Q1 2023
First three months
Press Release

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

ZURICH, SWITZERLAND, APRIL 25, 2023

Q1 2023 results
Strong start to the year

- Orders $9,450 million, +1%; comparable[1] +9%
- Revenues $7,859 million, +13%; comparable +22%
- Income from operations $1,198 million; margin 15.2%
- Operational EBITA[1] $1,277 million; margin[1] 16.3%
- Basic EPS $0.56; +78%[2]
- Cash flow from operating activities[4] $282 million

KEY FIGURES

($ millions, unless otherwise indicated)	Q1 2023	Q1 2022	CHANGE US$	CHANGE Comparable[1]
Orders	9,450	9,373	1%	9%
Revenues	7,859	6,965	13%	22%
Gross Profit	2,716	2,281	19%	
as % of revenues	34.6%	32.7%	+1.9 pts	
Income from operations	1,198	857	40%	
Operational EBITA[1]	1,277	997	28%	33% [3]
as % of operational revenues[1]	16.3%	14.3%	+2 pts	
Income from continuing operations, net of tax	1,065	643	66%	
Net income attributable to ABB	1,036	604	72%	
Basic earnings per share ($)	0.56	0.31	78%[2]	
Cash flow from operating activities[4]	282	(573)	n.a.	

1 For a reconciliation of non-GAAP measures, see "supplemental reconciliations and definitions" in the attached Q1 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.

"ABB had a strong start to the year, with a positive development in most measures, including cash flow. This gives us the confidence to raise our 2023 guidance."

Björn Rosengren, CEO

CEO summary

Customer activity was strong in the first quarter. Despite a very high comparable from last year, we increased order intake by 1% (9% comparable), with a positive development in three out of four business areas. While Robotics & Discrete Automation improved orders sequentially, it declined from last year's high level which benefited from pre-buys in a period of significant component shortages. Particularly strong momentum was noted in Process Automation with orders reaching the highest level in recent history. A positive underlying momentum was noted also in all three regions.

Just like in the previous quarter, we did not face significant supply chain constraints, hence we converted backlog into customer deliveries. Revenue growth was strong at 13% (22% comparable), with double-digit comparable increases in all business areas. The impacts from robust development in both pricing and volumes more than offset the notable adverse impact from changes in exchange rates. Despite strong revenue growth we built order backlog, with book-to-bill at 120%.

I was pleased about the operational execution of the increased revenues. We improved the Operational EBITA by 28% to $1,277 million and the margin was up by 200 basis points to 16.3%. This is the strongest first quarter result in many years.

On top of the strong operational performance, net income was additionally supported by net positive tax impacts of approximately $200 million linked to a favorable resolution of certain prior year tax matters, mainly related to the divestment of the Power Grids business.

It was good to see our cash flow improve from last year by $855 million, in line with our expectations. Cash flow from operating activities of $282 million was strong for a first quarter, and set us off to a robust start for what I expect will be a good cash delivery this year. I feel confident that our balance sheet will be strong enough to support both organic and acquired growth, a rising, sustainable dividend per share over time and utilizing share buybacks as a means to return excess cash to our shareholders. In early April, we launched our new share buyback program of up to $1 billion, which will run until March 2024.

In February, we published our first integrated report, including our 2022 sustainability report showing solid progress toward our 2030 goals. One highlight to mention is that we reduced our own greenhouse gas emissions by 43%, a total reduction of 65% from the 2019 baseline.

Furthermore, we defined a new emissions reduction target for our supply chain, covering suppliers that account for 70% of our procurement spend. We have continued our work to strengthen ABB's circularity approach by defining clear key performance indicators for every stage of the product life cycle, from design to end-of-life. The largest positive environmental impact we can make is through providing our customers with resource-efficient products and the demand for clean energy and efficiency is broad and long-term.

After having been listed on the New York Stock Exchange (NYSE) since 2001, we have decided to delist and plan to eventually deregister with the SEC. The main reason being that the access to international equity markets has increased since our listing, through digital trading on multiple platforms. Consequently, we no longer see the need to be listed on as many as three equity capital markets. We plan to delist our American Depositary Receipts (ADRs) on or around May 23, 2023, and as from the time of delisting, the ABB ADRs will instead be converted to a sponsored Level I program. This still gives US investors the ability to invest in ABB through ADRs. The ABB shares will remain listed on the SIX Swiss Exchange and the Swedish Nasdaq exchange due to the company's heritage. The delisting and planned deregistration in the US would be yet another step towards further simplification and efficiency at ABB.

I want to emphasize that we remain as committed to the US-market, which represented 24% of our revenues in 2022. The United States is critical to ABB's success, and approximately 85% of ABB's sales in the US are from products produced locally. To support future success, we are currently investing approximately $170 million in our US facilities to meet increasing demand for clean energy and automation.

Björn Rosengren
CEO

Outlook

In the **second quarter of 2023**, we anticipate double-digit comparable revenue growth to support an improvement in the Operational EBITA margin, year-on-year.

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

Orders and revenues

In the first quarter, a robust customer activity resulted in an order intake of $9,450 million, representing an increase of 1% (9% comparable) from last year's high level. The strongest order momentum was noted in the late-cyclical process industry-related business segments.

Order intake improved in three out of four business areas. Process Automation increased orders by 25% (55% comparable) supported by a strong general demand pattern as well as by timing of larger project orders, and additionally by the impact from the de-booking of approximately $190 million in last year's period. Electrification orders were up by 1% (5% comparable) despite weakness in the residential construction market. Motion improved by 3% (8% comparable). In Robotics & Discrete Automation customers returned to a seemingly more normal order pattern, recovering from the previous quarter, although some hampering effect from customers outside of the automotive segment adjusting inventory levels was noted. In total, orders declined by 23% (20% comparable) from the high comparable last year.

The automotive segment improved on EV-related investments, while softening demand was noted in the robotics consumer related segments.

In transport & infrastructure, there was a positive development in marine & ports and renewables. In buildings there was weakness in all three regions in residential-related demand, while commercial construction was solid.

Demand in the process-related business was strong across the board, with particular strength in oil & gas, and it held up well also for refining, water & wastewater, power generation and pulp & paper.

Customer activity was high in all three regions. Orders in Europe increased by 1% (10% comparable), with growth rates reflecting the de-booking last year. The underlying business increased slightly, despite weakness in Germany. Asia, Middle East and Africa declined by 2% (up 11% comparable), although China declined by 12% (3% comparable). The Covid-related implications in China eased quickly, and demand came off to a strong start early in the quarter with the additional timing related support from ordering ahead of the New Year celebrations in China, after which customer activity slowed somewhat from the record-high comparable last year. The Americas improved by 3% (5% comparable), weighed down by the United States which declined by 4% (3% comparable) from the challenging comparable in last year's period.

Growth

Change year-on-year	Q1 Orders	Q1 Revenues
Comparable	9%	22%
FX	-5%	-6%
Portfolio changes	-3%	-3%
Total	**1%**	**13%**

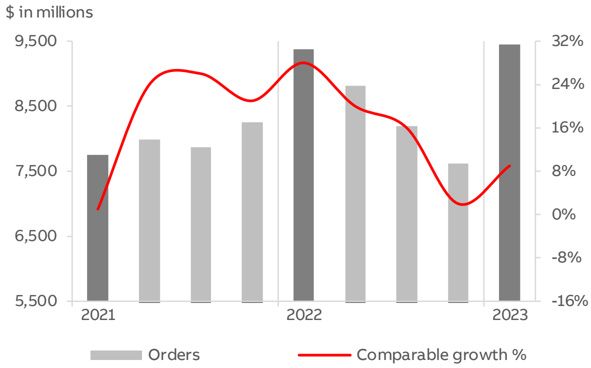
Orders by region

($ in millions, unless otherwise indicated)	Q1 2023	Q1 2022	CHANGE US$	CHANGE Comparable
Europe	3,582	3,534	1%	10%
The Americas	2,985	2,897	3%	5%
Asia, Middle East and Africa	2,883	2,942	-2%	11%
ABB Group	**9,450**	**9,373**	**1%**	**9%**

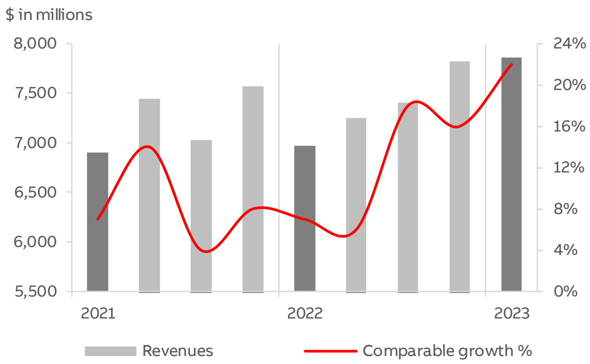
Revenues by region

($ in millions, unless otherwise indicated)	Q1 2023	Q1 2022	CHANGE US$	CHANGE Comparable
Europe	2,872	2,518	14%	24%
The Americas	2,653	2,169	22%	25%
Asia, Middle East and Africa	2,334	2,278	2%	16%
ABB Group	**7,859**	**6,965**	**13%**	**22%**

Orders



Revenues



Earnings

Gross profit
Gross profit increased strongly by 19% (25% constant currency) to $2,716 million, supported by a significant gross margin improvement of 190 basis points to 34.6%. Gross margin improved in all business areas, with three showing significant increases.

Income from operations
Income from operations amounted to $1,198 million, representing a strong increase of 40% (46% constant currency), year-on-year. Compared with last year, earnings were mainly supported by the improved operational performance, with some additional tailwind from lower expenses related to both acquisition- and divestments and non-operational items.

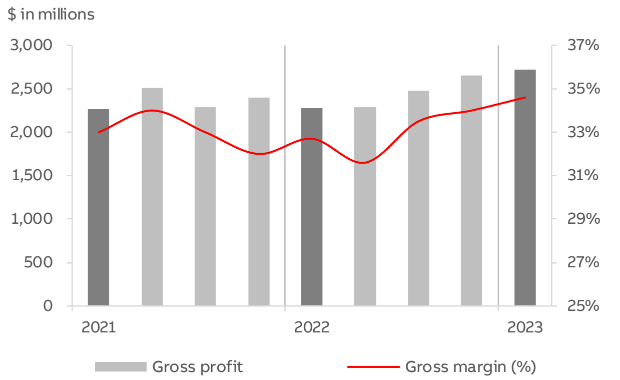
Operational EBITA
The year-on-year improvement was driven by strong operational execution of the significantly higher volumes as well as benefits from successful price management with only a slight adverse impact from raw materials and freight costs. Price clearly more than offset higher labor costs. Selling, general and administrative expenses declined in relation to revenues to 17.0%, from 17.8% last year. The operational improvements more than offset the adverse impact from changes in exchange rates, resulting in an Operational EBITA of $1,277 million, an increase of 28% (33% constant currency) year-on-year. Operational EBITA in Corporate and Other amounted to -$111 million, out of which -$28 million related to the E-mobility business, which is reported as part of Group Corporate and Other as from this quarter.

Net finance expenses
Net finance expense was $21 million, somewhat lower than expected due to a reduction in certain income tax-related risks.

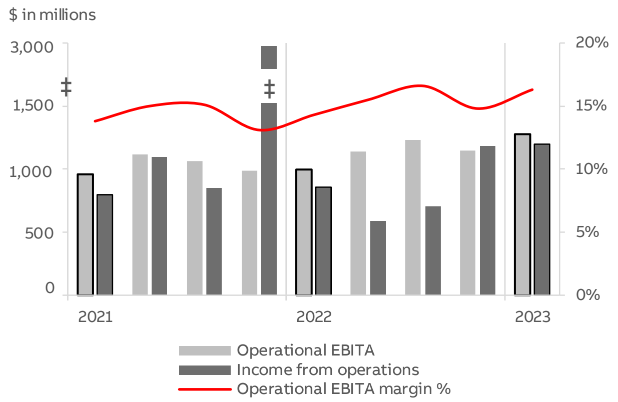
Income tax
Income tax expense was $119 million with an effective tax rate of 10.1%, including approximately 17% net benefit on the favorable resolution of a prior year tax matter relating to the divestment of the Power Grids business.

Net income and earnings per share
Net income attributable to ABB was $1,036 million and increased by 72%, driven primarily by improved operational performance and the benefit of the resolution of the prior year tax matter booked in the quarter. This resulted in basic earnings per share of $0.56, up from $0.31 last year.

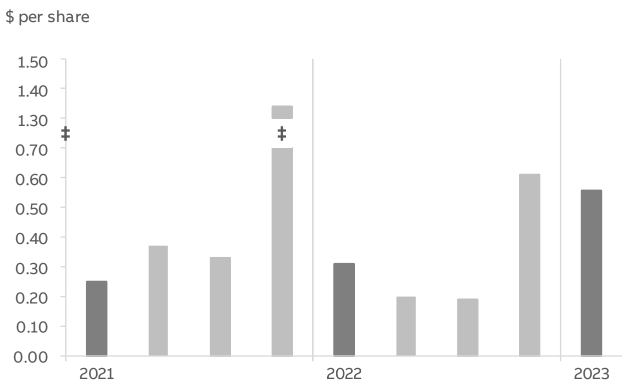
Gross profit & Gross margin



Income from operations & Operational EBITA



Basic EPS



Operational EBITA

($ millions)	Q1 2023	Q1 2022
Corporate and Other		
E-mobility	(28)	(2)
Corporate costs, intersegment eliminations and other[1]	(83)	(32)
Total	**(111)**	**(34)**

1 Majority of which relates to underlying corporate

Balance sheet & Cash flow

Net working capital
Net working capital amounted to $4,164 million, increasing year-on-year from $3,461 million and sequentially from $3,216 million. The sequential increase was mainly driven by higher receivables triggered by high revenue growth and higher inventories on the back of continued strong order intake. That said, inventory volumes began to decline toward the end of the quarter. Net working capital as a percentage of revenues[1] was 13.9% up from 11.1%.

Capital expenditures
Purchases of property, plant and equipment and intangible assets amounted to $151 million.

Net debt
Net debt[1] amounted to $3,826 million at the end of the quarter and increased from $2,772 million year-on-year, and sequentially from $2,779 million. The sequential increase was mainly driven by the initial dividend payments, partially offset by positive free cash flow during the period as well as the shares issued in our subsidiary ABB E-mobility to third parties in private placements of $341 million.

Cash flows
Cash flow from operating activities was $282 million and increased year-on-year from -$573 million. The improvement was driven by positive cash generation across all business areas on the back of higher earnings and a lower build-up of net working capital, year-on-year. It should also be noted that last year's cash flow included a negative cash flow of approximately $170 million for income taxes related to business separations.

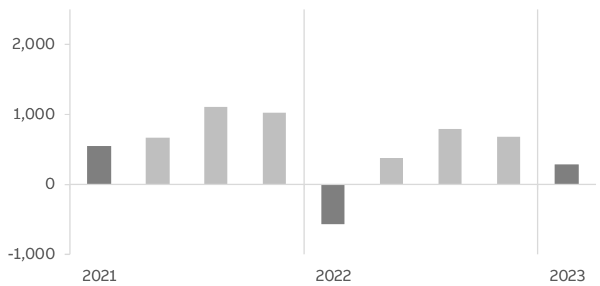
Share buyback program
ABB has completed its share buyback program that was launched in April 2022. Through this buyback program, ABB repurchased a total of 67,459,000 shares – equivalent to 3.29% of its issued share capital at launch of the buyback program – for a total amount of approximately $2 billion. This included the remaining $1.2 billion of the $7.8 billion of cash proceeds from the Power Grids divestment. A new share buyback program of up to $1 billion was launched on April 3, 2023.

($ millions, unless otherwise indicated)	Mar. 31 2023	Mar. 31 2022	Dec. 31 2022
Short term debt and current maturities of long-term debt	3,433	3,114	2,535
Long-term debt	5,230	6,171	5,143
Total debt	**8,663**	**9,285**	**7,678**
Cash & equivalents	3,438	5,216	4,156
Restricted cash - current	19	30	18
Marketable securities and short-term investments	1,380	967	725
Restricted cash - non-current	–	300	–
Cash and marketable securities	**4,837**	**6,513**	**4,899**
Net debt (cash)*	**3,826**	**2,772**	**2,779**
Net debt (cash)* to EBITDA ratio	**0.9**	**0.4**	**0.7**
Net debt (cash)* to Equity ratio	**0.30**	**0.20**	**0.21**

* At Mar. 31, 2023, Mar. 31, 2022 and Dec. 31, 2022, net debt(cash) excludes net pension (assets)/liabilities of $(301) million $(13) million and $(114) million, respectively.

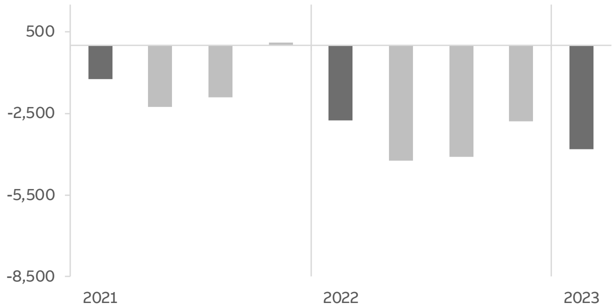
Cash flow from operating activities

$ in millions

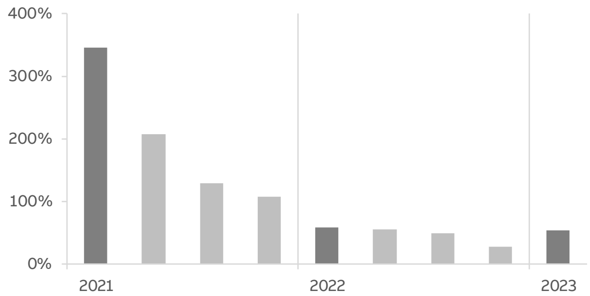


Net Cash (Net Debt) position

$ in millions



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



Electrification

Growth

Change year-on-year	Q1 Orders	Q1 Revenues
Comparable	5%	16%
FX	-4%	-5%
Portfolio changes	0%	0%
Total	**1%**	**11%**

Orders and revenues

Despite a very challenging comparable from last year, order intake increased by 1% (5% comparable) to $4,141 million, the highest quarterly level in several years. Strong orders added further to the order backlog, with book-to-bill at 115%.

