# Press Release

# ABB proposes to raise dividend on the back of solid growth and near-record cash flow

- **Full-year 2012 orders and revenues higher[1] despite difficult business climate**
- **Continued growth in automation supported by Thomas & Betts acquisition**
- **Power Products with solid operational EBITDA margin in a tough environment**
- **Continued robust free cash flow[2] generation**

Zurich, Switzerland, Feb. 14, 2013 – ABB reported higher orders and revenues for the full year 2012, a solid performance on operational EBITDA and another year of strong free cash flow generation as it continued to capture profitable growth opportunities in a weak business environment while further improving productivity.

"We again showed we can deliver consistent results through the cycle," said ABB Chief Executive Officer Joe Hogan. "We took significant actions in 2012 to adjust our geographic and portfolio balance, especially with the acquisition of Thomas & Betts to further build our position in the large and growing North American market. Also on an organic basis[3], we delivered a decent top line and profitability in a tough market.

"Furthermore, we addressed critical issues in our power businesses with a one-off charge of about $350 million so we can continue to deliver best-in-class returns more consistently," Hogan said. "We also executed on our strategy to develop disruptive technologies, particularly in direct current power applications, with promising growth opportunities ahead. And thanks to our solid cash generation, we can once again propose an increased dividend to shareholders.

"Looking ahead, the fundamental long-term drivers of our business, such as growing electricity consumption, urbanization and industrialization in emerging markets, growth in renewables and the need to increase energy and resource efficiency all remain intact," Hogan said. "In the short term, there are still a lot of questions around the pace of growth in Europe and the US and the timing of the rebound in China. But we've demonstrated over the past few years our ability to compete successfully and deliver steady revenues and earnings through turbulent times, and we're very confident that we can continue to do so. That means we'll continue to be conservative on costs while making sure we are in position to outperform as the market environment improves."

### 2012 Q4 and full-year key figures

| | Q4 12 | Q4 11 | Change | | | FY 2012 | FY 2011 | Change | | |
|---|---|---|---|---|---|---|---|---|---|---|
| *$ millions unless otherwise indicated* | | | *US$* | *Local* | *Organic* | | | *US$* | *Local* | *Organic* |
| Orders | 10'517 | 10'160 | *4%* | *4%* | *-2%* | 40'232 | 40'210 | *0%* | *4%* | *0%* |
| *Order backlog (end Dec)* | *29'298* | *27'508* | *7%* | *5%* | | | | | | |
| Revenues | 11'021 | 10'571 | *4%* | *5%* | *-1%* | 39'336 | 37'990 | *4%* | *7%* | *3%* |
| EBIT | 863 | 1'123 | *-23%* | | | 4'058 | 4'667 | *-13%* | | |
| as % of revenues | 7.8% | 10.6% | | | | 10.3% | 12.3% | | | |
| Operational EBITDA | 1'373 | 1'568 | *-12%* | | | 5'555 | 6'014 | *-8%* | | |
| as % of operational revenues | 12.5% | 14.8% | | | | 14.2% | 15.8% | | | |
| Net income | 604 | 830 | *-27%* | | | 2'704 | 3'168 | *-15%* | | |
| Basic net income per share ($) | 0.26 | 0.36 | | | | 1.18 | 1.38 | | | |
| Dividend per share (CHF)* | | | | | | 0.68 | 0.65 | | | |
| Cash from operating activities | 2'438 | 1'674 | *46%* | | | 3'779 | 3'612 | *5%* | | |

[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 non-GAAP measures in Appendix 1
[3] Organic changes are in local currencies and exclude Thomas & Betts, acquired in mid-May 2012.

| | | | |
|---|---|---|---|
| Free cash flow[2] | 2'555 | 2'593 | *-1%* |
| as % of net income | 94% | 82% | |
| Cash return on invested capital[2] | 12% | 14% | |

* Proposed by the Board of Directors

## Summary of Q4 2012 results

### Market overview

Global economic growth remained under pressure through the fourth quarter of 2012 and uncertainties around government spending in the mature markets persisted, resulting in cautious customer spending across many of ABB's businesses.

Nevertheless, there were growth opportunities in selected regions and end markets during the quarter and ABB was able to grow orders by 4 percent, with base orders (below $15 million) at the same level on an organic basis as in the fourth quarter of 2011. Industrial demand for more energy efficient production technologies and the need to deliver more electricity through existing power grids remained the key growth drivers.

