

ABB LTD
Form 6-K
February 08, 2017

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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 February 2017

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

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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.

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 February 8, 2017 titled “ABB delivers growth in fourth quarter”.
2. Q4 2016 Financial Information.
3. Announcements regarding transactions in ABB Ltd’s Securities made by the directors or the members of the Executive Committee.

The information provided by Item 2 above is incorporated by reference into ABB Ltd's registration statement on Form F-3 (File No. 333-180922) and registration statements on Form S-8 (File Nos. 333-190180, 333-181583, 333-179472, 333-171971 and 333-129271) each of which was previously filed with the Securities and Exchange Commission.

Zurich, Switzerland, February 8, 2017

ABB delivers growth in fourth quarter

Solid transformation progress in 2016

Fourth quarter highlights

- 3% orders growth driven by large contract awards
- 9% orders growth in the United States and China
- Revenues up 1%
- Power Grids strong growth in orders (up 15%) and revenues (up 4%); Op EBITA margin increased to 10.4%
- Operational EBITA margin 11.7% impacted by default of a large distributor in Turkey and Egyptian currency losses
- Net Income \$489 mn versus \$204 mn in Q4 2015

Full year 2016 highlights

- Operational EBITA margin up 50 bps to 12.4%
- Operational earnings per share up 4%
- Orders -5% and revenues -1%
- Successful launch of ABB Ability™ – integrating and expanding digital offering
- Cash return on invested capital up 70 bps to 14.1%; free cash flow up 5%
- Cost savings and working capital programs progressing
- 8th consecutive dividend increase to CHF0.76 per share proposed

“We delivered growth in the fourth quarter, driven by the strong performance of Power Grids, in a continued tough market,” said CEO Ulrich Spiesshofer. “Our customers are excited about ABB Ability, which bundles our leading offering as a digital champion in our industry. With the related orders already received, and significant interest, we are building growth momentum as we implement Next Level Stage 3,” he said. “The underlying performance improvement momentum continued and was stronger than the numbers we are reporting if you consider the one-off events that impacted us during the quarter.”

“In 2016, we made significant progress transforming ABB into a more customer focused, leaner, digital technology leader,” Spiesshofer said. “We delivered margin accretion through our continued focus on productivity and cost. Our working capital program, strong cash generation and disciplined capital allocation reflect the new cash culture of ABB. We are delivering on our commitment to attractive shareholder returns.”

Key Figures

| (\$ in millions, unless otherwise indicated) | Q4 2016 | Q4 2015 | Change | | FY 2016 | FY 2015 | Change | |
|--|---------|---------|--------------------|-------------------------|---------|---------|------------------|-------------------------|
| | | | US\$ | Comparable ¹ | | | US\$ | Comparable ¹ |
| Orders | 8,277 | 8,262 | 0% | +3% | 33,379 | 36,429 | -8% | -5% |
| Revenues | 8,993 | 9,242 | -3% | +1% | 33,828 | 35,481 | -5% | -1% |
| Operational EBITA ¹ | 1,057 | 1,101 | -4% | -2% ³ | 4,191 | 4,209 | 0% | +2% ³ |
| as % of operational revenues | 11.7% | 11.9% | -0.2pts | | 12.4% | 11.9% | +0.5pts | |
| Net income | 489 | 204 | +140% | | 1,963 | 1,933 | +2% | |
| Basic EPS (\$) | 0.23 | 0.09 | +147% ⁴ | | 0.91 | 0.87 | +5% ⁴ | |
| Operational EPS ² (\$) | 0.33 | 0.35 | -5% ⁴ | -3% ⁴ | 1.29 | 1.26 | +3% ⁴ | +4% ⁴ |
| Cash flow from operating activities | 1,519 | 1,994 | -24% | | 3,934 | 3,818 | +3% | |
| Free cash flow | | | | | 3,156 | 3,019 | +5% | |
| Cash return on invested capital (CROI) | | | | | 14.1% | 13.4% | +0.7pts | |

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

2 For a reconciliation of non-GAAP measures, see “Supplemental Reconciliations and Definitions” in the attached Q4 2016 Financial Information

3 Constant currency (not adjusted for portfolio changes)

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

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Short-term outlook

Macroeconomic and geopolitical developments are signaling a mixed picture with continued uncertainty. Some macroeconomic signs remain positive in the United States and growth in China is expected to continue. The overall global market remains impacted by modest growth and increased uncertainties, e.g., Brexit in Europe and geopolitical tensions in various parts of the world. Oil prices and foreign exchange translation effects are expected to continue to influence the company's results. With this and the ongoing transformation of ABB, we expect 2017 to be a transitional year.

Q4 2016 Group results

Orders

Orders increased 3 percent (steady in US dollars) compared with the fourth quarter a year ago, driven primarily by large contract awards. Large orders (\$15 million and above) were 35 percent higher (24 percent in US dollars) from large orders in Power Grids and Discrete Automation and Motion. Large orders represented 17 percent of total orders compared with 14 percent in the same quarter a year ago. These large orders included a \$640 million ultra-high-voltage direct current systems order for Raigarh-Pugalur in India and a \$100 million order for the upgrade of Sylmar converter station of the Pacific Intertie high-voltage direct current power link in the USA. Base orders (below \$15 million) were 1 percent lower (4 percent in US dollars); improving in Discrete Automation and Motion, steady in Process Automation and lower in the two remaining divisions. Total service and software orders increased 4 percent (2 percent in US dollars) compared with the fourth quarter of 2015 and represented 20 percent of total orders, slightly higher than the same period a year ago.

