



ZURICH, SWITZERLAND, OCTOBER 27, 2016: THIRD-QUARTER HIGHLIGHTS

Continued margin growth in tough markets

- Operational EBITA margin¹ increased to 12.6%
- White Collar Productivity on track towards \$1.3 bn savings; expected total costs reduced by \$100 mn
- Net Income \$568 million; basic earnings per share up 2%
- Base orders -6%²; total orders -13%; reflect Q3 uncertainty
- Revenues steady
- Cash flow from operating activities \$1,081 million, more consistent quarterly cash generation
- Timo Ihamuotila to succeed Eric Elzvik as Chief Financial Officer effective April 1, 2017
- ABB launched Stage 3 of its Next Level Strategy – committed to unlocking value

“We delivered the eighth consecutive quarter of margin accretion through our continued focus on execution,” said CEO Ulrich Spiesshofer. “In the third quarter, we experienced significant macro uncertainties around Brexit and the US elections as reflected in the low order pattern. Orders in Power Grids were additionally dampened by the hesitation of customers prior to the Capital Markets Day. However, the Power Grids transformation is on track as clearly demonstrated by the 170 basis points margin accretion,” he said. “With our enhanced cash culture, we have delivered more than 30 percent higher cash flow so far this year with a much steadier cash generation profile.”

“We continue to run the company with discipline, realizing growth opportunities where possible whilst driving earnings and cash growth. We are committed to unlocking value for all shareholders as a more focused, agile company building on our industry-leading digital offering.”

Key figures

(\$ in millions, unless otherwise indicated)	CHANGE				CHANGE			
	Q3 2016	Q3 2015	US\$	Compar-able ¹	9M 2016	9M 2015	US\$	Compar-able ¹
Orders	7,533	8,767	-14%	-13%	25,102	28,167	-11%	-8%
Revenues	8,255	8,519	-3%	0%	24,835	26,239	-5%	-1%
Operational EBITA ¹	1,046	1,081	-3%	-2% ³	3,095	3,088	0%	+3% ³
as % of operational revenues ¹	12.6%	12.5%	+0.1pts		12.4%	11.8%	+0.6pts	
Net income	568	577	-2%		1,474	1,729	-15%	
Basic EPS (\$)	0.27	0.26	+2% ⁴		0.68	0.77	-12% ⁴	
Operational EPS ¹ (\$)	0.32	0.32	-1% ⁴	0% ⁴	0.95	0.90	+5% ⁴	+7% ⁴
Cash flow from operating activities	1,081	1,173	-8%		2,415	1,824	+32%	

Short-term outlook

Macroeconomic and geopolitical developments are signaling a mixed picture with continued uncertainty. Some macroeconomic signs in the US remain positive and growth in China is expected to continue, although at a slower pace than in 2015. The market remains impacted by modest growth and increased uncertainties, e.g., Brexit in Europe and geopolitical tensions in various parts of the world. Oil prices and foreign exchange translation effects are expected to continue to influence the company's results.

¹ For a reconciliation of non-GAAP measures, see “Supplemental Reconciliations and Definitions” in the attached Q3 2016 Financial Information

² Growth rates for orders, revenues and order backlog are on a comparable basis (local currency adjusted for acquisitions and divestitures), previously referred to as ‘like-for-like’. US\$ growth rates are presented in Key Figures table

³ Constant currency (not adjusted for portfolio changes)

⁴ EPS growth rates are computed using unrounded amounts. Comparable operational earnings per share is in constant currency (2014 exchange rates and not adjusted for changes in the business portfolio)

Q3 2016 Group results

Orders

Total orders declined 13 percent (14 percent in US dollars) compared with the third quarter of 2015, reflecting timing of large order awards and lower short cycle volumes. Base orders (below \$15 million) decreased 6 percent (7 percent in US dollars), while large orders (\$15 million and above) were lower in all divisions and represented 11 percent of total orders compared with 17 percent a year earlier. Orders for services and software were 3 percent lower (5 percent in US dollars) and represented 17 percent of total orders compared with 16 percent a year ago.

Market overview

Demand patterns in ABB's three regions:

- Demand in Europe was subdued primarily due to moderate overall growth, uncertainties in the UK following Brexit and political events in Turkey. Total orders declined 18 percent (20 percent in US dollars) while base orders were stable (2 percent lower in US dollars). Base order demand was positive in Germany, Italy, Sweden and Switzerland, and weak in the UK and Norway.
- The Americas was weaker due to considerable investment delays triggered by the US election and lagging industrial demand. Total orders declined 16 percent (17 percent in US dollars) on weaker large orders; base orders were 8 percent lower (9 percent in US dollars) on weak demand in the US, Canada and Brazil.
- Demand in Asia, the Middle East and Africa (AMEA) was mixed. India continued to grow and China continued its investment activities in power transmission and robotics. Total orders for the region were down 5 percent (7 percent in US dollars) as strong order development in India could not offset declines in China and the UAE. Base orders declined 9 percent (10 percent in US dollars).

