Q3 2022
First nine months
Press Release

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

ZURICH, SWITZERLAND, OCTOBER 20, 2022

Q3 2022 results

Strong order growth, high revenues and historically high Operational EBITA margin

- Orders $8.2 billion, +4%; comparable[1] +16%
- Revenues $7.4 billion, +5%; comparable +18%
- Income from operations $708 million; margin 9.6%
- Operational EBITA[1] $1,231 million; margin[1] 16.6%
- Basic EPS $0.19; -41%[2]
- Cash flow from operating activities $791 million

KEY FIGURES

			CHANGE				CHANGE	
($ millions, unless otherwise indicated)	**Q3 2022**	**Q3 2021**	**US$**	**Comparable[1]**	**9M 2022**	**9M 2021**	**US$**	**Comparable[1]**
Orders	8,188	7,866	4%	16%	26,368	23,611	12%	22%
Revenues	7,406	7,028	5%	18%	21,622	21,378	1%	10%
Gross Profit	2,481	2,294	8%		7,052	7,070	0%	
as % of revenues	33.5%	32.6%	+0.9 pts		32.6%	33.1%	-0.5 pts	
Income from operations	708	852	-17%		2,152	2,743	-22%	
Operational EBITA[1]	1,231	1,062	16%	27%[3]	3,364	3,134	7%	15%[3]
as % of operational revenues[1]	16.6%	15.1%	+1.5 pts		15.5%	14.6%	+0.9 pts	
Income from continuing operations, net of tax	420	687	-39%		1,469	2,027	-28%	
Net income attributable to ABB	360	652	-45%		1,343	1,906	-30%	
Basic earnings per share ($)	0.19	0.33	-41%[2]		0.70	0.95	-26%[2]	
Cash flow from operating activities[4]	791	1,104	-28%		600	2,310	-74%	
Cash flow from operating activities in continuing operations	793	1,119	-29%		614	2,305	-73%	

1 For a reconciliation of non-GAAP measures, see "supplemental reconciliations and definitions" in the attached Q3 2022 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.

"In the third quarter, we delivered high order growth, a strong top-line development and a historically high margin. We have not seen any material changes in the underlying customer activity. It looks like we are likely to achieve our 2023 margin target one year early. We are now starting to see the real benefits of the ABB Way operating model."

Björn Rosengren, CEO

CEO summary

There were several positive takeaways from the third quarter 2022. Strong order growth of 4% (16% comparable), resulted in a book-to-bill ratio of above one for the seventh consecutive quarter. Revenues were supported by the sequential easing of component supply constraints facilitating customer deliveries but also by a significantly lower level of interruptions from Covid-related lockdowns in China.

I was pleased to see the Operational EBITA increase by 16% year-on-year and the high Operational EBITA margin of 16.6%, with improvements noted in all business areas. An excellent achievement, driven by higher volumes and operational improvements including good pricing execution which offset cost inflation related to raw materials, freight and labor. Importantly, this signals that our new way of working, with higher accountability, transparency and speed, is really starting to take hold. I am proud that we are likely to achieve our target of Operational EBITA margin of at least 15% already in 2022, one year ahead of plan.

It was good to see cash flow from operating activities of $791 million, a higher level than in the previous quarter, and I anticipate an additional step up in the fourth quarter.

Orders increased in all regions, led by a very strong development in the Americas. In total, Europe improved strongly although some normalization of inventory levels was noted in Germany for parts of our customer base. Asia, Middle East and Africa improved despite softness noted in China.

Customer activity was at a high level in the quarter with overall stable to positive development in most segments outside of discrete industries. In the latter we noted some customers normalizing order patterns in anticipation of shorter delivery lead-times as supply constraints ease. Overall, demand increased for both the short-cycle flow business and the systems-driven offerings. Changes in exchange rates weighed on total orders in all business areas, however the underlying customer activity improved. In total, our order backlog remained at a high level of $19.4 billion.

Income from operations amounted to $708 million and declined by 17% (7% constant currency) year-on-year. This includes the non-operational provision of approximately $325 million related to the remaining matters for the legacy Kusile project, with a similar cash flow impact expected in subsequent quarters. We are now resolving this matter, related to a project awarded in 2015. The new ABB Way operating model is guided by our code of conduct and is part of our regular and transparent business reviews.

I am pleased about the multiple portfolio management activities in the quarter. Importantly, Motion signed two acquisitions – in the NEMA motors and Traction divisions – which will further cement their leading market positions. I also want to highlight our investment into an accelerated strategic collaboration between Process Automation and Canada's Hydrogen Optimized launched in 2020. Together we are advancing the deployment of economic large-scale green hydrogen production systems to decarbonize hard-to-abate industries.

We also announced the early divestment of the remaining 19.9% of the Hitachi Energy joint venture to Hitachi as they exercised the call option that was agreed in 2018. We do not foresee any significant gain or loss as a result of the sale and anticipate net positive cash inflows of approximately $1.4 billion upon closing, expected in the fourth quarter 2022. This will further strengthen our balance sheet and give us additional flexibility in our capital allocation decisions. With regards to E-mobility, we remain committed to our plans to list the division, although we no longer expect it to happen this year due to the current volatility in capital markets. Finally, just after the close of the third quarter we distributed Accelleron to shareholders as a dividend in kind. I was delighted to mark the first day of trading of Accelleron by joining the management team in ringing the bell on the Swiss stock exchange. I wish the team great success as a separately listed company.

Björn Rosengren
CEO

Outlook

In the **fourth quarter of 2022**, we anticipate a low double-digit comparable revenue growth, impacted by the high level of revenues recorded last year. We expect the typical pattern of a sequentially lower Operational EBITA margin.

In full-year 2022, we are likely to achieve early the 2023 target of an Operational EBITA margin of at least 15%, supported by increased efficiency as we fully incorporate the decentralized operating model and performance culture in all our divisions and strong top-line execution.

Orders and revenues

The impact from changes in exchange rates weighed on total order growth. However, the underlying customer demand was strong, resulting in order growth of 4% (16% comparable), year-on-year. Customer activity was robust for both the short-cycle flow business and the systems business. The strongest contribution to order growth was seen in Electrification and Motion. Process Automation was hampered by a high comparable and timing of order placements. Robotics & Discrete Automation saw protracted lead times in customers' decision making and normalizing order patterns in anticipation of shorter delivery lead-times due to easing of component constraints. Total order intake for ABB amounted to $8,188 million, with improvement in most divisions.

The positive development was strong in the segment of food & beverage while normalizing order patterns slowed robotics demand in general industries and automotive.

In transport and infrastructure, the order development was strong in renewables. The buildings segment was positively impacted by both the non-residential and residential areas, although some softness in residential building in China was noted. The timing of customers placing orders impacted growth in the marine segment, although the pipeline remains strong.

In the process-related business, gas-related demand improved. Power generation and pulp & paper were broadly stable. Early signs of headwind were noted in metals.

Customer activity was strong across regions. Order intake in the Americas increased by 16% (25% comparable) driven by the US. Orders in Europe increased by 1% (20% comparable), supported by all the largest markets in the region. Asia, Middle East and Africa reported a decline of 4% (up 4% comparable), including a decline of 8% (2% comparable) in China. However, worth noting is that excluding the impact from large orders received last year the region increased at a double-digit pace, on a comparable basis.

Revenues improved by 5% (18% comparable) with improvements in virtually all divisions. Price execution was robust. In addition to a generally high flow business demand, volumes were supported by the sequential easing of supply chain constraints facilitating deliveries from the order backlog, not least due to better access to semi-conductors. Additional support was derived from lower business disruptions from Covid-related lockdowns in China compared with the previous quarter.

Growth

Change year-on-year	Q3 Orders	Q3 Revenues
Comparable	16%	18%
FX	-9%	-10%
Portfolio changes	-3%	-3%
Total	**4%**	**5%**

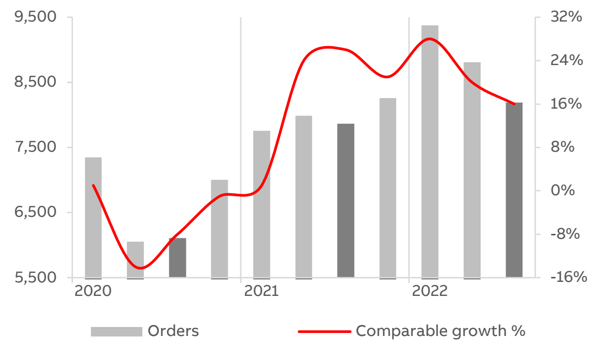
Orders by region

($ in millions, unless otherwise indicated)	Q3 2022	Q3 2021	CHANGE US$	CHANGE Comparable
Europe	2,682	2,663	1%	20%
The Americas	2,980	2,580	16%	25%
Asia, Middle East and Africa	2,526	2,623	-4%	4%
ABB Group	**8,188**	**7,866**	**4%**	**16%**

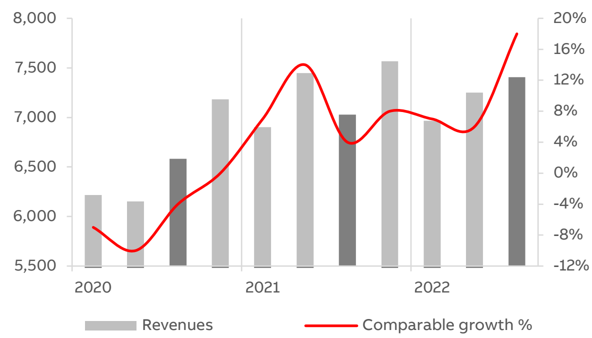
Revenues by region

($ in millions, unless otherwise indicated)	Q3 2022	Q3 2021	CHANGE US$	CHANGE Comparable
Europe	2,494	2,525	-1%	18%
The Americas	2,452	2,161	13%	23%
Asia, Middle East and Africa	2,460	2,342	5%	13%
ABB Group	**7,406**	**7,028**	**5%**	**18%**

Orders



Revenues



Earnings

Gross profit

Gross profit increased by 8% (19% constant currency) to $2,481 million, supported by a gross margin improvement of 90 basis points to 33.5%. Increases were noted in all business areas except for a slight decline in Robotics & Discrete Automation.

