

ABB Q3: Solid performance across the business

- Revenues¹ and operational EBITDA² higher in all divisions, net income up 10 percent
- Base orders³ return to year-on-year growth, large project awards remain slow
- New CEO outlines priorities on growth, collaboration and execution

Zurich, Switzerland, October 24, 2013 – ABB reported higher revenues, earnings and cash flows in the third quarter of 2013, on improved performance across all divisions.

Orders in early-cycle businesses, driven mainly by customer investments in improved productivity and efficiency, grew compared to the same quarter in 2012, while further delays in large project awards – mainly the result of ongoing economic uncertainties - and the strategic repositioning of the Power Systems division resulted in lower large orders.

“It was a solid quarter where we executed well to grow revenues, earnings, cash and net income despite the continued mixed business climate,” said Ulrich Spiesshofer, ABB’s CEO. “We drove good order growth in a number of key markets, including China and Germany, and our base orders returned to year-over-year growth. Project tendering activity in sectors like power transmission and oil and gas continues to increase but the award of large orders remained slow.

“At the same time, we can do more to improve our performance and deliver greater value to all of our stakeholders,” he said. “For example, we have significant opportunities to drive profitable growth through increased market penetration—delivering more to our existing customer segments—and by accelerating the development and marketing of innovative products and packaged solutions. We will also continue to expand into attractive markets, both by growing organically, as well as continuing to fill gaps in the portfolio through bolt-on acquisitions.

“The second focus area will be to improve our collaboration across the businesses to create more customer value by selling and delivering ABB’s combined automation and power portfolio. Enhanced collaboration in operations will allow us to drive productivity to the next level.

“Relentless execution will be the third focus area. We will drive sustainable cost savings momentum, cash flow as well as capital efficiency even harder. In addition, we are stepping up the focus on the successful integration of our acquisitions to maximize the return on our investments. The announcement earlier this week that Greg Scheu will lead our global acquisition integration efforts from the senior executive team reflects our commitment to realizing the value of our acquisitions.

“Looking ahead, the long-term growth drivers are fully intact but several forward-looking indicators are mixed and we still face some near-term market uncertainty,” Spiesshofer said. “But even in a volatile environment, our strong market positions, leading technologies and broad business portfolio will allow us to capture profitable growth opportunities. Therefore, we will continue to drive the top line in a very targeted way while executing on cost, business-led collaboration and improved capital efficiency.”

Key figures	Q3 13	Q3 12	Change		9M 13	9M 12 ⁴	Change	
			US\$	Local			US\$	Local
<i>\$ millions unless otherwise indicated</i>								
Orders	9,089	9,295	-2%	-2%	28,893	29,715	-3%	-3%
Order backlog (end Sept)	27,454	29,175	-6%	-4%				
Revenues	10,535	9,745	+8%	+9%	30,475	28,315	+8%	+8%
Income from operations	1,324	1,146	+16%		3,564	3,195	+12%	
as % of revenues	12.6%	11.8%			11.7%	11.3%		
Operational EBITDA	1,638	1,483	+10%		4,657	4,182	+11%	
as % of operational revenues	15.7%	15.3%			15.3%	14.8%		
Net income attributable to ABB	835	759	+10%		2,262	2,100	+8%	
Basic net income per share (\$)	0.36	0.33			0.99	0.92		
Cash from operating activities	1,241	768	+62%		1,561	1,341	+16%	

Summary of Q3 results

Growth overview

The global business environment remained mixed in the third quarter. Demand in early-cycle businesses grew in line with macroeconomic developments. Growth was led by demand from both industrial and utility customers for products and solutions that help them increase the productivity and reliability of existing assets.

ABB's ability to tap these early-cycle growth opportunities is reflected in the 5-percent increase in base orders, driven in part by ABB's improved geographic balance, especially in the US through its successful integrations of the Thomas & Betts and Baldor Electric acquisitions. Sustained investments in sales and research and development through the cycle have also supported base order growth. Base orders were up in all divisions except Power Systems, where greater selectivity—part of the division's repositioning towards higher value-added projects—impacted base orders in businesses such as substations.