**Q4 2012 orders received and revenues by region**

| *$ millions* | **Orders received** | | *Change* | | **Revenues** | | *Change* | |
|---|---|---|---|---|---|---|---|---|
| | **Q4 12** | **Q4 11** | *US$* | *Local* | **Q4 12** | **Q4 11** | *US$* | *Local* |
| Europe | 3'533 | 3'482 | 1% | 3% | 3'818 | 3'985 | *-4%* | *-2%* |
| Americas | 3'451 | 2'439 | 41% | 42% | 3'047 | 2'571 | *19%* | *19%* |
| Asia | 2'490 | 3'327 | -25% | -27% | 3'007 | 2'856 | *5%* | *5%* |
| Middle East and Africa | 1'043 | 912 | 14% | 21% | 1'149 | 1'159 | *-1%* | *1%* |
| **Group total** | **10'517** | **10'160** | ***4%*** | ***4%*** | **11'021** | **10'571** | ***4%*** | ***5%*** |

Orders in the Americas increased on both an organic (22 percent) and inorganic basis (42 percent). Orders grew at a double-digit pace in North America and Brazil in the quarter, driven both by utility demand for grid upgrades as well as broad industrial demand in both North and South America.

In Europe, orders grew 3 percent in the fourth quarter. Power orders led the gains, partly due to high-voltage subsea cable orders in Norway and Finland. Orders were also up in eastern Europe, Italy and France, offsetting lower demand in Germany and the UK.

Asia orders decreased 27 percent versus the same quarter a year earlier, which included a $900-million ultrahigh voltage direct current (UHVDC) order in India. Both power and automation orders were higher in China in the quarter, with total orders in China up by approximately 10 percent, supported in part by a large order for converter transformers to be used in a UHVDC power transmission link. Orders increased in the Middle East and Africa on demand for power equipment to reinforce the grid, renewable energy in South Africa, and for upstream oil and gas products and systems.

Total large orders (above $15 million) declined 9 percent compared with the fourth quarter of 2011.

The order backlog at the end of December reached $29 billion, a local-currency increase of 5 percent compared with the end of the fourth quarter in 2011, and flat versus the end of the third quarter in 2012.

Total revenues increased in the fourth quarter, reflecting the contribution of approximately $600 million from Thomas & Betts. On an organic basis, revenues were down 1 percent. Revenues were higher in Discrete Automation and Motion and Low Voltage Products, and flat to lower in the other divisions.

In the service business, orders grew by 5 percent in the quarter and were 7 percent higher for the full year. Service revenues grew by 4 percent in the quarter and 8 percent for the full year. In line with the strategic initiative to increase the total share of service business, both orders and revenues increased on an organic basis to 17 percent of their respective full-year 2012 Group totals versus 16 percent in 2011.

### Earnings and net income

Operational EBITDA in the fourth quarter of 2012 amounted to $1.4 billion, 12 percent lower than the year-earlier period. This was primarily the result of lower earnings in the Power Systems division, most of which was related to charges associated with refocusing the Power Systems division for higher long-term profitability. The initiative, announced in December, had an impact of approximately $350 million on earnings before interest and taxes (EBIT), of which approximately $100 million were related to restructuring-related and other non-operational items. Approximately $250 million in charges were taken in operational EBITDA.

Negative price impacts, primarily reflecting weak pricing on power orders taken in previous quarters, were more than offset by cost savings of almost $320 million in the fourth quarter, bringing the full-year cost savings to approximately $1.1 billion. Foreign exchange translation impacts on earnings were not material in the quarter.

Thomas and Betts contributed approximately $100 million in operational EBITDA during the fourth quarter.

Net income for the quarter decreased 27 percent to $604 million and included $341 million of depreciation and amortization, of which $107 million of amortization was related to acquisitions. Net financial expenses increased to $37 million from $10 million in the same quarter in 2011, reflecting the increase in total debt compared to the year-earlier period. The provision for taxes amounted to $202 million in the fourth quarter and $1 billion for the full year, leading to a full-year tax rate of 27 percent, in line with the company's long-term guidance. Basic earnings per share in the fourth quarter amounted to $0.26.

### Balance sheet and cash flow

Total debt amounted to $10 billion compared to $4 billion at the end of 2011 and $9 billion at the end of the third quarter of 2012. The net debt-to-EBITDA ratio[4] was 0.3x, well within the range the company believes is required to maintain its single-A credit rating. ABB continued to secure its long-term funding at attractive rates in 2012, raising the equivalent of approximately $5 billion through bond issues in the US, Switzerland, Australia and the Euro zone. The company's average debt maturity at the end of 2012 was 8 years.

ABB reported a record cash flow from operations of $2.4 billion in the fourth quarter, including an increase of cash from operations from the divisions of approximately $300 million versus the same quarter in 2011. Successful working capital management contributed to the improvement, especially converting inventories to cash and improving receivables collection. Net working capital[4] as a share of revenues amounted to 13.8 percent. Net debt at the end of the fourth quarter declined to $1.6 billion compared with $3.7 billion at the end of the previous quarter.

