%	7,298	6,194	18%	19%
Revenues	3,735	3,414	9%	11%	7,325	6,650	10%	14%
Operational EBITA	787	605	30%		1,464	1,117	31%	
as % of operational revenues	21.1%	17.6%	+3.5 pts		20.0%	16.8%	+3.2 pts	
Cash flow from operating activities	697	456	53%		1,092	543	101%	
No. of employees (FTE equiv.)	51,800	50,200	3%					

Orders and Revenues



Income from operations & Operational EBITA



Motion

Growth

Change year-on-year	Q2 Orders	Q2 Revenues
Comparable	3%	22%
FX	-1%	-1%
Portfolio changes	1%	1%
Total	**3%**	**22%**

Orders and revenues

Strong momentum in the systems-related operations supported the business area order increase of 3% (3% comparable) to $2,137 million, up from the high comparable level last year.

- High customer activity in the medium voltage operations triggered a strong order growth in the System Drives and Large Motors and Generators divisions as well as in the tightly linked Service business. This successfully offset softness in the more short-cycle divisions.
- Europe was up by 8% (4% comparable) and the Americas was up by 4% (1% comparable) despite a decline in the United States. Asia, Middle East and Africa decreased by 3% (up 3% comparable) as the slight comparable decline in China was more than offset by strength in markets such as India.
- Execution of the order backlog led to very strong revenue growth of 22% (22% comparable) to $1,981 million. Higher volumes were the main driver, along with the robust price impact triggered by activities implemented last year. High double-digit comparable revenue growth was recorded in most divisions.

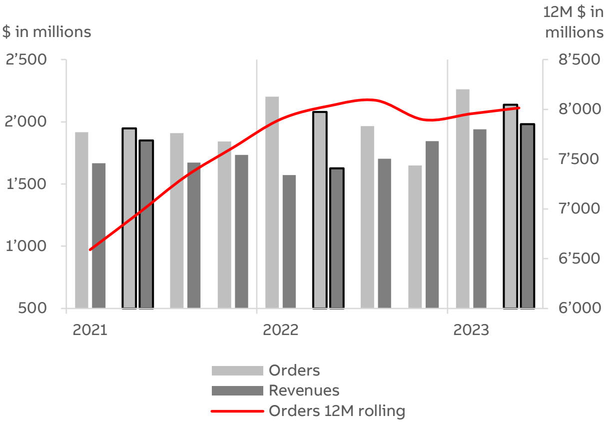
Profit

The 51% year-on-year increase in Operational EBITA to $401 million, resulted in the first ever quarter with margin surpassing 20% at 20.4%.

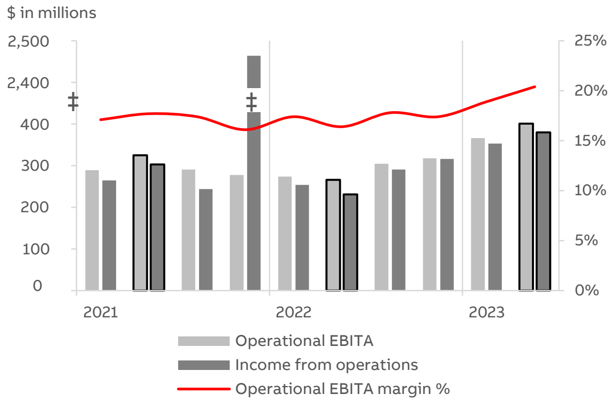
- Earnings and margins improved from last year in most divisions, including Large Motors and Generators that benefitted from ongoing focused self-help measures. As a result, all divisions but one recorded double-digit margins in the quarter.
- Strong price contribution more than offset cost inflation related to labor, commodities and freight and was the main driver of the profitability increase from last year.
- The backlog execution increased volume output in production which improved the fixed cost coverage.
- A positive divisional mix contributed to the margin improvement, supported by a higher share of revenues generated in the drives-related operations.

($ millions, unless otherwise indicated)	Q2 2023	Q2 2022	CHANGE US$	CHANGE Comparable	H1 2023	H1 2022	CHANGE US$	CHANGE Comparable
Orders	2,137	2,079	3%	3%	4,399	4,281	3%	5%
Order backlog	5,322	4,568	17%	14%	5,322	4,568	17%	14%
Revenues	1,981	1,626	22%	22%	3,921	3,198	23%	25%
Operational EBITA	401	266	51%		767	540	42%	
as % of operational revenues	20.4%	16.4%	+4 pts		19.6%	16.9%	+2.7 pts	
Cash flow from operating activities	320	241	33%		469	239	96%	
No. of employees (FTE equiv.)	22,200	20,800	7%					

Orders and Revenues



Income from operations & Operational EBITA



Process Automation

Growth

Change year-on-year	Q2 Orders	Q2 Revenues
Comparable	6%	19%
FX	-2%	-2%
Portfolio changes	-12%	-15%
Total	**-8%**	**2%**

Orders and revenues

Customer activity remained at a high level across the segments, although some hampering timing-related effects were noted. The project pipeline in the market remained robust. Primarily the spin-off of Accelleron weighed on total growth year-on-year, which declined by 8% (up 6% comparable) to $1,669 million.