Late-cycle capital investments by customers in markets such as power utilities and mining continued to be delayed, partly due to overcapacity in some markets as well as economic uncertainties. As a result of this and the timing of project awards, large orders (above \$15 million) declined 43 percent. However, tendering activity in these markets is increasing as the underlying need for industrial productivity, infrastructure upgrades as well as grid reliability improvements remained intact across all regions. Large orders represented 9 percent of total orders, compared to 15 percent in the year-earlier period.

Service orders increased by 2 percent in the quarter and represented 17 percent of total orders, up from 16 percent in the same quarter in 2012.

Revenues rose 9 percent and were higher in all divisions, primarily on the combination of stronger growth in early-cycle businesses as well as execution of the order backlog. Service revenues increased by 5 percent in the quarter compared with a year ago and represented 15 percent of total revenues.

2013 Q3 orders received and revenues by region

\$ millions	Orders received		Change		Revenues		Change	
	Q3 13	Q3 12	US\$	Local	Q3 13	Q3 12	US\$	Local
Europe	3,001	2,871	+5%	+2%	3,684	3,428	+7%	+4%
The Americas	2,807	3,072	-9%	-7%	3,016	2,749	+10%	+12%
Asia	2,499	2,331	+7%	+9%	2,836	2,712	+5%	+6%
Middle East and Africa	782	1,021	-23%	-22%	999	856	+17%	+21%
Group total	9,089	9,295	-2%	-2%	10,535	9,745	+8%	+9%

Orders grew in Europe as double-digit increases in markets like Norway, Sweden, Germany and Switzerland more than compensated for continued weakness in southern Europe—mainly Italy—and a decline in the UK. In the Americas, US orders were unchanged versus the same period a year earlier, as lower large orders were compensated by solid growth in base orders. Order growth in China, India and South Korea contributed to higher Asia orders in the quarter, while orders in the Middle East and Africa declined due to the delay in large project awards.

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2013 Q3 orders received and revenues by division

\$ millions unless otherwise indicated	Orders received				Revenues			
	Q3 2013	Q3 2012	Change in US\$	Change in local currency	Q3 2013	Q3 2012	Change in US\$	Change in local currency
Discrete Automation and Motion	2,410	2,266	+6%	+6%	2,539	2,306	+10%	+10%
Low Voltage Products	1,938	1,861	+4%	+3%	2,001	1,880	+6%	+6%
Process Automation	1,688	1,706	-1%	0%	2,128	1,904	+12%	+13%
Power Products	2,450	2,401	+2%	+3%	2,692	2,526	+7%	+7%
Power Systems	1,216	1,765	-31%	-30%	2,062	1,901	+8%	+10%
Corporate and other <i>(incl. inter-division eliminations)</i>	(613)	(704)			(887)	(772)		
ABB Group	9,089	9,295	-2%	-2%	10,535	9,745	+8%	+9%

Discrete Automation and Motion: Orders were driven mainly by continued investments in robotics equipment from automotive and general industry as well as demand for products to improve industrial productivity. Revenues improved on execution of the order backlog and increased sales of products such as variable-speed drives. Service orders and revenues grew at a double-digit pace. The Power-One acquisition, completed in July, also contributed to the growth in orders and revenues.

Low Voltage Products: Orders and revenues increased in all product businesses and were higher in all regions, in line with economic developments. Revenue growth was led by Europe and Asia—including a double-digit increase in China—and was modestly higher in the Americas. Service orders and revenues grew significantly faster than total orders and revenues for the division.

Process Automation: Base orders grew across most businesses in the quarter—led by North America and China—but were offset by continuing delays in the award of large projects, especially in the mining and oil and gas sectors. Strong revenue growth was driven by the execution of the order backlog. Service revenues remained stable versus the same quarter a year ago.