The order backlog at the end of December 2016, amounted to \$23 billion, 1 percent lower (5 percent in US dollars) compared with the end of 2015. The book-to-bill² ratio in the fourth quarter was 0.92x compared with 0.89x in the fourth quarter of 2015.

Market overview

Demand patterns in ABB's threeregions:

- Demand in Europewas subdued due to moderate overall growth and timing of large capital investments. Total orders declined 8 percent (12 percent in US dollars) while base orders were stable (3 percent lower in US dollars). Base order demand was positive in Spain, Norway and the United Kingdom while weak in Turkey, France and the Netherlands.
- The Americas was steady mainly driven by increased momentum for transmission and distribution needs. Total orders were steady in the quarter as large order awards offset a base order decline of 3 percent. The United States grew 9 percent (9 percent in US dollars). Base

orders were positive in the United States and Mexico and declined in Canada and Brazil.

- Demand in Asia, the Middle East and Africa (AMEA) was strong as India continued to invest in reliable and efficient power transmission solutions and China fostered further investment in industrial automation. Total orders for the region grew 17 percent (13 percent in US dollars) driven by strong order development in India and China. Base orders were 2 percent lower (5 percent in US dollars) as strong order development in India, up 14 percent (12 percent in US dollars) and China up 11 percent (5 percent in US dollars), could not offset declines in Saudi Arabia and other parts of South East Asia.

Demand patterns in ABB's three major customer sectors:

- Utilities continued their investment activities to upgrade the aging power infrastructure and to integrate renewable energy in the grid.
- In industry, investments in robotics solutions and light industries such as automotive, food and beverage remained positive while demand from the process industries, specifically mining and oil and gas remain subdued.
- Transport and infrastructure demand has been mixed. Demand for building automation solutions as well as solutions involving energy efficiency for rail transport remained strong while the marine sector suffered from a sharp decline due to the subdued oil and gas sector with the exception of cruise ships.

Revenues

Revenues increased 1 percent (3 percent lower in US dollars) in the fourth quarter with revenues higher in Electrification Products and Power Grids. Total services and software revenues increased 2 percent (steady in US dollars) and represented 18.5 percent of total revenues compared with 18.0 percent a year ago.

Operational EBITA

Operational EBITA was \$1,057 million, 2 percent lower in constant currencies (4 percent in US dollars). Operational EBITA margin was 11.7 percent, 20 basis points lower compared with the same quarter a year ago. Positive impacts from net savings and volume were offset by business mix and higher bad debt expenses due to the default of a large distributor in Turkey and operational currency losses due to the devaluation in Egypt. The bad debt expense and operational currency losses were \$30 million and impacted operational EBITA margin by approximately 30 basis points. Excluding these charges, the operational EBITA margin would have increased. The strong margin improvements in Process Automation and Power Grids did not fully offset these negative and unique events in the other divisions.

ABB modified its definition of Operational EBITA to exclude non-operational pension costs and the impacts from changes in pre-acquisition estimates. The results of previous periods have been adjusted to be presented on a comparable basis.

Net income, Basic and Operational earnings per share

Net income increased to \$489 million and basic earnings per share was \$0.23 compared with \$0.09 for the same quarter of 2015. Restructuring and restructuring-related expenses were significantly lower than the same quarter of 2015. During the quarter, net income also included the positive impact from the reassessment of the restructuring and restructuring-related provisions associated with the white collar productivity program which were reduced by \$114 million pre-tax. This adjustment was due to significantly higher than originally expected attrition and internal re-deployment rates.

Net income was also impacted by non-operational pension costs of \$38 million pre-tax, which primarily resulted from the change in Norway from a defined benefit to defined contribution pension plan as well as an increase of \$92 million pre-tax for estimated warranty costs in the solar business for products which were designed and sold by Power-One prior to the acquisition in 2013. During the long warranty periods of the solar inverters designed and sold by Power-One pre-dating the acquisition in 2013, warranty costs have exceeded the amounts originally estimated.

Operational EPS was \$0.33 compared to \$0.35 for the same quarter of 2015, a decrease of 3 percent in constant currency.

Cash flow from operating activities

Cash flow from operating activities was \$1,519 million, 24 percent lower compared with the fourth quarter of 2015, reflecting ABB's focus on more stable quarterly cash generation throughout the year.

Q4 divisional performance

| (\$ in millions, unless otherwise indicated) | Orders | Change | | Revenues | Change | | Operational EBITA % | CHANGE |
|---|---------------|-----------|-------------------------|-----------------|------------|-------------------------|--------------------------------|-----------------|
| | | US\$ | Comparable ¹ | | US\$ | Comparable ¹ | | |
| Electrification Products | 2,157 | -8% | -5% | 2,462 | 0% | +3% | 15.5% | -0.9pts |
| Discrete Automation | 2,013 | +1% | +4% | 2,211 | -3% | -1% | 11.7% | -1.0pts |
| and Motion Process Automation | 1,520 | -15% | -14% | 1,737 | -10% | -8% | 13.4% | +1.3pts |
| Power Grids | 2,879 | +10% | +15% | 3,042 | -2% | +4% | 10.4% | +0.9pts |
| Corporate & other (incl. inter-division elimination) | -292 | | | -459 | | | | |
| ABB Group | 8,277 | 0% | +3% | 8,993 | -3% | +1% | 11.7% | -0.2 pts |

Electrification Products

Total orders reflect lower large orders in the systems business compared with the same period a year ago. Positive order development in China and India could not offset declines in the US, Canada and the United Kingdom. Revenues grew 3 percent in the quarter as a result of the execution of the systems backlog and higher demand in building products. Operational EBITA margin was impacted by the default of a Turkish distributor and Egyptian operational currency losses resulting collectively in a 90 basis points decline to 15.5 percent. Excluding these charges operational EBITA margin would have been steady in the quarter despite adverse mix. Effective January 1, 2017, electric vehicle charging, solar and power quality businesses are transferred from Discrete Automation and Motion and is expected to initially have a dampening effect on the division's margin.