Income from operations

Income from operations amounted to $708 million, declining by 17% (7% constant currency). The main trigger was a non-operational provision of approximately $325 million in connection with the remaining matters related to the legacy Kusile project, with a similar cash flow impact expected in subsequent quarters. Additional pressures stemmed from adverse changes in exchange rates and slightly higher acquisition- and divestment-related expenses.

Operational EBITA

Operational EBITA of $1,231 million was 16% higher (27% constant currency) year-on-year, as contribution from operational performance more than offset the adverse impact from mainly changes in exchange rates and portfolio changes.

The Operational EBITA margin increased by 150 basis points to 16.6%. Results were supported by the positive impacts from operational leverage on significantly higher volumes, strong pricing execution as well as selling, general & administrative expenses (SG&A) being reduced in relation to revenues. This more than offset the adverse impact from cost inflation on materials, freight and labor. Operational EBITA in Corporate and Other declined by $15 million to -$52 million.

Net finance expenses

Net finance expenses was $28 million compared with the low level of $6 million a year ago.

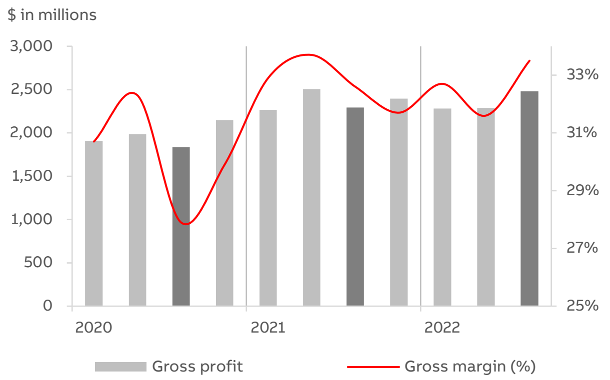
Income tax

Income tax expense was $294 million with an effective tax rate of 41.2%, including approximately 15% adverse impact due mainly to the non-deductibility of the charges related to the Kusile legacy project as well as taxes in connection with portfolio management activities.

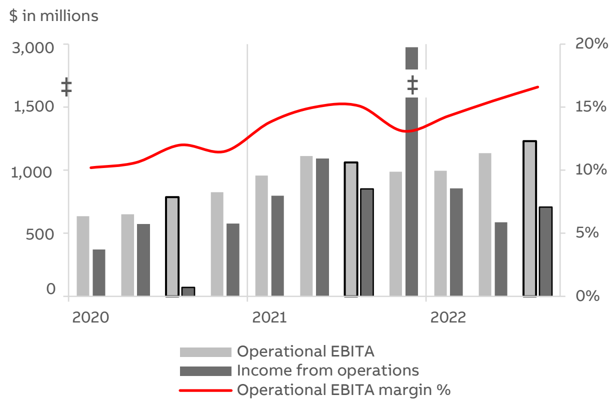
Net income and earnings per share

Net income attributable to ABB was $360 million and decreased by 45% from last year, with the decline primarily related to the booked non-operational provision which weighed on Income from operations. This resulted in a basic earnings per share of $0.19, a decline from $0.33 last year.

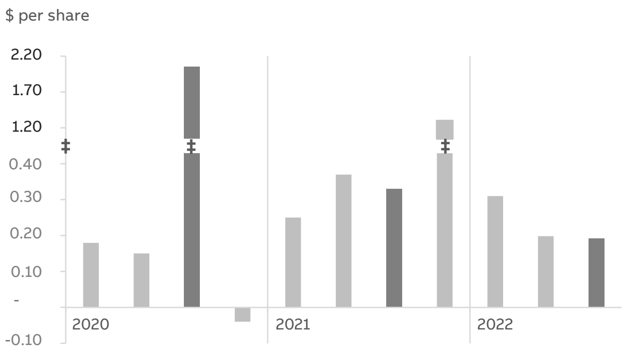
Gross profit & Gross margin



Income from operations & Operational EBITA



Basic EPS



Balance sheet & Cash flow

Net working capital

Net working capital amounted to $3,407 million, increasing year-on-year from $2,920 million but declining sequentially from $3,663 million. The sequential decrease was mainly driven by changes in exchange rates. Net working capital as a percentage of revenues[1] was 11.7%.

Capital expenditures

Purchases of property, plant and equipment and intangible assets amounted to $165 million.

Net debt

Net debt[1] amounted to $4,117 million at the end of the quarter, and increased from $1,898 million, year-on-year. Sequentially, it declined slightly from $4,235 million, mainly due to lower carrying debt values as a result of changes in exchange rates.

Cash flows

Cash flow from operating activities in continuing operations was $793 million and declined year-on-year from $1,119 million. The year-on-year change was the results of improved operational performance which however was more than offset by higher build-up of net working capital mainly related to a higher build-up of inventories and lower collections of receivables. In addition, the current quarter was adversely impacted by the cash outflow from the earlier announced exit of a non-core business. ABB expects the fourth quarter to be the strongest cash flow period in 2022.

Share buyback program

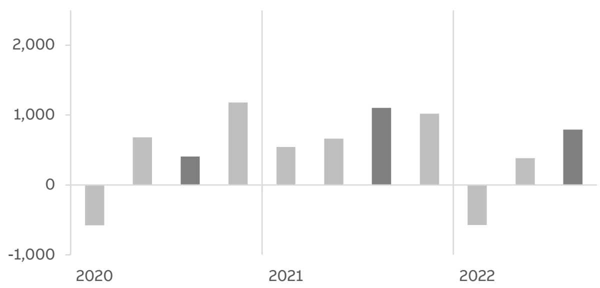
ABB launched a new share buyback program of up to $3 billion on April 1. As part of this program, ABB completed in the third quarter, the return to its shareholders of the remaining $1.2 billion out of the $7.8 billion of cash proceeds from the Power Grids divestment. During the third quarter, 15,784,000 shares were repurchased on the second trading line for approximately $436 million. The total number of ABB Ltd's issued shares is 1,964,745,075, after the cancellation of 88,403,189 shares in June, as approved at ABB's 2022 AGM.

($ millions, unless otherwise indicated)	**Sep. 30 2022**	**Sep. 30 2021**	**Dec. 31 2021**
Short term debt and current maturities of long-term debt	3,068	2,414	1,384
Long-term debt	4,530	4,270	4,177
Total debt	**7,598**	**6,684**	**5,561**
Cash & equivalents	2,365	3,709	4,159
Restricted cash - current	323	31	30
Marketable securities and short-term investments	793	746	1,170
Restricted cash - non-current	–	300	300
Cash and marketable securities	**3,481**	**4,786**	**5,659**
Net debt (cash)*	**4,117**	**1,898**	**(98)**
Net debt (cash)* to EBITDA ratio	**0.7**	**0.5**	**(0.01)**
Net debt (cash)* to Equity ratio	**0.34**	**0.13**	**(0.01)**

* At Sep. 30, 2022, Sep. 30, 2021 and Dec. 31, 2021, net debt(cash) excludes net pension (assets)/liabilities of $(114) million, $530 million and $45 million, respectively.