- Demand improved in all customer segments except for residential construction, which declined year-on-year in all three regions. Weakness in residential construction impacted primarily the Smart Buildings division, and to some extent also Installation Products, while the other divisions generally improved order intake at a double-digit pace.
- Orders increased by 4% (15% comparable) in Asia, Middle East and Africa, as the decline in China of 11% (4% comparable) was more than offset by a strong development elsewhere in the region. Europe improved by 1% (5% comparable), as a solid development in a majority of the markets more than offset a low single-digit decline in Germany. The Americas declined slightly by 1% (1% comparable), weighed down by a 6% drop in the United States.
- Revenues increased by 11% (16% comparable) to the highest level in many years, with strong developments in both pricing and volume, supported by solid market demand and execution of the order backlog.
- This was the first quarter when the E-mobility business was not reported as part of the business area. In preparation of the planned separate listing and new governance structure, E-mobility is now reported in Corporate and Other.

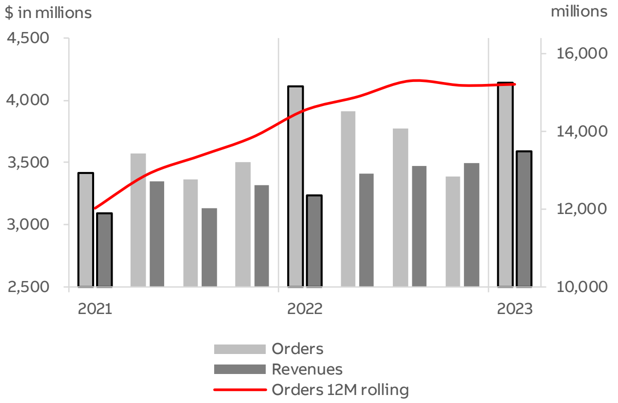
Profit

Both earnings and margin reached their highest levels in recent history. Operational EBITA amounted to $677 million, up 32% year-on-year, and the Operational EBITA margin reached 19.0%, representing a 310 basis points improvement.

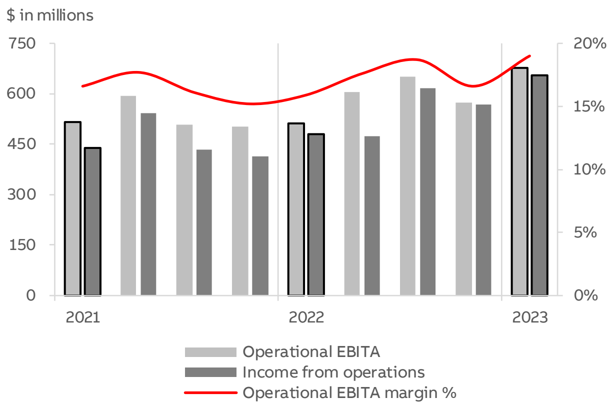
- The impacts from operational leverage on increased volumes and strong pricing activities, in combination with lower costs related to raw materials and freight, more than offset a slight negative divisional and geographical mix in revenues, as well as the adverse impacts from changes in exchange rates.
- Margins improved in all divisions except in Smart Buildings where profitability was slightly hampered due to the weakness in residential construction demand.

($ millions, unless otherwise indicated)	Q1 2023	Q1 2022	CHANGE US$	CHANGE Comparable
Orders	4,141	4,112	1%	5%
Order backlog	7,101	5,946	19%	24%
Revenues	3,590	3,236	11%	16%
Operational EBITA	677	512	32%	
as % of operational revenues	19.0%	15.9%	+3.1 pts	
Cash flow from operating activities	395	87	354%	
No. of employees (FTE equiv.)	51,130	49,650		

Orders and Revenues



Income from operations & Operational EBITA



Motion

Growth

Change year-on-year	Q1 Orders	Q1 Revenues
Comparable	8%	29%
FX	-5%	-7%
Portfolio changes	0%	1%
Total	**3%**	**23%**

Orders and revenues

Order intake of $2,262 million reached the highest level in several years, up by 3% (8% comparable) from last year's high comparable. Notably, the order intake increased also when separating out the impact of larger project orders. Book-to-bill was 117%, expanding the order backlog to $5,102 million.

- Positive developments for the energy efficiency-related drives business, the e-mobility Traction division and the Service division supported the strong overall order growth, while the low voltage motor divisions declined from last year's very high levels.
- In total, customer activity improved in all segments, except for weakness in the HVAC business due to softer construction demand.
- Order intake increased in Europe by 6% (11% comparable), despite a double-digit decline in Germany. Asia, Middle East and Africa was up by 2% (11% comparable), as a slight decline in China was more than offset by good momentum elsewhere in the region. The Americas was stable (1% comparable), including a slight increase of 2% (2% comparable) in the United States.
- Strong revenue growth of 23% (29% comparable) supported by execution of the order backlog resulted in the highest revenues since the formation of the Motion business area. Significant support from both increased volumes and robust price development.

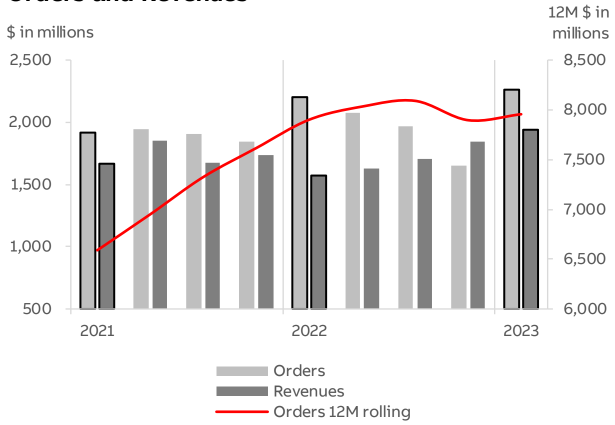
Profit

Operational EBITA of $366 million and Operational EBITA margin of 18.9% reached their highest levels in several years.

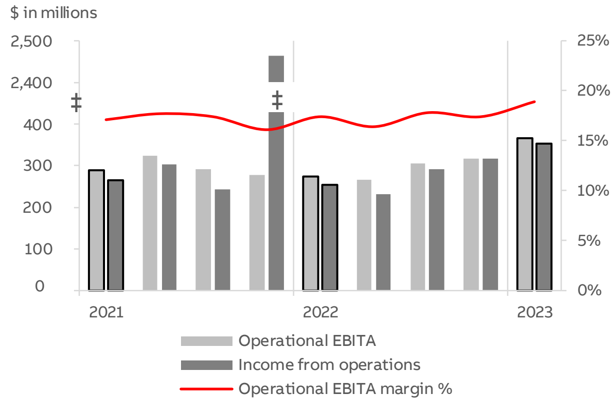
- Positive earnings and margin impact from earlier implemented price actions were the main drivers to the year-on-year improvement.
- Efficient execution of increased volumes, supported by deliveries from the order backlog, contributed significantly.
- The margin was somewhat supported by a positive divisional mix as the drives and service businesses represented a slightly larger proportion of revenues, year-on-year.

($ millions, unless otherwise indicated)	Q1 2023	Q1 2022	CHANGE US$	CHANGE Comparable
Orders	2,262	2,202	3%	8%
Order backlog	5,102	4,317	18%	22%
Revenues	1,940	1,572	23%	29%
Operational EBITA	366	274	34%	
as % of operational revenues	18.9%	17.4%	+1.5 pts	
Cash flow from operating activities	149	(2)	n.a.	
No. of employees (FTE equiv.)	21,000	20,330		

Orders and Revenues



Income from operations & Operational EBITA



Process Automation

Growth

Change year-on-year	Q1 Orders	Q1 Revenues
Comparable	55%	15%
FX	-7%	-5%
Portfolio changes	-23%	-15%
Total	**25%**	**-5%**

Orders and revenues

Driven by a strong underlying customer activity across the segments, as well as by supportive timing of some project orders, the orders increased by 25% (55% comparable) to $2,113 million - the highest quarterly level in recent history. The order backlog increased to $6,893 million.

- All divisions reported order growth of more than 15% (+20% comparable) year-on-year. Momentum was particularly strong in the Energy Industries division, including high activity related to new energy sources such as hydrogen, which admittedly still is a small part of the total but growing at a high pace.
- Europe improved by 44% (88% comparable), with growth rates positively impacted by the order de-booking of approximately $190 million in last year's period. Asia, Middle East and Africa was up by 5% (34% comparable), with strong contribution from China at 16% (52% comparable). The Americas was up by 29% (47% comparable), including an overall decline in the United States of 9% (up 6% comparable).
- Total revenue growth was hampered primarily by the absence of the Turbocharging division (Accelleron) which was spun-off in 2022. That aside, a strong customer activity and deliveries from the order backlog resulted in revenues of $1,436 million, down in total by 5% (up 15% comparable), year-on-year.

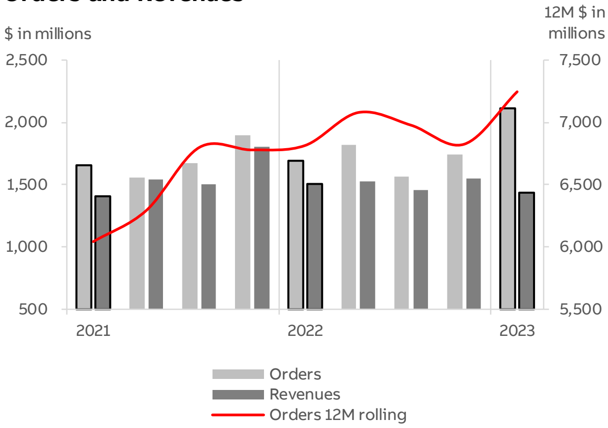
Profit

Strong operational performance resulted in an Operational EBITA margin of 14.2%, up by 120 basis points year-on-year, more than offsetting the adverse margin impact of 140 basis points related to the exit of the high-margin Accelleron business.

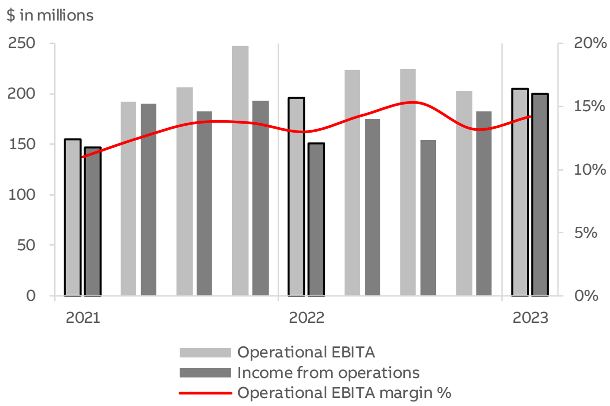
- Significant gross margin improvement was the main contributor to the strong operational performance.
- Operational EBITA margin increased in all divisions except for a slight decline in Marine & Ports, which was somewhat impacted by an adverse mix due to lower share of revenues stemming from the arctic marine propulsion business.
- All divisions were well into double-digit margin territory. Particularly strong year-on-year improvement was noted in Measurement & Analytics which benefited from a positive mix in deliveries.

($ millions, unless otherwise indicated)	Q1 2023	Q1 2022	CHANGE US$	CHANGE Comparable
Orders	2,113	1,692	25%	55%
Order backlog	6,893	6,190	11%	21%
Revenues	1,436	1,506	-5%	15%
Operational EBITA	205	196	5%	
as % of operational revenues	14.2%	13.0%	+1.2 pts	
Cash flow from operating activities	112	60	87%	
No. of employees (FTE equiv.)	20,500	21,920		

Orders and Revenues



Income from operations & Operational EBITA



Robotics & Discrete Automation

Growth

Change year-on-year	Q1 Orders	Q1 Revenues
Comparable	-20%	35%
FX	-3%	-7%
Portfolio changes	0%	0%
Total	**-23%**	**28%**

Orders and revenues

Order intake amounted to $1,001 million, declining by 23% (20% comparable) from the high order level last year, which benefitted from pre-buys in a period of a strained supply chain. While orders increased from the fourth quarter, somewhat of a hampering effect from customers outside of the automotive segment adjusting inventory levels was noted, particularly in China.

- Orders declined at a double-digit rate in both divisions and all regions. In total, book-to-bill was 107% and order backlog increased to $2,782 million.
- Orders were positively impacted by favorable development in the automotive segment. This was however offset by declines across other segments and primarily for machine builders, from last year's very high level.
- With no material supply chain constraints, execution of the order backlog supported the strong revenue growth of 28% (35% comparable). Both divisions benefitted from strong double-digit comparable growth, with contribution from both higher volumes and solid pricing actions.

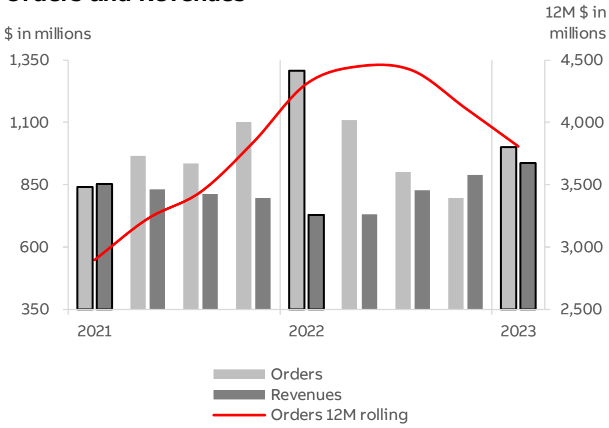
Profit

Operational EBITA close to tripled year-on-year and amounted to $140 million, supported by higher production output and favorable business mix, which triggered an 820 basis point margin improvement to 14.9%.

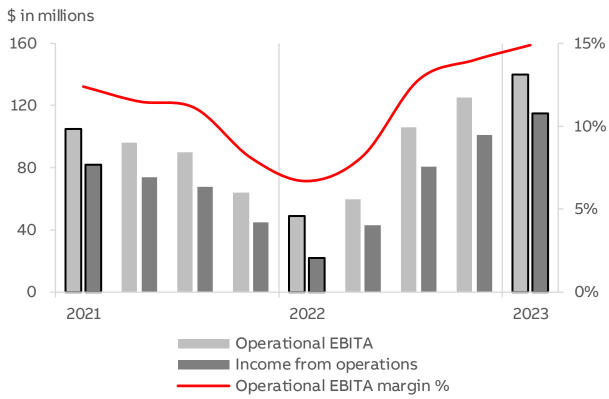
- Significantly higher volumes in production improved cost absorption and were the main driver in the strong earnings increase.
- Strong contribution from earlier implemented price actions.

($ millions, unless otherwise indicated)	Q1 2023	Q1 2022	CHANGE US$	CHANGE Comparable
Orders	1,001	1,308	-23%	-20%
Order backlog	2,782	2,495	12%	16%
Revenues	937	730	28%	35%
Operational EBITA	140	49	186%	
as % of operational revenues	14.9%	6.7%	+8.2 pts	
Cash flow from operating activities	130	(29)	n.a.	
No. of employees (FTE equiv.)	10,850	10,690		

Orders and Revenues



Income from operations & Operational EBITA



Sustainability

Q1 outcome

- 48% reduction of CO_2e emissions in own operations mainly driven by shifting to green electricity in our operations.
- 13% decrease in LTIFR due to a decrease in incidents in absolute numbers.
- 2.1%-points increase in share of women in senior management, demonstrating progress towards our target.

Quarterly highlights

- ABB's production site in Xiamen – which covers 425,000 m^2 and employs over 3,000 people – has reduced its CO_2 equivalent (CO_2e) emissions by 13,400 tons as part of ABB's global Mission to Zero program. This year, Xiamen will be opening its doors to customers and other manufacturers in China to showcase how its smart digital technology has been applied to decarbonize and reduce scope 2 emissions and help them achieve similar results.
- ABB launched its new film series: Unstoppable. This series aims to promote diversity and profiles three remarkable female leaders in the mining, pulp & paper, and metals industries. Unstoppable highlights the inspiring stories of three women who have broken down barriers and made significant contributions to their respective industries. Through this series, ABB aims to raise awareness of the importance of diversity and inclusion; and encourage more women to pursue careers in STEM fields.
- On March 8, 2022, CEO – Björn Rosengren signed ABB's commitment to UN's Women Empowerment's Principles (WEPs). The UN WEPs are a powerful vehicle for corporate delivery on the gender equality dimension of the 2030 agenda and the UN Sustainable Development Goals. Following the commitment, in March 2023, the WEPs were witnessed in action through organization-wide participation in numerous activities and events – such as panel discussions with leadership on the commitment, mastering the Open Job Market and global engagement in the social media campaign #ABBsolutelyUnited, to name a few.
- Tarkett's vinyl flooring factory in Ronneby, Sweden, is using ABB data insights and service expertise to save 800 megawatt-hours (MWh) of energy per year from their motor-driven systems. With the data gathered through the ABB Ability™ Digital Powertrain Energy Appraisal solution, ABB identified that upgrading 10 motors to IE5 SynRM technology would boost efficiency from 80% to 95%. With the current energy prices, the payback period would be only 18 months or less.
- ABB has been recognized for its global leadership in corporate sustainability as the company has been named on CDP's this years' Supplier Engagement Leaderboard, being among the top 8% of the assessed companies for supplier engagement on climate change, based on ABB's 2022 CDP disclosure.

