

ABB LTD  
Form 6-K  
April 28, 2006

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

Form 6-K

Edgar Filing: ABB LTD - Form 6-K

REPORT OF FOREIGN PRIVATE ISSUER PURSUANT TO RULE 13a-16 OR 15d-16 UNDER THE  
SECURITIES EXCHANGE ACT OF 1934

For the month of April 2006

Commission File Number 001-16429

ABB Ltd

(Translation of registrant's name into English)

P.O. Box 1831, Affolternstrasse 44, CH-8050, Zurich, Switzerland

(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F

Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Note: Regulation S-T Rule 101(b)(1) only permits the submission in paper of a Form 6-K if submitted solely to provide an attached annual report to security holders.

Indication by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Note: Regulation S-T Rule 101(b)(7) only permits the submission in paper of a Form 6-K if submitted to furnish a report or other document that the registrant foreign private issuer must furnish and make public under the laws of the jurisdiction in which the registrant is incorporated, domiciled or legally organized (the registrant's home country), or under the rules of the home country exchange on which the registrant's securities are traded, as long as the report or other document is not a press release, is not required to be and has not been distributed to the registrant's security holders, and, if discussing a material event, has already been the subject of a Form 6-K submission or other Commission filing on EDGAR.

Edgar Filing: ABB LTD - Form 6-K

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes

No

If Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b):  
82- .

---

**This Form 6-K consists of the following:**

**1. Press release issued by ABB Ltd dated April 27, 2006.**



Edgar Filing: ABB LTD - Form 6-K

**This Form 6-K is deemed filed for all purposes under the Securities Act of 1933 and the Securities Exchange Act of 1934, including by reference in the Registration Statement on Form S-8 (Registration No. 333-129271).**

**ABB Group Q1 results 2006**

Press Release

**ABB reports strong Q1 results**



## Edgar Filing: ABB LTD - Form 6-K

Favorable markets fuel continued organic growth in orders and revenues

EBIT up 30 percent to \$509 million, EBIT margin at 9.4 percent

Net income at \$204 million despite \$89-million impact of asbestos shares

Cash flow from operations improved \$249 million

Zurich, Switzerland, April 27, 2006 ABB today reported a 30-percent increase in earnings before interest and taxes (EBIT) and strong top-line growth for the first three months of 2006 compared to the same period in 2005.

Net income increased slightly to \$204 million from \$199 million in the same quarter in 2005, despite an \$89-million expense in Discontinued operations to account for the change in value of ABB shares to cover asbestos liabilities.

We've made a great start into 2006, said Fred Kindle, ABB President and CEO. We delivered strong profitable growth in the first quarter thanks to our leading positions in fast-growing markets and our sharp focus on improving operational performance. The accounting treatment of the asbestos shares dampened otherwise solid growth in net income.

2006 Q1 key figures \$ millions unless otherwise indicated	Q1 06	Q1 05(1)	US\$	Change	Local
Orders	7,090	6,166		15%	21%
Revenues	5,420	5,060		7%	13%
EBIT	509	391		30%	
EBIT margin (%)	9.4%	7.7%			
Net income	204	199			
Net margin (%)	3.8%	3.9%			
Basic and diluted net income per share (\$)	0.10	0.10			
Cash flow from/(used in) operating activities	39	(210)			

(1) Adjusted to reflect the reclassification of activities to Discontinued operations

Orders in the first quarter grew by 15 percent (local currencies: 21 percent) compared to the same quarter last year and revenues were 7 percent higher (local currencies: 13 percent). Orders and revenues were higher in all regions and all divisions, except Robotics and Non-core activities.

Order growth was strongest in the Middle East and Asia regions, fueled primarily by increasing demand for additional power and industrial infrastructure linked to economic growth and high oil prices. In Europe and the Americas, orders to refurbish power grids and improve the performance of existing industrial production were the main drivers of growth.

Compared to the first quarter of 2005, EBIT grew 30 percent to \$509 million and the EBIT margin reached 9.4 percent on the combination of higher revenues, increased factory loadings, further operational efficiencies, cost reduction measures and improved project selection and

execution.

Cash flow from operating activities was \$39 million, an improvement of \$249 million versus the first quarter of 2005, primarily reflecting higher cash flows in the Power Products division and Non-core activities compared to the same quarter in 2005.

The balance sheet continued to strengthen during the quarter. Gearing declined further to 50 percent from 52 percent at the end of the previous quarter while net debt decreased by \$81 million to \$427 million despite an increase in working capital related to the execution of large project orders won in recent quarters.

Base orders (less than \$15 million) grew 15 percent (local currencies: 21 percent) and large orders increased 18 percent (local currencies: 25 percent) compared to the same quarter in 2005. ABB's order backlog amounted to \$13,948 million, up 8 percent (local currencies: 13 percent) compared to the same quarter in 2005.