Power Products: Industrial and power distribution demand remained steady in the quarter and utilities continued to make selective investments in power transmission. Higher revenues reflect delivery from the order backlog while service volumes grew faster than total revenues.

Power Systems: Orders declined on a combination of the postponement of large order awards and increased project selectivity that is part of the division's strategic repositioning. Revenues were higher across most businesses in the quarter on execution of the order backlog. Service revenues also grew.

Earnings overview

Operational EBITDA

Operational EBITDA in the third quarter of 2013 amounted to \$1.6 billion, an increase of 10 percent versus the same period a year earlier.

The Group's operational EBITDA margin increased to 15.7% from 15.3%, mainly reflecting the positive impact of higher volumes. Cost savings and productivity improvements more than compensated price pressure.

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Income from operations and net income

Income from operations amounted to approximately \$1.3 billion, 16 percent higher compared to the same quarter in 2012.

Net income for the quarter increased 10 percent to \$835 million, in line with operational EBITDA. Basic earnings per share in the third quarter amounted to \$0.36 versus \$0.33 a year earlier. Year to date, basic EPS increased 8 percent and operational EPS⁵ increased 7 percent.

2013 Q3 earnings and cash flows by division

\$ millions unless otherwise indicated	Operational EBITDA		Change in US\$	Operational EBITDA margin		Cash flows from operating activities		Change in US\$
	Q3 2013	Q3 2012		Q3 2013	Q3 2012	Q3 2013	Q3 2012	
Discrete Automation and Motion	476	437	+9%	18.8%	18.9%	526	393	+34%
Low Voltage Products	395	366	+8%	19.7%	19.5%	435	334	+30%
Process Automation	289	233	+24%	13.6%	12.3%	271	230	+18%
Power Products	389	374	+4%	14.6%	14.8%	207	258	-20%
Power Systems	141	109	+29%	7.0%	5.9%	(118)	(294)	n/a
Corporate and other (incl. inter-division eliminations)	(52)	(36)	n/a	n/a		(80)	(153)	n/a
ABB Group	1,638	1,483	+10%	15.7%	15.3%	1,241	768	+62%

Discrete Automation and Motion: Operational EBITDA increased on higher revenues, while margins remained steady.

Low Voltage Products: The operational EBITDA margin increased through a combination of successful cost management and growth in a number of higher-margin product businesses.

Process Automation: The growth in operational EBITDA and margins primarily reflects the strong revenue increase as well as improved project execution compared to the same quarter in 2012.

Power Products: Operational EBITDA increased on higher revenues while the operational EBITDA margin reflects a different revenue mix compared to the same period a year ago.

Power Systems: The increase in operational EBITDA margin reflects the combination of higher revenues, better project execution and improved cost management compared to the same period in 2012.

Cash flow and balance sheet

ABB reported cash from operations of \$1,241 million compared to \$768 million in the third quarter of 2012. Net working capital as a percentage of revenues⁵ amounted to 18 percent, an increase of 1 percentage point versus the end of the same quarter a year earlier.

ABB's net debt⁵ at the end of the quarter was \$3.4 billion, as at the end of June, and includes the impact from the net payment in July of approximately \$750 million for the acquisition of Power-One.

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Management changes and organizational update

ABB announced earlier this week a realignment of responsibilities in the Group Executive Committee (EC) to put a strong focus on acquisition integration and the significantly expanded North American business portfolio. Under these changes, Greg Scheu, who is currently responsible for Marketing and Customer Solutions (MC) on the EC, will lead the Group's global acquisition integration efforts and take over responsibility for North America, ABB's largest geographical market. Scheu will retain responsibility for ABB's service business, while the remaining activities of MC will be taken up by other members of the EC. All changes will be effective November 1, 2013.