Free cash flow[4] for the full year 2012 amounted to $2.6 billion, representing a conversion rate of 94 percent of net income, in line with the company's 2011-15 target to achieve an average free cash flow

[4] See reconciliation of non-GAAP measures in Appendix 1

conversion rate above 90 percent. Included in free cash flow are capital expenditures of $1.3 billion, a 27-percent increase over 2011.

Cash return on invested capital (CROI)[5] for the full year 2012 amounted to 12 percent versus 14 percent in 2011, mainly reflecting the increase in capital invested in the approximately $4-billion acquisition of Thomas & Betts. ABB aims to achieve a CROI above 20 percent by 2015.

### Dividend

ABB's Board of Directors has proposed a dividend for 2012 of 0.68 Swiss francs per share, compared to 0.65 Swiss francs per share in the prior year. The proposal is in line with the company's dividend policy to pay a steadily rising, sustainable dividend over time. As it did in 2012, the Board proposes that the dividend be paid from ABB Ltd's capital contribution reserve, a form of payment that would be exempt from Swiss withholding tax. If approved by shareholders at the company's annual general meeting on April 25, 2013, the ex-dividend date would be April 29, 2013, for shares traded on the exchanges in Switzerland and Sweden, and April 30, 2013, for American Depositary Shares traded on the New York Stock Exchange. The respective dividend payout dates would be May 3, 2013, in Switzerland, May 7, 2013 in Sweden, and May 10, 2013 in the United States.

### Management changes

In the fourth quarter of 2012, ABB announced the appointment of Eric Elzvik as Chief Financial Officer, effective February 1, 2013. He succeeds Michel Demaré, who was appointed as the new Chairman of the Board of Syngenta beginning in April 2013.

### Outlook

Our long-term growth drivers—such as the need for greater industrial productivity, more reliable and efficient power delivery and growth in renewables—remain in place. Shorter-term trends such as industrial production growth and government policy are expected to be the main determinants of demand in 2013.

In a market environment in which near-term uncertainty is likely to remain, we will continue to focus on executing our large order backlog and taking advantage of our broad product and geographic scope to capture profitable growth opportunities in line with our 2011-15 targets.

This will be supported by our ongoing initiatives to improve margins and project selection and execution. Growing service revenues, securing the synergies from recent acquisitions, increasing customer satisfaction and successfully commercializing our pipeline of innovative technologies will remain important contributors to our growth and profitability targets.

We will continue to drive cost savings and productivity improvements 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 returns on our capital investments in both organic and inorganic growth.

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[5] See reconciliation of non-GAAP measures in Appendix 1

# Press Release

## Divisional performance

### Power Products

| | Q4 12 | Q4 11 | Change | | FY 2012 | FY 2011 | Change | |
|---|---|---|---|---|---|---|---|---|
| *$ millions unless otherwise indicated* | | | *US$* | *Local* | | | *US$* | *Local* |
| Orders | 2'731 | 2'738 | *0%* | *0%* | 11'040 | 11'068 | *0%* | *3%* |
| *Order backlog (end Dec)* | *8'493* | *8'029* | *6%* | *4%* | | | | |
| Revenues | 3'068 | 3'083 | *0%* | *0%* | 10'717 | 10'869 | *-1%* | *2%* |
| EBIT | 379 | 353 | *7%* | | 1'328 | 1'476 | *-10%* | |
| as % of revenues | 12.4% | 11.4% | | | 12.4% | 13.6% | | |
| Operational EBITDA | 461 | 460 | *0%* | | 1'585 | 1'782 | *-11%* | |
| as % of operational revenues | 15.1% | 14.8% | | | 14.8% | 16.3% | | |
| Cash from operating activities | 510 | 548 | -7% | | 1'115 | 1'095 | 2% | |

Selective transmission investments in mature markets continued to focus on improving the performance of existing grid assets, integrating renewables and reducing environmental impact. Emerging markets made further investments in capacity enhancement to meet growing demand from urbanization and industrialization. Distribution sector demand was stable. Industrial demand was mainly driven by the oil and gas sector.

Orders were maintained at the same level as last year. Regionally, orders were higher in the Americas and the Middle East and Africa, stable in Europe. Asia was lower despite growth in China that included an order for converter transformers for the country's newest and highest capacity UHVDC transmission link.

Total revenues were steady, primarily reflecting the timing of order execution from the backlog. Service revenues continued to grow faster than total revenues.

The increase in operational EBITDA margin in the quarter resulted mainly from a favorable business mix. Cost savings partly offset the price pressure from the execution of the order backlog.