Discrete Automation and Motion

Total orders grew 4 percent and revenues were steady as continued strong demand patterns in robotics and the light industry more than offset the impacts from capex declines in process industries such as oil and gas. Operational EBITA margin declined 100 basis points compared with the same quarter a year ago mainly impacted by lower margins in solar, unfavorable mix and low capacity utilization. Effective January 1, 2017, electric vehicle charging, solar and power quality businesses are transferred to the Electrification Products Division due to the synergistic opportunities they have with that portfolio. This transfer of business is expected to have a supportive effect on the division's margin.

Process Automation

Total orders were 14 percent lower as a result of continued capital expenditure reduction in the process industries. Revenues declined 8 percent as higher service revenues could not offset declines in mining and oil and gas. Operational EBITA margin increased 130 basis points to 13.4 percent due to positive mix and successfully implemented cost reduction and productivity measures.

Power Grids

Total orders were 15 percent higher compared with the same quarter a year ago due to significant large contract awards. Such orders included a \$640 million ultra-high-voltage direct current order for Raigarh-Pugalur in India and a \$100 million order for the upgrade of Sylmar converter station of the Pacific Intertie high-voltage direct current power link in the USA. Revenues increased 4 percent due to steady execution of a healthy order backlog. Operational EBITA margin increased by 90 basis points to 10.4 percent, mainly driven by higher revenues, improved productivity, solid project execution and continued cost savings. These results reflect the success of the “step change” transformation to date. Going forward, the division will continue to drive further transformation and value creation through its “Power Up” program.

Full-year 2016 Group Results

Orders were 5 percent lower (8 percent in US dollars) compared with 2015. Base order development was 2 percent lower (5 percent in US dollars) while large orders were down 24 percent (27 percent in US dollars) reflecting the high order intake in 2015. Total service and software orders grew 3 percent (0 percent in US dollars) to 18.4 percent of total group orders. The book-to-bill² ratio was 0.99x for 2016.

Revenues were steady (down 5 percent in US dollars) as revenue growth in Power Grids and Electrification Products offset declines in Discrete Automation and Motion and Process Automation. Total services and software revenues grew 3 percent (0 percent in US dollars) to 17.8 percent of total group revenues.

ABB continued to execute its Next Level strategy in 2016 which resulted in a 50 basis points improvement of the operational EBITA margin to 12.4 percent. The main drivers for the group's enhanced profitability were continued cost savings and productivity measures.

Net income for the year amounted to \$1.96 billion, an increase of 2 percent compared to the previous year. Basic earnings per share in the period improved 5 percent to \$0.91 and operational earnings per share was \$1.29, an increase of 4 percent on a constant currency basis.

Cash flow from operating activities improved 3 percent to \$3.9 billion, free cash flow improved 5 percent to \$3.2 billion and cash return on invested capital (CROI) increased 70 basis points to 14.1%. Net working capital as a percentage of revenues reduced by 150 basis points to 11.5 percent compared to 2015.

During 2016, ABB returned \$2.9 billion in cash to shareholders through the dividend (in the form of a nominal value reduction) and share repurchases.

Dividend

For 2016, the Board has proposed a dividend increase of 0.02 Swiss francs to 0.76 Swiss francs per share. The proposal is in line with the company's dividend policy to pay a steadily rising, sustainable dividend over time. If approved by shareholders at the company's annual general meeting on April 13, 2017, the Board proposes that the dividend be paid as an ordinary dividend. The ex-dividend and payout dates in Switzerland are expected in April

2017. Further information will be made available on ABB's website in due course.

Share buyback program

On September 30, 2016, ABB announced the completion of the share buyback program that was introduced in September 2014. During the buyback program, ABB repurchased approximately 171 million registered shares (equivalent to 7.4 percent of its issued share capital at the launch of the buyback program) for a total amount of approximately \$3.5 billion. In October 2016, ABB announced its plans for a new share buyback program of up to \$3 billion from 2017 through 2019. This reflects the company's confidence in the continued strength of ABB's cash generation and financial position.

Next Level strategy – Stage 3

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

Driving growth in four market-leading, entrepreneurial units

ABB is driving growth in four market leading entrepreneurial divisions, Electrification Products, Robotics and Motion, Industrial Automation and Power Grids. These divisions were effective January 1, 2017 and are fully operational.

A quantum leap in digital with ABB Ability™

The ABB Ability™ offering combines ABB's portfolio of digital solutions and services across all customer segments, cementing the group's leading position in the Fourth Industrial Revolution and supporting the competitiveness of ABB's four entrepreneurial divisions. With ABB Ability, the company sees an annual addressable market of up to \$20 billion.