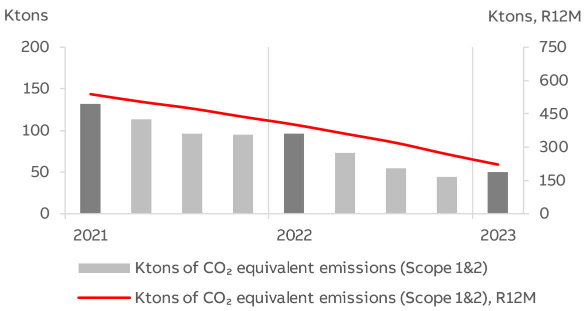
Story of the quarter

- Research shows that businesses around the world remain concerned about the impacts of energy security and prices, which could be a catalyst for a range of environmental, social and economic ripple effects. According to ABB Electrification's Energy Insights survey of 2,300 leaders from small and large businesses across a range of sectors, 92% of respondents feel that the continuing instability of energy is threatening their profitability and competitiveness. Energy costs and insecurity are having a significant impact on the workforce with decreased investment in employees. Business leaders are also concerned about potential impacts of meeting their sustainability targets.

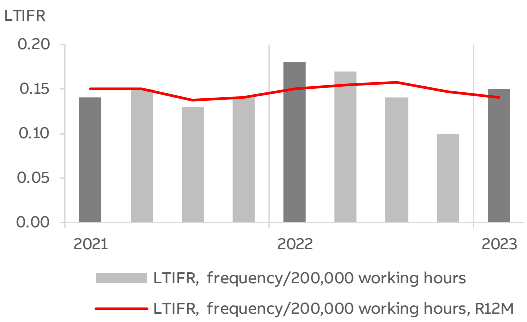
	Q1 2023	Q1 2022	CHANGE	12M ROLLING
CO_2e own operations emissions, Ktons scope 1 and 2[1]	50	96	-48%	221
Lost Time Injury Frequency Rate (LTIFR), frequency / 200,000 working hours[2]	0.15	0.18	-13%	0.14
Share of females in senior management positions, %	19.0	16.9	+2.1 pts	17.6

1 CO_2 equivalent emissions from site, energy use, SF_6 and fleet, previous quarter
2 Current quarter Includes all incidents reported until April 5, 2023

CO_2e Scope 1&2



Lost Time Injury Frequency Rate



Significant events

During Q1 2023

- On January 20, ABB announced it had reached an agreement to sell its Power Conversion division to AcBel Polytech Inc. for $505 million in cash. The transaction is subject to regulatory approvals and is expected to be completed in the second half of 2023. Upon closing, ABB expects to record a small non-operational book gain in Income from operations on the sale.
- On February 1, ABB announced its E-mobility business had signed an agreement with four minority investors to raise an additional CHF325 million in funds in exchange for approximately a 12% shareholding in the company. The transaction represents the final part of ABB E-mobility's pre-IPO funding tranche through newly issued shares. Through the private placement, a total of approximately CHF525 million has been raised for approximately a 20% shareholding in ABB's E-mobility business, which will be used to continue the execution of its growth strategy, driven by both organic and M&A investments in hardware and software.
- On March 23, at ABB's Annual General Meeting, Denise C. Johnson was elected as a new member to the Board while Satish Pai did not stand for re-election.
- On March 31, ABB announced its E-mobility business is taking additional strategic steps to further increase customer focus by driving growth in the three customer-centric business lines of public, transit & fleet and home & work. Supporting this strategy evolution, changes in the company's leadership were announced and Michael Halbherr, with his strong background in software and high-tech industries, will take on the role of Executive Chairman and interim-CEO.

After Q1 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 it 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 Exchange Act). In connection with the delisting of its ADRs from the NYSE, ABB intends to convert its current sponsored Level II ADR program into a sponsored Level I ADR program, which would give US investors a continued investment option, in addition to the ordinary ABB share. The company's shares will remain listed on the SIX Swiss Exchange (SIX) and the Swedish Nasdaq exchange due to the company's heritage.

Acquisitions and divestments, last twelve months

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

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]	Q2 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	~(40)

($ in millions, unless otherwise stated)	FY 2023
Net finance expenses	~(150) unchanged
Effective tax rate	~21% [4] from ~25%
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.

Q1 results presentation on April 25, 2023

The Q1 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	
July 20	Q2 2023 results
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.

April 25, 2023

Q1 2023

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Key Figures

			CHANGE	
($ in millions, unless otherwise indicated)	**Q1 2023**	**Q1 2022**	US$	Comparable[(1)]
Orders	9,450	9,373	1%	9%
Order backlog (end March)	21,607	18,901	14%	21%
Revenues	7,859	6,965	13%	22%
Gross Profit	2,716	2,281	19%	
as % of revenues	34.6%	32.7%	+1.9 pts	
Income from operations	1,198	857	40%	
Operational EBITA[(1)]	1,277	997	28%	33%[(2)]
as % of operational revenues[(1)]	16.3%	14.3%	+2 pts	
Income from continuing operations, net of tax	1,065	643	66%	
Net income attributable to ABB	1,036	604	72%	
Basic earnings per share ($)	0.56	0.31	78%[(3)]	
Cash flow from operating activities[(4)]	282	(573)	n.a.	
Cash flow from operating activities in continuing operations	283	(564)	n.a.	

(1) For a reconciliation of non-GAAP measures see “Supplemental Reconciliations and Definitions” on page 29.
(2) Constant currency (not adjusted for portfolio changes).
(3) EPS growth rates are computed using unrounded amounts.
(4) Cash flow from operating activities includes both continuing and discontinued operations.

($ in millions, unless otherwise indicated)		Q1 2023	Q1 2022	CHANGE US$	CHANGE Local	CHANGE Comparable
Orders	**ABB Group**	**9,450**	**9,373**	**1%**	**6%**	**9%**
	Electrification	4,141	4,112	1%	5%	5%
	Motion	2,262	2,202	3%	8%	8%
	Process Automation	2,113	1,692	25%	32%	55%
	Robotics & Discrete Automation	1,001	1,308	-23%	-20%	-20%
	Corporate and Other	196	305			
	Intersegment eliminations	(263)	(246)			
Order backlog (end March)	**ABB Group**	**21,607**	**18,901**	**14%**	**19%**	**21%**
	Electrification	7,101	5,946	19%	24%	24%
	Motion	5,102	4,317	18%	22%	22%
	Process Automation	6,893	6,190	11%	18%	21%
	Robotics & Discrete Automation	2,782	2,495	12%	16%	16%
	Corporate and Other (incl. intersegment eliminations)	(271)	(47)			
Revenues	**ABB Group**	**7,859**	**6,965**	**13%**	**19%**	**22%**
	Electrification	3,590	3,236	11%	16%	16%
	Motion	1,940	1,572	23%	30%	29%
	Process Automation	1,436	1,506	-5%	1%	15%
	Robotics & Discrete Automation	937	730	28%	35%	35%
	Corporate and Other	169	114			
	Intersegment eliminations	(213)	(193)			
Income from operations	**ABB Group**	**1,198**	**857**			
	Electrification	655	481			
	Motion	353	254			
	Process Automation	200	151			
	Robotics & Discrete Automation	115	22			
	Corporate and Other (incl. intersegment eliminations)	(125)	(51)			
Income from operations %	**ABB Group**	**15.2%**	**12.3%**			
	Electrification	18.2%	14.9%			
	Motion	18.2%	16.2%			
	Process Automation	13.9%	10.0%			
	Robotics & Discrete Automation	12.3%	3.0%			
Operational EBITA	**ABB Group**	**1,277**	**997**	**28%**	**33%**	
	Electrification	677	512	32%	38%	
	Motion	366	274	34%	40%	
	Process Automation	205	196	5%	11%	
	Robotics & Discrete Automation	140	49	186%	212%	
	Corporate and Other(1) *(incl. intersegment eliminations)*	(111)	(34)			
Operational EBITA %	**ABB Group**	**16.3%**	**14.3%**			
	Electrification	19.0%	15.9%			
	Motion	18.9%	17.4%			
	Process Automation	14.2%	13.0%			
	Robotics & Discrete Automation	14.9%	6.7%			
Cash flow from operating activities	**ABB Group**	**282**	**(573)**			
	Electrification	395	87			
	Motion	149	(2)			
	Process Automation	112	60			
	Robotics & Discrete Automation	130	(29)			
	Corporate and Other (incl. intersegment eliminations)	(503)	(680)			
	Discontinued operations	(1)	(9)			

(1) Corporate and Other at Q1 2023 and Q1 2022 includes losses of $28 million and $2 million, respectively, relating to E-mobility.

Operational EBITA

($ in millions, unless otherwise indicated)	ABB Q1 23	ABB Q1 22	Electrification Q1 23	Electrification Q1 22	Motion Q1 23	Motion Q1 22	Process Automation Q1 23	Process Automation Q1 22	Robotics & Discrete Automation Q1 23	Robotics & Discrete Automation Q1 22
Revenues	**7,859**	**6,965**	**3,590**	**3,236**	**1,940**	**1,572**	**1,436**	**1,506**	**937**	**730**
Foreign exchange/commodity timing differences in total revenues	(16)	(3)	(22)	(10)	–	3	10	(1)	1	5
Operational revenues	**7,843**	**6,962**	**3,568**	**3,226**	**1,940**	**1,575**	**1,446**	**1,505**	**938**	**735**
Income from operations	**1,198**	**857**	**655**	**480**	**353**	**254**	**200**	**151**	**115**	**22**
Acquisition-related amortization	54	60	22	28	8	8	1	1	20	21
Restructuring, related and implementation costs(1)	28	16	8	2	1	8	2	5	–	1
Changes in obligations related to divested businesses	3	(14)	–	–	–	–	–	–	–	–
Acquisition- and divestment-related expenses and integration costs	19	59	7	18	4	5	3	33	2	1
Certain other non-operational items	(1)	34	3	3	2	–	–	–	2	–
Foreign exchange/commodity timing differences in income from operations	(24)	(15)	(18)	(19)	(2)	(1)	(1)	6	1	4
Operational EBITA	**1,277**	**997**	**677**	**512**	**366**	**274**	**205**	**196**	**140**	**49**
Operational EBITA margin (%)	**16.3%**	**14.3%**	**19.0%**	**15.9%**	**18.9%**	**17.4%**	**14.2%**	**13.0%**	**14.9%**	**6.7%**

(1) Includes impairment of certain assets.

Depreciation and Amortization

($ in millions)	ABB Q1 23	ABB Q1 22	Electrification Q1 23	Electrification Q1 22	Motion Q1 23	Motion Q1 22	Process Automation Q1 23	Process Automation Q1 22	Robotics & Discrete Automation Q1 23	Robotics & Discrete Automation Q1 22
Depreciation	125	136	62	64	26	27	11	18	14	15
Amortization	66	74	27	34	10	9	2	3	20	21
including total acquisition-related amortization of:	54	60	22	28	8	8	1	1	20	21

Orders received and revenues by region

($ in millions, unless otherwise indicated)	**Orders received**		CHANGE			**Revenues**		CHANGE		
	Q1 23	**Q1 22**	US$	Local	Com-parable	**Q1 23**	**Q1 22**	US$	Local	Com-parable
Europe	3,582	3,534	1%	7%	10%	2,872	2,518	14%	20%	24%
The Americas	2,985	2,897	3%	3%	5%	2,653	2,169	22%	23%	25%
of which United States	2,130	2,225	-4%	-4%	-3%	1,984	1,582	25%	26%	28%
Asia, Middle East and Africa	2,883	2,942	-2%	7%	11%	2,334	2,278	2%	12%	16%
of which China	1,355	1,537	-12%	-5%	-3%	1,155	1,100	5%	13%	16%
ABB Group	**9,450**	**9,373**	**1%**	**6%**	**9%**	**7,859**	**6,965**	**13%**	**19%**	**22%**

Consolidated Financial Information

ABB Ltd Consolidated Income Statements (unaudited)

	Three months ended	
($ in millions, except per share data in $)	Mar. 31, 2023	Mar. 31, 2022
Sales of products	6,644	5,749
Sales of services and other	1,215	1,216
Total revenues	**7,859**	**6,965**
Cost of sales of products	(4,418)	(3,968)
Cost of services and other	(725)	(716)
Total cost of sales	**(5,143)**	**(4,684)**
Gross profit	**2,716**	**2,281**
Selling, general and administrative expenses	(1,339)	(1,239)
Non-order related research and development expenses	(304)	(277)
Other income (expense), net	125	92
Income from operations	**1,198**	**857**
Interest and dividend income	40	13
Interest and other finance expense	(61)	(22)
Non-operational pension (cost) credit	7	36
Income from continuing operations before taxes	**1,184**	**884**
Income tax expense	(119)	(241)
Income from continuing operations, net of tax	**1,065**	**643**
Loss from discontinued operations, net of tax	(5)	(11)
Net income	**1,060**	**632**
Net income attributable to noncontrolling interests and redeemable noncontrolling interests	(24)	(28)
Net income attributable to ABB	**1,036**	**604**
Amounts attributable to ABB shareholders:		
Income from continuing operations, net of tax	1,041	615
Loss from discontinued operations, net of tax	(5)	(11)
Net income	1,036	604
Basic earnings per share attributable to ABB shareholders:		
Income from continuing operations, net of tax	0.56	0.32
Loss from discontinued operations, net of tax	–	(0.01)
Net income	0.56	0.31
Diluted earnings per share attributable to ABB shareholders:		
Income from continuing operations, net of tax	0.56	0.31
Loss from discontinued operations, net of tax	–	(0.01)
Net income	0.55	0.31
Weighted-average number of shares outstanding (in millions) used to compute:		
Basic earnings per share attributable to ABB shareholders	1,861	1,936
Diluted earnings per share attributable to ABB shareholders	1,874	1,953

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

See Notes to the Interim Consolidated Financial Information

ABB Ltd Condensed Consolidated Statements of Comprehensive Income (unaudited)

	Three months ended	
($ in millions)	Mar. 31, 2023	Mar. 31, 2022
Total comprehensive income, net of tax	**1,153**	**577**
Total comprehensive income attributable to noncontrolling interests and redeemable noncontrolling interests, net of tax	(30)	(23)
Total comprehensive income attributable to ABB shareholders, net of tax	**1,123**	**554**

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

See Notes to the Interim Consolidated Financial Information

ABB Ltd Consolidated Balance Sheets (unaudited)

($ in millions)	Mar. 31, 2023	Dec. 31, 2022
Cash and equivalents	3,438	4,156
Restricted cash	19	18
Marketable securities and short-term investments	1,380	725
Receivables, net	7,174	6,858
Contract assets	1,009	954
Inventories, net	6,269	6,028
Prepaid expenses	304	230
Other current assets	484	505
Current assets held for sale and in discontinued operations	615	96
Total current assets	**20,692**	**19,570**
Property, plant and equipment, net	3,888	3,911
Operating lease right-of-use assets	870	841
Investments in equity-accounted companies	153	130
Prepaid pension and other employee benefits	935	916
Intangible assets, net	1,285	1,406
Goodwill	10,381	10,511
Deferred taxes	1,381	1,396
Other non-current assets	454	467
Total assets	**40,039**	**39,148**
Accounts payable, trade	4,945	4,904
Contract liabilities	2,339	2,216
Short-term debt and current maturities of long-term debt	3,433	2,535
Current operating leases	228	220
Provisions for warranties	1,060	1,028
Dividends payable to shareholders	411	–
Other provisions	1,196	1,171
Other current liabilities	4,112	4,323
Current liabilities held for sale and in discontinued operations	225	132
Total current liabilities	**17,949**	**16,529**
Long-term debt	5,230	5,143
Non-current operating leases	666	651
Pension and other employee benefits	716	719
Deferred taxes	731	729
Other non-current liabilities	1,807	2,085
Non-current liabilities held for sale and in discontinued operations	20	20
Total liabilities	**27,119**	**25,876**
Commitments and contingencies		
Redeemable noncontrolling interest	89	85
Stockholders' equity:		
Common stock, CHF 0.12 par value		
(1,965 million shares issued at March 31, 2023, and December 31, 2022)	171	171
Additional paid-in capital	279	141
Retained earnings	19,411	20,082
Accumulated other comprehensive loss	(4,469)	(4,556)
Treasury stock, at cost		
(103 million and 100 million shares at March 31, 2023, and December 31, 2022, respectively)	(3,165)	(3,061)
Total ABB stockholders' equity	**12,227**	**12,777**
Noncontrolling interests	604	410
Total stockholders' equity	**12,831**	**13,187**
Total liabilities and stockholders' equity	**40,039**	**39,148**

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

See Notes to the Consolidated Financial Information

ABB Ltd Consolidated Statements of Cash Flows (unaudited)