### Power Systems

| | Q4 12 | Q4 11 | Change | | FY 2012 | FY 2011 | Change | |
|---|---|---|---|---|---|---|---|---|
| *$ millions unless otherwise indicated* | | | *US$* | *Local* | | | *US$* | *Local* |
| Orders | 2'360 | 3'130 | *-25%* | *-24%* | 7'973 | 9'278 | *-14%* | *-10%* |
| *Order backlog (end Dec)* | *12'107* | *11'570* | *5%* | *2%* | | | | |
| Revenues | 2'272 | 2'412 | *-6%* | *-4%* | 7'852 | 8'101 | *-3%* | *2%* |
| EBIT | -190 | 145 | *n.a* | | 7 | 548 | *-99%* | |
| as % of revenues | -8.4% | 6.0% | | | 0.1% | 6.8% | | |
| Operational EBITDA | -55 | 238 | *n.a* | | 290 | 743 | *-61%* | |
| as % of operational revenues | -2.4% | 9.9% | | | 3.7% | 9.1% | | |
| Cash from operating activities | 440 | 306 | 44% | | 188 | 288 | -35% | |

Capital expenditure in power infrastructure continues to be restrained due to ongoing economic uncertainties, especially in some mature economies with high debt levels. Transmission utilities are investing selectively, with emerging markets focusing on capacity addition and mature markets mainly on grid upgrades.

Orders in the fourth quarter declined mainly as a result of lower large orders compared with the same quarter in 2011 when ABB booked a $900-million UHVDC project in India. On a regional basis, orders were higher in the Americas, slightly lower in Europe, and lower in Middle East and Africa as well as Asia.

Revenues in the quarter were lower than the same period last year, reflecting the timing of orders being executed from the backlog, while service revenues grew by more than 20 percent.

EBIT in the quarter was negatively impacted by charges of approximately $350 million related to previously-announced actions to secure higher and more consistent future profitability. This included restructuring-related costs associated with closing low value-adding contracting operations in a number of countries. The negative impact on operational EBITDA amounted to approximately $250 million.

Based on the strategic refocus of the division on higher margin businesses with a more balanced risk return profile and greater ABB pull-through potential, the operational EBITDA margin target corridor has been raised to 9-12 percent from 7-11 percent. The division aims to reach the lower end of the new corridor in the fourth quarter of 2013. At the same time, the division’s 2011-15 organic revenue growth target (on a compound annual growth rate, with base year 2010) has been recalibrated to 7-11 percent from 10-14 percent, reflecting increased project selectivity.

### Discrete Automation and Motion

| | Q4 12 | Q4 11 | Change | | FY 2012 | FY 2011 | Change | |
|---|---|---|---|---|---|---|---|---|
| *$ millions unless otherwise indicated* | | | *US$* | *Local* | | | *US$* | *Local* |
| Orders | 2'253 | 2'230 | *1%* | *3%* | 9'625 | 9'566 | *1%* | *4%* |
| *Order backlog (end Dec)* | *4'426* | *4'120* | *7%* | *6%* | | | | |
| Revenues | 2'489 | 2'365 | *5%* | *7%* | 9'405 | 8'806 | *7%* | *10%* |
| EBIT | 371 | 338 | *10%* | | 1'469 | 1'294 | *14%* | |
| as % of revenues | 14.9% | 14.3% | | | 15.6% | 14.7% | | |
| Operational EBITDA | 435 | 411 | *6%* | | 1'735 | 1'664 | *4%* | |
| as % of operational revenues | 17.5% | 17.4% | | | 18.4% | 18.9% | | |
| Cash from operating activities | 459 | 410 | 12% | | 1'287 | 1'086 | 19% | |

Order growth in the fourth quarter was driven mainly by an increase in large orders in South America and Europe for robotics and power electronics equipment. Orders declined in Asia, reflecting fewer large orders from the infrastructure and automotive sectors. Base orders were flat in the quarter, reflecting the generally low growth in industrial production in most markets and weakness in the renewable energy sector.

Revenues outgrew orders in the quarter on the execution of the strong order backlog, especially in robotics. Service revenues increased 8 percent.

Operational EBITDA and operational EBITDA margin were higher than in the same period in 2011, primarily reflecting the increase in revenues and strict cost discipline while maintaining long-term investments in sales and R&D.