Accelerating momentum in operational excellence

The White-Collar Productivity savings program is on track to deliver the increased cost reduction target of \$1.3 billion, run rate end of 2017. ABB will achieve these additional savings within the initially announced timeframe and for \$200 million lower of total combined restructuring program and implementation costs than initially announced. ABB is continuing its regular cost-savings programs to achieve savings equivalent to 3-5 percent of cost of sales each year.

ABB is on track to deliver its Net Working Capital program to free up \$2 billion by the end of 2017. As of December 2016, it has freed up approximately \$900 million. Net working capital as a percentage of revenues reduced 150 bps to 11.5% compared to 2015.

Strengthening ABB's brand

ABB is adopting a single corporate brand, consolidating all its brands around the world under one umbrella. ABB's portfolio of companies is being unified, showcasing the full breadth and depth of the company's global offering under one master brand. The unified brand plays a key part in realizing the value potential of ABB's digital offering, as it increased brand

loyalty, price premiums and purchase probability.

The brand features design elements intended to clearly articulate ABB's vision, direction and unique market position to customers, shareholders, employees and all other stakeholders. ABB's heritage as a pioneering technology leader and the three focus areas of its Next Level strategy are reflected in its new brand promise: "Let's write the future™"

Outlook

Macroeconomic and geopolitical developments are signaling a mixed picture with continued uncertainty. Some macroeconomic signs remain positive in the United States and growth in China is expected to continue. The overall global market remains impacted by modest growth and increased uncertainties, e.g., Brexit in Europe and geopolitical tensions in various parts of the world. Oil prices and foreign exchange translation effects are expected to continue to influence the company's results. With this and the ongoing transformation of ABB, we expect 2017 to be a transitional year.

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

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

More information

The Q4 and full-year 2016 results press release and presentation slides are available on the ABB News Center at www.abb.com/news and on the Investor Relations homepage at www.abb.com/investorrelations.

ABB will host a press conference today starting at 10:00 a.m. Central European Time (CET) (9:00 a.m. BST, 4:00 a.m. EDT). The event will be accessible by webcast on <http://new.abb.com/media/annual-press-conference-2017>.

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

ABB (ABBN: SIX Swiss Ex) is a pioneering technology leader in electrification products, robotics and motion, industrial automation and power grids, serving customers in utilities, industry and transport & infrastructure globally. Continuing more than a 125-year history of innovation, ABB today is writing the future of industrial digitalization and driving the Energy and Fourth Industrial Revolutions. ABB operates in more than 100 countries with about 132,000 employees. www.abb.com

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|---------------------------------|------------------------|
| | Investor calendar 2017 |
| Annual General Meeting (Zurich) | April 13, 2017 |
| First quarter 2017 results | April 20, 2017 |
| Second quarter 2017 results | July 20, 2017 |
| Third quarter 2017 results | October 26, 2017 |

Important notice about forward-looking information

This press release includes forward-looking information and statements as well as other statements concerning the outlook for our business, including those in the sections of this release titled “Short-term outlook”, “Outlook”, “Dividend”, “Share buy back program”, “Q4 divisional performance” and “Next Level strategy – Stage 3”. These statements are based on current expectations, estimates and projections about the factors that may affect our future

performance, including global economic conditions, the economic conditions of the regions and industries that are major markets for ABB Ltd. These expectations, estimates and projections are generally identifiable by statements containing words such as “expects,” “believes,” “estimates,” “targets,” “plans,” “is likely”, “intends” or similar expressions. However, there are many risks and uncertainties, many of which are beyond our control, that could cause our actual results to differ materially from the forward-looking information and statements made in this press release and which could affect our ability to achieve any or all of our stated targets. The important factors that could cause such differences include, among others, business risks associated with the volatile global economic environment and political conditions, costs associated with compliance activities, market acceptance of new products and services, changes in governmental regulations and currency exchange rates and such other factors as may be discussed from time to time in ABB Ltd’s filings with the U.S. Securities and Exchange Commission, including its Annual Reports on Form 20-F. Although ABB Ltd believes that its expectations reflected in any such forward-looking statement are based upon reasonable assumptions, it can give no assurance that those expectations will be achieved.

Zurich, February 8, 2017

Ulrich Spiesshofer, CEO

| | | |
|---|--|---|
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1 Q4 2016 Financial Information



Financial Information

3 Key Figures

8 Interim Consolidated Financial Information (unaudited)

8 Interim Consolidated Income Statements

9 Interim Condensed Consolidated Statements of Comprehensive Income

10 Interim Consolidated Balance Sheets

11 Interim Consolidated Statements of Cash Flows

12 Interim Consolidated Statements of Changes in Stockholders' Equity

13 Notes to the Interim Consolidated Financial Information

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33 Supplemental Reconciliations and Definitions