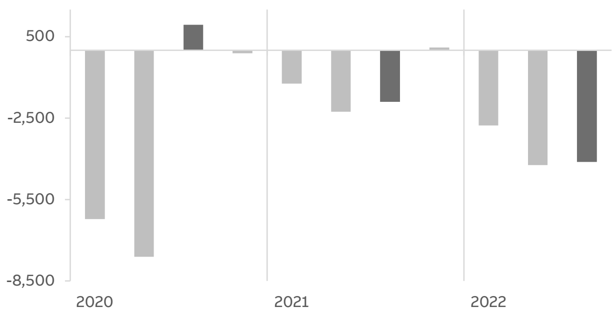
Cash flow from operating activities

$ in millions

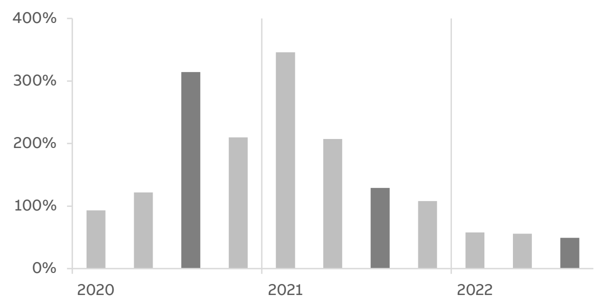


Net Cash (Net Debt) position

$ in millions



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



Electrification

Growth

Change year-on-year	Q3 Orders	Q3 Revenues
Comparable	20%	22%
FX	-9%	-10%
Portfolio changes	0%	0%
Total	**11%**	**12%**

Orders and revenues

Although changes in exchange rates had an adverse effect on the total, the absolute order intake reached one of the highest levels in recent history, amounting to $3,902 million. This corresponds to a year-on-year increase of 11% (20% comparable), supported by both the flow- and systems-driven business. The strong demand and a sequential easing of supply chain constraints supported revenues, yet order backlog reached another all-time-high level of $6.8 billion.

- Customer activity was strong in most segments in the Americas and Europe, while softness was noted in China.
- Orders in Asia, Middle East and Africa were up by 5% (13% comparable) hampered by China which dropped by 9% (4% comparable). Changes in exchange rates weighed on total orders in Europe which declined by 8% (up 10% comparable). This reflects high activity across major countries except for a decline in Germany where a normalization of distributors' inventory levels was noted and seemingly completed by quarter end. The Americas improved sharply by 33% (34% comparable), reflecting a steep order increase of 38% in the US (39% comparable).
- Despite the adverse impact from changes in exchange rates, revenue growth reached 12% (22% comparable). This was driven by a good contribution from increased volumes on a generally strong market and execution of the order backlog, but also by another quarter of very strong price execution. The sequential improvement in access to semi-conductors supported customer deliveries in Distribution Solutions and now all divisions contributed to growth. Revenues amounted to $3,584 million, representing the highest quarterly level in recent years.

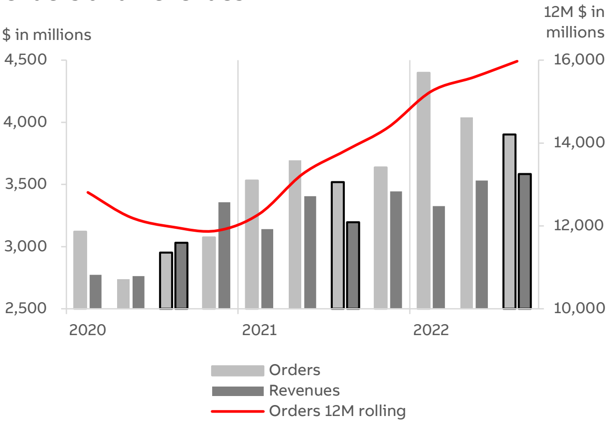
Profit

Record high quarterly Operational EBITA of $647 million was up 27% year-on-year and Operational EBITA margin reached the high level of 18.0%. All of the large divisions improved both earnings and margin year-on-year.

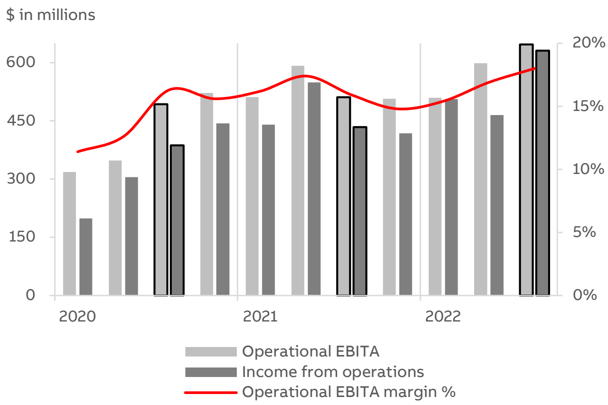
- A very robust price management was the main driver to the earnings improvement and more than offset the adverse impact from cost inflation in raw materials, freight and labor.
- Impact from higher volumes in customer deliveries contributed significantly to increased earnings.
- Settlement of an insurance claim supported the margin by 50 basis points in the quarter.

			CHANGE				CHANGE	
($ millions, unless otherwise indicated)	**Q3 2022**	**Q3 2021**	**US$**	**Comparable**	**9M 2022**	**9M 2021**	**US$**	**Comparable**
Orders	3,902	3,519	11%	20%	12,336	10,743	15%	22%
Order backlog	6,805	5,246	30%	41%	6,805	5,246	30%	41%
Revenues	3,584	3,196	12%	22%	10,442	9,742	7%	14%
Operational EBITA	647	511	27%		1,756	1,614	9%	
as % of operational revenues	18.0%	15.9%	+2.1 pts		16.8%	16.5%	+0.3 pts	
Cash flow from operating activities	651	636	2%		1,083	1,466	-26%	
No. of employees (FTE equiv.)	52,100	51,100	2%					

Orders and Revenues



Income from operations & Operational EBITA



Motion

Growth

Change year-on-year	Q3 Orders	Q3 Revenues
Comparable	24%	23%
FX	-9%	-9%
Portfolio changes	-12%	-12%
Total	**3%**	**2%**

Orders and revenues

Orders increased by 3% (24% comparable) and this was yet another strong period with orders at the $2 billion level. The high market activity offset headwinds from changes in exchange rates and the lack of contribution from the divested Mechanical Power Transmission (Dodge) division. Furthermore, support was gained from a higher level of large orders, driven by approximately $170 million related to sustainable transport by enhancing Europe's railway network.

- Strong double-digit order growth was reported in virtually all divisions with a steady profile to the underlying business activity throughout the quarter.
- Demand increased in all regions, with the strongest development in Europe which improved by 23% (46% comparable), supported by the large rail order received. As a headline number, the Americas declined by 11% (up 17% comparable), with the drop related to portfolio changes. In Asia, Middle East and Africa the overall growth declined by 1% (up 8% comparable) as changes in exchange rates offset the positive impact from a robust market activity level. China specifically increased by 4% (11% comparable).
- Revenues increased by 2% (23% comparable) to $1,702 million with support from strong demand, solid price management and the sequential improvement in customer deliveries in China due to less Covid-related business disruptions.

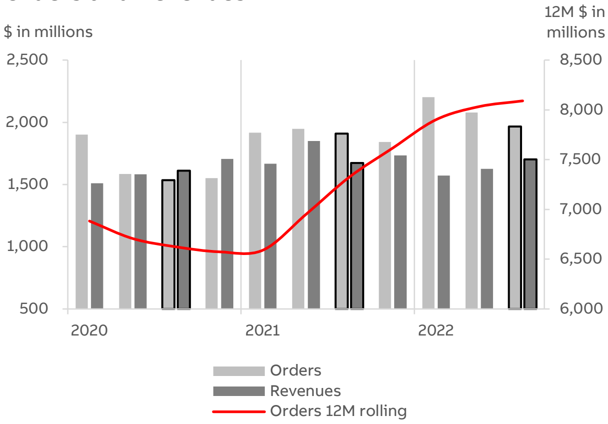
Profit

Both earnings and profitability improved year-on-year with Operational EBITA amounting to $305 million and Operational EBITA margin at 17.8%.

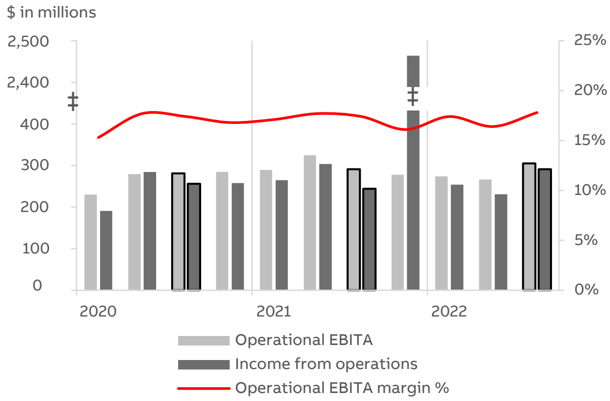
- Higher volumes improved operational performance and offset negative mix stemming from robust deliveries of electrical motors.
- Strong pricing execution offset the increased costs related to commodities, freight and labor.
- The reported margin improved by 40 basis points as improved operational performance more than compensated for the adverse impact of 60 basis points due to the divestment of Dodge, year-on-year.