## Low Voltage Products

| | Q4 12 | Q4 11 | Change | | | FY 12 | FY 11 | Change | | |
|---|---|---|---|---|---|---|---|---|---|---|
| *$ millions unless otherwise indicated* | | | *US$* | *Local* | *Organic* | | | *US$* | *Local* | *Organic* |
| Orders | 1'867 | 1'204 | *55%* | *54%* | *3%* | 6'720 | 5'364 | *25%* | *29%* | *0%* |
| *Order backlog (end Dec)* | *1'117* | *887* | *26%* | *23%* | | | | | | |
| Revenues | 1'970 | 1'348 | *46%* | *46%* | *3%* | 6'638 | 5'304 | *25%* | *29%* | *0%* |
| EBIT | 259 | 209 | *24%* | | | 856 | 904 | *-5%* | | |
| as % of revenues | 13.1% | 15.5% | | | | 12.9% | 17.0% | | | |
| Operational EBITDA | 370 | 256 | *45%* | | | 1'219 | 1'059 | *15%* | | |
| as % of operational revenues | 18.8% | 19.0% | | | | 18.4% | 19.9% | | | |
| Cash from operating activities | 539 | 312 | 73% | | | 1'079 | 548 | 97% | | |

Orders in the fourth quarter grew on an organic basis, reflecting modest early-cycle demand increases in northern Europe and China, and flat demand in most other regions. Growth was strongest for engineered system solutions, such as large electrical panels used in a variety of industrial applications, while growth was more modest for products like breakers and switches.

Fourth-quarter organic revenues grew in line with orders, with service revenues growing by more than 10 percent.

The increase in operational EBITDA reflects the contribution from Thomas & Betts, acquired in the second quarter of 2012. The operational EBITDA margin declined slightly in the fourth quarter, reflecting the margin-dilutive effect of Thomas & Betts. On an organic basis, the operational EBITDA margin improved to 19.6 percent.

Thomas & Betts contributed revenues of approximately $600 million in the quarter, with a strong performance in the company's electrical products business. Operational EBITDA amounted to approximately $100 million in the fourth quarter to yield an operational EBITDA margin of 17.6 percent, compared to 16.6 percent for the same quarter in 2011.[6]

## Process Automation

| | Q4 12 | Q4 11 | Change | | FY 2012 | FY 2011 | Change | |
|---|---|---|---|---|---|---|---|---|
| *$ millions unless otherwise indicated* | | | *US$* | *Local* | | | *US$* | *Local* |
| Orders | 2'211 | 1'881 | *18%* | *18%* | 8'704 | 8'726 | *0%* | *4%* |
| *Order backlog (end Dec)* | *6'414* | *5'771* | *11%* | *8%* | | | | |
| Revenues | 2'230 | 2'317 | *-4%* | *-3%* | 8'156 | 8'300 | *-2%* | *2%* |
| EBIT | 222 | 243 | *-9%* | | 912 | 963 | *-5%* | |
| as % of revenues | 10.0% | 10.5% | | | 11.2% | 11.6% | | |
| Operational EBITDA | 259 | 272 | *-5%* | | 1'003 | 1'028 | *-2%* | |
| as % of operational revenues | 11.6% | 11.8% | | | 12.3% | 12.4% | | |
| Cash from operating activities | 334 | 416 | -20% | | 641 | 904 | -29% | |

Large project awards in oil and gas, mining and marine in the Middle East, the Americas and Asia drove order growth in the quarter. Base orders also increased.

The revenue decline reflects the timing of projects executed out of the strong order backlog, mainly in mining and pulp and paper. Lifecycle service revenues grew at a double-digit pace while full service revenues declined, in line with the initiatives to refocus the service portfolio on higher value-added activities.

[6] Estimated operational EBITDA margin based on ABB definition

The lower operational EBITDA and EBITDA margin mainly reflects an unfavorable mix of system, product and service revenues compared to the same quarter in 2011.

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 145,000 people.

Zurich, February 14, 2013

Joe Hogan, CEO

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### More information

The 2012 Q4 results press release is available from Feb. 14, 2013, on the ABB News Center at www.abb.com/news and on the Investor Relations homepage at www.abb.com/investorrelations, where a presentation for investors will also be published.

A video from Chief Executive Officer Joe Hogan on ABB's fourth-quarter 2012 results will be available at 06:30 am today at www.youtube.com/abb.