2 Q4 2016 Financial Information

 Financial Information

Key Figures

| (\$ in millions, unless otherwise indicated) | Q4 2016 | Q4 2015 | CHANGE | |
|--|----------------|----------------|---------------------|---------------------------|
| | | | US\$ | Comparable ⁽¹⁾ |
| Orders | 8,277 | 8,262 | 0% | 3% |
| Order backlog (end December) | 22,981 | 24,121 | -5% | -1% |
| Revenues | 8,993 | 9,242 | -3% | 1% |
| Operational EBITA ⁽¹⁾ | 1,057 | 1,101 | -4% | -2% ⁽²⁾ |
| as % of operational revenues ⁽¹⁾ | 11.7% | 11.9% | -0.2 pts | |
| Net income | 489 | 204 | 140% | |
| Basic earnings per share (\$) | 0.23 | 0.09 | 147% ⁽³⁾ | |
| Operational earnings per share ⁽¹⁾ (\$) | 0.33 | 0.35 | -5% ⁽³⁾ | -3% ⁽³⁾ |
| Cash flow from operating activities | 1,519 | 1,994 | -24% | |

| (\$ in millions, unless otherwise indicated) | FY 2016 | FY 2015 | CHANGE | |
|--|---------|---------|-------------------|---------------------------|
| | | | US\$ | Comparable ⁽¹⁾ |
| Orders | 33,379 | 36,429 | -8% | -5% |
| Revenues | 33,828 | 35,481 | -5% | -1% |
| Operational EBITA ⁽¹⁾ | 4,191 | 4,209 | 0% | 2% ⁽²⁾ |
| as % of operational revenues ⁽¹⁾ | 12.4% | 11.9% | +0.5 pts | |
| Net income | 1,963 | 1,933 | 2% | |
| Basic earnings per share (\$) | 0.91 | 0.87 | 5% ⁽³⁾ | |
| Operational earnings per share ⁽¹⁾ (\$) | 1.29 | 1.26 | 3% ⁽³⁾ | 4% ⁽³⁾ |
| Cash flow from operating activities | 3,934 | 3,818 | 3% | |

(1) For a reconciliation of non-GAAP measures see “Supplemental Reconciliations and Definitions” on page 33.

(2) Constant currency (not adjusted for portfolio changes).

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

(\$ in millions, unless otherwise indicated)

| | | Q4 2016 | Q4 2015 | US\$ Lo |
|-------------------------------------|--|---------------|---------------|------------|
| Orders | ABB Group | 8,277 | 8,262 | 0% |
| | Electrification Products | 2,157 | 2,340 | -8% |
| | Discrete Automation and Motion | 2,013 | 1,984 | 1% |
| | Process Automation | 1,520 | 1,796 | -15% |
| | Power Grids | 2,879 | 2,628 | 10% |
| | <i>Corporate and Other</i> | | | |
| | <i>(incl. inter-division eliminations)</i> | (292) | (486) | |
| Third-party base orders | ABB Group | 6,860 | 7,122 | -4% |
| | Electrification Products | 2,051 | 2,158 | -5% |
| | Discrete Automation and Motion | 1,820 | 1,779 | 2% |
| | Process Automation | 1,285 | 1,309 | -2% |
| | Power Grids | 1,692 | 1,864 | -9% |
| | <i>Corporate and Other</i> | 12 | 12 | |
| Order backlog (end December) | ABB Group | 22,981 | 24,121 | -5% |
| | Electrification Products | 2,612 | 2,872 | -9% |
| | Discrete Automation and Motion | 4,078 | 4,232 | -4% |
| | Process Automation | 5,258 | 6,036 | -13% |
| | Power Grids | 12,437 | 12,502 | -1% |
| | <i>Corporate and Other</i> | | | |
| | <i>(incl. inter-division eliminations)</i> | (1,404) | (1,521) | |
| Revenues | ABB Group | 8,993 | 9,242 | -3% |
| | Electrification Products | 2,462 | 2,459 | 0% |
| | Discrete Automation and Motion | 2,211 | 2,288 | -3% |
| | Process Automation | 1,737 | 1,926 | -10% |
| | Power Grids | 3,042 | 3,107 | -2% |
| | <i>Corporate and Other</i> | | | |
| | <i>(incl. inter-division eliminations)</i> | (459) | (538) | |
| Operational EBITA | ABB Group | 1,057 | 1,101 | -4% |
| | Electrification Products | 382 | 403 | -5% |
| | Discrete Automation and Motion | 260 | 291 | -11% |
| | Process Automation | 231 | 235 | -2% |
| | Power Grids | 318 | 293 | 9% |
| | <i>Corporate and Other</i> | | | |
| | <i>(incl. inter-division eliminations)</i> | (134) | (121) | |
| Operational EBITA % | ABB Group | 11.7% | 11.9% | |
| | Electrification Products | 15.5% | 16.4% | |
| | Discrete Automation and Motion | 11.7% | 12.7% | |
| | Process Automation | 13.4% | 12.1% | |
| | Power Grids | 10.4% | 9.5% | |
| Income from operations | ABB Group | 751 | 347 | |
| | Electrification Products | 319 | 267 | |
| | Discrete Automation and Motion | 89 | 134 | |
| | Process Automation | 244 | 105 | |
| | Power Grids | 334 | 145 | |
| | <i>Corporate and Other</i> | | | |
| | <i>(incl. inter-division eliminations)</i> | (235) | (304) | |
| Income from operations % | ABB Group | 8.4% | 3.8% | |

| | | | |
|--|--------------------------------|--------------|--------------|
| | Electrification Products | 13.0% | 10.9% |
| | Discrete Automation and Motion | 4.0% | 5.9% |
| | Process Automation | 14.0% | 5.5% |
| | Power Grids | 11.0% | 4.7% |
| Cash flow from operating activities | ABB Group | 1,519 | 1,994 |
| | Electrification Products | 451 | 590 |
| | Discrete Automation and Motion | 308 | 372 |
| | Process Automation | 186 | 374 |
| | Power Grids | 559 | 835 |
| | <i>Corporate and Other</i> | 15 | (177) |