($ in millions)	Three months ended Mar. 31, 2023	Mar. 31, 2022
Operating activities:		
Net income	1,060	632
Loss from discontinued operations, net of tax	5	11
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	191	210
Changes in fair values of investments	(13)	(24)
Pension and other employee benefits	1	(46)
Deferred taxes	25	(116)
Loss from equity-accounted companies	7	48
Net gain from derivatives and foreign exchange	(37)	(28)
Net gain from sale of property, plant and equipment	(26)	(32)
Other	27	36
Changes in operating assets and liabilities:		
Trade receivables, net	(366)	(317)
Contract assets and liabilities	10	107
Inventories, net	(264)	(542)
Accounts payable, trade	27	7
Accrued liabilities	(324)	(390)
Provisions, net	40	(53)
Income taxes payable and receivable	(115)	14
Other assets and liabilities, net	35	(81)
Net cash provided by (used in) operating activities – continuing operations	283	(564)
Net cash used in operating activities – discontinued operations	(1)	(9)
Net cash provided by (used in) operating activities	**282**	**(573)**
Investing activities:		
Purchases of investments	(660)	(128)
Purchases of property, plant and equipment and intangible assets	(151)	(187)
Acquisition of businesses (net of cash acquired) and increases in cost- and equity-accounted companies	(19)	(145)
Proceeds from sales of investments	20	305
Proceeds from sales of property, plant and equipment	31	35
Net cash from settlement of foreign currency derivatives	36	66
Other investing activities	7	10
Net cash used in investing activities – continuing operations	(736)	(44)
Net cash used in investing activities – discontinued operations	(5)	(21)
Net cash used in investing activities	**(741)**	**(65)**
Financing activities:		
Net changes in debt with original maturities of 90 days or less	(714)	1,305
Increase in debt	1,633	2,542
Repayment of debt	(36)	(41)
Delivery of shares	95	370
Purchase of treasury stock	(274)	(1,561)
Dividends paid	(1,294)	(889)
Dividends paid to noncontrolling shareholders	(3)	(1)
Proceeds from issuance of subsidiary shares	341	–
Other financing activities	12	(34)
Net cash provided by (used in) financing activities – continuing operations	(240)	1,691
Net cash provided by financing activities – discontinued operations	–	–
Net cash provided by (used in) financing activities	**(240)**	**1,691**
Effects of exchange rate changes on cash and equivalents and restricted cash	(5)	4
Adjustment for the net change in cash and equivalents and restricted cash in Assets held for sale	(13)	–
Net change in cash and equivalents and restricted cash	**(717)**	**1,057**
Cash and equivalents and restricted cash, beginning of period	4,174	4,489
Cash and equivalents and restricted cash, end of period	**3,457**	**5,546**
Supplementary disclosure of cash flow information:		
Interest paid	48	9
Income taxes paid	207	340

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

See Notes to the Consolidated Financial Information

ABB Ltd Consolidated Statements of Changes in Stockholders’ Equity (unaudited)

($ in millions)	Common stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive loss	Treasury stock	**Total ABB stockholders’ equity**	Non-controlling interests	**Total stockholders’ equity**
Balance at January 1, 2022	**178**	**22**	**22,477**	**(4,088)**	**(3,010)**	**15,579**	**378**	**15,957**
Net income			604			**604**	28	**632**
Foreign currency translation adjustments, net of tax of $0				(70)		**(70)**	(5)	**(75)**
Effect of change in fair value of available-for-sale securities, net of tax of $(3)				(12)		**(12)**		**(12)**
Unrecognized income (expense) related to pensions and other postretirement plans, net of tax of $10				28		**28**		**28**
Change in derivative instruments and hedges, net of tax of $2				4		**4**		**4**
Changes in noncontrolling interests		(10)				**(10)**	(7)	**(17)**
Dividends to noncontrolling shareholders						**–**	(3)	**(3)**
Dividends to shareholders			(1,700)			**(1,700)**		**(1,700)**
Share-based payment arrangements		12				**12**		**12**
Purchase of treasury stock					(1,561)	**(1,561)**		**(1,561)**
Delivery of shares		(26)	(104)		500	**370**		**370**
Other		2				**2**		**2**
Balance at March 31, 2022	**178**	**–**	**21,278**	**(4,138)**	**(4,071)**	**13,247**	**391**	**13,638**
Balance at January 1, 2023	**171**	**141**	**20,082**	**(4,556)**	**(3,061)**	**12,777**	**410**	**13,187**
Net income(1)			1,036			**1,036**	25	**1,061**
Foreign currency translation adjustments, net of tax of $(1)				79		**79**	6	**85**
Effect of change in fair value of available-for-sale securities, net of tax of $1				5		**5**		**5**
Unrecognized income (expense) related to pensions and other postretirement plans, net of tax of $1				–		**–**		**–**
Change in derivative instruments and hedges, net of tax of $0				3		**3**		**3**
Issuance of subsidiary shares		170				**170**	168	**338**
Other changes in noncontrolling interests						**–**	(1)	**(1)**
Dividends to noncontrolling shareholders						**–**	(5)	**(5)**
Dividends to shareholders			(1,706)			**(1,706)**		**(1,706)**
Share-based payment arrangements		22				**22**	1	**23**
Purchase of treasury stock					(253)	**(253)**		**(253)**
Delivery of shares		(53)			148	**95**		**95**
Other		(2)				**(2)**		**(2)**
Balance at March 31, 2023	**171**	**279**	**19,411**	**(4,469)**	**(3,165)**	**12,227**	**604**	**12,831**

(1) Amounts attributable to noncontrolling interests for the three months ended March 31, 2023, exclude net losses of $1 million related to redeemable noncontrolling interests, which are reported in the mezzanine equity section on the Consolidated Balance Sheets. See Note 4 for details.

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

See Notes to the Consolidated Financial Information

Note 1
The Company and basis of presentation

ABB Ltd and its subsidiaries (collectively, the Company) together form a technology leader in electrification and automation, enabling a more sustainable and resource-efficient future. The Company's solutions connect engineering know-how and software to optimize how things are manufactured, moved, powered and operated.

The Company's Consolidated Financial Information is prepared in accordance with United States of America generally accepted accounting principles (U.S. GAAP) for interim financial reporting. As such, the Consolidated Financial Information does not include all the information and notes required under U.S. GAAP for annual consolidated financial statements. Therefore, such financial information should be read in conjunction with the audited consolidated financial statements in the Company's Annual Report for the year ended December 31, 2022.

The preparation of financial information in conformity with U.S. GAAP requires management to make assumptions and estimates that directly affect the amounts reported in the Consolidated Financial Information. These accounting assumptions and estimates include:

- estimates to determine valuation allowances for deferred tax assets and amounts recorded for unrecognized tax benefits,
- estimates related to credit losses expected to occur over the remaining life of financial assets such as trade and other receivables, loans and other instruments,
- estimates used to record expected costs for employee severance in connection with restructuring programs,
- estimates of loss contingencies associated with litigation or threatened litigation and other claims and inquiries, environmental damages, product warranties, self-insurance reserves, regulatory and other proceedings,
- assumptions and projections, principally related to future material, labor and project-related overhead costs, used in determining the percentage-of-completion on projects where revenue is recognized over time, as well as the amount of variable consideration the Company expects to be entitled to,
- assumptions used in the calculation of pension and postretirement benefits and the fair value of pension plan assets,
- assumptions used in determining inventory obsolescence and net realizable value,
- growth rates, discount rates and other assumptions used to determine impairment of long-lived assets and in testing goodwill for impairment,
- estimates and assumptions used in determining the fair values of assets and liabilities assumed in business combinations, and
- estimates and assumptions used in determining the initial fair value of retained noncontrolling interests and certain obligations in connection with divestments.

The actual results and outcomes may differ from the Company's estimates and assumptions.

A portion of the Company's activities (primarily long-term construction activities) has an operating cycle that exceeds one year. For classification of current assets and liabilities related to such activities, the Company elected to use the duration of the individual contracts as its operating cycle. Accordingly, there are accounts receivable, contract assets, inventories and provisions related to these contracts which will not be realized within one year that have been classified as current.

Basis of presentation
In the opinion of management, the unaudited Consolidated Financial Information contains all necessary adjustments to present fairly the financial position, results of operations and cash flows for the reported periods. Management considers all such adjustments to be of a normal recurring nature. The Consolidated Financial Information is presented in United States dollars ($) unless otherwise stated. Due to rounding, numbers presented in the Consolidated Financial Information may not add to the totals provided.

Certain amounts reported in the Consolidated Financial Information for prior periods have been reclassified to conform to the current year's presentation. These changes relate primarily to the reorganization of the Company's operating segments (see Note 16 for details).

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Note 2

Recent accounting pronouncements

Applicable for current periods

Disclosure about supplier finance program obligations

In January 2023, the Company adopted an accounting standard update which requires entities to disclose information related to supplier finance programs. Under the update, the Company is required to disclose annually (i) the key terms of the program, (ii) the amount of the supplier finance obligations outstanding and where those obligations are presented in the balance sheet at the reporting date, and (iii) a rollforward of the supplier finance obligation program within the reporting period. The Company adopted this update retrospectively for all in-scope transactions, with the exception of the rollforward disclosures, which will be adopted prospectively for annual periods beginning January 1, 2024. Apart from the additional disclosure requirements, this update does not have a significant impact on the Company's consolidated financial statements.

The total outstanding supplier finance obligation included in "Accounts payable, trade" in the Consolidated Balance Sheets at March 31, 2023 and December 31, 2022, amounted to $460 million and $477 million, respectively. The Company's payment terms related to suppliers' finance programs are not impacted by the suppliers' decisions to sell amounts under the arrangements and are typically consistent with local market practices.

Facilitation of the effects of reference rate reform on financial reporting

In January 2023, the Company adopted an accounting standard update which provides temporary optional expedients and exceptions to the current guidance on contract modifications and hedge accounting to ease the financial reporting burdens related to the expected market transition from the London Interbank Offered Rate (LIBOR) and other interbank offered rates to alternative reference rates. The Company is applying this standard update as relevant contract and hedge accounting relationship modifications are made during the course of the transition period ending December 31, 2024. This update does not have a significant impact on the Company's consolidated financial statements.

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Note 3

Discontinued operations and assets held for sale

Divestment of the Power Grids business

In 2020, the Company completed the divestment of its Power Grids business to Hitachi Ltd (Hitachi). Upon closing of the sale, the Company entered into various transition services agreements (TSAs), some of which continue to have services performed. Pursuant to these TSAs, the Company and Hitachi Energy provide to each other, on a transitional basis, various services. The services provided by the Company primarily include finance, information technology, human resources and certain other administrative services. The TSAs were to be performed for up to 3 years with the possibility to agree on extensions on an exceptional basis for business-critical services which are reasonably necessary to avoid a material adverse impact on the business. The TSA for information technology services was extended until mid-2025. In the three months ended March 31, 2023 and 2022, the Company has recognized within its continuing operations, general and administrative expenses incurred to perform the TSAs, offset by $37 million and $38 million, respectively, in TSA-related income for such services that is reported in Other income (expense), net.

Discontinued operations

As a result of the sale of the Power Grids business, substantially all Power Grids-related assets and liabilities have been sold. As this divestment represented a strategic shift that would have a major effect on the Company's operations and financial results, the results of operations for this business are presented as discontinued operations and the assets and liabilities are presented as held for sale and in discontinued operations. Certain of the business contracts in the Power Grids business continue to be executed by subsidiaries of the Company for the benefit/risk of Hitachi Energy. Assets and liabilities relating to, as well as the net financial results of, these contracts will continue to be included in discontinued operations until they have been completed or otherwise transferred to Hitachi Energy. The remaining business activities of the Power Grids business being executed by the Company is not significant.

In addition, the Company also has retained obligations (primarily for environmental and taxes) related to other businesses disposed or otherwise exited that qualified as discontinued operations at the time of their disposal. Changes to these retained obligations are also included in Loss from discontinued operations, net of tax.

At March 31, 2023, the balances reported as held for sale and in discontinued operations pertaining to the activities of the Power Grids business and other obligations will remain with the Company until such time as the obligations are settled or the activities are fully wound down. These balances amounted to $90 million of current assets, $122 million of current liabilities and $20 million of non-current liabilities.

Planned business divestments classified as held for sale

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

In January 2023, the Company entered into an agreement to divest its Power Conversion Division to AcBel Polytech Inc. for cash proceeds of $505 million. The Power Conversion Division is part of the Company's Electrification operating segment and the divestment, subject to regulatory approvals, is expected to be completed in the second half of 2023.

As this planned divestment does not qualify as a discontinued operation, the results of operations for this business are included in the Company's continuing operations for all periods presented. The assets and liabilities of this business are shown as assets and liabilities held for sale in the Company's Consolidated Balance Sheet at March 31, 2023. The carrying amounts of the major classes of assets and liabilities held for sale relating to this planned divestment are as follows:

($ in millions)	March 31, 2023
Assets	
Receivables, net	92
Inventories, net	106
Property, plant and equipment, net	42
Other intangible assets, net	73
Goodwill	175
Other assets	37
Current assets held for sale	**525**
Liabilities	
Accounts payable, trade	44
Other liabilities	59
Current liabilities held for sale	**103**

In the three months ended March 31, 2023 and 2022, Income from continuing operations before taxes includes income of $17 million and $1 million, respectively, from the Power Conversion Division.

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Note 4
Acquisitions and equity-accounted companies

Acquisition of controlling interests

Acquisitions of controlling interests were as follows:

	Three months ended March 31,	
($ in millions, except number of acquired businesses)	2023	2022
Purchase price for acquisitions (net of cash acquired)(1)	1	138
Aggregate excess of purchase price over fair value of net assets acquired(2)	4	191
Number of acquired businesses	–	1

(1) Excluding changes in cost- and equity-accounted companies.
(2) Recorded as goodwill.

In the table above, the "Purchase price for acquisitions" and "Aggregate excess of purchase price over fair value of net assets acquired" amounts for the three months ended March 31, 2022, relate primarily to the acquisition of InCharge Energy, Inc. (In-Charge).

Acquisitions of controlling interests have been accounted for under the acquisition method and have been included in the Company's consolidated financial statements since the date of acquisition.

On January 26, 2022, the Company increased its ownership in In-Charge to a 60 percent controlling interest through a stock purchase agreement. In-Charge is headquartered in Santa Monica, USA, and is a provider of turn-key commercial electric vehicle charging hardware and software solutions. The resulting cash outflows for the Company amounted to $134 million (net of cash acquired of $4 million). The acquisition expands the market presence of the E-mobility Division of its Electrification operating segment, particularly in the North American market. In connection with the acquisition, the Company's pre-existing 13.2 percent ownership of In-Charge was revalued to fair value and a gain of $32 million was recorded in "Other income (expense), net" in the three months ended March 31, 2022. The Company entered into an agreement with the remaining noncontrolling shareholders allowing either party to put or call the remaining 40 percent of the shares until 2027. The amount for which either party can exercise their option is dependent on a formula based on revenues and thus, the amount is subject to change. As a result of this agreement, the noncontrolling interest is classified as Redeemable noncontrolling interest (i.e. mezzanine equity) in the Consolidated Balance Sheets and was initially recognized at fair value.

While the Company uses its best estimates and assumptions as part of the purchase price allocation process to value assets acquired and liabilities assumed at the acquisition date, the purchase price allocation for acquisitions is preliminary for up to 12 months after the acquisition date and is subject to refinement as more detailed analyses are completed and additional information about the fair values of the assets and liabilities becomes available.

Investments in equity-accounted companies

In connection with the divestment of its Power Grids business to Hitachi in 2020 (see Note 3), the Company initially retained a 19.9 percent interest in the business until December 2022, when the retained investment was sold to Hitachi. During the Company's period of ownership of the retained 19.9 percent interest, based on its continuing involvement with the Power Grids business, including the membership in its governing board of directors, the Company concluded that it had significant influence over Hitachi Energy. As a result, the investment was accounted for using the equity method through to the date of its sale.

In the three months ended March 31, 2023 and 2022, the Company recorded its share of the earnings of investees accounted for under the equity method of accounting in Other income (expense), net, as follows:

	Three months ended March 31,	
($ in millions)	2023	2022
Loss from equity-accounted companies, net of taxes	(7)	(11)
Basis difference amortization (net of deferred income tax benefit)	–	(37)
Loss from equity-accounted companies	**(7)**	**(48)**

Note 5
Cash and equivalents, marketable securities and short-term investments

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

	March 31, 2023					
($ in millions)	Cost basis	Gross unrealized gains	Gross unrealized losses	Fair value	Cash and equivalents and restricted cash	Marketable securities and short-term investments
Changes in fair value recorded in net income						
Cash	1,319			**1,319**	1,319	
Time deposits	2,424			**2,424**	2,138	286
Equity securities	696	18		**714**		714
	4,439	**18**	**–**	**4,457**	**3,457**	**1,000**
Changes in fair value recorded in other comprehensive income						
Debt securities available-for-sale:						
U.S. government obligations	270	2	(11)	**261**		261
Other government obligations	58			**58**		58
Corporate	67		(6)	**61**		61
	395	**2**	**(17)**	**380**	**–**	**380**
Total	**4,834**	**20**	**(17)**	**4,837**	**3,457**	**1,380**
Of which:						
Restricted cash, current					19	

	December 31, 2022					
($ in millions)	Cost basis	Gross unrealized gains	Gross unrealized losses	Fair value	Cash and equivalents and restricted cash	Marketable securities and short-term investments
Changes in fair value recorded in net income						
Cash	1,715			**1,715**	1,715	
Time deposits	2,459			**2,459**	2,459	
Equity securities	345	10		**355**		355
	4,519	**10**	**–**	**4,529**	**4,174**	**355**
Changes in fair value recorded in other comprehensive income						
Debt securities available-for-sale:						
U.S. government obligations	269	1	(15)	**255**		255
Other government obligations	58			**58**		58
Corporate	64		(7)	**57**		57
	391	**1**	**(22)**	**370**	**–**	**370**
Total	**4,910**	**11**	**(22)**	**4,899**	**4,174**	**725**
Of which:						
Restricted cash, current					18	

Note 6
Derivative financial instruments

The Company is exposed to certain currency, commodity, interest rate and equity risks arising from its global operating, financing and investing activities. The Company uses derivative instruments to reduce and manage the economic impact of these exposures.