Demand patterns in ABB's three major customer sectors:

- Utilities continued their investment activities to integrate renewable energy and foster grid reliability and efficiency.
- In industry: investments in discrete and hybrid industries such as automotive, food and beverage and machinery remained positive while demand from the process industries, specifically mining and oil and gas remain subdued.
- Transport and infrastructure demand has been mixed. Demand for specialty vessels solutions remained strong as well as solutions involving energy efficiency for rail transport. Construction has been mixed.

The book-to-bill¹ ratio in the third quarter decreased to 0.91x from 1.03x in the same quarter a year earlier. For the first nine months, book-to-bill¹ is 1.01x. The order backlog at the end of September 2016 amounted to \$24,554 million, a decrease of 2 percent (3 percent in US dollars) compared with the end of the third quarter in 2015.

Revenues

Revenues were flat (3 percent lower in US dollars) in the third quarter. Revenues were steady in the Electrification Products and Discrete Automation and Motion divisions and increased slightly in Power Grids, which offset a decline in Process Automation. Total services and software revenues increased 5 percent (4 percent in US dollars) and represented 18 percent of total revenues compared with 17 percent a year ago.

Operational EBITA

Operational EBITA decreased 2 percent in local currencies (3 percent in US dollars) to \$1,046 million and included the impact of negative mix. Operational EBITA margin improved 10 basis points to 12.6 percent compared with the same quarter a year ago, reflecting margin accretion in Electrification Products, Process Automation and Power Grids as well as ongoing productivity and cost savings measures, such as the white collar productivity program.

Operational EPS and net income

Operational EPS was steady at \$0.32 in constant currency compared with the same period a year earlier. The reduction in the weighted-average number of shares outstanding compensated for a slightly lower operational EBITA, higher interest expense and higher tax rate. Net income decreased 2 percent to \$568 million and basic earnings per share was \$0.27 compared with \$0.26 for the same quarter of 2015, an increase of 2 percent.

Cash flow from operating activities

Cash flow from operating activities was \$1,081 million, \$92 million lower compared with the third quarter of 2015, mainly due to lower net income. In the first nine months of 2016, cash flow from operating activities increased 32 percent compared with the same period a year ago, primarily due to stronger working capital management and timing of income tax payments.

Shareholder returns

On September 30, 2016, ABB announced the completion of the share buyback program that was introduced in September 2014. During the buyback program, ABB repurchased a total of 171.3 million registered shares (equivalent to 7.4 percent of its issued share capital at the launch of the buyback program) for a total amount of approximately \$3.5 billion.

At its Capital Markets Day on October 4, 2016, ABB announced its plans for a new share buyback program of up to \$3 billion from 2017 through 2019. This reflects the company's confidence and the continued strength of ABB's cash generation and financial position.

Divestitures

In line with its strategy to continuously optimize the portfolio, ABB announced in September the planned sale of its global high-voltage cables systems business to NKT Cables. The transaction is expected to close in the first quarter of 2017 subject to regulatory clearances. ABB and NKT also signed an agreement for a long-term strategic partnership that will serve future projects globally.

Management changes

Today, ABB announced the appointment of Timo Ihamuotila as Chief Financial Officer and member of the Executive Committee, effective April 1, 2017. Ihamuotila succeeds current CFO Eric Elzvik in an orderly transition process, who will pursue career opportunities outside of ABB after a thorough handover in the second quarter of 2017. Ihamuotila joins ABB from Nokia, "a global leader in the technologies that connect people and things," where he has been the Chief Financial Officer for the last seven years. Ihamuotila is a proven CFO with deep experience in communications, software and services industries, active portfolio management and operational performance improvement. He brings a deep understanding of corporate transformation and digital business models.