4 Q4 2016 Financial Information

(\$ in millions, unless otherwise indicated)

| | | FY 2016 | FY 2015 | US\$ | Local |
|-------------------------------------|--|---------------|---------------|------------|------------|
| Orders | ABB Group | 33,379 | 36,429 | -8% | -5% |
| | Electrification Products | 9,158 | 9,833 | -7% | -4% |
| | Discrete Automation and Motion | 8,654 | 9,222 | -6% | -4% |
| | Process Automation | 5,866 | 7,347 | -20% | -18% |
| | Power Grids | 11,232 | 12,205 | -8% | -5% |
| | <i>Corporate and Other</i> | | | | |
| | <i>(incl. inter-division eliminations)</i> | (1,531) | (2,178) | | |
| Third-party base orders | ABB Group | 28,887 | 30,302 | -5% | -2% |
| | Electrification Products | 8,657 | 9,106 | -5% | -2% |
| | Discrete Automation and Motion | 7,777 | 8,046 | -3% | -1% |
| | Process Automation | 5,094 | 5,555 | -8% | -6% |
| | Power Grids | 7,304 | 7,527 | -3% | 0% |
| | <i>Corporate and Other</i> | 55 | 68 | | |
| Order backlog (end December) | ABB Group | 22,981 | 24,121 | -5% | -2% |
| | Electrification Products | 2,612 | 2,872 | -9% | -5% |
| | Discrete Automation and Motion | 4,078 | 4,232 | -4% | 0% |
| | Process Automation | 5,258 | 6,036 | -13% | -10% |
| | Power Grids | 12,437 | 12,502 | -1% | 3% |
| | <i>Corporate and Other</i> | | | | |
| | <i>(incl. inter-division eliminations)</i> | (1,404) | (1,521) | | |
| Revenues | ABB Group | 33,828 | 35,481 | -5% | -2% |
| | Electrification Products | 9,292 | 9,547 | -3% | 1% |
| | Discrete Automation and Motion | 8,714 | 9,127 | -5% | -2% |
| | Process Automation | 6,598 | 7,224 | -9% | -6% |
| | Power Grids | 10,975 | 11,621 | -6% | -3% |
| | <i>Corporate and Other</i> | | | | |
| | <i>(incl. inter-division eliminations)</i> | (1,751) | (2,038) | | |
| Operational EBITA | ABB Group | 4,191 | 4,209 | 0% | 2% |
| | Electrification Products | 1,528 | 1,561 | -2% | 0% |
| | Discrete Automation and Motion | 1,195 | 1,295 | -8% | -6% |
| | Process Automation | 824 | 863 | -5% | -2% |
| | Power Grids | 1,021 | 877 | 16% | 19% |
| | <i>Corporate and Other</i> | | | | |
| | <i>(incl. inter-division eliminations)</i> | (377) | (387) | | |
| Operational EBITA % | ABB Group | 12.4% | 11.9% | | |
| | Electrification Products | 16.4% | 16.4% | | |
| | Discrete Automation and Motion | 13.7% | 14.2% | | |
| | Process Automation | 12.4% | 11.9% | | |
| | Power Grids | 9.3% | 7.6% | | |
| Income from operations | ABB Group | 3,060 | 3,049 | | |
| | Electrification Products | 1,335 | 1,356 | | |
| | Discrete Automation and Motion | 831 | 991 | | |
| | Process Automation | 696 | 685 | | |
| | Power Grids | 888 | 613 | | |
| | <i>Corporate and Other</i> | | | | |
| | <i>(incl. inter-division eliminations)</i> | (690) | (596) | | |
| Income from operations % | ABB Group | 9.0% | 8.6% | | |

| | | | |
|--|--------------------------------|--------------|--------------|
| | Electrification Products | 14.4% | 14.2% |
| | Discrete Automation and Motion | 9.5% | 10.9% |
| | Process Automation | 10.5% | 9.5% |
| | Power Grids | 8.1% | 5.3% |
| Cash flow from operating activities | ABB Group | 3,934 | 3,818 |
| | Electrification Products | 1,221 | 1,364 |
| | Discrete Automation and Motion | 1,002 | 1,206 |
| | Process Automation | 728 | 690 |
| | Power Grids | 1,120 | 970 |
| | <i>Corporate and Other</i> | (137) | (412) |

5 Q4 2016 Financial Information

| Operational EBITA | | | | | | | | |
|--|--------------|--------------|-----------------------------|--------------|--------------------------------------|--------------|-----------------------|--------------|
| | ABB | | Electrification Products | | Discrete Automation and Motion | | Process Automation | |
| | Q4 16 | Q4 15 | Q4 16 | Q4 15 | Q4 16 | Q4 15 | Q4 16 | Q4 15 |
| (\$ in millions, unless otherwise indicated) | | | | | | | | |
| Revenues | 8,993 | 9,242 | 2,462 | 2,459 | 2,211 | 2,288 | 1,737 | 1,926 |
| FX/commodity timing differences in total revenues | 20 | (4) | 4 | (4) | 7 | 4 | (11) | 13 |
| Operational revenues | 9,013 | 9,238 | 2,466 | 2,455 | 2,218 | 2,292 | 1,726 | 1,939 |
| Income from operations | 751 | 347 | 319 | 267 | 89 | 134 | 244 | 105 |
| Acquisition-related amortization | 67 | 73 | 23 | 24 | 29 | 32 | 2 | 3 |
| Restructuring and restructuring-related expenses ⁽¹⁾ | 68 | 531 | 25 | 104 | 31 | 81 | (21) | 106 |
| Non-operational pension cost | 38 | 8 | – | – | 2 | – | 2 | 2 |
| Changes in pre-acquisition estimates | 92 | 12 | – | – | 92 | 12 | – | – |
| Gains and losses from sale of businesses, acquisition-related expenses and certain non-operational items | 54 | 76 | 7 | 4 | 14 | 26 | 9 | (5) |
| FX/commodity timing differences in income from operations | (13) | 54 | 8 | 4 | 3 | 6 | (5) | 24 |
| Operational EBITA | 1,057 | 1,101 | 382 | 403 | 260 | 291 | 231 | 235 |
| Operational EBITA margin (%) | 11.7% | 11.9% | 15.5% | 16.4% | 11.7% | 12.7% | 13.4% | 12.1% |