($ millions, unless otherwise indicated)	Q3 2022	Q3 2021	CHANGE US$	CHANGE Comparable	9M 2022	9M 2021	CHANGE US$	CHANGE Comparable
Orders	1,966	1,909	3%	24%	6,247	5,773	8%	27%
Order backlog	4,613	3,717	24%	42%	4,613	3,717	24%	42%
Revenues	1,702	1,673	2%	23%	4,900	5,190	-6%	11%
Operational EBITA	305	291	5%		845	905	-7%	
as % of operational revenues	17.8%	17.4%	+0.4 pts		17.2%	17.4%	-0.2 pts	
Cash flow from operating activities	268	399	-33%		507	946	-46%	
No. of employees (FTE equiv.)	20,700	21,300	-3%					

Orders and Revenues



Income from operations & Operational EBITA



Process Automation

Growth

Change year-on-year	Q3 Orders	Q3 Revenues
Comparable	3%	6%
FX	-9%	-9%
Portfolio changes	0%	0%
Total	**-6%**	**-3%**

Orders and revenues

Total order intake amounted to $1,568 million and declined by 6% (up 3% comparable) year-on-year, as adverse changes in exchange rates more than offset a positive underlying trend in customer activity in most divisions. A book-to-bill ratio of 108% was achieved.

- The timing of customers placing orders somewhat hampered order intake, particularly noticeable in Energy Industries and Marine & Ports. The general order pipeline remains strong.
- Demand was particularly strong in the segments of mining and refining, with positive developments also noted in areas of marine and gas. In the power generation, pulp & paper and ports segments, the customer activity remained stable, while some initial signs of headwinds were noted in metals due to the high energy prices. Service orders increased by 1% (12% comparable).
- Orders in the Americas increased by 6% (9% comparable). Changes in exchange rates weighed on Europe which declined by 8% (up 8% comparable) and Asia, Middle East and Africa which reported a sharp drop of 12% (4% comparable), with the latter also challenged by a high comparable from last year's order level in China.
- Revenues declined by 3% (up 6% comparable) and amounted to $1,458 million with a positive development in customer deliveries in all divisions. While the supply constraints on semi-conductors eased somewhat sequentially, some hampering effect is still expected in the fourth quarter.

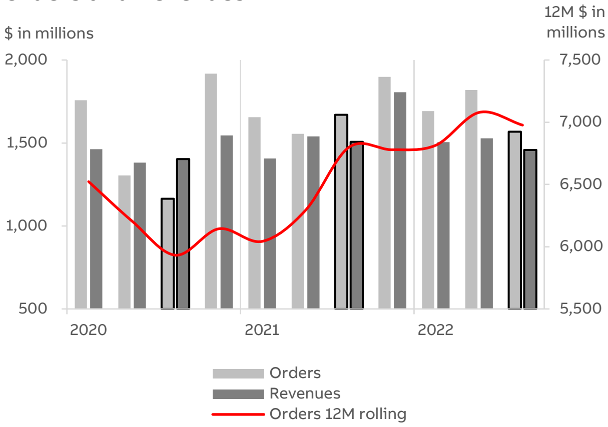
Profit

Operational EBITA amounted to $225 million and Operational EBITA margin improved by 160 basis points year-on-year to 15.3% with contribution from all divisions.

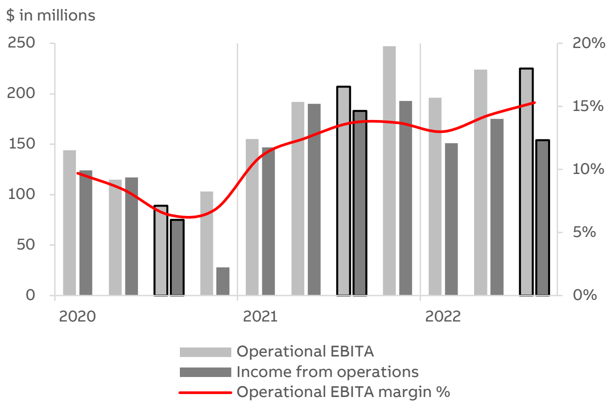
- The impact from increased volumes with improved gross margin in the order backlog was the main driver for margin improvement.
- This marks the last quarter when reporting includes the Turbocharging division (Accelleron), which was separately listed on the Swiss stock exchange in early October.

			CHANGE				CHANGE	
($ millions, unless otherwise indicated)	Q3 2022	Q3 2021	US$	Comparable	9M 2022	9M 2021	US$	Comparable
Orders	1,568	1,670	-6%	3%	5,079	4,881	4%	11%
Order backlog	6,006	6,021	0%	11%	6,006	6,021	0%	11%
Revenues	1,458	1,507	-3%	6%	4,493	4,454	1%	8%
Operational EBITA	225	207	9%		645	554	16%	
as % of operational revenues	15.3%	13.7%	+1.6 pts		14.2%	12.4%	+1.8 pts	
Cash flow from operating activities	217	231	-6%		470	692	-32%	
No. of employees (FTE equiv.)	22,400	22,000	2%					

Orders and Revenues



Income from operations & Operational EBITA



Robotics & Discrete Automation

Orders and revenues

While market demand was at a high level in the quarter, we saw customers normalizing order patterns on the back of anticipated shorter delivery lead-times as supply chain constraints ease. There were some signs of protracted lead times in customers' order decisions, although the opportunity pipeline remains robust. Total orders decreased by 4% (up 7% comparable) and amounted to $901 million, hampered by changes in exchange rates. On a book-to-bill ratio of 109% the order backlog remained sequentially stable at $2.7 billion.

- Order momentum was particularly strong in the machine builder segment on an easy comparable from last year, but electronics also improved. This more than offset declines in automotive and general industry, where customers normalized order patterns after a very strong first half of the year.
- In total, orders increased in the Americas by 11% (11% comparable), while changes in exchange rates weighed on the total in Europe to a decline of 1% (up 17% comparable). Asia, Middle East and Africa dropped by 13% (7% comparable) with China declining by 9% (4% comparable).

Growth

Change year-on-year	Q3 Orders	Q3 Revenues
Comparable	8%	13%
FX	-12%	-11%
Portfolio changes	0%	0%
Total	**-4%**	**2%**

- Changes in exchange rates weighed on reported revenues, however, access to semi-conductors improved compared with recent quarters supporting customer deliveries in both divisions. Additional support from positive price execution contributed to quarterly revenue growth of 2% (13% comparable) resulting in revenues of $828 million.
- The new Robotics manufacturing site in Shanghai was fully operational with local production volumes transferred in the quarter.

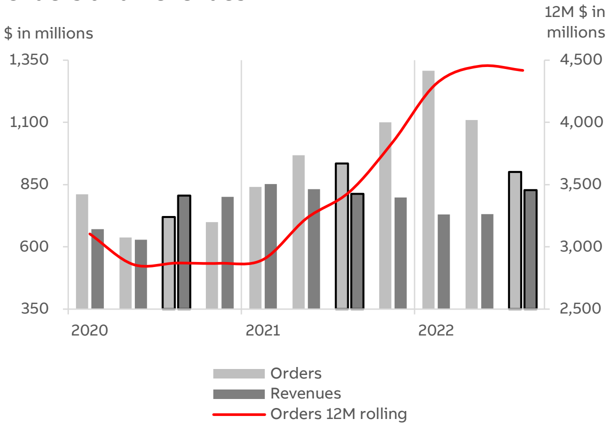
Profit

Despite the headwind from changes in exchange rates, Operational EBITA increased by 18%. The Operational EBITA margin returned to a double-digit level after three single-digit quarters, reaching 12.8%, with support from both divisions.

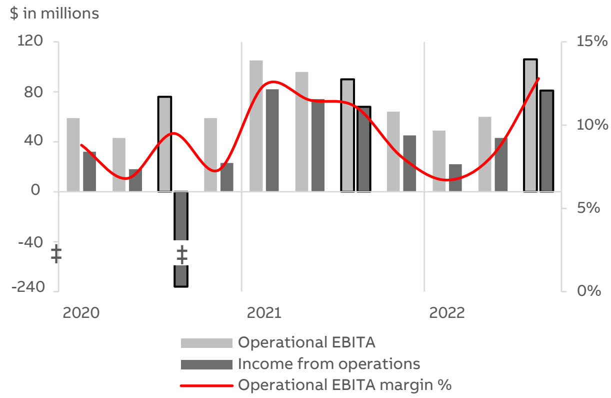
- Impact from a positive volume growth improved cost absorption in production, year-on-year.
- Solid price execution more than offset adverse impacts from inflation in freight, input and labor costs.

($ millions, unless otherwise indicated)	Q3 2022	Q3 2021	CHANGE US$	CHANGE Comparable	9M 2022	9M 2021	CHANGE US$	CHANGE Comparable
Orders	901	935	-4%	7%	3,318	2,744	21%	29%
Order backlog	2,659	1,619	64%	87%	2,659	1,619	64%	87%
Revenues	828	813	2%	13%	2,290	2,498	-8%	-2%
Operational EBITA	106	90	18%		215	291	-26%	
as % of operational revenues	12.8%	11.1%	+1.7 pts		9.4%	11.7%	-2.3 pts	
Cash flow from operating activities	82	56	46%		109	245	-56%	
No. of employees (FTE equiv.)	10,700	10,700	1%					

Orders and Revenues



Income from operations & Operational EBITA



Sustainability

Q3 outcome

- 43% reduction of CO_2 emissions in own operations year-on-year due to increased use of renewable energy and energy efficient projects on sites.
- 5% year-on-year decrease in LTIFR.
- 2.4%-points increase in number of women in senior management versus the prior year showing steady progress towards our target.