"Timo is a seasoned CFO with an impressive global track record," said CEO Ulrich Spiesshofer. "He has extensive and deep experience in all aspects of finance as well as in transforming businesses in times of industrial digitalization. With his wide expertise, ranging from financial to commercial to general management, he is the ideal person to lead our finance organization and partner to drive ABB's ongoing transformation as a leader in the digital industry. I am delighted to welcome Timo to our Executive Committee in these exciting times, as we focus on unlocking maximum value for all shareholders," Spiesshofer said. "At the same time I would like to warmly thank Eric Elzvik already now for his long, outstanding commitment and many valuable contributions to ABB over more than three decades. During Eric's CFO tenure, a new cash culture together with a significant improvement of our Net Working Capital, a fundamental productivity improvement of the finance function and many portfolio actions were successfully established and delivered. We wish Eric all the best for the next step of his professional career which he will pursue after the orderly handover process is completed in Q2 2017."

Q3 divisional performance

(\$ in millions, unless otherwise indicated)	Orders	Change		Revenues	Change		Operational EBITA %	Change
		US\$	Compara- ble ¹		US\$	Compara- ble ¹		
Electrification Products	2,223	-6%	-4%	2,308	-2%	0%	17.8%	+0.4pts
Discrete Automation & Motion	2,123	-5%	-4%	2,203	-1%	0%	14.1%	-0.7pts
Process Automation	1,193	-22%	-21%	1,523	-8%	-7%	12.2%	+1.5pts
Power Grids	2,391	-22%	-21%	2,636	-6%	+1%	9.5%	+1.7pts
Corporate & other (incl. inter-division elimination)	-397			-415				
ABB Group	7,533	-14%	-13%	8,255	-3%	0%	12.6%	+0.1pts

Electrification Products

Total orders were down as positive order development in Europe could not offset a decline in the Americas and AMEA. In particular, markets including China, Saudi Arabia, Brazil and Turkey were challenging, while Italy, Switzerland and India were stronger. Revenues were steady, and operational EBITA margin improved 40 basis points to 17.8 percent, due to additional cost savings, capacity adjustments and supply chain management.

Discrete Automation and Motion

Continued strong demand patterns in robotics and in food and beverage could not offset the capex declines in process industries such as oil and gas, which negatively impacted order development. Revenues were steady, reflecting strong order execution. Operational EBITA margin declined 70 basis points compared with the same quarter a year ago primarily due to unfavorable mix and lower capacity utilization. Continued capacity adjustments and productivity improvements are underway.

Process Automation

Total orders were 21 percent lower (22 percent in US dollars) as reduced capital expenditure and cautious discretionary spending in process industries continued to impact large as well as base orders (13 percent lower, 13 percent in US dollars). Revenues declined 7 percent (8 percent in US dollars) as steady demand for specialty vessels could not compensate for declines in such segments as mining and oil and gas. Operational EBITA margin increased 150 basis points to 12.2 percent due to successful project execution and implemented cost reduction and productivity measures.

Power Grids

Total orders were lower compared with the same quarter a year ago primarily due to the timing of large order awards. Lower base orders reflected sluggishness in some markets such as the US, Saudi Arabia and Brazil while Europe remained supportive. Revenues were slightly higher due to steady execution of a healthy order backlog. Operational EBITA margin increased by 170 basis points to 9.5 percent. This solid performance was driven by sustained project execution, improved productivity and continued cost savings.

Next Level strategy – Stage 3

On October 4, 2016, ABB launched Stage 3 of its Next Level strategy to unlock value for customers and shareholders. The core elements of this include: shaping ABB's divisions into four market-leading, entrepreneurial units; realizing ABB's full digital potential; accelerating momentum in operational excellence; and strengthening ABB's brand.

Driving growth in four market-leading entrepreneurial divisions

ABB is shaping and focusing its divisional structure into four market-leading divisions: Electrification Products, Robotics and Motion, Industrial Automation and Power Grids, effective January 1, 2017. The divisions will be empowered as entrepreneurial units within ABB, reflected in an enhancement of ABB's performance and compensation model focusing on individual accountability and responsibility. They will benefit from sales collaboration orchestrated by regions and countries as well as from the group-wide digital offering, ABB's leading G&A structure and costs, common supply chain management, and corporate research centers.

ABB announced two important partnerships in line with transforming the Power Grids offering. The agreements with Fluor and Aibel are examples in which ABB will bring its leading technology in power transmission and distribution. Fluor and Aibel provide execution of turnkey Engineering, Procurement and Construction (EPC) responsibilities for substations and offshore wind connections, respectively.

A quantum leap in digital with ABB Ability™

ABB is a hidden digital champion today. It is ideally positioned to win in the digital space with new and existing end-to-end digital solutions. The newly launched ABB Ability offering combines ABB's portfolio of digital solutions and services across all customer segments, cementing the group's leading position in the Fourth Industrial Revolution and supporting the competitiveness of ABB's four entrepreneurial divisions.