Currency risk

Due to the global nature of the Company's operations, many of its subsidiaries are exposed to currency risk in their operating activities from entering into transactions in currencies other than their functional currency. To manage such currency risks, the Company's policies require its subsidiaries to hedge their foreign currency exposures from binding sales and purchase contracts denominated in foreign currencies. For forecasted foreign currency denominated sales of standard products and the related foreign currency denominated purchases, the Company's policy is to hedge up to a maximum of 100 percent of the forecasted foreign currency denominated exposures, depending on the length of the forecasted exposures. Forecasted exposures greater than 12 months are not hedged. Forward foreign exchange contracts are the main instrument used to protect the Company against the volatility of future cash flows (caused by changes in exchange rates) of contracted and forecasted sales and purchases denominated in foreign currencies. In addition, within its treasury operations, the Company primarily uses foreign exchange swaps and forward foreign exchange contracts to manage the currency and timing mismatches arising in its liquidity management activities.

Commodity risk

Various commodity products are used in the Company's manufacturing activities. Consequently it is exposed to volatility in future cash flows arising from changes in commodity prices. To manage the price risk of commodities, the Company's policies require that its subsidiaries hedge the commodity price risk exposures from binding contracts, as well as at least 50 percent (up to a maximum of 100 percent) of the forecasted commodity exposure over the next 12 months or longer (up to a maximum of 18 months). Primarily swap contracts are used to manage the associated price risks of commodities.

Interest rate risk

The Company has issued bonds at fixed rates. Interest rate swaps and cross-currency interest rate swaps are used to manage the interest rate and foreign currency risk associated with certain debt and generally such swaps are designated as fair value hedges. In addition, from time to time, the Company uses instruments such as interest rate swaps, interest rate futures, bond futures or forward rate agreements to manage interest rate risk arising from the Company's balance sheet structure but does not designate such instruments as hedges.

Equity risk

The Company is exposed to fluctuations in the fair value of its warrant appreciation rights (WARs) issued under its management incentive plan. A WAR gives its holder the right to receive cash equal to the market price of an equivalent listed warrant on the date of exercise. To eliminate such risk, the Company has purchased cash-settled call options, indexed to the shares of the Company, which entitle the Company to receive amounts equivalent to its obligations under the outstanding WARs.

Volume of derivative activity

In general, while the Company's primary objective in its use of derivatives is to minimize exposures arising from its business, certain derivatives are designated and qualify for hedge accounting treatment while others either are not designated or do not qualify for hedge accounting.

Foreign exchange and interest rate derivatives

The gross notional amounts of outstanding foreign exchange and interest rate derivatives (whether designated as hedges or not) were as follows:

Type of derivative	Total notional amounts at		
($ in millions)	March 31, 2023	December 31, 2022	March 31, 2022
Foreign exchange contracts	13,273	13,509	13,255
Embedded foreign exchange derivatives	1,104	933	863
Cross-currency interest rate swaps	870	855	888
Interest rate contracts	2,963	2,830	4,421

Derivative commodity contracts

The Company uses derivatives to hedge its direct or indirect exposure to the movement in the prices of commodities which are primarily copper, silver and aluminum. The following table shows the notional amounts of outstanding derivatives (whether designated as hedges or not), on a net basis, to reflect the Company's requirements for these commodities:

Type of derivative	Unit	Total notional amounts at		
		March 31, 2023	December 31, 2022	March 31, 2022
Copper swaps	metric tonnes	27,920	29,281	39,223
Silver swaps	ounces	2,392,353	2,012,213	2,634,550
Aluminum swaps	metric tonnes	6,750	6,825	6,950

Equity derivatives

At March 31, 2023, December 31, 2022, and March 31, 2022, the Company held 5 million, 8 million and 9 million cash-settled call options indexed to ABB Ltd shares (conversion ratio 5:1) with a total fair value of $14 million, $15 million and $20 million, respectively.

Cash flow hedges

As noted above, the Company mainly uses forward foreign exchange contracts to manage the foreign exchange risk of its operations, commodity swaps to manage its commodity risks and cash-settled call options to hedge its WAR liabilities. The Company applies cash flow hedge accounting in only limited cases. In these cases, the effective portion of the changes in their fair value is recorded in "Accumulated other comprehensive loss" and subsequently reclassified into earnings in the same line item and in the same period as the underlying hedged transaction affects earnings. For the three months ended March 31, 2023 and 2022, there were no significant amounts recorded for cash flow hedge accounting activities.

Fair value hedges

To reduce its interest rate exposure arising primarily from its debt issuance activities, the Company uses interest rate swaps and cross-currency interest rate swaps. Where such instruments are designated as fair value hedges, the changes in the fair value of these instruments, as well as the changes in the fair value of the risk component of the underlying debt being hedged, are recorded as offsetting gains and losses in "Interest and other finance expense".

The effect of derivative instruments, designated and qualifying as fair value hedges, on the Consolidated Income Statements was as follows:

		Three months ended March 31,	
($ in millions)		2023	2022
Gains (losses) recognized in Interest and other finance expense:			
Interest rate contracts	Designated as fair value hedges	10	(29)
	Hedged item	(10)	29
Cross-currency interest rate swaps	Designated as fair value hedges	(11)	(45)
	Hedged item	2	44

Derivatives not designated in hedge relationships
Derivative instruments that are not designated as hedges or do not qualify as either cash flow or fair value hedges are economic hedges used for risk management purposes. Gains and losses from changes in the fair values of such derivatives are recognized in the same line in the income statement as the economically hedged transaction.

Furthermore, under certain circumstances, the Company is required to split and account separately for foreign currency derivatives that are embedded within certain binding sales or purchase contracts denominated in a currency other than the functional currency of the subsidiary and the counterparty.

The gains (losses) recognized in the Consolidated Income Statements on derivatives not designated in hedging relationships were as follows:

Type of derivative not	Gains (losses) recognized in income		
designated as a hedge		Three months ended March 31,	
($ in millions)	Location	2023	2022
Foreign exchange contracts	Total revenues	11	4
	Total cost of sales	(1)	(6)
	SG&A expenses(1)	6	8
	Non-order related research and development	–	1
	Interest and other finance expense	42	22
Embedded foreign exchange contracts	Total revenues	7	(2)
	Total cost of sales	(1)	1
Commodity contracts	Total cost of sales	11	35
Other	Interest and other finance expense	–	1
Total		**75**	**64**

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

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

	March 31, 2023			
	Derivative assets		Derivative liabilities	
($ in millions)	Current in “Other current assets”	Non-current in “Other non-current assets”	Current in “Other current liabilities”	Non-current in “Other non-current liabilities”
Derivatives designated as hedging instruments:				
Foreign exchange contracts	–	–	4	2
Interest rate contracts	–	–	25	28
Cross-currency interest rate swaps	–	–	–	281
Cash-settled call options	14	–	–	–
Total	**14**	**–**	**29**	**311**
Derivatives not designated as hedging instruments:				
Foreign exchange contracts	149	23	56	11
Commodity contracts	17	–	6	–
Interest rate contracts	7	–	4	–
Embedded foreign exchange derivatives	14	7	24	5
Total	**187**	**30**	**90**	**16**
Total fair value	**201**	**30**	**119**	**327**

($ in millions)	December 31, 2022			
	Derivative assets		Derivative liabilities	
	Current in "Other current assets"	Non-current in "Other non-current assets"	Current in "Other current liabilities"	Non-current in "Other non-current liabilities"
Derivatives designated as hedging instruments:				
Foreign exchange contracts	–	–	4	4
Interest rate contracts	–	–	5	57
Cross-currency interest rate swaps	–	–	–	288
Cash-settled call options	15	–	–	–
Total	**15**	**–**	**9**	**349**
Derivatives not designated as hedging instruments:				
Foreign exchange contracts	140	21	80	5
Commodity contracts	13	–	12	–
Interest rate contracts	5	–	3	–
Embedded foreign exchange derivatives	11	6	17	13
Total	**169**	**27**	**112**	**18**
Total fair value	**184**	**27**	**121**	**367**

Close-out netting agreements provide for the termination, valuation and net settlement of some or all outstanding transactions between two counterparties on the occurrence of one or more pre-defined trigger events.

Although the Company is party to close-out netting agreements with most derivative counterparties, the fair values in the tables above and in the Consolidated Balance Sheets at March 31, 2023, and December 31, 2022, have been presented on a gross basis.

The Company's netting agreements and other similar arrangements allow net settlements under certain conditions. At March 31, 2023, and December 31, 2022, information related to these offsetting arrangements was as follows:

($ in millions)	March 31, 2023				
Type of agreement or similar arrangement	**Gross amount of recognized assets**	**Derivative liabilities eligible for set-off in case of default**	**Cash collateral received**	**Non-cash collateral received**	**Net asset exposure**
Derivatives	210	(91)	–	–	**119**
Total	**210**	**(91)**	**–**	**–**	**119**

($ in millions)	March 31, 2023				
Type of agreement or similar arrangement	**Gross amount of recognized liabilities**	**Derivative liabilities eligible for set-off in case of default**	**Cash collateral pledged**	**Non-cash collateral pledged**	**Net liability exposure**
Derivatives	417	(91)	–	–	**326**
Total	**417**	**(91)**	**–**	**–**	**326**

($ in millions)	December 31, 2022				
Type of agreement or similar arrangement	**Gross amount of recognized assets**	**Derivative liabilities eligible for set-off in case of default**	**Cash collateral received**	**Non-cash collateral received**	**Net asset exposure**
Derivatives	194	(96)	–	–	**98**
Total	**194**	**(96)**	**–**	**–**	**98**

($ in millions)	December 31, 2022				
Type of agreement or similar arrangement	**Gross amount of recognized liabilities**	**Derivative liabilities eligible for set-off in case of default**	**Cash collateral pledged**	**Non-cash collateral pledged**	**Net liability exposure**
Derivatives	458	(96)	–	–	**362**
Total	**458**	**(96)**	**–**	**–**	**362**

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Note 7
Fair values

The Company uses fair value measurement principles to record certain financial assets and liabilities on a recurring basis and, when necessary, to record certain non-financial assets at fair value on a non-recurring basis, as well as to determine fair value disclosures for certain financial instruments carried at amortized cost in the financial statements. Financial assets and liabilities recorded at fair value on a recurring basis include foreign currency, commodity and interest rate derivatives, as well as cash-settled call options and available-for-sale securities. Non-financial assets recorded at fair value on a non-recurring basis include long-lived assets that are reduced to their estimated fair value due to impairments.

Fair value is the price that would be received when selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Company uses various valuation techniques including the market approach (using observable market data for identical or similar assets and liabilities), the income approach (discounted cash flow models) and the cost approach (using costs a market participant would incur to develop a comparable asset). Inputs used to determine the fair value of assets and liabilities are defined by a three-level hierarchy, depending on the nature of those inputs. The Company has categorized its financial assets and liabilities and non-financial assets measured at fair value within this hierarchy based on whether the inputs to the valuation technique are observable or unobservable. An observable input is based on market data obtained from independent sources, while an unobservable input reflects the Company's assumptions about market data.

The levels of the fair value hierarchy are as follows:

Level 1: Valuation inputs consist of quoted prices in an active market for identical assets or liabilities (observable quoted prices). Assets and liabilities valued using Level 1 inputs include exchange-traded equity securities, listed derivatives which are actively traded such as commodity futures, interest rate futures and certain actively traded debt securities.

Level 2: Valuation inputs consist of observable inputs (other than Level 1 inputs) such as actively quoted prices for similar assets, quoted prices in inactive markets and inputs other than quoted prices such as interest rate yield curves, credit spreads, or inputs derived from other observable data by interpolation, correlation, regression or other means. The adjustments applied to quoted prices or the inputs used in valuation models may be both observable and unobservable. In these cases, the fair value measurement is classified as Level 2 unless the unobservable portion of the adjustment or the unobservable input to the valuation model is significant, in which case the fair value measurement would be classified as Level 3. Assets and liabilities valued or disclosed using Level 2 inputs include investments in certain funds, certain debt securities that are not actively traded, interest rate swaps, cross-currency interest rate swaps, commodity swaps, cash-settled call options, forward foreign exchange contracts, foreign exchange swaps and forward rate agreements, time deposits, as well as financing receivables and debt.

Level 3: Valuation inputs are based on the Company's assumptions of relevant market data (unobservable input).

Whenever quoted prices involve bid-ask spreads, the Company ordinarily determines fair values based on mid-market quotes. However, for the purpose of determining the fair value of cash-settled call options serving as hedges of the Company's management incentive plan, bid prices are used.

When determining fair values based on quoted prices in an active market, the Company considers if the level of transaction activity for the financial instrument has significantly decreased or would not be considered orderly. In such cases, the resulting changes in valuation techniques would be disclosed. If the market is considered disorderly or if quoted prices are not available, the Company is required to use another valuation technique, such as an income approach.

Recurring fair value measures

The fair values of financial assets and liabilities measured at fair value on a recurring basis were as follows:

	March 31, 2023			
($ in millions)	Level 1	Level 2	Level 3	Total fair value
Assets				
Securities in "Marketable securities and short-term investments":				
Equity securities		714		**714**
Debt securities—U.S. government obligations	261			**261**
Debt securities—Other government obligations		58		**58**
Debt securities—Corporate		61		**61**
Derivative assets—current in "Other current assets"		201		**201**
Derivative assets—non-current in "Other non-current assets"		30		**30**
Total	**261**	**1,064**	**–**	**1,325**
Liabilities				
Derivative liabilities—current in "Other current liabilities"		119		**119**
Derivative liabilities—non-current in "Other non-current liabilities"		327		**327**
Total	**–**	**446**	**–**	**446**

($ in millions)	December 31, 2022 Level 1	Level 2	Level 3	Total fair value
Assets				
Securities in "Marketable securities and short-term investments":				
Equity securities		355		**355**
Debt securities—U.S. government obligations	255			**255**
Debt securities—European government obligations		58		**58**
Debt securities—Corporate		57		**57**
Derivative assets—current in "Other current assets"		184		**184**
Derivative assets—non-current in "Other non-current assets"		27		**27**
Total	**255**	**681**	**–**	**936**
Liabilities				
Derivative liabilities—current in "Other current liabilities"		121		**121**
Derivative liabilities—non-current in "Other non-current liabilities"		367		**367**
Total	**–**	**488**	**–**	**488**

The Company uses the following methods and assumptions in estimating fair values of financial assets and liabilities measured at fair value on a recurring basis:

- Securities in "Marketable securities and short-term investments": If quoted market prices in active markets for identical assets are available, these are considered Level 1 inputs; however, when markets are not active, these inputs are considered Level 2. If such quoted market prices are not available, fair value is determined using market prices for similar assets or present value techniques, applying an appropriate risk-free interest rate adjusted for non-performance risk. The inputs used in present value techniques are observable and fall into the Level 2 category.

- Derivatives: The fair values of derivative instruments are determined using quoted prices of identical instruments from an active market, if available (Level 1 inputs). If quoted prices are not available, price quotes for similar instruments, appropriately adjusted, or present value techniques, based on available market data, or option pricing models are used. Cash-settled call options hedging the Company's WAR liability are valued based on bid prices of the equivalent listed warrant. The fair values obtained using price quotes for similar instruments or valuation techniques represent a Level 2 input unless significant unobservable inputs are used.

Non-recurring fair value measures
There were no significant non-recurring fair value measurements during the three months ended March 31, 2023 and 2022.

Disclosure about financial instruments carried on a cost basis
The fair values of financial instruments carried on a cost basis were as follows:

($ in millions)	Carrying value	March 31, 2023 Level 1	Level 2	Level 3	Total fair value
Assets					
Cash and equivalents (excluding securities with original maturities up to 3 months):					
Cash	1,300	1,300			**1,300**
Time deposits	2,138		2,138		**2,138**
Restricted cash	19	19			**19**
Marketable securities and short-term investments (excluding securities):					
Time deposits	286		286		**286**
Liabilities					
Short-term debt and current maturities of long-term debt (excluding finance lease obligations)	3,406	2,365	1,041		**3,406**
Long-term debt (excluding finance lease obligations)	5,093	5,014	20		**5,034**

($ in millions)	Carrying value	December 31, 2022 Level 1	Level 2	Level 3	Total fair value
Assets					
Cash and equivalents (excluding securities with original maturities up to 3 months):					
Cash	1,697	1,697			**1,697**
Time deposits	2,459		2,459		**2,459**
Restricted cash	18	18			**18**
Liabilities					
Short-term debt and current maturities of long-term debt (excluding finance lease obligations)	2,500	1,068	1,432		**2,500**
Long-term debt (excluding finance lease obligations)	4,976	4,813	30		**4,843**

The Company uses the following methods and assumptions in estimating fair values of financial instruments carried on a cost basis:

- Cash and equivalents (excluding securities with original maturities up to 3 months), Restricted cash, and Marketable securities and short-term investments (excluding securities): The carrying amounts approximate the fair values as the items are short-term in nature or, for cash held in banks, are equal to the deposit amount.
- Short-term debt and current maturities of long-term debt (excluding finance lease obligations): Short-term debt includes commercial paper, bank borrowings and overdrafts. The carrying amounts of short-term debt and current maturities of long-term debt, excluding finance lease obligations, approximate their fair values.
- Long-term debt (excluding finance lease obligations): Fair values of bonds are determined using quoted market prices (Level 1 inputs), if available. For bonds without available quoted market prices and other long-term debt, the fair values are determined using a discounted cash flow methodology based upon borrowing rates of similar debt instruments and reflecting appropriate adjustments for non-performance risk (Level 2 inputs).