Quarterly highlights

- ABB E-mobility announced the continued expansion of its global and US manufacturing footprint with new manufacturing operations in Columbia, South Carolina. The multi-million-dollar investment is planned to increase production of electric vehicle chargers, including Buy America Act compliant ones, and create over 100 jobs. The new facility will be capable of producing up to 10,000 chargers per year, ranging from 20kW to 180kW in power, which are ideally suited for public charging, school buses, and fleets.
- The European Union's 2022 F-gas proposal outlines important new regulations designed to phase out the use of Sulfur Hexafluoride (SF6) – an established but environmentally harmful insulating gas which is 25,200 times more potent than CO_2. This has been made possible with the development of SF6 alternatives paving the way for this level of regulation, including pioneering products within ABB's ecoGIS™ range. Following the EU's latest F-gas proposal, ABB created a free-of-charge, downloadable whitepaper – 'Migrate to a more certain future' – to support engineers in making this key transition.
- ABB and Canada's Hydrogen Optimized Inc. (HOI) signed an agreement to expand the companies' existing strategic relationship. This includes an investment by ABB into Key DH Technologies Inc. (KEY), the parent company of HOI, as they seek to accelerate the fast-emerging green hydrogen production segment with unique large-scale architecture.
- ABB has achieved carbon neutral operations at its factory in Porvoo, Finland, reducing CO_2 emissions by 636 tons in its first year under the mission to Zero program. This saving is equivalent to driving 112 times the length of the equator or warming an electric sauna every day for 373 years. By combining digital solutions, electrification, and renewable technologies the Porvoo factory has taken an important step towards a more sustainable value chain.
- General Counsel and Company Secretary, Andrea Antonelli, has been appointed as the Executive Committee sponsor for Abilities. At ABB, the Abilities dimension encompasses differences that include long-term physical, mental, intellectual, or sensory impairments which in interaction with various barriers may hinder the individuals' full and effective participation in society on an equal basis with others.

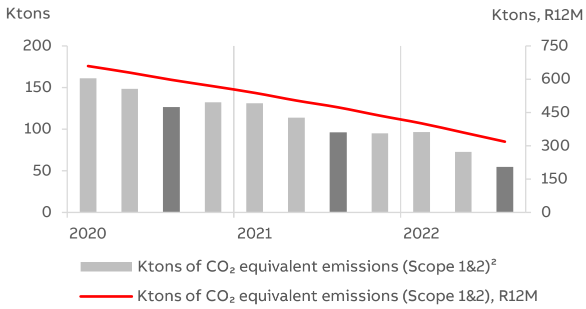
Story of the quarter

ABB announced a new emissions target for its supply chain. The company aims to work with its main tier-one suppliers to achieve a 50 percent reduction in their CO_2 emissions by 2030. The target is aimed at suppliers covering 70 percent of ABB's annual procurement expenditure. The new target is expected to make an important contribution to ABB's goal of enabling a low-carbon society because, in many cases, its suppliers have a bigger footprint than the company.

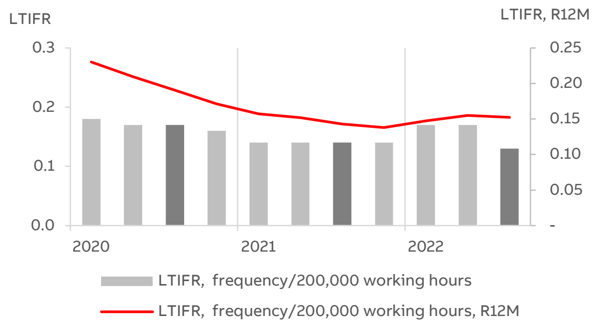
	Q3 2022	Q3 2021	CHANGE	12M ROLLING
CO_2e own operations emissions, kt scope 1 and 2[1]	55	96	-43%	319
Lost Time Injury Frequency Rate (LTIFR), frequency / 200,000 working hours	0.13	0.14	-5%	0.15
Share of females in senior management positions, %	17.4	15.0	+2.4 pts	16.9

1 CO_2 equivalent emissions from site, energy use, SF6 and fleet, previous quarter

CO_2 Scope 1&2



Lost Time Injury Frequency Rate



2 Q2 2022 emission data was restated from 88.8 to 72.6 Ktons of CO2e to reflect the application of green energy certificates retrospectively.

Significant events

During Q3 2022

- On July 20, ABB announced that it would spin off Accelleron and list the company on SIX Swiss Exchange.
- On July 21, ABB announced that it had decided to exit the Russian market.
- On August 11, ABB announced that it had signed an agreement to purchase Siemens' low voltage NEMA motor business. The business employs around 600 people and generated revenues of approximately $63 million in 2021. The transaction is expected to close in the second quarter 2023.
- On September 7, ABB announced that shareholders approved the proposed spin-off of its Accelleron turbocharging division at the Extraordinary General Shareholders Meeting.
- On September 19, ABB announced that it will acquire the PowerTech Converter (PTC) business, a leading supplier of auxiliary power converter solutions for light rail vehicles and metros. With around 280 employees, the business generated revenues of approximately €60 million in 2021. The deal is expected to close in the fourth quarter 2022.
- On September 30, ABB announced that it has reached an agreement to divest to Hitachi, Ltd. (Hitachi) its remaining 19.9% equity stake in the Hitachi Energy joint venture. Hitachi has exercised its call option. ABB expects net positive cash inflows of approximately $1.4 billion upon closing of the sale. The transaction is subject to regulatory approvals and closing is expected to happen in the fourth quarter 2022.
- On September 30, ABB announced that it is progressing discussions with relevant authorities regarding the remaining matters related to the legacy Kusile project in South Africa awarded in 2015. Consequently, ABB made a non-operational provision of approximately $325 million in Income from operations in the third quarter 2022 results, with a similar cash flow impact expected in subsequent quarters.

After the third quarter

- On October 3, ABB announced that Accelleron Industries AG (formerly ABB Turbocharging), has been admitted to trading on SIX Swiss Exchange in Zurich under the ticker symbol "ACLN", marking the completion of Accelleron's spin-off from ABB.

First nine months 2022

In the first nine months of 2022, demand for ABB's offering increased strongly year-on-year, supported by most customer segments and across all regions. Orders amounted to $26,368 million and improved by 12% (22% comparable).

Revenues amounted to $21,622 million up by 1% (10% comparable), year-on-year. Customer deliveries were impacted by component constraints, but shortages progressively eased throughout the year. As a result, the book-to-bill ratio amounted to 1.22 in the first nine months of 2022.

Income from operations amounted to $2,152 million down from $2,743 million in the year-earlier period. Results included a business charge amounting to $195 million triggered by the exit of the legacy full-train retrofit business in non-core operations as well as a provision of approximately $325 million provision related to the legacy Kusile project in South Africa awarded in 2015.

Operational EBITA improved by 7% year-on-year to $3,364 million and the Operational EBITA margin increased by 90 basis points to 15.5%. Performance was driven by the positive impacts from strong pricing execution and higher volumes, which more than offset cost inflation in raw materials, freight and labor. Additionally, Corporate and Other Operational EBITA improved by $133 million to -$97 million, partly due to higher real estate gains and a better non-core result.

The net finance expenses amounted to $57 million, down from $71 million in the same period last year, while non-operational pension credits were down $28 million year-over-year to $102 million.

Income tax expense was $728 million with a tax rate of 33.1%, including approximately 9% adverse impact primarily related to adverse impact from non-deductible non-operational charges.

Net income attributable to ABB was $1,343 million and decreased by -30%. Basic earnings per share was $0.70 and decreased by -26%. Both measures were adversely impacted by the charges triggered by the exit of the legacy full-train retrofit business in non-core operations as well as the provision related to the legacy Kusile project.

Acquisitions and divestments, last twelve months

Acquisitions	Company/unit	Closing date	Revenues, $ million[1]	No. of employees
2022				
Electrification	Numocity (majority stake)	22-Jul	<1	20
Electrification	InCharge Energy, Inc (majority stake)	26-Jan	16	40

Divestments	Company/unit	Closing date	Revenues, $ million[1]	No. of employees
2021				
Motion	Mechanical Power Transmission	1-Nov	645[2]	1,500

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.