Earlier in the third quarter, ABB announced the appointment of Jean-Christophe Deslarzes to its Executive Committee as Head of Human Resources (HR), effective November 15, 2013. He brings a proven track record as a successful leader of HR in global companies to the role and has significant operational and integration experience. He succeeds Gary Steel, who is retiring.

In an orderly internal succession, Pekka Tiitinen was appointed to ABB's Executive Committee as head of the Discrete Automation and Motion division as of September 15, 2013. He previously led ABB's global Drives and Controls business through a period of significant organic growth and profitability improvement. He succeeded Ulrich Spiesshofer, who took over as ABB CEO.

Strategic initiatives

Ulrich Spiesshofer, who assumed the role of CEO on September 15, 2013, said the executive team intends to focus on three key areas in the coming quarters: driving profitable organic and inorganic growth; stronger collaboration across the organization to improve ABB's offering to its customers and lift productivity; and "relentless execution" across the business operations.

"We have made good progress against our 2011 to 2015 goals and will continue to execute on that plan," Spiesshofer said. "At the same time, there are significant opportunities for us to step up our performance and deliver even greater value to our customers—together."

Profitable growth will be driven by increasing the market penetration of existing customer segments by combining offerings across different businesses more effectively and continuously enhancing customer intimacy and service. This will include both new products and innovative packages and solutions of existing offerings and services.

Greater collaboration across businesses will deliver significantly greater value to customers by offering a more integrated set of solutions. It will also lift productivity in areas like sales, product development and order fulfillment. "It's clear that we can do more to make our customers more competitive, to improve our own productivity and to accelerate profitable growth," Spiesshofer said.

Management focus on execution will include not only consistent delivery of cost savings equivalent to 3-5 percent of cost of goods sold every year, but also stricter management of net working capital to lift cash flow as well as driving excellence in the integration of newly acquired businesses.

Outlook

Our long-term demand drivers—such as the need for greater industrial productivity, more reliable and efficient power delivery and the development of renewable energies—remain in place. Early-cycle macroeconomic developments remain positive but several forward-looking indicators contain mixed signals and we still face some near-term market uncertainty.

In this environment, we will continue to execute on our 2011-15 plan. Growth will be supported by delivering from our large order backlog as well as increasing the focus on market penetration, innovation and expansion. We will continue to drive cost savings and productivity improvements

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equivalent to 3-5 percent of cost of sales every year through improved supply management, better quality and higher returns on investments in sales and R&D.

We remain committed to delivering higher cash to shareholders and improving the cash return on our invested capital.

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More information

The 2013 Q3 results press release is available from October 24, 2013, on the ABB News Center at www.abb.com/news and on the Investor Relations homepage at www.abb.com/investorcenter, where a presentation for investors will also be published.

A video from Chief Executive Officer Ulrich Spiesshofer on ABB's third-quarter 2013 results will be available at 06:30 a.m. Central European Time (CET) today at www.youtube.com/abb.

ABB will host a media conference call starting at 10:00 a.m. CET. Callers from the US and Canada should dial +1 631 570 5613 (Toll-Free). U.K. callers should dial +44 203 059 58 62. From Sweden +46 85 051 00 31, and from the rest of Europe, +41 58 310 50 00. Lines will be open 15 minutes before the conference starts. Playback of the call will start 1 hour after the call ends and will be available for 24 hours: Playback numbers: +44 207 108 62 33 (U.K.), +41 91 612 43 30 (rest of Europe) or +1 866 416 25 58 (U.S./Canada). The code is 15906, followed by the # key. The recorded session will also be available as a podcast 1 hour after the end of the call and can be downloaded from www.abb.com/news.

A conference call for analysts and investors is scheduled to begin today at 3:00 p.m. CET (2:00 p.m. in the UK, 9:00 a.m. EDT). Callers should dial +1 866 291 41 66 from the US/Canada (toll-free), +44 203 059 58 62 from the U.K., +46 8 5051 00 31 (Sweden) or +41 58 310 50 00 from the rest of the world. Callers are requested to phone in 15 minutes before the start of the call. The recorded session will be available as a podcast one hour after the end of the conference call and can be downloaded from our website. You will find the link to access the podcast at www.abb.com/investorcenter.