ABB will host a press conference and call starting at 10:00 a.m. Central European Time (CET). Callers from the US and Canada should dial +1 866 291 41 66 ( Toll-Free). U.K. callers should dial +44 203 059 5862. From Sweden, +46 8 5051 0031, and from the rest of Europe, +41 91 610 5600. 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 6233 (U.K.), +41 91 612 4330 (rest of Europe) or +1 866 416 2558 (U.S./Canada). The code is 13241, 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 +1 877 270 2148 from the US/Canada (toll-free), +44 203 059 5862 from the U.K., +46 8 5051 0031 (Sweden) or +41 91 610 56 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/investorrelations.

| **Investor calendar 2013** | |
|---|---|
| Annual Report 2012 publication | March 15, 2013 |
| First-quarter 2013 results | April 24, 2013 |
| Annual General Meeting Zurich, Switzerland | April 25, 2013 |
| Annual Information Meeting Västerås, Sweden | April 26, 2013 |
| Second-quarter 2013 results | July 25, 2013 |
| Third-quarter 2013 results | October 24, 2013 |

## 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. 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.

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## ABB Q4 and full-year 2012 key figures

| *$ millions unless otherwise indicated* | | Q4 12 | Q4 11 | *Change* | | 2012 | 2011 | *Change* | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | *US$* | *Local* | | | *US$* | *Local* |
| **Orders** | **Group** | **10'517** | **10'160** | ***4%*** | ***4%*** | **40'232** | **40'210** | ***0%*** | ***4%*** |
| | Power Products | 2'731 | 2'738 | *0%* | *0%* | 11'040 | 11'068 | *0%* | *3%* |
| | Power Systems | 2'360 | 3'130 | *-25%* | *-24%* | 7'973 | 9'278 | *-14%* | *-10%* |
| | Discrete Automation & Motion | 2'253 | 2'230 | *1%* | *3%* | 9'625 | 9'566 | *1%* | *4%* |
| | Low Voltage Products | 1'867 | 1'204 | *55%* | *54%* | 6'720 | 5'364 | *25%* | *29%* |
| | Process Automation | 2'211 | 1'881 | *18%* | *18%* | 8'704 | 8'726 | *0%* | *4%* |
| | Corporate and other *(inter-division eliminations)* | (905) | (1'023) | | | (3'830) | (3'792) | | |
| **Revenues** | **Group** | **11'021** | **10'571** | ***4%*** | ***5%*** | **39'336** | **37'990** | ***4%*** | ***7%*** |
| | Power Products | 3'068 | 3'083 | *0%* | *0%* | 10'717 | 10'869 | *-1%* | *2%* |
| | Power Systems | 2'272 | 2'412 | *-6%* | *-4%* | 7'852 | 8'101 | *-3%* | *2%* |
| | Discrete Automation & Motion | 2'489 | 2'365 | *5%* | *7%* | 9'405 | 8'806 | *7%* | *10%* |
| | Low Voltage Products | 1'970 | 1'348 | *46%* | *46%* | 6'638 | 5'304 | *25%* | *29%* |
| | Process Automation | 2'230 | 2'317 | *-4%* | *-3%* | 8'156 | 8'300 | *-2%* | *2%* |
| | Corporate and other *(inter-division eliminations)* | (1'008) | (954) | | | (3'432) | (3'390) | | |
| **EBIT** | **Group** | **863** | **1'123** | ***-23%*** | | **4'058** | **4'667** | ***-13%*** | |
| | Power Products | 379 | 353 | *7%* | | 1'328 | 1'476 | *-10%* | |
| | Power Systems | -190 | 145 | *n.a.* | | 7 | 548 | *-99%* | |
| | Discrete Automation & Motion | 371 | 338 | *10%* | | 1'469 | 1'294 | *14%* | |
| | Low Voltage Products | 259 | 209 | *24%* | | 856 | 904 | *-5%* | |
| | Process Automation | 222 | 243 | *-9%* | | 912 | 963 | *-5%* | |
| | Corporate and other *(inter-division eliminations)* | (178) | (165) | | | (514) | (518) | | |
| **EBIT %** | **Group** | **7.8%** | **10.6%** | | | **10.3%** | **12.3%** | | |
| | Power Products | 12.4% | 11.4% | | | 12.4% | 13.6% | | |
| | Power Systems | -8.4% | 6.0% | | | 0.1% | 6.8% | | |
| | Discrete Automation & Motion | 14.9% | 14.3% | | | 15.6% | 14.7% | | |
| | Low Voltage Products | 13.1% | 15.5% | | | 12.9% | 17.0% | | |
| | Process Automation | 10.0% | 10.5% | | | 11.2% | 11.6% | | |
| **Operational EBITDA*** | **Group** | **1'373** | **1'568** | ***-12%*** | | **5'555** | **6'014** | ***-8%*** | |
| | Power Products | 461 | 460 | *0%* | | 1'585 | 1'782 | *-11%* | |
| | Power Systems | -55 | 238 | *n.a.* | | 290 | 743 | *-61%* | |
| | Discrete Automation & Motion | 435 | 411 | *6%* | | 1'735 | 1'664 | *4%* | |
| | Low Voltage Products | 370 | 256 | *45%* | | 1'219 | 1'059 | *15%* | |
| | Process Automation | 259 | 272 | *-5%* | | 1'003 | 1'028 | *-2%* | |
| **Operational EBITDA %** | **Group** | **12.5%** | **14.8%** | | | **14.2%** | **15.8%** | | |
| | Power Products | 15.1% | 14.8% | | | 14.8% | 16.3% | | |
| | Power Systems | -2.4% | 9.9% | | | 3.7% | 9.1% | | |
| | Discrete Automation & Motion | 17.5% | 17.4% | | | 18.4% | 18.9% | | |
| | Low Voltage Products | 18.8% | 19.0% | | | 18.4% | 19.9% | | |
| | Process Automation | 11.6% | 11.8% | | | 12.3% | 12.4% | | |