- Market momentum was positive across customer segments and especially strong in the oil & gas segment where the United States stood out on the positive side. Good developments were also noted in the ports, refining, petrochemicals and the energy-related low carbon segments.
- Both Europe and Asia, Middle East and Africa recorded a positive comparable order growth which more than offset a small decline in the Americas, while total growth was weighed down primarily by the portfolio change of Accelleron.
- All divisions contributed strongly to the revenue growth of 2% (19% comparable) to $1,553 million, with increased volumes being the main contributor along with additional support from price.

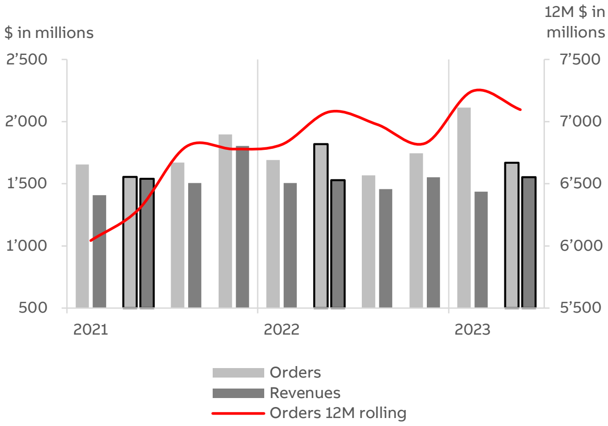
Profit

Executing the order backlog with a higher gross margin supported earnings growth of 7% from the same quarter last year, to Operational EBITA of $239 million. The Operational EBITA margin improved by 110 basis points to 15.4%, just exceeding the previous recent high.

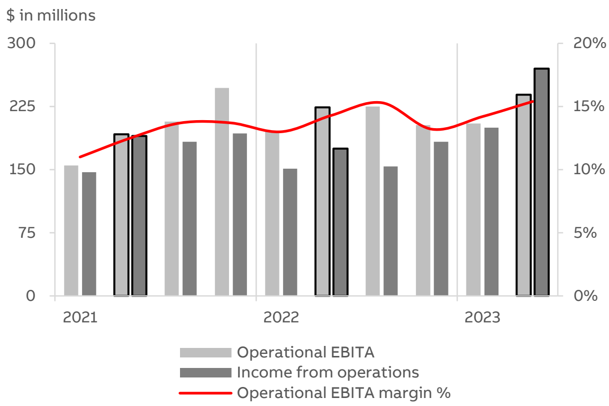
- Improved operational performance in business area Process Automation helped to more than offset the impact of the divestment of the Accelleron business which supported last year's margin by 190 basis points.
- Profitability improved in all divisions except for Marine & Ports where the mix weighed on performance due to the absence of the arctic marine propulsion business. The Measurement & Analytics division recorded the strongest margin improvement to clearly above the business area average on the back of good mix, successful business segmentation for improved transparency and performance actions, including price.

			CHANGE				CHANGE	
($ millions, unless otherwise indicated)	Q2 2023	Q2 2022	US$	Comparable	H1 2023	H1 2022	US$	Comparable
Orders	1,669	1,819	-8%	6%	3,782	3,511	8%	29%
Order backlog	6,821	6,170	11%	17%	6,821	6,170	11%	17%
Revenues	1,553	1,529	2%	19%	2,989	3,035	-2%	17%
Operational EBITA	239	224	7%		444	420	6%	
as % of operational revenues	15.4%	14.3%	+1.1 pts		14.8%	13.7%	+1.1 pts	
Cash flow from operating activities	188	193	-3%		300	253	19%	
No. of employees (FTE equiv.)	20,600	22,200	-7%					

Orders and Revenues



Income from operations & Operational EBITA



Robotics & Discrete Automation

Growth

Change year-on-year	Q2 Orders	Q2 Revenues
Comparable	-22%	27%
FX	-1%	-1%
Portfolio changes	0%	0%
Total	**-23%**	**26%**

Orders and revenues

Orders declined by 23% (22% comparable) year-on-year, to $850 million. Consistent with the previous quarter, customers normalized order patterns, adjusting to an environment with shorter delivery lead times as supply chain constraints eased compared with last year. Some inventory adjustments among customers put additional sequential pressure on orders, mainly in China. These impacts are expected to persist into the third quarter.