Investor calendar 2013-2014

Fourth-quarter 2013 results	February 13, 2014
First-quarter 2014 results	April 29, 2014
Annual General Meeting, Zurich, Switzerland	April 30, 2014
Second-quarter 2014 results	July 24, 2014
Third-quarter 2014 results	October 22, 2014

ABB (www.abb.com) is a leader in power and automation technologies that enable utility and industry customers to improve performance while lowering environmental impact. The ABB Group of companies operates in around 100 countries and employs about 150,000 people.

Zurich, October 24, 2013
Ulrich Spiesshofer, CEO

Important notices

This press release includes forward-looking information and statements as well as other statements concerning the outlook for our business. 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 Ltd. These expectations, estimates and projections are generally identifiable by statements containing words such as "expects," "believes," "estimates," "targets," "plans" 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. The 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, raw materials availability and prices, 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.

This press release also contains non-GAAP measures of performance. Definitions of these measures and reconciliations between these measures and their GAAP counterparts can be found in "Supplemental financial information" attached to this press release.

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Key figures

		Q3 13	Q3 12	Change		9M 13	9M 12	Change	
				US\$	Local			US\$	Local
<i>\$ millions</i>									
Orders	ABB Group	9'089	9'295	-2%	-2%	28'893	29'715	-3%	-3%
	Discrete Automation and Motion	2'410	2'266	6%	6%	7'287	7'372	-1%	-1%
	Low Voltage Products	1'938	1'861	4%	3%	5'852	4'853	21%	20%
	Process Automation	1'688	1'706	-1%	0%	5'976	6'493	-8%	-8%
	Power Products	2'450	2'401	2%	3%	7'905	8'309	-5%	-5%
	Power Systems	1'216	1'765	-31%	-30%	4'160	5'613	-26%	-25%
	Corporate and other <i>(incl. inter-division eliminations)</i>	(613)	(704)			(2'287)	(2'925)		
Revenues	ABB Group	10'535	9'745	8%	9%	30'475	28'315	8%	8%
	Discrete Automation and Motion	2'539	2'306	10%	10%	7'228	6'916	5%	4%
	Low Voltage Products	2'001	1'880	6%	6%	5'707	4'668	22%	22%
	Process Automation	2'128	1'904	12%	13%	6'236	5'926	5%	6%
	Power Products	2'692	2'526	7%	7%	7'962	7'649	4%	4%
	Power Systems	2'062	1'901	8%	10%	6'075	5'580	9%	10%
	Corporate and other <i>(incl. inter-division eliminations)</i>	(887)	(772)			(2'733)	(2'424)		
Income from operations	ABB Group	1'324	1'146	16%		3'564	3'195	12%	
	Discrete Automation and Motion	403	362	11%		1'101	1'098	0%	
	Low Voltage Products	315	278	13%		809	597	36%	
	Process Automation	270	224	21%		727	690	5%	
	Power Products	346	324	7%		975	949	3%	
	Power Systems	127	72	76%		340	197	73%	
	Corporate and other <i>(incl. inter-division eliminations)</i>	(137)	(114)			(388)	(336)		
Income from operations %	ABB Group	12.6%	11.8%			11.7%	11.3%		
	Discrete Automation and Motion	15.9%	15.7%			15.2%	15.9%		
	Low Voltage Products	15.7%	14.8%			14.2%	12.8%		
	Process Automation	12.7%	11.8%			11.7%	11.6%		
	Power Products	12.9%	12.8%			12.2%	12.4%		
	Power Systems	6.2%	3.8%			5.6%	3.5%		
Operational EBITDA	ABB Group	1'638	1'483	10%		4'657	4'182	11%	
	Discrete Automation and Motion	476	437	9%		1'320	1'300	2%	
	Low Voltage Products	395	366	8%		1'082	849	27%	
	Process Automation	289	233	24%		800	744	8%	
	Power Products	389	374	4%		1'170	1'124	4%	
	Power Systems	141	109	29%		469	345	36%	
	Corporate and other <i>(incl. inter-division eliminations)</i>	(52)	(36)			(184)	(180)		
Operational EBITDA %	ABB Group	15.7%	15.3%			15.3%	14.8%		
	Discrete Automation and Motion	18.8%	18.9%			18.3%	18.8%		
	Low Voltage Products	19.7%	19.5%			19.0%	18.2%		
	Process Automation	13.6%	12.3%			12.8%	12.6%		
	Power Products	14.6%	14.8%			14.7%	14.7%		
	Power Systems	7.0%	5.9%			7.7%	6.2%		