| | ABB | | Electrification Products | | Discrete Automation and Motion | | Process Automation | |
|--|---------------|---------------|-----------------------------|--------------|--------------------------------------|--------------|-----------------------|--------------|
| | FY 16 | FY 15 | FY 16 | FY 15 | FY 16 | FY 15 | FY 16 | FY 15 |
| (\$ in millions, unless otherwise indicated) | | | | | | | | |
| Revenues | 33,828 | 35,481 | 9,292 | 9,547 | 8,714 | 9,127 | 6,598 | 7,224 |
| FX/commodity timing differences in total revenues | 81 | (28) | 4 | (11) | 5 | 4 | 21 | 13 |
| Operational revenues | 33,909 | 35,453 | 9,296 | 9,536 | 8,719 | 9,131 | 6,619 | 7,237 |
| Income from operations | 3,060 | 3,049 | 1,335 | 1,356 | 831 | 991 | 696 | 685 |
| Acquisition-related amortization | 279 | 310 | 95 | 100 | 120 | 128 | 11 | 12 |
| Restructuring and restructuring-related expenses ⁽¹⁾ | 543 | 674 | 73 | 124 | 88 | 125 | 79 | 130 |
| Non-operational pension cost | 38 | 19 | 3 | (3) | 2 | 3 | 2 | 6 |
| Changes in pre-acquisition estimates | 131 | 21 | – | – | 131 | 21 | – | – |
| Gains and losses from sale of businesses, acquisition-related expenses and certain non-operational items | 100 | 120 | 8 | 4 | 18 | 26 | 9 | 14 |
| FX/commodity timing | | | | | | | | |

| | | | | | | | | |
|---------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| differences in income from operations | 40 | 16 | 14 | (20) | 5 | 1 | 27 | 16 |
| Operational EBITA | 4,191 | 4,209 | 1,528 | 1,561 | 1,195 | 1,295 | 824 | 863 |
| Operational EBITA margin (%) | 12.4% | 11.9% | 16.4% | 16.4% | 13.7% | 14.2% | 12.4% | 11.9% |

(1) Amounts also include the incremental implementation costs in relation to the White Collar Productivity program.

| | |
|--------------------------------------|--|
| Depreciation and Amortization | |
|--------------------------------------|--|

| (\$ in millions) | ABB | | Electrification Products | | Discrete Automation and Motion Automation | | Process Automation | |
|--|-------|-------|--------------------------|-------|---|-------|--------------------|-------|
| | Q4 16 | Q4 15 | Q4 16 | Q4 15 | Q4 16 | Q4 15 | Q4 16 | Q4 15 |
| Depreciation | 191 | 192 | 49 | 51 | 38 | 39 | 13 | |
| Amortization | 91 | 96 | 26 | 27 | 33 | 36 | 4 | |
| including total acquisition-related amortization of: | 67 | 73 | 23 | 24 | 29 | 32 | 2 | |

| (\$ in millions) | ABB | | Electrification Products | | Discrete Automation and Motion | | Process Automation | |
|--|-------|-------|--------------------------|-------|--------------------------------|-------|--------------------|-------|
| | FY 16 | FY 15 | FY 16 | FY 15 | FY 16 | FY 15 | FY 16 | FY 15 |
| Depreciation | 767 | 764 | 199 | 206 | 156 | 149 | 57 | |
| Amortization | 368 | 396 | 106 | 110 | 136 | 146 | 17 | |
| including total acquisition-related amortization of: | 279 | 310 | 95 | 100 | 120 | 128 | 11 | |

Orders received and revenues by region

| (\$ in millions, unless otherwise indicated) | Orders received | | CHANGE | | | Revenues | | CHANGE | | |
|--|-----------------|--------------|-----------|-----------|-------------|--------------|--------------|------------|-----------|-------------|
| | Q4 16 | Q4 15 | US\$ | Local | Com-parable | Q4 16 | Q4 15 | US\$ | Local | Com-parable |
| Europe | 2,529 | 2,888 | -12% | -10% | -8% | 3,016 | 3,028 | 0% | 3% | |
| The Americas | 2,487 | 2,491 | 0% | 0% | 0% | 2,469 | 2,627 | -6% | -6% | |
| Asia, Middle East and Africa | 3,261 | 2,883 | 13% | 17% | 17% | 3,508 | 3,587 | -2% | 1% | |
| ABB Group | 8,277 | 8,262 | 0% | 2% | 3% | 8,993 | 9,242 | -3% | 0% | |

| (\$ in millions, unless otherwise indicated) | Orders received | | CHANGE | | | Revenues | | CHANGE | | |
|--|-----------------|---------------|------------|------------|-------------|---------------|---------------|------------|------------|-------------|
| | FY 16 | FY 15 | US\$ | Local | Com-parable | FY 16 | FY 15 | US\$ | Local | Com-parable |
| Europe | 11,213 | 12,568 | -11% | -9% | -8% | 11,315 | 11,602 | -2% | 0% | |
| The Americas | 9,351 | 10,505 | -11% | -9% | -9% | 9,741 | 10,554 | -8% | -5% | |
| Asia, Middle East and Africa | 12,815 | 13,356 | -4% | 0% | 0% | 12,772 | 13,325 | -4% | -1% | |
| ABB Group | 33,379 | 36,429 | -8% | -5% | -5% | 33,828 | 35,481 | -5% | -2% | |