Group EBIT also benefited from a reduction in Corporate costs to \$81 million from \$105 million in the year-earlier period. Non-core activities EBIT increased 24 percent in the quarter to \$31 million.

Finance net (1) decreased slightly compared to the first quarter of 2005, in part due to reduced securitization costs. The tax rate in the quarter was 32 percent compared to 34 percent in the same quarter in 2005.

#### **Divisional performance Q1 2006**

##### **Power Products division**

2006 Q1 key figures \$ millions unless otherwise indicated	Q1 06	Q1 05	US\$	Change	Local
Orders	2,335	1,804		29%	34%
Revenues	1,488	1,379		8%	12%
EBIT	171	125		37%	
EBIT margin (%)	11.5%	9.1%			
Cash flow from/(used in) operating activities	61	(48)			

Orders improved in the first quarter in all businesses on strong market demand for ABB's technology. Higher base orders more than made up for lower large orders in the quarter. Higher orders in the Americas, especially the U.S., were the result of further customer investments in the power grid. Continued expansion of the power network in the Middle East, linked to high oil prices, led to higher orders in the region. Orders in Europe improved at a double-digit pace in both U.S. dollar and local currency terms, mainly the result of product replacement in western Europe. Orders in Asia increased strongly, led by China.

Revenues were up in all businesses compared to the same quarter in 2005. EBIT grew 37 percent compared to the first quarter of last year as the result of higher revenues, increased factory loadings and operational improvements, including supply management initiatives. Included in EBIT is \$17 million in charges, primarily in Italy, related to the consolidation of the transformers business, announced in June 2005. The division's EBIT margin reached 11.5 percent, up from 9.1 percent in the prior-year period. The higher EBIT together with an increase in customer advances in the quarter were the main contributors to the increase in cash flow from operating activities.

---

(1) Finance net is the difference between interest and dividend income and interest and other finance expense.



**Power Systems division**

2006 Q1 key figures \$ millions unless otherwise indicated	Q1 06	Q1 05	US\$	Change	Local
Orders	1,306	974		34%	41%
Revenues	1,012	886		14%	20%
EBIT	48	39		23%	
EBIT margin (%)	4.7%	4.4%			
Cash flow from/(used in) operating activities	4	(14)			

Orders increased in the first quarter of 2006 across all regions, with base orders up and large orders more than doubling. Orders from the Middle East increased strongly as high oil prices fueled greater investments to expand local power networks. Growth was driven in Europe and North America primarily by the replacement of aging power infrastructure and improvements to grid reliability. Orders were higher in China, India and several other Asian countries, as customers invested primarily in new power infrastructure to support economic growth. Orders grew strongest in the Grid Systems business, primarily the result of a large order from the Middle East. The Substations business also developed positively, led by large orders from the Middle East, the U.K. and the U.S.

Revenues increased compared to the same quarter in 2005, reflecting the execution of major projects in the order backlog. EBIT and EBIT margin increased on the combination of higher revenues, greater capacity utilization and improved project execution.

#### Automation Products division

2006 Q1 key figures \$ millions unless otherwise indicated	Q1 06	Q1 05	US\$	Change	Local
Orders	1,944	1,605		21%	29%
Revenues	1,530	1,396		10%	17%
EBIT	221	187		18%	
EBIT margin (%)	14.4%	13.4%			
Cash flow from operating activities	131	106			

Markets continued to develop favorably in the first quarter of 2006, especially in the oil and gas, transportation, utility and marine sectors, leading to a sharp increase in demand from end-customers, as well as original equipment manufacturers and system integrators who serve these markets. Capital expenditures in wind power also increased in the quarter, resulting in higher orders for generators, motors and low-voltage products. Orders grew in all regions, with the strongest growth in Asia, led by China. Orders also rose strongly in the Americas, especially the U.S., where orders were up in all product areas. Orders in both eastern and western Europe grew at double-digit rates in both U.S. dollar and local currency terms, despite limited growth in demand for installation products from the western European building sector.

Revenues increased compared to the same quarter in 2005, mainly as a result of favorable markets. Price increases, primarily reflecting higher raw materials costs, also contributed to the revenue growth. Higher revenues and increased capacity utilization were the primary drivers of an 18-percent increase in EBIT and a higher EBIT margin versus the first quarter of 2005.





**Process Automation division**

Edgar Filing: ABB LTD - Form 6-K

2006 Q1 key figures \$ millions unless otherwise indicated	Q1 06	Q1 05	US\$	Change	Local
Orders	1,659	1,599		4%	10%
Revenues	1,235				