* See reconciliation of Operational EBITDA in Note 14 to the Interim Consolidated Financial Information (unaudited)

# Press Release

## Year end 2012 orders received and revenues by region

| *$ millions* | Orders received | | *Change* | | Revenues | | *Change* | |
|---|---|---|---|---|---|---|---|---|
| | **2012** | **2011** | *US$* | *Local* | **2012** | **2011** | *US$* | *Local* |
| Europe | 13'512 | 15'202 | *-11%* | *-6%* | 14'073 | 14'657 | *-4%* | *2%* |
| Americas | 12'152 | 9'466 | *28%* | *32%* | 10'699 | 9'043 | *18%* | *20%* |
| Asia | 10'346 | 12'103 | *-15%* | *-13%* | 10'750 | 10'136 | *6%* | *8%* |
| Middle East and Africa | 4'222 | 3'439 | *23%* | *28%* | 3'814 | 4'154 | *-8%* | *-5%* |
| **Group total** | **40'232** | **40'210** | ***0%*** | ***4%*** | **39'336** | **37'990** | ***4%*** | ***7%*** |

### Operational EBITDA Q4 2012 vs Q4 2011

| | ABB | | Power Products | | Power Systems | | Discrete Automation & Motion | | Low Voltage Products | | Process Automation | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| *$ millions unless otherwise indicated* | **Q4 12** | **Q4 11** | **Q4 12** | **Q4 11** | **Q4 12** | **Q4 11** | **Q4 12** | **Q4 11** | **Q4 12** | **Q4 11** | **Q4 12** | **Q4 11** |
| **Operational revenues** | **11'003** | **10'569** | **3'052** | **3'102** | **2'276** | **2'400** | **2'488** | **2'366** | **1'965** | **1'350** | **2'232** | **2'308** |
| FX/commodity timing differences on Revenues | 18 | 2 | 16 | (19) | (4) | 12 | 1 | (1) | 5 | (2) | (2) | 9 |
| **Revenues (as per Financial Statements)** | **11'021** | **10'571** | **3'068** | **3'083** | **2'272** | **2'412** | **2'489** | **2'365** | **1'970** | **1'348** | **2'230** | **2'317** |
| **Operational EBITDA** | **1'373** | **1'568** | **461** | **460** | **(55)** | **238** | **435** | **411** | **370** | **256** | **259** | **272** |
| Depreciation | (210) | (174) | (45) | (43) | (19) | (21) | (37) | (32) | (56) | (27) | (16) | (15) |
| Amortization | (131) | (91) | (9) | (10) | (26) | (24) | (34) | (29) | (35) | (2) | (6) | (5) |
| *including total acquisition-related amortization of* | *107* | *69* | *7* | *8* | *23* | *21* | *31* | *29* | *33* | *2* | *4* | *5* |
| Acquisition-related expenses and certain non-operational items | (79) | (20) | - | - | (67) | - | (1) | (3) | (2) | - | (1) | - |
| FX/commodity timing differences on EBIT | 35 | (53) | 10 | (10) | 26 | (15) | (1) | (8) | (5) | 1 | 7 | (2) |
| Restructuring-related costs | (125) | (107) | (38) | (44) | (49) | (33) | 9 | (1) | (13) | (19) | (21) | (7) |
| **EBIT (as per Financial Statements)** | **863** | **1'123** | **379** | **353** | **(190)** | **145** | **371** | **338** | **259** | **209** | **222** | **243** |
| **Operational EBITDA margin (%)** | **12.5%** | **14.8%** | **15.1%** | **14.8%** | **-2.4%** | **9.9%** | **17.5%** | **17.4%** | **18.8%** | **19.0%** | **11.6%** | **11.8%** |