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Financial Information

Interim Consolidated Financial Information

ABB Ltd Interim Consolidated Income Statements (unaudited)

(\$ in millions, except per share data in \$)

Sales of products

Sales of services and software

Total revenues

Cost of sales of products

Cost of services and software

Total cost of sales**Gross profit**

Selling, general and administrative expenses

Non-order related research and development expenses

Other income (expense), net

Income from operations

Interest and dividend income

Interest and other finance expense

Income from continuing operations before taxes

Provision for taxes

Income from continuing operations, net of tax

Income from discontinued operations, net of tax

Net income

Net income attributable to noncontrolling interests

Net income attributable to ABB**Amounts attributable to ABB shareholders:**

Income from continuing operations, net of tax

Net income

Basic earnings per share attributable to ABB shareholders:

Income from continuing operations, net of tax

Net income

Diluted earnings per share attributable to ABB shareholders:

Income from continuing operations, net of tax

Net income

Weighted-average number of shares outstanding (in millions) used to compute:

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Dec. 31

3

(2)

(2)

Basic earnings per share attributable to ABB shareholders
Diluted earnings per share attributable to ABB shareholders

See Notes to the Interim Consolidated Financial Information
8 Q4 2016 Financial Information

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ABB Ltd Interim Condensed Consolidated Statements of Comprehensive
Income (unaudited)

(\$ in millions)

Dec. 31

Total comprehensive income (loss), net of tax

Total comprehensive income attributable to noncontrolling interests, net of tax

Total comprehensive income (loss) attributable to ABB shareholders, net of tax

See Notes to the Interim Consolidated Financial Information

9 Q4 2016 Financial Information

ABB Ltd Interim Consolidated Balance Sheets (unaudited)

(\$ in millions, except share data)

Cash and equivalents
Marketable securities and short-term investments
Receivables, net
Inventories, net
Prepaid expenses
Deferred taxes
Other current assets
Assets held for sale
Total current assets

Property, plant and equipment, net
Goodwill
Other intangible assets, net
Prepaid pension and other employee benefits
Investments in equity-accounted companies
Deferred taxes
Other non-current assets
Total assets

Accounts payable, trade
Billings in excess of sales
Short-term debt and current maturities of long-term debt
Advances from customers
Deferred taxes
Provisions for warranties
Other provisions
Other current liabilities
Liabilities held for sale
Total current liabilities

Long-term debt
Pension and other employee benefits
Deferred taxes
Other non-current liabilities
Total liabilities

Commitments and contingencies

Stockholders' equity:

Capital stock and additional paid-in capital
(2,214,743,264 and 2,314,743,264 issued shares at December 31, 2016 and 2015, respectively)
Retained earnings
Accumulated other comprehensive loss
Treasury stock, at cost

(76,036,429 and 123,118,123 shares at December 31, 2016 and 2015, respectively)

Total ABB stockholders' equity

Noncontrolling interests

Total stockholders' equity

Total liabilities and stockholders' equity

See Notes to the Interim Consolidated Financial Information

10 Q4 2016 Financial Information

—
 ABB Ltd Interim Consolidated Statements of Cash Flows (unaudited)

(\$ in millions)

Dec.

Operating activities:

Net income

Adjustments to reconcile net income to net cash provided by operating activities:

Depreciation and amortization

Deferred taxes

Net loss (gain) from derivatives and foreign exchange

Net loss (gain) from sale of property, plant and equipment

Net loss (gain) from sale of businesses

Share-based payment arrangements

Other

Changes in operating assets and liabilities:

Trade receivables, net

Inventories, net

Trade payables

Accrued liabilities

Billings in excess of sales

Provisions, net

Advances from customers

Income taxes payable and receivable

Other assets and liabilities, net

Net cash provided by operating activities

Investing activities:

Purchases of marketable securities (available-for-sale)

Purchases of short-term investments

Purchases of property, plant and equipment and intangible assets

Acquisition of businesses (net of cash acquired)

and increases in cost- and equity-accounted companies

Proceeds from sales of marketable securities (available-for-sale)

Proceeds from maturity of marketable securities (available-for-sale)

Proceeds from short-term investments

Proceeds from sales of property, plant and equipment

Proceeds from sales of businesses (net of transaction costs
 and cash disposed) and cost- and equity-accounted companies

Net cash from settlement of foreign currency derivatives

Other investing activities

Net cash used in investing activities

Financing activities:

Net changes in debt with original maturities of 90 days or less

Increase in debt

Repayment of debt

Delivery of shares

Purchase of treasury stock
Dividends paid
Reduction in nominal value of common shares paid to shareholders
Dividends paid to noncontrolling shareholders
Other financing activities