2 Last twelve months ending October 31, 2021.

Additional figures

ABB Group	Q1 2021	Q2 2021	Q3 2021	Q4 2021	FY 2021	Q1 2022	Q2 2022	Q3 2022
EBITDA, $ in million	1,024	1,324	1,072	3,191	6,611	1,067	794	906
Return on Capital Employed, %	n.a.	n.a.	n.a.	n.a.	14.90	n.a.	n.a.	n.a.
Net debt/Equity	0.09	0.16	0.13	(0.01)	(0.01)	0.20	0.34	0.34
Net debt/ EBITDA 12M rolling	0.4	0.7	0.5	(0.01)	(0.01)	0.4	0.7	0.7
Net working capital, % of 12M rolling revenues	10.8%	11.6%	10.2%	8.1%	8.1%	12.1%	12.8%	11.7%
Earnings per share, basic, $	0.25	0.37	0.33	1.34	2.27	0.31	0.20	0.19
Earnings per share, diluted, $	0.25	0.37	0.32	1.33	2.25	0.31	0.20	0.19
Dividend per share, CHF	n.a.	n.a.	n.a.	n.a.	0.82	n.a.	n.a.	n.a.
Share price at the end of period, CHF[1]	27.56	30.30	30.30	33.68	33.68	29.12	24.57	24.90
Share price at the end of period, $[1]	28.99	32.33	31.73	36.31	36.31	30.76	25.43	24.41
Number of employees (FTE equivalents)	105,330	106,370	106,080	104,420	104,420	104,720	106,380	106,830
No. of shares outstanding at end of period (in millions)	2,024	2,006	1,993	1,958	1,958	1,929	1,892	1,875

1 Data prior to October 3, 2022, has been adjusted for the Accelleron spin-off (Source: FactSet).

Additional 2022 guidance

($ in millions, unless otherwise stated)	FY 2022[1]	Q4 2022
Corporate and Other Operational costs	~(170) from ~(200)	~(75)
Non-operating items		
Acquisition-related amortization	~(230) unchanged	~(55)
Restructuring and restructuring related	~(100)+(252)[2] unchanged	~(50)
Separation costs[3]	~(180) unchanged	~(30)
ABB Way transformation	~(150) unchanged	~(50)

($ in millions, unless otherwise stated)	FY 2022	Q4 2022
Net finance expenses	~(100) unchanged	~(40)
Non-operational pension (cost) / credit	~90 from ~120	~(10)
Effective tax rate	~25% [4] unchanged	~25% [4]
Capital Expenditures	~(700) from ~(750)	~(200)

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 Includes restructuring-related expenses of $195 million from the exit of the full train retrofit business as well as $57 million respectively from the exit of the Russian market in Q2 2022.

3 Costs relating to the announced exits and the potential E-mobility listing.

4 Excluding 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,” “Robotics and Discrete Automation” 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.

Q3 results presentation on October 20, 2022

The Q3 2022 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	
February 2	Q4 2022 results
March 23	Annual General Meeting
April 25	Q1 2023 results
July 20	Q2 2023 results
October 18	Q3 2023 results

For additional information please contact:

Media Relations
Phone: +41 43 317 71 11
Email: media.relations@ch.abb.com

Investor Relations
Phone: +41 43 317 71 11
Email: investor.relations@ch.abb.com

ABB Ltd
Affolternstrasse 44
8050 Zurich
Switzerland

ABB (ABBN: SIX Swiss Ex) is a leading global technology company that energizes the transformation of society and industry to achieve a more productive, sustainable future. By connecting software to its electrification, robotics, automation and motion portfolio, ABB pushes the boundaries of technology to drive performance to new levels. With a history of excellence stretching back more than 130 years, ABB’s success is driven by about 105,000 talented employees in over 100 countries.

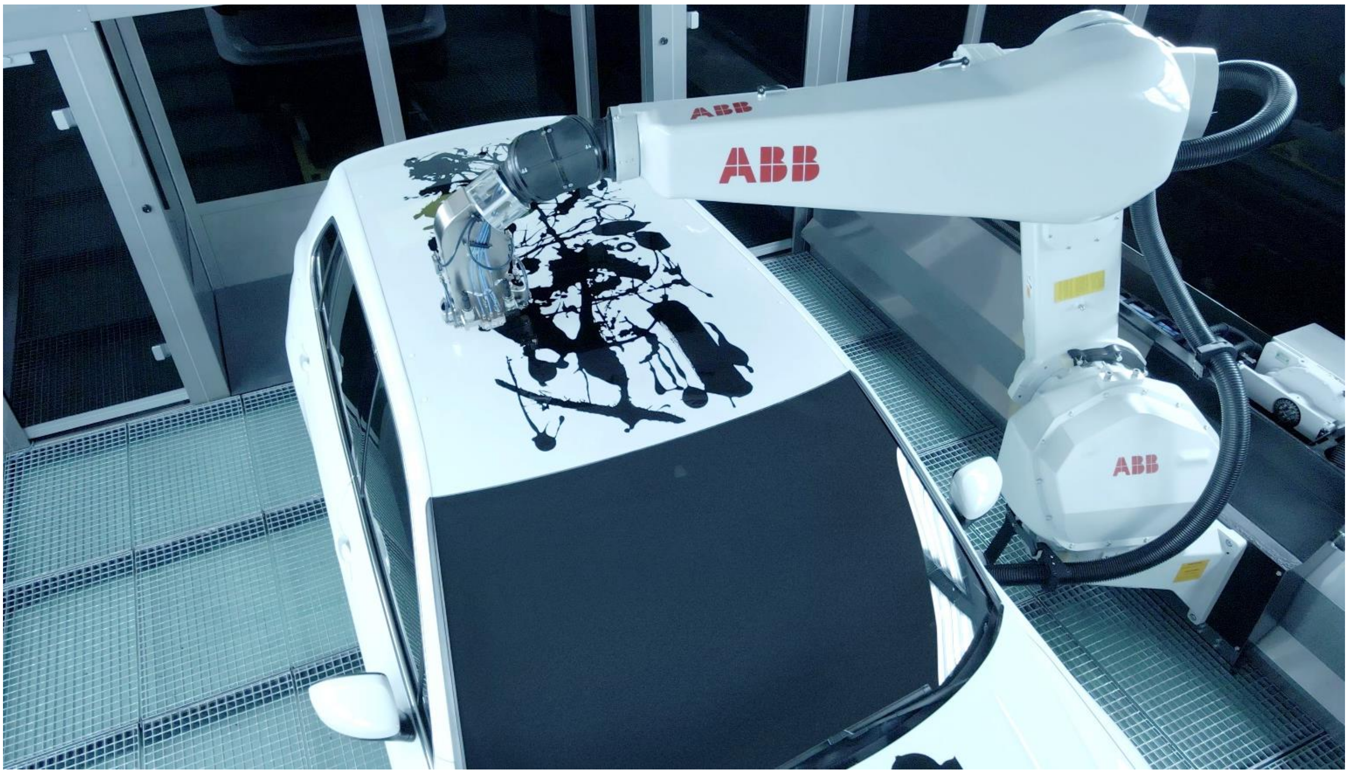
October 20, 2022

Q3 2022

Financial information

Financial Information

Contents



Key Figures

($ in millions, unless otherwise indicated)	Q3 2022	Q3 2021	CHANGE US$	CHANGE Comparable[1]
Orders	8,188	7,866	4%	16%
Order backlog (end September)	19,393	16,012	21%	35%
Revenues	7,406	7,028	5%	18%
Gross Profit	2,481	2,294	8%	
as % of revenues	33.5%	32.6%	+0.9 pts	
Income from operations	708	852	-17%	
Operational EBITA[1]	1,231	1,062	16%	27%[2]
as % of operational revenues[1]	16.6%	15.1%	+1.5 pts	
Income from continuing operations, net of tax	420	687	-39%	
Net income attributable to ABB	360	652	-45%	
Basic earnings per share ($)	0.19	0.33	-41%[3]	
Cash flow from operating activities[4]	791	1,104	-28%	
Cash flow from operating activities in continuing operations	793	1,119	-29%	

($ in millions, unless otherwise indicated)	9M 2022	9M 2021	CHANGE US$	CHANGE Comparable[1]
Orders	26,368	23,611	12%	22%
Revenues	21,622	21,378	1%	10%
Gross Profit	7,052	7,070	0%	
as % of revenues	32.6%	33.1%	-0.5 pts	
Income from operations	2,152	2,743	-22%	
Operational EBITA[1]	3,364	3,134	7%	15%[2]
as % of operational revenues[1]	15.5%	14.6%	+0.9 pts	
Income from continuing operations, net of tax	1,469	2,027	-28%	
Net income attributable to ABB	1,343	1,906	-30%	
Basic earnings per share ($)	0.70	0.95	-26%[3]	
Cash flow from operating activities[4]	600	2,310	-74%	
Cash flow from operating activities in continuing operations	614	2,305	n.a.	