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Orders received and revenues by region

\$ millions	Orders received		Change		Revenues		Change	
	9M 13	9M 12	US\$	Local	9M 13	9M 12	US\$	Local
Europe	10'034	9'979	1%	-1%	10'482	10'255	2%	1%
The Americas	8'341	8'701	-4%	-3%	8'892	7'652	16%	18%
Asia	7'808	7'856	-1%	0%	8'163	7'743	5%	6%
Middle East and Africa	2'710	3'179	-15%	-12%	2'938	2'665	10%	13%
Group total	28'893	29'715	-3%	-3%	30'475	28'315	8%	8%

Operational EBITDA

\$ in millions	ABB		Discrete Automation and Motion		Low Voltage Products		Process Automation		Power Products		Power Systems	
	Q3 13	Q3 12	Q3 13	Q3 12	Q3 13	Q3 12	Q3 13	Q3 12	Q3 13	Q3 12	Q3 13	Q3 12
Revenues	10'535	9'745	2'539	2'306	2'001	1'880	2'128	1'904	2'692	2'526	2'062	1'901
FX/commodity timing differences on Revenues	(90)	(70)	(13)	2	-	(4)	(7)	(15)	(22)	(1)	(49)	(54)
Operational revenues	10'445	9'675	2'526	2'308	2'001	1'876	2'121	1'889	2'670	2'525	2'013	1'847
Income from operations	1'324	1'146	403	362	315	278	270	224	346	324	127	72
Depreciation	206	183	38	35	48	40	18	16	46	42	20	19
Amortization	121	124	36	31	32	38	5	4	7	9	25	26
<i>including total acquisition-related amortization of</i>	<i>100</i>	<i>104</i>	<i>34</i>	<i>30</i>	<i>30</i>	<i>36</i>	<i>4</i>	<i>3</i>	<i>6</i>	<i>7</i>	<i>23</i>	<i>24</i>
Restructuring and restructuring-related expenses	40	21	3	9	11	5	2	(1)	11	8	11	(1)
Acquisition-related expenses and certain non-operational items	60	49	12	2	4	20	1	1	10	1	-	-
FX/commodity timing differences in income from operations	(113)	(40)	(16)	(2)	(15)	(15)	(7)	(11)	(31)	(10)	(42)	(7)
Operational EBITDA	1'638	1'483	476	437	395	366	289	233	389	374	141	109
Operational EBITDA margin (%)	15.7%	15.3%	18.8%	18.9%	19.7%	19.5%	13.6%	12.3%	14.6%	14.8%	7.0%	5.9%

¹ Management discussion of orders and revenues focuses on local currency changes. U.S. dollar changes are reported in results tables

² See Reconciliation of operational EBITDA to Income from continuing operations before taxes in Note 14 to the Interim Consolidated Financial Information (unaudited)

³ Base orders are orders of less than \$15 million

⁴ 9-month 2012 figures include the results of Thomas & Betts for the period mid-May to September 2012.

⁵ For reconciliations of non-GAAP measures, see the "Supplemental financial information" attachment to this press release