The company has announced a far-reaching strategic partnership with Microsoft, the world's largest software company, to develop next-generation digital solutions on an integrated open cloud platform. Customers will benefit from the unique combination of ABB's deep domain knowledge and extensive portfolio of industrial solutions and Microsoft's Azure intelligent cloud as well as B2B engineering competence. Together, the partners will drive digital transformation in customer segments across ABB's businesses in utilities, industry and transport and infrastructure.

Accelerating momentum in operational excellence

ABB continues to build on its existing momentum and is further accelerating its operational excellence.

The company's White-Collar Productivity savings program has outperformed expectations since its launch last year. As a result, ABB has increased the program's cost reduction target by 30 percent to \$1.3 billion. ABB will achieve these additional savings within the initially announced timeframe and for \$100 million lower of total combined restructuring program and implementation costs. ABB is continuing its regular cost-savings programs, leveraging operational excellence and world-class supply chain management to achieve savings equivalent to 3-5 percent of cost of sales each year.

ABB reaffirms the target of its Net Working Capital program to free up approximately \$2 billion by the end of 2017. The program is well on track and focuses on improving inventory management by optimizing the entire value chain, from product design to manufacturing, and by optimizing other net working capital measures.

Strengthening the global ABB brand

ABB will adopt a single corporate brand, consolidating all its brands around the world under one umbrella. ABB's portfolio of companies will be unified, showcasing the full breadth and depth of the company's global offering under one master brand. This transition is expected to take up to two years.

ABB reaffirmed its Group 2015-2020 financial targets.

Outlook

Macroeconomic and geopolitical developments are signaling a mixed picture with continued uncertainty. Some macroeconomic signs in the US remain positive and growth in China is expected to continue, although at a slower pace than in 2015. The market remains impacted by modest growth and increased uncertainties relating to Brexit in Europe and geopolitical tensions in various parts of the world. Oil prices and foreign exchange translation effects are expected to continue to influence the company's results.

The attractive long-term demand outlook in ABB's three major customer sectors — utilities, industry and transport & infrastructure — is driven by the Energy and Fourth Industrial Revolutions.

ABB is well-positioned to tap into these opportunities for long-term profitable growth with its strong market presence, broad geographic and business scope, technology leadership and financial strength.



More information

The Q3 2016 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.

ABB will host a press conference today starting at 9:00 a.m. Central European Time (CET) (8:00 a.m. BST, 3:00 a.m. EDT). The event will be accessible by conference call. Callers from the UK should dial +44 203 059 58 62. From Sweden, the number to dial is +46 85 051 00 31, and from the rest of Europe, +41 58 310 50 00. Callers from the US and Canada should dial +1 866 291 41 66 (toll-free) or +1 631 570 56 13 (long-distance charges apply). Lines will be open 10 to 15 minutes before the start of the conference. A podcast of the media conference will be available for one week afterwards. The podcast will be accessible at: <http://new.abb.com/media/events>

A conference call for analysts and investors is scheduled to begin today at 2:00 p.m. CET (1:00 p.m. BST, 8:00 a.m. EDT). Callers from the UK should dial +44 203 059 58 62. From Sweden, the number to dial is +46 85 051 00 31, and from the rest of Europe, +41 58 310 50 00. Callers from the US and Canada should dial +1 866 291 41 66 (toll free) or +1 631 570 56 13 (long-distance charges apply). Callers are requested to phone in 10 minutes before the start of the call. The call will also be accessible on the ABB website and a recorded session will be available as a podcast one hour after the end of the conference call and can be downloaded from our website www.abb.com.

ABB (ABBN: SIX Swiss Ex) is a pioneering technology leader in electrification products, robotics and motion, industrial automation and power grids, serving customers in utilities, industry and transport & infrastructure globally. Continuing more than a 125-year history of innovation, ABB today is writing the future of industrial digitalization and driving the Energy and Fourth Industrial Revolutions. ABB operates in more than 100 countries with about 135,000 employees. www.abb.com

Investor calendar 2016/2017

Fourth-quarter and full-year 2016 results	February 8, 2017
Annual General Meeting (Zurich)	April 13, 2017
First quarter 2017 results	April 20, 2017
Second quarter 2017 results	July 20, 2017
Third quarter 2017 results	October 26, 2017

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 “Short-term outlook”, “Outlook”, “Shareholder Returns”, “Divestitures”, “Management Changes” and “Next Level strategy - Stage 3”. 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,” “is likely”, “intends” 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, 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.

Zurich, October 27, 2016

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