(1) For a reconciliation of non-GAAP measures see "Supplemental Reconciliations and Definitions" on page 35.
(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)		Q3 2022	Q3 2021	CHANGE US$	CHANGE Local	CHANGE Comparable
Orders	**ABB Group**	**8,188**	**7,866**	**4%**	**13%**	**16%**
	Electrification	3,902	3,519	11%	20%	20%
	Motion	1,966	1,909	3%	12%	24%
	Process Automation	1,568	1,670	-6%	3%	3%
	Robotics & Discrete Automation	901	935	-4%	8%	7%
	Corporate and Other (incl. intersegment eliminations)	(149)	(167)			
Order backlog (end September)	**ABB Group**	**19,393**	**16,012**	**21%**	**34%**	**35%**
	Electrification	6,805	5,246	30%	41%	41%
	Motion	4,613	3,717	24%	39%	42%
	Process Automation	6,006	6,021	0%	11%	11%
	Robotics & Discrete Automation	2,659	1,619	64%	87%	87%
	Corporate and Other (incl. intersegment eliminations)	(690)	(591)			
Revenues	**ABB Group**	**7,406**	**7,028**	**5%**	**15%**	**18%**
	Electrification	3,584	3,196	12%	22%	22%
	Motion	1,702	1,673	2%	11%	23%
	Process Automation	1,458	1,507	-3%	6%	6%
	Robotics & Discrete Automation	828	813	2%	13%	13%
	Corporate and Other (incl. intersegment eliminations)	(166)	(161)			
Income from operations	**ABB Group**	**708**	**852**			
	Electrification	631	434			
	Motion	291	244			
	Process Automation	154	183			
	Robotics & Discrete Automation	81	68			
	Corporate and Other (incl. intersegment eliminations)	(449)	(77)			
Income from operations %	**ABB Group**	**9.6%**	**12.1%**			
	Electrification	17.6%	13.6%			
	Motion	17.1%	14.6%			
	Process Automation	10.6%	12.1%			
	Robotics & Discrete Automation	9.8%	8.4%			
Operational EBITA	**ABB Group**	**1,231**	**1,062**	**16%**	**27%**	
	Electrification	647	511	27%	41%	
	Motion	305	291	5%	15%	
	Process Automation	225	207	9%	20%	
	Robotics & Discrete Automation	106	90	18%	36%	
	Corporate and Other (incl. intersegment eliminations)	(52)	(37)			
Operational EBITA %	**ABB Group**	**16.6%**	**15.1%**			
	Electrification	18.0%	15.9%			
	Motion	17.8%	17.4%			
	Process Automation	15.3%	13.7%			
	Robotics & Discrete Automation	12.8%	11.1%			
Cash flow from operating activities	**ABB Group**	**791**	**1,104**			
	Electrification	651	636			
	Motion	268	399			
	Process Automation	217	231			
	Robotics & Discrete Automation	82	56			
	Corporate and Other (incl. intersegment eliminations)	(425)	(203)			
	Discontinued operations	(2)	(15)			

($ in millions, unless otherwise indicated)		9M 2022	9M 2021	CHANGE US$	Local	Comparable
Orders	**ABB Group**	**26,368**	**23,611**	**12%**	**19%**	**22%**
	Electrification	12,336	10,743	15%	22%	22%
	Motion	6,247	5,773	8%	15%	27%
	Process Automation	5,079	4,881	4%	11%	11%
	Robotics & Discrete Automation	3,318	2,744	21%	30%	29%
	Corporate and Other (incl. intersegment eliminations)	(612)	(530)			
Order backlog (end September)	**ABB Group**	**19,393**	**16,012**	**21%**	**34%**	**35%**
	Electrification	6,805	5,246	30%	41%	41%
	Motion	4,613	3,717	24%	39%	42%
	Process Automation	6,006	6,021	0%	11%	11%
	Robotics & Discrete Automation	2,659	1,619	64%	87%	87%
	Corporate and Other (incl. intersegment eliminations)	(690)	(591)			
Revenues	**ABB Group**	**21,622**	**21,378**	**1%**	**7%**	**10%**
	Electrification	10,442	9,742	7%	14%	14%
	Motion	4,900	5,190	-6%	1%	11%
	Process Automation	4,493	4,454	1%	8%	8%
	Robotics & Discrete Automation	2,290	2,498	-8%	-1%	-2%
	Corporate and Other (incl. intersegment eliminations)	(503)	(506)			
Income from operations	**ABB Group**	**2,152**	**2,743**			
	Electrification	1,602	1,423			
	Motion	776	812			
	Process Automation	480	520			
	Robotics & Discrete Automation	146	224			
	Corporate and Other (incl. intersegment eliminations)	(852)	(236)			
Income from operations %	**ABB Group**	**10.0%**	**12.8%**			
	Electrification	15.3%	14.6%			
	Motion	15.8%	15.6%			
	Process Automation	10.7%	11.7%			
	Robotics & Discrete Automation	6.4%	9.0%			
Operational EBITA	**ABB Group**	**3,364**	**3,134**	**7%**	**15%**	
	Electrification	1,756	1,614	9%	18%	
	Motion	845	905	-7%	-1%	
	Process Automation	645	554	16%	26%	
	Robotics & Discrete Automation	215	291	-26%	-17%	
	Corporate and Other (incl. intersegment eliminations)	(97)	(230)			
Operational EBITA %	**ABB Group**	**15.5%**	**14.6%**			
	Electrification	16.8%	16.5%			
	Motion	17.2%	17.4%			
	Process Automation	14.2%	12.4%			
	Robotics & Discrete Automation	9.4%	11.7%			
Cash flow from operating activities	**ABB Group**	**600**	**2,310**			
	Electrification	1,083	1,466			
	Motion	507	946			
	Process Automation	470	692			
	Robotics & Discrete Automation	109	245			
	Corporate and Other (incl. intersegment eliminations)	(1,555)	(1,044)			
	Discontinued operations	(14)	5			

Operational EBITA

($ in millions, unless otherwise indicated)	ABB Q3 22	ABB Q3 21	Electrification Q3 22	Electrification Q3 21	Motion Q3 22	Motion Q3 21	Process Automation Q3 22	Process Automation Q3 21	Robotics & Discrete Automation Q3 22	Robotics & Discrete Automation Q3 21
Revenues	**7,406**	**7,028**	**3,584**	**3,196**	**1,702**	**1,673**	**1,458**	**1,507**	**828**	**813**
Foreign exchange/commodity timing differences in total revenues	23	23	3	11	9	4	14	9	(1)	(1)
Operational revenues	**7,429**	**7,051**	**3,587**	**3,207**	**1,711**	**1,677**	**1,472**	**1,516**	**827**	**812**
Income from operations	**708**	**852**	**631**	**434**	**291**	**244**	**154**	**183**	**81**	**68**
Acquisition-related amortization	55	62	28	30	8	10	1	1	19	21
Restructuring, related and implementation costs(1)	20	28	8	11	3	13	1	2	6	1
Changes in obligations related to divested businesses	–	10	–	–	–	–	–	–	–	–
Changes in pre-acquisition estimates	1	(14)	1	(14)	–	–	–	–	–	–
Gains and losses from sale of businesses	–	–	(1)	–	1	–	–	–	–	–
Acquisition- and divestment-related expenses and integration costs	62	44	3	18	4	12	53	13	1	1
Other income/expense relating to the Power Grids joint venture	30	15	–	–	–	–	–	–	–	–
Certain other non-operational items	350	17	(16)	2	–	–	–	1	1	–
Foreign exchange/commodity timing differences in income from operations	5	48	(7)	30	(2)	12	16	7	(2)	(1)
Operational EBITA	**1,231**	**1,062**	**647**	**511**	**305**	**291**	**225**	**207**	**106**	**90**
Operational EBITA margin (%)	**16.6%**	**15.1%**	**18.0%**	**15.9%**	**17.8%**	**17.4%**	**15.3%**	**13.7%**	**12.8%**	**11.1%**

($ in millions, unless otherwise indicated)	ABB 9M 22	ABB 9M 21	Electrification 9M 22	Electrification 9M 21	Motion 9M 22	Motion 9M 21	Process Automation 9M 22	Process Automation 9M 21	Robotics & Discrete Automation 9M 22	Robotics & Discrete Automation 9M 21
Revenues	**21,622**	**21,378**	**10,442**	**9,742**	**4,900**	**5,190**	**4,493**	**4,454**	**2,290**	**2,498**
Foreign exchange/commodity timing differences in total revenues	90	43	15	23	8	12	45	10	5	(2)
Operational revenues	**21,712**	**21,421**	**10,457**	**9,765**	**4,908**	**5,202**	**4,538**	**4,464**	**2,295**	**2,496**
Income from operations	**2,152**	**2,743**	**1,602**	**1,423**	**776**	**812**	**480**	**520**	**146**	**224**
Acquisition-related amortization	174	191	89	88	23	36	3	3	59	62
Restructuring, related and implementation costs(1)	300	81	18	32	11	18	6	15	9	6
Changes in obligations related to divested businesses	(17)	16	–	–	–	–	–	–	–	–
Changes in pre-acquisition estimates	–	(6)	2	(6)	–	–	–	–	(2)	–
Gains and losses from sale of businesses	4	(9)	(1)	4	5	(1)	–	(13)	–	–
Acquisition- and divestment-related expenses and integration costs	171	74	32	36	12	19	122	17	4	1
Other income/expense relating to the Power Grids joint venture	67	34	–	–	–	–	–	–	–	–
Certain other non-operational items	413	(58)	(24)	(13)	–	1	–	3	2	–
Foreign exchange/commodity timing differences in income from operations	100	68	38	50	18	20	34	9	(3)	(2)
Operational EBITA	**3,364**	**3,134**	**1,756**	**1,614**	**845**	**905**	**645**	**554**	**215**	**291**
Operational EBITA margin (%)	**15.5%**	**14.6%**	**16.8%**	**16.5%**	**17.2%**	**17.4%**	**14.2%**	**12.4%**	**9.4%**	**11.7%**

(1) Includes impairment of certain assets.