- Orders declined at a double-digit rate in both divisions on the back of stable development in the automotive segment against declines in the other segments, particularly in the machine automation and electronics segments.
- Customer inventory adjustments were most prominent in Asia, Middle East and Africa where orders declined by 33% (29% comparable), weighed down by a significant decline in China. Europe also dropped by 23% (24% comparable) while the Americas recorded an increase of 4% (4% comparable), supported by good momentum in Canada and Mexico.
- Execution of the high order backlog drove the strong revenue growth of 26% (27% comparable), with a similar pattern in both divisions. While higher volumes were the main driver for growth, pricing also contributed materially on the back of last year's implemented actions.

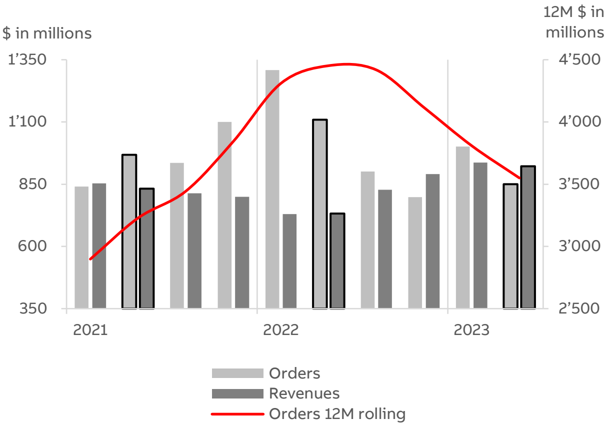
Profit

Operational EBITA more than doubled to $141 million from last year’s low level when earnings were impacted by Covid-related shut-downs and strained supply chains. Improved operational performance supported the 710 basis points increase in Operational EBITA margin, to 15.3%, the highest level in several years.

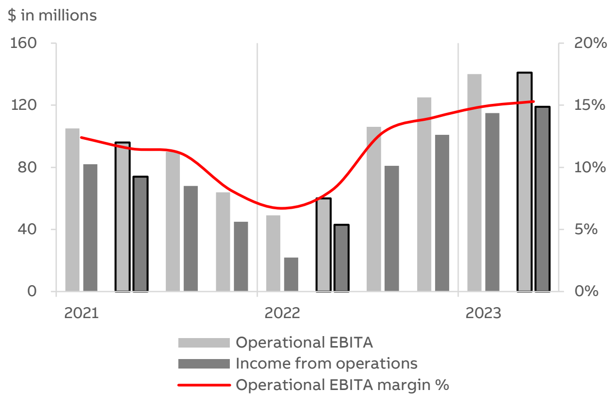
- Operational leverage on higher volumes in production was the main driver for higher earnings and margin.
- Positive impact from earlier implemented price actions significantly contributed to the improved profitability. Pricing more than offset inflation in labor with additional support from lower input and freight costs.
- Both divisions recorded margins of above 15% in the period.

($ millions, unless otherwise indicated)	Q2 2023	Q2 2022	CHANGE US$	CHANGE Comparable	H1 2023	H1 2022	CHANGE US$	CHANGE Comparable
Orders	850	1,109	-23%	-22%	1,851	2,417	-23%	-21%
Order backlog	2,657	2,728	-3%	-2%	2,657	2,728	-3%	-2%
Revenues	922	732	26%	27%	1,859	1,462	27%	31%
Operational EBITA	141	60	135%		281	109	158%	
as % of operational revenues	15.3%	8.2%	+7.1 pts		15.1%	7.4%	+7.7 pts	
Cash flow from operating activities	44	56	-21%		174	27	544%	
No. of employees (FTE equiv.)	10,900	10,800	1%					

Orders and Revenues



Income from operations & Operational EBITA



Sustainability

Q2 outcome

- 28% reduction of CO_2e emissions in own operations mainly driven by shifting to green electricity in our operations.
- 32% decrease in LTIFR due to a decrease in incidents in absolute numbers.
- 3.4%-points increase in share of women in senior management, demonstrating strong progress towards our target.