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Note 8
Contract assets and liabilities

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

($ in millions)	March 31, 2023	December 31, 2022	March 31, 2022
Contract assets	1,009	954	1,072
Contract liabilities	2,339	2,216	2,080

Contract assets primarily relate to the Company's right to receive consideration for work completed but for which no invoice has been issued at the reporting date. Contract assets are transferred to receivables when rights to receive payment become unconditional. Management expects that the majority of the amounts will be collected within one year of the respective balance sheet date.

Contract liabilities primarily relate to up-front advances received on orders from customers as well as amounts invoiced to customers in excess of revenues recognized predominantly on long-term projects. Contract liabilities are reduced as work is performed and as revenues are recognized.

The significant changes in the Contract assets and Contract liabilities balances were as follows:

	Three months ended March 31,			
	2023		2022	
($ in millions)	Contract assets	Contract liabilities	Contract assets	Contract liabilities
Revenue recognized, which was included in the Contract liabilities balance at Jan 1, 2023/2022		(651)		(518)
Additions to Contract liabilities - excluding amounts recognized as revenue during the period		707		701
Receivables recognized that were included in the Contract assets balance at Jan 1, 2023/2022	(325)		(318)	

The Company considers its order backlog to represent its unsatisfied performance obligations. At March 31, 2023, the Company had unsatisfied performance obligations totaling $21,607 million and, of this amount, the Company expects to fulfill approximately 66 percent of the obligations in 2023, approximately 23 percent of the obligations in 2024 and the balance thereafter.

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Note 9
Debt

The Company’s total debt at March 31, 2023, and December 31, 2022, amounted to $8,663 million and $7,678 million, respectively.

Short-term debt and current maturities of long-term debt

The Company’s “Short-term debt and current maturities of long-term debt” consisted of the following:

($ in millions)	March 31, 2023	December 31, 2022
Short-term debt	1,047	1,448
Current maturities of long-term debt	2,386	1,087
Total	**3,433**	**2,535**

Short-term debt primarily represented issued commercial paper and short-term bank borrowings from various banks. At March 31, 2023, and December 31, 2022, $946 million and $1,383 million, respectively, was outstanding under the $2 billion Euro-commercial paper program. At March 31, 2023, $34 million was outstanding under the $2 billion commercial paper program in the United States, whereas at December 31, 2022, no amount was outstanding under this program.

Long-term debt

The Company’s long-term debt at March 31, 2023, and December 31, 2022, amounted to $5,230 million and $5,143 million, respectively.

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

	March 31, 2023				December 31, 2022			
(in millions)	Nominal outstanding		Carrying value(1)		Nominal outstanding		Carrying value(1)	
Bonds:								
0.625% EUR Instruments, due 2023	EUR	700	$	759	EUR	700	$	742
0% CHF Bonds, due 2023	CHF	275	$	300	CHF	275	$	298
0.625% EUR Instruments, due 2024	EUR	700	$	737	EUR	700	$	720
Floating Rate EUR Instruments, due 2024	EUR	500	$	545	EUR	500	$	536
0.75% EUR Instruments, due 2024	EUR	750	$	787	EUR	750	$	769
0.3% CHF Bonds, due 2024	CHF	280	$	305	CHF	280	$	303
2.1% CHF Bonds, due 2025	CHF	150	$	163	CHF	150	$	162
3.25% EUR Instruments, due 2027	EUR	500	$	540				
0.75% CHF Bonds, due 2027	CHF	425	$	462	CHF	425	$	460
3.8% USD Notes, due 2028(2)	USD	383	$	381	USD	383	$	381
1.0% CHF Bonds, due 2029	CHF	170	$	185	CHF	170	$	184
0% EUR Instruments, due 2030	EUR	800	$	691	EUR	800	$	677
2.375% CHF Bonds, due 2030	CHF	150	$	163	CHF	150	$	162
3.375% EUR Instruments, due 2031	EUR	750	$	802				
4.375% USD Notes, due 2042(2)	USD	609	$	590	USD	609	$	590
Total			**$**	**7,410**			**$**	**5,984**

(1) USD carrying values include unamortized debt issuance costs, bond discounts or premiums, as well as adjustments for fair value hedge accounting, where appropriate.

(2) Prior to completing a cash tender offer in November 2020, the original principal amount outstanding, on each of the 3.8% USD Notes, due 2028, and the 4.375% USD Notes, due 2042, was USD 750 million.

In January 2023, the Company issued the following EUR Instruments: (i) EUR 500 million of 3.25 percent Instruments, due 2027, and (ii) EUR 750 million of 3.375 percent Instruments, due 2031, both paying interest annually in arrears. The aggregate net proceeds of these EUR Instruments, after discount and fees, amounted to EUR 1,235 million (equivalent to approximately $1,338 million on date of issuance).

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Note 10
Commitments and contingencies

Contingencies—Regulatory, Compliance and Legal

Regulatory

Based on findings during an internal investigation, the Company self-reported to the SEC and the DoJ, in the United States, to the Special Investigating Unit (SIU) and the National Prosecuting Authority (NPA) in South Africa as well as to various authorities in other countries potential suspect payments and other compliance concerns in connection with some of the Company's dealings with Eskom and related persons. Many of those parties have expressed an interest in, or commenced an investigation into, these matters and the Company is cooperating fully with them. The Company paid $104 million to Eskom in December 2020 as part of a full and final settlement with Eskom and the Special Investigating Unit relating to improper payments and other compliance issues associated with the Controls and Instrumentation Contract, and its Variation Orders for Units 1 and 2 at Kusile. The Company made a provision of approximately $325 million which was recorded in Other income (expense), net, during the third quarter of 2022. In December 2022, the Company settled with the SEC and DOJ as well as the authorities in South Africa and Switzerland. The matter is still pending with the authorities in Germany, but the Company does not believe that it will need to record any additional provisions for this matter.

General

The Company is aware of proceedings, or the threat of proceedings, against it and others in respect of private claims by customers and other third parties with regard to certain actual or alleged anticompetitive practices. Also, the Company is subject to other claims and legal proceedings, as well as investigations carried out by various law enforcement authorities. With respect to the above-mentioned claims, regulatory matters, and any related proceedings, the Company will bear the related costs, including costs necessary to resolve them.

Liabilities recognized

At March 31, 2023, and December 31, 2022, the Company had aggregate liabilities of $97 million and $86 million, respectively, included in "Other provisions" and "Other non-current liabilities", for the above regulatory, compliance and legal contingencies, and none of the individual liabilities recognized was significant. As it is not possible to make an informed judgment on, or reasonably predict, the outcome of certain matters and as it is not possible, based on information currently available to management, to estimate the maximum potential liability on other matters, there could be adverse outcomes beyond the amounts accrued.

Guarantees

General

The following table provides quantitative data regarding the Company's third-party guarantees. The maximum potential payments represent a "worst-case scenario", and do not reflect management's expected outcomes.

Maximum potential payments ($ in millions)	**March 31, 2023**	**December 31, 2022**
Performance guarantees	3,778	4,300
Financial guarantees	94	96
Total(1)	**3,872**	**4,396**

(1) Maximum potential payments include amounts in both continuing and discontinued operations.

The carrying amount of liabilities recorded in the Consolidated Balance Sheets reflects the Company's best estimate of future payments, which it may incur as part of fulfilling its guarantee obligations. In respect of the above guarantees, the carrying amounts of liabilities at March 31, 2023, and December 31, 2022, were not significant.

The Company is party to various guarantees providing financial or performance assurances to certain third parties. These guarantees, which have various maturities up to 2035, mainly consist of performance guarantees whereby (i) the Company guarantees the performance of a third party's product or service according to the terms of a contract and (ii) as member of a consortium/joint-venture that includes third parties, the Company guarantees not only its own performance but also the work of third parties. Such guarantees may include guarantees that a project will be completed within a specified time. If the third party does not fulfill the obligation, the Company will compensate the guaranteed party in cash or in kind. The original maturity dates for the majority of these performance guarantees range from one to ten years.

In conjunction with the divestment of the high-voltage cable and cables accessories businesses, the Company has entered into various performance guarantees with other parties with respect to certain liabilities of the divested business. At March 31, 2023, and December 31, 2022, the maximum potential payable under these guarantees amounts to $855 million and $843 million, respectively, and these guarantees have various original maturities ranging from five to ten years.

The Company retained obligations for financial, performance and indemnification guarantees related to the sale of the Power Grids business (see Note 3 for details). The performance and financial guarantees have been indemnified by Hitachi Ltd. These guarantees, which have various maturities up to 2035, primarily consist of bank guarantees, standby letters of credit, business performance guarantees and other trade-related guarantees, the majority of which have original maturity dates ranging from one to ten years. The maximum amount payable under these guarantees at March 31, 2023, and December 31, 2022, is approximately $2.5 billion and $3.0 billion, respectively.

Commercial commitments

In addition, in the normal course of bidding for and executing certain projects, the Company has entered into standby letters of credit, bid/performance bonds and surety bonds (collectively "performance bonds") with various financial institutions. Customers can draw on such performance bonds in the event that the Company does not fulfill its contractual obligations. The Company would then have an obligation to reimburse the financial institution for amounts paid under the performance bonds. At both March 31, 2023, and December 31, 2022, the total outstanding performance bonds aggregated to $2.9 billion. There have been no significant amounts reimbursed to financial institutions under these types of arrangements in the three months ended March 31, 2023 and 2022.

Product and order-related contingencies

The Company calculates its provision for product warranties based on historical claims experience and specific review of certain contracts. The reconciliation of the "Provisions for warranties", including guarantees of product performance, was as follows:

($ in millions)	2023	2022
Balance at January 1,	**1,028**	**1,005**
Claims paid in cash or in kind	(40)	(36)
Net increase in provision for changes in estimates, warranties issued and warranties expired	65	38
Exchange rate differences	7	(8)
Balance at March 31,	**1,060**	**999**

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Note 11
Income taxes

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

The effective tax rate of 10.1 percent in the three months ended March 31, 2023, was lower than the effective tax rate of 27.3 percent in the three months ended March 31, 2022, primarily due to a net benefit realized on a favorable resolution of an uncertain tax position in the three months ended March 31, 2023. In February 2023, on completion of a tax audit, the Company obtained resolution of the uncertain tax position for which an amount was recorded within Other non-current liabilities as of December 31, 2022. In the three months ended March 31, 2023, the Company released the provision of $206 million, due to the resolution of this matter, which resulted in an increase of $0.11 in earnings per share (basic and diluted).

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Note 12
Employee benefits

The Company operates defined benefit pension plans, defined contribution pension plans, and termination indemnity plans, in accordance with local regulations and practices. At March 31, 2023, the Company's most significant defined benefit pension plans are in Switzerland as well as in Germany, the United Kingdom, and the United States. These plans cover a large portion of the Company's employees and provide benefits to employees in the event of death, disability, retirement, or termination of employment. Certain of these plans are multi-employer plans. The Company also operates other postretirement benefit plans including postretirement health care benefits and other employee-related benefits for active employees including long-service award plans. The measurement date used for the Company's employee benefit plans is December 31. The funding policies of the Company's plans are consistent with the local government and tax requirements.

Net periodic benefit cost of the Company's defined benefit pension and other postretirement benefit plans consisted of the following:

($ in millions)	Defined pension benefits				Other postretirement benefits	
	Switzerland		International			
Three months ended March 31,	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Operational pension cost:						
Service cost	9	14	8	9	–	–
Operational pension cost	**9**	**14**	**8**	**9**	**–**	**–**
Non-operational pension cost (credit):						
Interest cost	12	1	40	22	1	–
Expected return on plan assets	(33)	(30)	(39)	(41)	–	–
Amortization of prior service cost (credit)	–	(2)	–	–	–	(1)
Amortization of net actuarial loss	–	–	13	15	(1)	–
Non-operational pension cost (credit)	**(21)**	**(31)**	**14**	**(4)**	**–**	**(1)**
Net periodic benefit cost (credit)	**(12)**	**(17)**	**22**	**5**	**–**	**(1)**

The components of net periodic benefit cost other than the service cost component are included in the line "Non-operational pension (cost) credit" in the income statement.

Employer contributions were as follows:

($ in millions)	Defined pension benefits				Other postretirement benefits	
	Switzerland		International			
Three months ended March 31,	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Total contributions to defined benefit pension and other postretirement benefit plans	2	16	11	10	2	3

The Company expects to make contributions totaling approximately $67 million and $5 million to its defined pension plans and other postretirement benefit plans, respectively, for the full year 2023.

Note 13
Stockholder's equity

At the Annual General Meeting of Shareholders (AGM) on March 23, 2023, shareholders approved the proposal of the Board of Directors to distribute 0.84 Swiss francs per share to shareholders. The declared dividend amounted to $1,706 million, with the Company disbursing a portion in March and the remaining amounts in April.

In March 2023, the Company completed the share buyback program that was launched in April 2022. This program was executed on a second trading line on the SIX Swiss Exchange. Through this program, the Company purchased a total of 67 million shares for approximately $2.0 billion, of which 8 million shares were purchased in the first quarter of 2023 (resulting in an increase in Treasury stock of $253 million).

Also in March 2023, the Company announced a new share buyback program of up to $1 billion. This program, which was launched in April 2023, is being executed on a second trading line on the SIX Swiss Exchange and is planned to run until the Company's 2024 AGM.

During the first quarter of 2023, the Company delivered, out of treasury stock, approximately 5 million shares in connection with its Management Incentive Plan.

In February 2023, the Company obtained funding through a private placement of shares in its ABB E-Mobility subsidiary, ABB E-mobility Holding Ltd (ABB E-Mobility), receiving gross proceeds of 325 million Swiss francs (approximately $351 million) and reducing the Company's ownership in ABB E-Mobility from 92 percent to 81 percent. This resulted in an increase in Additional paid-in capital of $170 million.

Note 14
Earnings per share

Basic earnings per share is calculated by dividing income by the weighted-average number of shares outstanding during the period. Diluted earnings per share is calculated by dividing income by the weighted-average number of shares outstanding during the period, assuming that all potentially dilutive securities were exercised, if dilutive. Potentially dilutive securities comprise outstanding written call options, and outstanding options and shares granted subject to certain conditions under the Company's share-based payment arrangements.

Basic earnings per share

	Three months ended March 31,	
($ in millions, except per share data in $)	**2023**	**2022**
Amounts attributable to ABB shareholders:		
Income from continuing operations, net of tax	1,041	615
Loss from discontinued operations, net of tax	(5)	(11)
Net income	**1,036**	**604**
Weighted-average number of shares outstanding (in millions)	**1,861**	**1,936**
Basic earnings per share attributable to ABB shareholders:		
Income from continuing operations, net of tax	0.56	0.32
Loss from discontinued operations, net of tax	–	(0.01)
Net income	**0.56**	**0.31**

Diluted earnings per share

	Three months ended March 31,	
($ in millions, except per share data in $)	**2023**	**2022**
Amounts attributable to ABB shareholders:		
Income from continuing operations, net of tax	1,041	615
Loss from discontinued operations, net of tax	(5)	(11)
Net income	**1,036**	**604**
Weighted-average number of shares outstanding (in millions)	1,861	1,936
Effect of dilutive securities:		
Call options and shares	13	17
Adjusted weighted-average number of shares outstanding (in millions)	**1,874**	**1,953**
Diluted earnings per share attributable to ABB shareholders:		
Income from continuing operations, net of tax	0.56	0.31
Loss from discontinued operations, net of tax	–	(0.01)
Net income	**0.55**	**0.31**

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Note 15
Reclassifications out of accumulated other comprehensive loss

The following table shows changes in “Accumulated other comprehensive loss” (OCI) attributable to ABB, by component, net of tax:

($ in millions)	Foreign currency translation adjustments	Unrealized gains (losses) on available-for-sale securities	Pension and other postretirement plan adjustments	Derivative instruments and hedges	Total OCI
Balance at January 1, 2022	**(2,993)**	**2**	**(1,089)**	**(8)**	**(4,088)**
Other comprehensive (loss) income:					
Other comprehensive (loss) income before reclassifications	(80)	(12)	20	(4)	**(76)**
Amounts reclassified from OCI	5	–	8	8	**21**
Total other comprehensive (loss) income	**(75)**	**(12)**	**28**	**4**	**(55)**
Less:					
Amounts attributable to noncontrolling interests and redeemable noncontrolling interests	(5)	–	–	–	**(5)**
Balance at March 31, 2022	**(3,063)**	**(10)**	**(1,061)**	**(4)**	**(4,138)**

($ in millions)	Foreign currency translation adjustments	Unrealized gains (losses) on available-for-sale securities	Pension and other postretirement plan adjustments	Derivative instruments and hedges	Total OCI
Balance at January 1, 2023	**(3,691)**	**(19)**	**(838)**	**(8)**	**(4,556)**
Other comprehensive (loss) income:					
Other comprehensive (loss) income before reclassifications	85	4	(8)	2	**83**
Amounts reclassified from OCI	–	1	8	1	**10**
Total other comprehensive (loss) income	**85**	**5**	**–**	**3**	**93**
Less:					
Amounts attributable to noncontrolling interests and redeemable noncontrolling interests	6	–	–	–	**6**
Balance at March 31, 2023	**(3,612)**	**(14)**	**(838)**	**(5)**	**(4,469)**

The amounts reclassified out of OCI for the three months ended March 31, 2023 and 2022, were not significant.