## Appendix I
## Reconciliation of non-GAAP measures
*(US$ millions)*

| **Free Cash Flow** *(= Net cash provided by operating activities adjusted for i) changes in financing receivables and ii) purchases of property, plant and equipment and intangible assets and iii) proceeds from sales of property, plant and equipment)* | **Year ended Dec. 31,** | |
|---|---|---|
| | **2012** | **2011** |
| **Net cash provided by operating activites** | **3'779** | **3'612** |
| *adjusted for the effects of:* | | |
| Purchases of property, plant and equipment and intangible assets | (1'293) | (1'021) |
| Proceeds from sales of property, plant and equipment(1) | 40 | 57 |
| Changes in financing receivables and other non-current receivables(1) | 29 | (55) |
| **Free Cash Flow** | **2'555** | **2'593** |
| Net Income attributable to ABB | 2'704 | 3'168 |
| **Free Cash Flow as % of Net Income (conversion rate)** | **94%** | **82%** |

(1) Included in "Other investing activities" in the Interim Consolidated Statements of Cash Flows

| **Cash Return on Investment (CROI)**<br>*CROI = (Net cash provided by operating activities + Interest paid ) / Capital invested* | **Year ended Dec. 31,** | |
|---|---|---|
| | **2012** | **2011** |
| **Net cash provided by operating activities** | **3'779** | **3'612** |
| Interest paid | 189 | 165 |
| Adjustment to annualize the net cash provided by operating activities of certain acquisitions[(1)] | (8) | 27 |
| **Adjusted cash return** | **3'960** | **3'804** |
| | | |
| **Capital Invested**<br>*Capital Invested = Fixed Assets + Net Working Capital + Accumulated Depreciation and Amortization* | | |
| Property, plant and equipment, net | 5'947 | 4'922 |
| Goodwill | 10'226 | 7'269 |
| Other intangible assets, net | 3'501 | 2'253 |
| Investments in equity-accounted companies | 213 | 156 |
| **Total Fixed Assets** | **19'887** | **14'600** |
| Less: deferred taxes in certain acquisitions[(2)] | (1'773) | (693) |
| **Total Fixed Assets, adjusted** | **18'114** | **13'907** |
| Receivables, net | 11'575 | 10'773 |
| Inventories, net | 6'182 | 5'737 |
| Prepaid expenses | 311 | 227 |
| Accounts payable, trade | (4'992) | (4'789) |
| Billings in excess of sales | (2'035) | (1'819) |
| Employee and other payables | (1'449) | (1'361) |
| Advances from customers | (1'937) | (1'757) |
| Accrued expenses | (2'096) | (1'822) |
| **Net Working Capital** | **5'559** | **5'189** |
| Accumulated depreciation of property plant and equipment | 6'599 | 6'121 |
| Accumulated amortization of intangible assets including goodwill[(3)] | 2'321 | 1'900 |
| **Accumulated Depreciation and Amortization** | **8'920** | **8'021** |
| **Capital Invested** | **32'593** | **27'117** |
| | | |
| **CROI** | **12%** | **14%** |

(1) Thomas & Betts (2012) and Baldor (2011)
(2) Thomas & Betts and Baldor (2012) and Baldor (2011)
(3) Includes accumulated goodwill amortization up to Dec. 31, 2001. Thereafter goodwill is not amortized (under U.S. GAAP) but subject to annual testing for impairment.

# Press Release

| **(Net Debt) Net Cash**<br>*= Cash and equivalents plus Marketable securities and short-term investments, less Total debt* | **Dec. 31, 2012** | **Dec. 31, 2011** |
|---|---|---|
| Cash and equivalents | 6'875 | 4'819 |
| Marketable securities and short-term investments | 1'606 | 948 |
| **Cash and Marketable Securities** | **8'481** | **5'767** |
| Short-term debt and current maturities of long-term debt | 2'537 | 765 |
| Long-term debt | 7'534 | 3'231 |
| **Total Debt** | **10'071** | **3'996** |
| **(Net Debt) Net Cash** | **(1'590)** | **1'771** |

| **Net Debt to EBITDA**<br>*= Net debt / (Earnings before interest and taxes + Depreciation and* | **Dec. 31, 2012** |
|---|---|
| **Net Debt (as defined above)** | **(1'590)** |
| Earnings before interest and taxes | 4'058 |
| Depreciation and amortization | 1'182 |
| **Earnings before interest, taxes, depreciation and amortization (EBITDA)** | **5'240** |
| **Net Debt to EBITDA** | **0.3** |

| **Net Working Capital as a Share of Revenues** | **Dec. 31, 2012** |
|---|---|
| **Net Working Capital (as defined above)** | **5'559** |
| Revenues | 39'336 |
| Adjustment to annualize revenues of certain acquisitions[1] | 915 |
| **Adjusted Revenues** | **40'251** |
| **Net Working Capital as a Share of Revenues** | **13.8%** |

(1) Thomas & Betts