Quarterly highlights

- ABB is collaborating with Lhyfe, a world pioneer in the production of renewable hydrogen, and Skyborn, a global leader in renewable energy, to jointly realize and optimize one of Europe's most ambitious renewable hydrogen projects ever, SoutH2Port. Powered by Skyborn's planned offshore wind farm, the plant in Söderhamn, Sweden, will produce around 240 tons of hydrogen per day, equivalent to around 1.8 million barrels of oil per annum. ABB will apply critical expertise to optimize the integration of the hydrogen and electricity production across the entire ecosystem including automation, electrical and digital technologies.

- From June 17 to 25, the Special Olympics World Games took place in Berlin and for the first time in Germany where 7,000 athletes with diverse abilities from more than 190 countries competed in 26 sports with the motto #Unbeatabletogether. Around 150 ABB employees volunteered to support the athletes during the exciting and inspiring competitions. ABB Germany has been a supporting partner of the Special Olympics at the local and state levels games for 23 years.

- A pilot project between ABB Robotics and US non-profit organization Junglekeepers demonstrated the role Cloud technology can play in making reforestation faster, more efficient and scalable. ABB's cobot YuMi automated planting tasks in a jungle laboratory in the Amazon, speeding the process and allowing Junglekeepers' volunteers to focus on more impactful work. Through ABB RobotStudio Cloud technology, ABB experts simulated, refined and deployed the programming required for YuMi's tasks in the jungle from 12,000 kms away in Sweden – enabling the world's most remote robot.

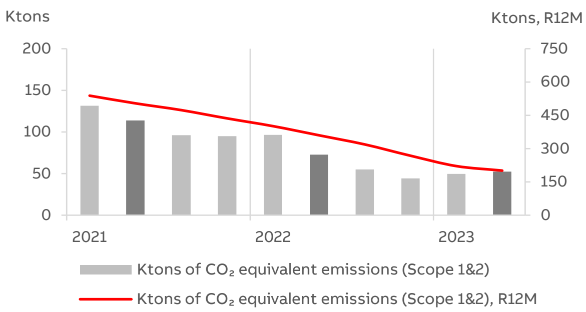
- ABB has won a 2023 Global Water Award in the category "Smart Water Project of the Year" for its collaboration with Wellington Water, the water services provider for the Wellington region of New Zealand. ABB's state-of-the-art instrumentation technology and variable frequency drives enables Wellington Water to measure and store data about the water flow in real time and delivers up to 10% in energy savings per month.

- In May 2023, ABB E-mobility and Scania successfully undertook a first test for the development of a megawatt charging system, representing the next milestone in the development of an efficient, high power charging solution for heavy duty vehicles. The technology will enable half the charging time for heavy duty vehicles. Developing a solution to fast charge these commercial electric vehicles, which will also deliver significant range, is a major step towards increasing sales of heavy-duty vehicles that can be driven fossil-free.

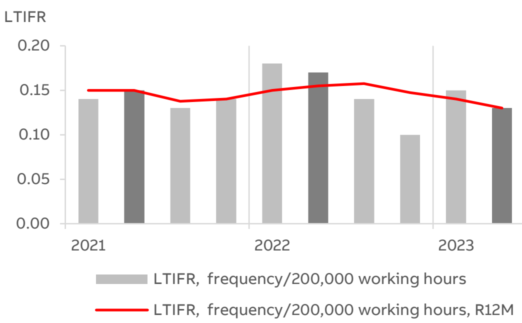
	Q2 2023	Q2 2022	CHANGE	12M ROLLING
CO_2e own operations emissions, Ktons scope 1 and 2[1,3]	52	73	-28%	201
Lost Time Injury Frequency Rate (LTIFR), frequency / 200,000 working hours[2]	0.12	0.17	-32%	0.13
Share of females in senior management positions, %	20.2	16.8	+3.4 pts	18.6

1 CO_2 equivalent emissions from site, energy use, SF_6 and fleet, previous quarter
2 Current quarter Includes all incidents reported until July 10, 2023
3 Q2 2022 emission data was restated from 88.8 to 72.6 Ktons of CO_2e to reflect the application of green energy certificates retrospectively.

CO_2e Scope 1&2



Lost Time Injury Frequency Rate



Significant events

During Q2 2023

- On April 3, ABB launched its previously announced new share buyback program of up to $1 billion. The maximum number of shares that may be repurchased under this new program on any given trading day is 762,196.
- On April 25, ABB announced its plans to delist its American Depositary Receipts (ADRs) from the New York Stock Exchange (NYSE), and ultimately to seek to deregister its ADRs and the underlying shares under the US Securities Act of 1934 (The Securities Exchange Act). The delisting became effective on May 23 and the ADR program was converted into a sponsored Level I ADR program, trading on the US over-the-counter (OTC) market.
- On June 7, ABB announced that following the completion of the cancellation of 82,742,500 of its shares, ABB held 20,845,438 of its own shares, which corresponds to 1.1 percent of total share capital and voting rights in the company. This includes 4,269,700 shares purchased for capital reduction. ABB's total number of issued shares, including shares held in treasury, amounts to 1,882,002,575.