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Note 16
Operating segment data

The Chief Operating Decision Maker (CODM) is the Chief Executive Officer. The CODM allocates resources to and assesses the performance of each operating segment using the information outlined below. The Company is organized into the following segments, based on products and services: Electrification, Motion, Process Automation and Robotics & Discrete Automation. The remaining operations of the Company are included in Corporate and Other.

Effective January 1, 2023, the E-mobility Division is no longer managed within the Electrification segment and has become a separate operating segment. This new segment does not currently meet any of the size thresholds to be considered a reportable segment and as such is presented within Corporate and Other. The segment information for the three months ended March 31, 2023 and 2022, and at December 31, 2022, has been recast to reflect this change.

A description of the types of products and services provided by each reportable segment is as follows:

- Electrification: manufactures and sells electrical products and solutions which are designed to provide safe, smart and sustainable electrical flow from the substation to the socket. The portfolio of increasingly digital and connected solutions includes renewable power solutions, modular substation packages, distribution automation products, switchboard and panelboards, switchgear, UPS solutions, circuit breakers, measuring and sensing devices, control products, wiring accessories, enclosures and cabling systems and intelligent home and building solutions, designed to integrate and automate lighting, heating, ventilation, security and data communication networks. The products and services are delivered through six operating Divisions: Distribution Solutions, Smart Power, Smart Buildings, Installation Products, Power Conversion and Service.

- Motion: designs, manufactures, and sells drives, motors, generators and traction converters that are driving the low-carbon future for industries, cities, infrastructure and transportation. These products, digital technology and related services enable industrial customers to increase energy efficiency, improve safety and reliability, and achieve precise control of their processes. Building on over 130 years of cumulative experience in electric powertrains, Motion combines domain expertise and technology to deliver the optimum solution for a wide range of applications in all industrial segments. In addition, Motion, along with its partners, has a leading global service presence. These products and services are delivered through seven operating Divisions: Large Motors and Generators, IEC LV Motors, NEMA Motors, Drive Products, System Drives, Service and Traction.

- Process Automation: offers a broad range of industry-specific, integrated automation, electrification and digital solutions, as well as lifecycle services for the process, hybrid and marine industries. The product portfolio includes control technologies, industrial software, advanced analytics, sensing and measurement technology, and marine propulsion systems. In addition, Process Automation offers a comprehensive range of services, from repair to advanced digital capabilities such as remote monitoring, preventive maintenance, asset performance management, emission monitoring and cybersecurity. The products, systems and services are currently delivered through four operating Divisions: Energy Industries, Process Industries, Marine & Ports and Measurement & Analytics as well as, prior to its spin-off in October 2022, the Turbocharging Division (Accelleron).

- Robotics & Discrete Automation: delivers its products, solutions and services through two operating Divisions: Robotics and Machine Automation. Robotics includes industrial robots, autonomous mobile robotics, software, robotic solutions, field services, spare parts, and digital services. Machine Automation specializes in solutions based on its programmable logic controllers (PLC), industrial PCs (IPC), servo motion, transport systems and machine vision. Both Divisions offer engineering and simulation software as well as a comprehensive range of digital solutions.

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

The primary measure of profitability on which the operating segments are evaluated is Operational EBITA, which represents income from operations excluding:

- amortization expense on intangibles arising upon acquisition (acquisition-related amortization),
- restructuring, related and implementation costs,
- changes in the amount recorded for obligations related to divested businesses occurring after the divestment date (changes in obligations related to divested businesses),
- gains and losses from sale of businesses (including fair value adjustment on assets and liabilities held for sale),
- acquisition- and divestment-related expenses and integration costs,
- certain other non-operational items, as well as
- foreign exchange/commodity timing differences in income from operations consisting of: (a) unrealized gains and losses on derivatives (foreign exchange, commodities, embedded derivatives), (b) realized gains and losses on derivatives where the underlying hedged transaction has not yet been realized, and (c) unrealized foreign exchange movements on receivables/payables (and related assets/liabilities).

Certain other non-operational items generally includes certain regulatory, compliance and legal costs, other income/expense relating to the Power Grids joint venture, certain asset write downs/impairments and certain other fair value changes, changes in estimates relating to opening balance sheets of acquired businesses (changes in pre-acquisition estimates), as well as other items which are determined by management on a case-by-case basis.

The CODM primarily reviews the results of each segment on a basis that is before the elimination of profits made on inventory sales between segments. Segment results below are presented before these eliminations, with a total deduction for intersegment profits to arrive at the Company's consolidated Operational EBITA. Intersegment sales and transfers are accounted for as if the sales and transfers were to third parties, at current market prices.

The following tables present disaggregated segment revenues from contracts with customers, Operational EBITA, and the reconciliations of consolidated Operational EBITA to Income from continuing operations before taxes for the three months ended March 31, 2023 and 2022, as well as total assets at March 31, 2023, and December 31, 2022.

	Three months ended March 31, 2023					
($ in millions)	**Electrification**	**Motion**	**Process Automation**	**Robotics & Discrete Automation**	**Corporate and Other**	**Total**
Geographical markets						
Europe	1,162	638	519	474	79	**2,872**
The Americas	1,407	632	421	136	57	**2,653**
of which: United States	1,043	533	264	91	53	**1,984**
Asia, Middle East and Africa	957	549	489	324	15	**2,334**
of which: China	457	281	162	248	7	**1,155**
	3,526	**1,819**	**1,429**	**934**	**151**	**7,859**
Product type						
Products	3,306	1,583	827	791	137	**6,644**
Services and other	220	236	602	143	14	**1,215**
	3,526	**1,819**	**1,429**	**934**	**151**	**7,859**
Third-party revenues	3,526	1,819	1,429	934	151	**7,859**
Intersegment revenues	64	121	7	3	(195)	**–**
Total revenues[1]	**3,590**	**1,940**	**1,436**	**937**	**(44)**	**7,859**

	Three months ended March 31, 2022					
($ in millions)	Electrification	Motion	Process Automation	Robotics & Discrete Automation	Corporate and Other	Total
Geographical markets						
Europe	1,062	466	585	354	51	**2,518**
The Americas	1,164	492	368	108	37	**2,169**
of which: United States	849	407	221	72	33	**1,582**
Asia, Middle East and Africa	951	499	546	267	15	**2,278**
of which: China	457	287	150	197	9	**1,100**
	3,177	**1,457**	**1,499**	**729**	**103**	**6,965**
Product type						
Products	2,981	1,248	813	612	95	**5,749**
Services and other	196	209	686	117	8	**1,216**
	3,177	**1,457**	**1,499**	**729**	**103**	**6,965**
Third-party revenues	3,177	1,457	1,499	729	103	**6,965**
Intersegment revenues	59	115	7	1	(182)	**–**
Total revenues(1)	**3,236**	**1,572**	**1,506**	**730**	**(79)**	**6,965**

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

	Three months ended March 31,	
($ in millions)	2023	2022
Operational EBITA:		
Electrification	677	512
Motion	366	274
Process Automation	205	196
Robotics & Discrete Automation	140	49
Corporate and Other		
– E-mobility	(28)	(2)
– Corporate costs, intersegment eliminations and other	(83)	(32)
Total	**1,277**	**997**
Acquisition-related amortization	(54)	(60)
Restructuring, related and implementation costs(1)	(28)	(16)
Changes in obligations related to divested businesses	(3)	14
Acquisition- and divestment-related expenses and integration costs	(19)	(59)
Foreign exchange/commodity timing differences in income from operations:		
Unrealized gains and losses on derivatives (foreign exchange, commodities, embedded derivatives)	22	18
Realized gains and losses on derivatives where the underlying hedged transaction has not yet been realized	(5)	(2)
Unrealized foreign exchange movements on receivables/payables (and related assets/liabilities)	7	(1)
Certain other non-operational items:		
Other income/expense relating to the Power Grids joint venture	13	(35)
Regulatory, compliance and legal costs	–	1
Business transformation costs(2)	(34)	(26)
Changes in pre-acquisition estimates	–	(1)
Certain other fair value changes, including asset impairments	(1)	34
Other non-operational items	23	(7)
Income from operations	**1,198**	**857**
Interest and dividend income	40	13
Interest and other finance expense	(61)	(22)
Non-operational pension (cost) credit	7	36
Income from continuing operations before taxes	**1,184**	**884**

(1) Includes impairment of certain assets.
(2) Amount includes ABB Way process transformation costs of $30 million and $25 million for three months ended March 31, 2023 and 2022, respectively.

	Total assets(1)	
($ in millions)	March 31, 2023	December 31, 2022
Electrification	13,001	12,993
Motion	6,832	6,565
Process Automation	4,672	4,598
Robotics & Discrete Automation	4,960	4,901
Corporate and Other(2)	10,574	10,091
Consolidated	**40,039**	**39,148**

(1) Total assets are after intersegment eliminations and therefore reflect third-party assets only.
(2) At March 31, 2023, and December 31, 2022, respectively, Corporate and Other includes $90 million and $96 million of assets in the Power Grids business which is reported as discontinued operations (see Note 3). In addition, at March 31, 2023, Corporate and Other includes assets held for sale of $525 million (see Note 3).

Supplemental Reconciliations and Definitions

The following reconciliations and definitions include measures which ABB uses to supplement its Consolidated Financial Information (unaudited) which is prepared in accordance with United States generally accepted accounting principles (U.S. GAAP). Certain of these financial measures are, or may be, considered non-GAAP financial measures as defined in the rules of the U.S. Securities and Exchange Commission (SEC).

While ABB's management believes that the non-GAAP financial measures herein are useful in evaluating ABB's operating results, this information should be considered as supplemental in nature and not as a substitute for the related financial information prepared in accordance with U.S. GAAP. Therefore these measures should not be viewed in isolation but considered together with the Consolidated Financial Information (unaudited) prepared in accordance with U.S. GAAP as of and for the three months ended March 31, 2023.

Comparable growth rates

Growth rates for certain key figures may be presented and discussed on a "comparable" basis. The comparable growth rate measures growth on a constant currency basis. Since we are a global company, the comparability of our operating results reported in U.S. dollars is affected by foreign currency exchange rate fluctuations. We calculate the impacts from foreign currency fluctuations by translating the current-year periods' reported key figures into U.S. dollar amounts using the exchange rates in effect for the comparable periods in the previous year.

Comparable growth rates are also adjusted for changes in our business portfolio. Adjustments to our business portfolio occur due to acquisitions, divestments, or by exiting specific business activities or customer markets. The adjustment for portfolio changes is calculated as follows: where the results of any business acquired or divested have not been consolidated and reported for the entire duration of both the current and comparable periods, the reported key figures of such business are adjusted to exclude the relevant key figures of any corresponding quarters which are not comparable when computing the comparable growth rate. Certain portfolio changes which do not qualify as divestments under U.S. GAAP have been treated in a similar manner to divestments. Changes in our portfolio where we have exited certain business activities or customer markets are adjusted as if the relevant business was divested in the period when the decision to cease business activities was taken. We do not adjust for portfolio changes where the relevant business has annualized revenues of less than $50 million.

The following tables provide reconciliations of reported growth rates of certain key figures to their respective comparable growth rate.

Comparable growth rate reconciliation by Business Area

	Q1 2023 compared to Q1 2022							
	Order growth rate				Revenue growth rate			
Business Area	**US$ (as reported)**	**Foreign exchange impact**	**Portfolio changes**	**Comparable**	**US$ (as reported)**	**Foreign exchange impact**	**Portfolio changes**	**Comparable**
Electrification	1%	4%	0%	**5%**	11%	5%	0%	**16%**
Motion	3%	5%	0%	**8%**	23%	7%	-1%	**29%**
Process Automation	25%	7%	23%	**55%**	-5%	5%	15%	**15%**
Robotics & Discrete Automation	-23%	3%	0%	**-20%**	28%	7%	0%	**35%**
ABB Group	**1%**	**5%**	**3%**	**9%**	**13%**	**6%**	**3%**	**22%**

Regional comparable growth rate reconciliation

Regional comparable growth rate reconciliation for ABB Group - Quarter

	Q1 2023 compared to Q1 2022							
	Order growth rate				Revenue growth rate			
Region	US$ (as reported)	Foreign exchange impact	Portfolio changes	Comparable	US$ (as reported)	Foreign exchange impact	Portfolio changes	Comparable
Europe	1%	6%	3%	**10%**	14%	7%	3%	**24%**
The Americas	3%	0%	2%	**5%**	22%	1%	2%	**25%**
of which: United States	-4%	-1%	2%	**-3%**	25%	1%	2%	**28%**
Asia, Middle East and Africa	-2%	9%	4%	**11%**	2%	10%	4%	**16%**
of which: China	-12%	6%	3%	**-3%**	5%	8%	3%	**16%**
ABB Group	**1%**	**5%**	**3%**	**9%**	**13%**	**6%**	**3%**	**22%**

Regional comparable growth rate reconciliation by Business Area - Quarter

	Q1 2023 compared to Q1 2022							
	Order growth rate				Revenue growth rate			
Region	US$ (as reported)	Foreign exchange impact	Portfolio changes	Comparable	US$ (as reported)	Foreign exchange impact	Portfolio changes	Comparable
Europe	1%	4%	0%	**5%**	9%	5%	0%	**14%**
The Americas	-1%	0%	0%	**-1%**	21%	0%	0%	**21%**
of which: United States	-6%	0%	0%	**-6%**	23%	0%	0%	**23%**
Asia, Middle East and Africa	4%	11%	0%	**15%**	1%	11%	0%	**12%**
of which: China	-11%	7%	0%	**-4%**	0%	8%	0%	**8%**
Electrification	**1%**	**4%**	**0%**	**5%**	**11%**	**5%**	**0%**	**16%**

	Q1 2023 compared to Q1 2022							
	Order growth rate				Revenue growth rate			
Region	US$ (as reported)	Foreign exchange impact	Portfolio changes	Comparable	US$ (as reported)	Foreign exchange impact	Portfolio changes	Comparable
Europe	6%	6%	-1%	**11%**	30%	7%	-1%	**36%**
The Americas	0%	1%	0%	**1%**	29%	0%	0%	**29%**
of which: United States	2%	0%	0%	**2%**	32%	0%	-1%	**31%**
Asia, Middle East and Africa	2%	9%	0%	**11%**	12%	10%	0%	**22%**
of which: China	-8%	7%	0%	**-1%**	3%	8%	0%	**11%**
Motion	**3%**	**5%**	**0%**	**8%**	**23%**	**7%**	**-1%**	**29%**

	Q1 2023 compared to Q1 2022							
	Order growth rate				Revenue growth rate			
Region	US$ (as reported)	Foreign exchange impact	Portfolio changes	Comparable	US$ (as reported)	Foreign exchange impact	Portfolio changes	Comparable
Europe	44%	12%	32%	**88%**	-11%	5%	15%	**9%**
The Americas	29%	1%	17%	**47%**	14%	1%	15%	**30%**
of which: United States	-9%	0%	15%	**6%**	20%	0%	19%	**39%**
Asia, Middle East and Africa	5%	8%	21%	**34%**	-10%	6%	15%	**11%**
of which: China	16%	9%	27%	**52%**	8%	7%	22%	**37%**
Process Automation	**25%**	**7%**	**23%**	**55%**	**-5%**	**6%**	**14%**	**15%**

	Q1 2023 compared to Q1 2022							
	Order growth rate				Revenue growth rate			
Region	US$ (as reported)	Foreign exchange impact	Portfolio changes	Comparable	US$ (as reported)	Foreign exchange impact	Portfolio changes	Comparable
Europe	-21%	4%	0%	**-17%**	34%	7%	0%	**41%**
The Americas	-17%	-1%	0%	**-18%**	27%	0%	0%	**27%**
of which: United States	-23%	0%	0%	**-23%**	26%	0%	0%	**26%**
Asia, Middle East and Africa	-29%	6%	0%	**-23%**	22%	10%	0%	**32%**
of which: China	-31%	5%	0%	**-26%**	25%	11%	0%	**36%**
Robotics & Discrete Automation	**-23%**	**3%**	**0%**	**-20%**	**28%**	**7%**	**0%**	**35%**

Order backlog growth rate reconciliation

	March 31, 2023 compared to March 31, 2022			
Business Area	**US$ (as reported)**	**Foreign exchange impact**	**Portfolio changes**	**Comparable**
Electrification	19%	5%	0%	**24%**
Motion	18%	4%	0%	**22%**
Process Automation	11%	6%	4%	**21%**
Robotics & Discrete Automation	12%	4%	0%	**16%**
ABB Group	**14%**	**6%**	**1%**	**21%**

Other growth rate reconciliations

	Q1 2023 compared to Q1 2022							
	Service orders growth rate				Services revenues growth rate			
Business Area	**US$ (as reported)**	**Foreign exchange impact**	**Portfolio changes**	**Comparable**	**US$ (as reported)**	**Foreign exchange impact**	**Portfolio changes**	**Comparable**
Electrification	5%	5%	0%	**10%**	12%	5%	0%	**17%**
Motion	6%	6%	0%	**12%**	13%	7%	0%	**20%**
Process Automation	-16%	4%	23%	**11%**	-12%	4%	25%	**17%**
Robotics & Discrete Automation	10%	5%	0%	**15%**	22%	6%	0%	**28%**
ABB Group	**-6%**	**5%**	**13%**	**12%**	**0%**	**5%**	**14%**	**19%**

Operational EBITA as % of operational revenues (Operational EBITA margin)

Definition

Operational EBITA margin

Operational EBITA margin is Operational EBITA as a percentage of operational revenues.