After Q2 2023

- On July 3, ABB announced the closing of the divestment of Power Conversion division at around $500 million. As a result, ABB expects to record a non-operational book gain estimated at approximately $50 million in Income from operations in the third quarter of 2023. With this transaction, ABB has completed all divisional portfolio divestments announced at the end of 2020.

First six months 2023

The demand for ABB's offering remained strong in the first six months of 2023. Weakness in the residential construction market and some softening in the short-cycle business from last year's high level was offset by strong momentum in the long-cycle business driven predominantly by the medium voltage segment and process related industries. Orders increased in three out of four business areas and remained stable (up 6% comparable) for ABB at $18,117 million. Revenues supported by strong backlog execution amounted to $16,022 million, up by 13% (19% comparable), overall implying a book-to-bill of 1.13.

Income from operations amounted to $2,496 million, up from $1,444 million in the first half 2022, mostly reflecting improved operational performance. Additionally, the result in the same period last year included charges totalling approximately $250 million triggered by the exit of a legacy project in non-core and the decision to exit Russian operations.

Operational EBITA improved by 27% year-on-year to $2,702 million and the Operational EBITA margin increased by 200 basis points to 16.9%, significantly higher in all business areas compared to the same period last year. Performance was driven by operating leverage from backlog execution as well as benefits from successful price management, which more than offset cost inflation mainly related to labor. Corporate and Other Operational EBITA amounted to -$254 million, out of which -$95 million related to the E-mobility business, which was hampered by some inventory related provisions as well as technology investments triggered by a shift back to a more focused product strategy to secure a continued leading market position.

Net finance expenses increased $17 million to $46 million, while non-operational pension credits declined by $53 million to $15 million compared to the same period last year, mainly due to higher interest rates. Income tax expense was $468 million with a tax rate of 19.0%, including a net benefit from the favorable resolution of a prior year tax matter relating to the divestment of the Power Grids business.

Net income attributable to ABB was $1,942 million, up from $983 million year-on-year. Basic earnings per share was $1.04 more than doubling from the same period last year.

Acquisitions and divestments, last twelve months

Acquisitions	Company/unit	Closing date	Revenues, $ million[1]	No. of employees
2023				
Electrification	Eve Systems	1-Jun	~20	50
Motion	Siemens low voltage NEMA Motors	2-May	~60	600
2022				
Motion	PowerTech Converter business	1-Dec	~60	300
Electrification	ASKI Industrie Elektronik GmbH	3-Oct	~2	16
Electrification	Numocity Technologies Private Ltd. (majority stake)	22-Jul	<1	20

Divestments	Company/unit	Closing date	Revenues, $ million[1]	No. of employees
2023				
Process Automation	UK technical engineering consultancy business	1-May	~20	160
2022				
	Hitachi Energy JV (Power Grids, 19.9% stake)	28-Dec		

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

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

Additional figures

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

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

Additional 2023 guidance

($ in millions, unless otherwise stated)	FY 2023[1]	Q3 2023
Corporate and Other Operational EBITA[2]	~(300) unchanged	~(75)
Non-operating items		
Acquisition-related amortization	~(220) unchanged	~(55)
Restructuring and related[3]	~(150) unchanged	~(40)
ABB Way transformation	~(180) unchanged	~(50)

($ in millions, unless otherwise stated)	FY 2023
Net finance expenses	~(130) from ~(150)
Effective tax rate	~21%[4] unchanged
Capital Expenditures	~(800) unchanged

1 Excludes one project estimated to a total of ~$100 million, that is ongoing in the non-core business. Exact exit timing is difficult to assess due to legal proceedings etc.

2 Excludes Operational EBITA from E-mobility business.

3 Includes restructuring and restructuring-related as well as separation costs.

4 Includes net positive tax impact of $206 million linked to a favorable resolution of certain prior year tax matters in Q1 2023 but excludes the impact of acquisitions or divestments or any significant non-operational items.

Important notice about forward-looking information

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

Q2 results presentation on July 20, 2023

The Q2 2023 results press release and presentation slides are available on the ABB News Center at www.abb.com/news and on the Investor Relations homepage at www.abb.com/investorrelations.

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

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

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

Financial calendar

2023	
October 18	Q3 2023 results
November 30	Capital Markets Day in Frosinone, Italy

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