Operational EBITA

Operational earnings before interest, taxes and acquisition-related amortization (Operational EBITA) represents Income from operations excluding:

- acquisition-related amortization (as defined below),
- restructuring, related and implementation costs,
- changes in the amount recorded for obligations related to divested businesses occurring after the divestment date (changes in obligations related to divested businesses),
- gains and losses from sale of businesses (including fair value adjustment on assets and liabilities held for sale),
- acquisition- and divestment-related expenses and integration costs,
- certain other non-operational items, as well as
- foreign exchange/commodity timing differences in income from operations consisting of: (a) unrealized gains and losses on derivatives (foreign exchange, commodities, embedded derivatives), (b) realized gains and losses on derivatives where the underlying hedged transaction has not yet been realized, and (c) unrealized foreign exchange movements on receivables/payables (and related assets/liabilities).

Certain other non-operational items generally includes certain regulatory, compliance and legal costs, other income/expense relating to the Power Grids joint venture, certain asset write downs/impairments and certain other fair value changes, changes in estimates relating to opening balance sheets of acquired businesses (changes in pre-acquisition estimates), as well as other items which are determined by management on a case-by-case basis.

Operational EBITA is our measure of segment profit but is also used by management to evaluate the profitability of the Company as a whole.

Acquisition-related amortization

Amortization expense on intangibles arising upon acquisitions.

Restructuring, related and implementation costs

Restructuring, related and implementation costs consists of restructuring and other related expenses, as well as internal and external costs relating to the implementation of group-wide restructuring programs.

Operational revenues

The Company presents operational revenues solely for the purpose of allowing the computation of Operational EBITA margin. Operational revenues are Total revenues adjusted for foreign exchange/commodity timing differences in total revenues of: (i) unrealized gains and losses on derivatives, (ii) realized gains and losses on derivatives where the underlying hedged transaction has not yet been realized, and (iii) unrealized foreign exchange movements on receivables (and related assets). Operational revenues are not intended to be an alternative measure to Total revenues, which represent our revenues measured in accordance with U.S. GAAP.

Reconciliation

The following tables provide reconciliations of consolidated Operational EBITA to Net Income and Operational EBITA Margin by business.

Reconciliation of consolidated Operational EBITA to Net Income

	Three months ended March 31,	
($ in millions)	**2023**	**2022**
Operational EBITA	**1,277**	**997**
Acquisition-related amortization	(54)	(60)
Restructuring, related and implementation costs[1]	(28)	(16)
Changes in obligations related to divested businesses	(3)	14
Acquisition- and divestment-related expenses and integration costs	(19)	(59)
Certain other non-operational items	1	(34)
Foreign exchange/commodity timing differences in income from operations	24	15
Income from operations	**1,198**	**857**
Interest and dividend income	40	13
Interest and other finance expense	(61)	(22)
Non-operational pension (cost) credit	7	36
Income from continuing operations before taxes	**1,184**	**884**
Income tax expense	(119)	(241)
Income from continuing operations, net of tax	**1,065**	**643**
Loss from discontinued operations, net of tax	(5)	(11)
Net income	**1,060**	**632**

(1) Includes impairment of certain assets.

Reconciliation of Operational EBITA margin by business

	Three months ended March 31, 2023					
($ in millions, unless otherwise indicated)	**Electrification**	**Motion**	**Process Automation**	**Robotics & Discrete Automation**	**Corporate and Other and Intersegment elimination**	**Consolidated**
Total revenues	**3,590**	**1,940**	**1,436**	**937**	**(44)**	**7,859**
Foreign exchange/commodity timing differences in total revenues:						
Unrealized gains and losses on derivatives	(14)	4	13	2	(4)	**1**
Realized gains and losses on derivatives where the underlying hedged transaction has not yet been realized	(1)	–	1	–	2	**2**
Unrealized foreign exchange movements on receivables (and related assets)	(7)	(4)	(4)	(1)	(3)	**(19)**
Operational revenues	**3,568**	**1,940**	**1,446**	**938**	**(49)**	**7,843**
Income (loss) from operations	**655**	**353**	**200**	**115**	**(125)**	**1,198**
Acquisition-related amortization	22	8	1	20	3	**54**
Restructuring, related and implementation costs	8	1	2	–	17	**28**
Changes in obligations related to divested businesses	–	–	–	–	3	**3**
Acquisition- and divestment-related expenses and integration costs	7	4	3	2	3	**19**
Certain other non-operational items	3	2	–	2	(8)	**(1)**
Foreign exchange/commodity timing differences in income from operations:						
Unrealized gains and losses on derivatives (foreign exchange, commodities, embedded derivatives)	(15)	–	(2)	2	(7)	**(22)**
Realized gains and losses on derivatives where the underlying hedged transaction has not yet been realized	–	–	2	–	3	**5**
Unrealized foreign exchange movements on receivables/payables (and related assets/liabilities)	(3)	(2)	(1)	(1)	–	**(7)**
Operational EBITA	**677**	**366**	**205**	**140**	**(111)**	**1,277**
Operational EBITA margin (%)	**19.0%**	**18.9%**	**14.2%**	**14.9%**	**n.a.**	**16.3%**

In the three months ended March 31, 2023, certain other non-operational items in the table above includes the following:

	Three months ended March 31, 2023					
($ in millions, unless otherwise indicated)	**Electrification**	**Motion**	**Process Automation**	**Robotics & Discrete Automation**	**Corporate and Other**	**Consolidated**
Certain other non-operational items:						
Other income/expense relating to the Power Grids joint venture	–	–	–	–	(13)	**(13)**
Certain other fair values changes, including asset impairments	1	1	–	1	(2)	**1**
Business transformation costs(1)	4	–	–	1	29	**34**
Other non-operational items	(2)	1	–	–	(22)	**(23)**
Total	**3**	**2**	**–**	**2**	**(8)**	**(1)**

(1) Amounts include ABB Way process transformation costs of $30 million for the three months ended March 31, 2023.

($ in millions, unless otherwise indicated)	Three months ended March 31, 2022 Electrification	Motion	Process Automation	Robotics & Discrete Automation	Corporate and Other and Intersegment elimination	Consolidated
Total revenues	**3,236**	**1,572**	**1,506**	**730**	**(79)**	**6,965**
Foreign exchange/commodity timing differences in total revenues:						
Unrealized gains and losses on derivatives	(11)	4	(1)	2	(2)	**(8)**
Realized gains and losses on derivatives where the underlying hedged transaction has not yet been realized	1	1	(3)	–	4	**3**
Unrealized foreign exchange movements on receivables (and related assets)	–	(2)	3	3	(2)	**2**
Operational revenues	**3,226**	**1,575**	**1,505**	**735**	**(79)**	**6,962**
Income (loss) from operations	**480**	**254**	**151**	**22**	**(50)**	**857**
Acquisition-related amortization	28	8	1	21	2	**60**
Restructuring, related and implementation costs	2	8	5	1	–	**16**
Changes in obligations related to divested businesses	–	–	–	–	(14)	**(14)**
Acquisition- and divestment-related expenses and integration costs	18	5	33	1	2	**59**
Certain other non-operational items	3	–	–	–	31	**34**
Foreign exchange/commodity timing differences in income from operations:						
Unrealized gains and losses on derivatives (foreign exchange, commodities, embedded derivatives)	(21)	(1)	6	3	(5)	**(18)**
Realized gains and losses on derivatives where the underlying hedged transaction has not yet been realized	2	–	(3)	–	3	**2**
Unrealized foreign exchange movements on receivables/payables (and related assets/liabilities)	–	–	3	1	(3)	**1**
Operational EBITA	**512**	**274**	**196**	**49**	**(34)**	**997**
Operational EBITA margin (%)	**15.9%**	**17.4%**	**13.0%**	**6.7%**	**n.a.**	**14.3%**

In the three months ended March 31, 2022, certain other non-operational items in the table above includes the following:

($ in millions, unless otherwise indicated)	Three months ended March 31, 2022 Electrification	Motion	Process Automation	Robotics & Discrete Automation	Corporate and Other	Consolidated
Certain other non-operational items:						
Regulatory, compliance and legal costs	–	–	–	–	(1)	**(1)**
Other income/expense relating to the Power Grids joint venture	–	–	–	–	35	**35**
Certain other fair values changes, including asset impairments	–	–	–	–	(34)	**(34)**
Business transformation costs[(1)]	1	–	–	–	25	**26**
Changes in pre-acquisition estimates	1	–	–	–	–	**1**
Other non-operational items	1	–	–	–	6	**7**
Total	**3**	**–**	**–**	**–**	**31**	**34**

(1) Amounts include ABB Way process transformation costs of $25 million for the three months ended March 31, 2022.

Net debt

Definition

Net debt

Net debt is defined as Total debt less Cash and marketable securities.

Total debt

Total debt is the sum of Short-term debt and current maturities of long-term debt, and Long-term debt.

Cash and marketable securities

Cash and marketable securities is the sum of Cash and equivalents, Restricted cash (current and non-current) and Marketable securities and short-term investments.

Reconciliation

($ in millions)	March 31, 2023	December 31, 2022
Short-term debt and current maturities of long-term debt	3,433	2,535
Long-term debt	5,230	5,143
Total debt	**8,663**	**7,678**
Cash and equivalents	3,438	4,156
Restricted cash - current	19	18
Marketable securities and short-term investments	1,380	725
Cash and marketable securities	**4,837**	**4,899**
Net debt	**3,826**	**2,779**

Net debt/Equity ratio

Definition

Net debt/Equity ratio

Net debt/Equity ratio is defined as Net debt divided by Equity.

Equity

Equity is defined as Total stockholders' equity.

Reconciliation

($ in millions, unless otherwise indicated)	March 31, 2023	December 31, 2022
Total stockholders' equity	12,831	13,187
Net debt (as defined above)	3,826	2,779
Net debt / Equity ratio	**0.30**	**0.21**

Net debt/EBITDA ratio

Definition

Net debt/EBITDA ratio

Net debt/EBITDA ratio is defined as Net debt divided by EBITDA.

EBITDA

EBITDA is defined as Income from operations for the trailing twelve months preceding the balance sheet date before depreciation and amortization for the same trailing twelve-month period.

Reconciliation

($ in millions, unless otherwise indicated)	March 31, 2023	March 31, 2022
Income from operations for the three months ended:		
June 30, 2022 / 2021	587	1,094
September 30, 2022 / 2021	708	852
December 31, 2022 / 2021	1,185	2,975
March 31, 2023 / 2022	1,198	857
Depreciation and Amortization for the three months ended:		
June 30, 2022 / 2021	207	230
September 30, 2022 / 2021	198	220
December 31, 2022 / 2021	199	216
March 31, 2023 / 2022	191	210
EBITDA	**4,473**	**6,654**
Net debt (as defined above)	**3,826**	**2,772**
Net debt / EBITDA	**0.9**	**0.4**

Net working capital as a percentage of revenues

Definition

Net working capital as a percentage of revenues

Net working capital as a percentage of revenues is calculated as Net working capital divided by Adjusted revenues for the trailing twelve months.

Net working capital

Net working capital is the sum of (i) receivables, net, (ii) contract assets, (iii) inventories, net, and (iv) prepaid expenses; less (v) accounts payable, trade, (vi) contract liabilities (including non-current amounts) and (vii) other current liabilities (excluding primarily: (a) income taxes payable, (b) current derivative liabilities, (c) pension and other employee benefits, (d) payables under the share buyback program, (e) liabilities related to certain other restructuring-related activities and (f) liabilities related to the divestment of the Power Grids business); and including the amounts related to these accounts which have been presented as either assets or liabilities held for sale but excluding any amounts included in discontinued operations.

Adjusted revenues for the trailing twelve months

Adjusted revenues for the trailing twelve months includes total revenues recorded by ABB in the twelve months preceding the relevant balance sheet date adjusted to eliminate revenues of divested businesses and the estimated impact of annualizing revenues of certain acquisitions which were completed in the same trailing twelve-month period.

Reconciliation

($ in millions, unless otherwise indicated)	March 31, 2023	March 31, 2022
Net working capital:		
Receivables, net	7,174	6,851
Contract assets	1,009	1,072
Inventories, net	6,269	5,372
Prepaid expenses	304	289
Accounts payable, trade	(4,945)	(4,830)
Contract liabilities	(2,339)	(2,080)
Other current liabilities[(1)]	(3,444)	(3,213)
Net working capital in assets and liabilities held for sale	136	–
Net working capital	**4,164**	**3,461**
Total revenues for the three months ended:		
June 30, 2022 / 2021	7,251	7,449
September 30, 2022 / 2021	7,406	7,028
December 31, 2022 / 2021	7,824	7,567
March 31, 2023 / 2022	7,859	6,965
Adjustment to annualize/eliminate revenues of certain acquisitions/divestments	(340)	(363)
Adjusted revenues for the trailing twelve months	**30,000**	**28,646**
Net working capital as a percentage of revenues (%)	**13.9%**	**12.1%**

(1) Amounts exclude $668 million and $901 million at March 31, 2023 and 2022, respectively, related primarily to (a) income taxes payable, (b) current derivative liabilities, (c) pension and other employee benefits, (d) payables under the share buyback program, (e) liabilities related to certain restructuring-related activities and (f) liabilities related to the divestment of the Power Grids business.

Free cash flow conversion to net income

Definition

Free cash flow conversion to net income

Free cash flow conversion to net income is calculated as free cash flow divided by Adjusted net income attributable to ABB.

Adjusted net income attributable to ABB

Adjusted net income attributable to ABB is calculated as net income attributable to ABB adjusted for: (i) impairment of goodwill, (ii) losses from extinguishment of debt, and (iii) gains arising on the sale of both the Hitachi Energy Joint Venture and Power Grids business, the latter being included in discontinued operations.

Free cash flow

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

Free cash flow for the trailing twelve months

Free cash flow for the trailing twelve months includes free cash flow recorded by ABB in the twelve months preceding the relevant balance sheet date.

Net income for the trailing twelve months

Net income for the trailing twelve months includes net income recorded by ABB (as adjusted) in the twelve months preceding the relevant balance sheet date.

Free cash flow conversion to net income

	Twelve months to	
($ in millions, unless otherwise indicated)	March 31, 2023	December 31, 2022
Net cash provided by operating activities – continuing operations	**2,181**	**1,334**
Adjusted for the effects of continuing operations:		
Purchases of property, plant and equipment and intangible assets	(726)	(762)
Proceeds from sale of property, plant and equipment	123	127
Free cash flow from continuing operations	**1,578**	**699**
Net cash used in operating activities – discontinued operations	**(39)**	**(47)**
Free cash flow	**1,539**	**652**
Adjusted net income attributable to ABB(1)	**2,869**	**2,442**
Free cash flow conversion to net income	**54%**	**27%**

(1) Adjusted net income attributable to ABB for the year ended December 31, 2022, is adjusted to exclude the gain on the sale of Hitachi Energy Joint Venture of $43 million and reductions to the gain on the sale of Power Grids of $10 million.

Reconciliation of the trailing twelve months to March 31, 2023

	Continuing operations			Discontinued operations	
($ in millions)	Net cash provided by continuing operating activities	Purchases of property, plant and equipment and intangible assets	Proceeds from sale of property, plant and equipment	Net cash provided by (used in) discontinued operating activities	Adjusted net income attributable to ABB(1)
Q2 2022	385	(151)	31	(3)	383
Q3 2022	793	(165)	19	(2)	362
Q4 2022	720	(259)	42	(33)	1,088
Q1 2023	283	(151)	31	(1)	1,036
Total for the trailing twelve months to March 31, 2023	**2,181**	**(726)**	**123**	**(39)**	**2,869**

(1) Adjusted net income attributable to ABB for Q2, Q3 and Q4 of 2022, is adjusted to exclude reductions to the gain on the sale of Power Grids of $4 million, $2 million and $(1) million, respectively. In addition, Q4 2022 is also adjusted to exclude the gain on the sale of Hitachi Energy Joint Venture of $43 million.

Net finance expenses

Definition
Net finance expenses is calculated as Interest and dividend income less Interest and other finance expense.

Reconciliation

	Three months ended March 31,	
($ in millions)	**2023**	**2022**
Interest and dividend income	40	13
Interest and other finance expense	(61)	(22)
Net finance expenses	**(21)**	**(9)**

Book-to-bill ratio

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

Reconciliation

	Three months ended March 31,					
	2023			2022		
($ in millions, except Book-to-bill presented as a ratio)	**Orders**	**Revenues**	**Book-to-bill**	**Orders**	**Revenues**	**Book-to-bill**
Electrification	4,141	3,590	**1.15**	4,112	3,236	**1.27**
Motion	2,262	1,940	**1.17**	2,202	1,572	**1.40**
Process Automation	2,113	1,436	**1.47**	1,692	1,506	**1.12**
Robotics & Discrete Automation	1,001	937	**1.07**	1,308	730	**1.79**
Corporate and Other *(incl. intersegment eliminations)*	(67)	(44)	**n.a.**	59	(79)	**n.a.**
ABB Group	**9,450**	**7,859**	**1.20**	**9,373**	**6,965**	**1.35**

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