Depreciation and Amortization

($ in millions)	ABB		Electrification		Motion		Process Automation		Robotics & Discrete Automation	
	Q3 22	Q3 21	Q3 22	Q3 21	Q3 22	Q3 21	Q3 22	Q3 21	Q3 22	Q3 21
Depreciation	129	142	64	70	25	30	17	21	16	15
Amortization	69	78	35	37	8	11	2	3	19	22
including total acquisition-related amortization of:	55	62	28	30	8	10	1	1	19	21

($ in millions)	ABB		Electrification		Motion		Process Automation		Robotics & Discrete Automation	
	9M 22	9M 21	9M 22	9M 21	9M 22	9M 21	9M 22	9M 21	9M 22	9M 21
Depreciation	401	434	198	202	78	94	51	59	46	43
Amortization	214	243	107	113	26	40	8	9	60	64
including total acquisition-related amortization of:	174	191	89	88	23	36	3	3	59	62

Orders received and revenues by region

($ in millions, unless otherwise indicated)	Orders received		CHANGE			Revenues		CHANGE		
	Q3 22	Q3 21	US$	Local	Com-parable	Q3 22	Q3 21	US$	Local	Com-parable
Europe	2,682	2,663	1%	20%	20%	2,494	2,525	-1%	18%	18%
The Americas	2,980	2,580	16%	17%	25%	2,452	2,161	13%	14%	23%
of which United States	2,294	1,934	19%	19%	29%	1,796	1,610	12%	12%	22%
Asia, Middle East and Africa	2,526	2,623	-4%	4%	4%	2,460	2,342	5%	13%	13%
of which China	1,165	1,260	-8%	-2%	-2%	1,300	1,209	7%	14%	14%
ABB Group	**8,188**	**7,866**	**4%**	**13%**	**16%**	**7,406**	**7,028**	**5%**	**15%**	**18%**

($ in millions, unless otherwise indicated)	Orders received		CHANGE			Revenues		CHANGE		
	9M 22	9M 21	US$	Local	Com-parable	9M 22	9M 21	US$	Local	Com-parable
Europe	9,174	8,719	5%	19%	19%	7,520	7,773	-3%	10%	10%
The Americas	8,927	7,300	22%	23%	32%	7,018	6,488	8%	8%	17%
of which United States	6,753	5,459	24%	24%	35%	5,124	4,818	6%	6%	17%
Asia, Middle East and Africa	8,267	7,592	9%	14%	14%	7,084	7,117	0%	4%	4%
of which China	4,112	3,781	9%	11%	11%	3,563	3,699	-4%	-1%	-1%
ABB Group	**26,368**	**23,611**	**12%**	**19%**	**22%**	**21,622**	**21,378**	**1%**	**7%**	**10%**

Consolidated Financial Information

ABB Ltd Consolidated Income Statements (unaudited)

($ in millions, except per share data in $)	Nine months ended Sep. 30, 2022	Nine months ended Sep. 30, 2021	Three months ended Sep. 30, 2022	Three months ended Sep. 30, 2021
Sales of products	17,946	17,644	6,184	5,770
Sales of services and other	3,676	3,734	1,222	1,258
Total revenues	**21,622**	**21,378**	**7,406**	**7,028**
Cost of sales of products	(12,439)	(12,089)	(4,217)	(3,981)
Cost of services and other	(2,131)	(2,219)	(708)	(753)
Total cost of sales	**(14,570)**	**(14,308)**	**(4,925)**	**(4,734)**
Gross profit	**7,052**	**7,070**	**2,481**	**2,294**
Selling, general and administrative expenses	(3,833)	(3,808)	(1,277)	(1,231)
Non-order related research and development expenses	(844)	(897)	(272)	(296)
Other income (expense), net	(223)	378	(224)	85
Income from operations	**2,152**	**2,743**	**708**	**852**
Interest and dividend income	50	37	17	11
Interest and other finance expense	(107)	(108)	(45)	(17)
Non-operational pension (cost) credit	102	130	34	42
Income from continuing operations before taxes	**2,197**	**2,802**	**714**	**888**
Income tax expense	(728)	(775)	(294)	(201)
Income from continuing operations, net of tax	**1,469**	**2,027**	**420**	**687**
Loss from discontinued operations, net of tax	(36)	(45)	(16)	(9)
Net income	**1,433**	**1,982**	**404**	**678**
Net income attributable to noncontrolling interests	(90)	(76)	(44)	(26)
Net income attributable to ABB	**1,343**	**1,906**	**360**	**652**
Amounts attributable to ABB shareholders:				
Income from continuing operations, net of tax	1,379	1,951	376	661
Loss from discontinued operations, net of tax	(36)	(45)	(16)	(9)
Net income	1,343	1,906	360	652
Basic earnings per share attributable to ABB shareholders:				
Income from continuing operations, net of tax	0.72	0.97	0.20	0.33
Loss from discontinued operations, net of tax	(0.02)	(0.02)	(0.01)	0.00
Net income	0.70	0.95	0.19	0.33
Diluted earnings per share attributable to ABB shareholders:				
Income from continuing operations, net of tax	0.72	0.96	0.20	0.33
Loss from discontinued operations, net of tax	(0.02)	(0.02)	(0.01)	0.00
Net income	0.70	0.94	0.19	0.32
Weighted-average number of shares outstanding (in millions) used to compute:				
Basic earnings per share attributable to ABB shareholders	1,909	2,011	1,882	2,001
Diluted earnings per share attributable to ABB shareholders	1,920	2,028	1,889	2,019

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

See Notes to the Consolidated Financial Information

ABB Ltd Condensed Consolidated Statements of Comprehensive Income (unaudited)

	Nine months ended		Three months ended	
($ in millions)	Sep. 30, 2022	Sep. 30, 2021	Sep. 30, 2022	Sep. 30, 2021
Total comprehensive income, net of tax	**778**	**1,722**	**70**	**516**
Total comprehensive income attributable to noncontrolling interests, net of tax	(61)	(81)	(35)	(26)
Total comprehensive income attributable to ABB shareholders, net of tax	**717**	**1,641**	**35**	**490**

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

See Notes to the Consolidated Financial Information

ABB Ltd Consolidated Balance Sheets (unaudited)

($ in millions)	Sep. 30, 2022	Dec. 31, 2021
Cash and equivalents	2,365	4,159
Restricted cash	323	30
Marketable securities and short-term investments	793	1,170
Receivables, net	6,695	6,551
Contract assets	955	990
Inventories, net	5,849	4,880
Prepaid expenses	261	206
Other current assets	519	573
Current assets held for sale and in discontinued operations	102	136
Total current assets	**17,862**	**18,695**
Restricted cash, non-current	–	300
Property, plant and equipment, net	3,735	4,045
Operating lease right-of-use assets	857	895
Investments in equity-accounted companies	1,557	1,670
Prepaid pension and other employee benefits	901	892
Intangible assets, net	1,386	1,561
Goodwill	10,285	10,482
Deferred taxes	1,353	1,177
Other non-current assets	497	543
Total assets	**38,433**	**40,260**
Accounts payable, trade	4,769	4,921
Contract liabilities	2,115	1,894
Short-term debt and current maturities of long-term debt	3,068	1,384
Current operating leases	215	230
Provisions for warranties	962	1,005
Other provisions	1,478	1,386
Other current liabilities	4,201	4,367
Current liabilities held for sale and in discontinued operations	286	381
Total current liabilities	**17,094**	**15,568**
Long-term debt	4,530	4,177
Non-current operating leases	666	689
Pension and other employee benefits	871	1,025
Deferred taxes	766	685
Other non-current liabilities	2,246	2,116
Non-current liabilities held for sale and in discontinued operations	17	43
Total liabilities	**26,190**	**24,303**
Commitments and contingencies		
Redeemable noncontrolling interest	85	–
Stockholders' equity:		
Common stock, CHF 0.12 par value		
(1,965 million and 2,053 million shares issued at September 30, 2022, and December 31, 2021, respectively)	171	178
Additional paid-in capital	9	22
Retained earnings	19,127	22,477
Accumulated other comprehensive loss	(4,715)	(4,088)
Treasury stock, at cost		
(90 million and 95 million shares at September 30, 2022, and December 31, 2021, respectively)	(2,770)	(3,010)
Total ABB stockholders' equity	**11,822**	**15,579**
Noncontrolling interests	336	378
Total stockholders' equity	**12,158**	**15,957**
Total liabilities and stockholders' equity	**38,433**	**40,260**

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)	Nine months ended Sep. 30, 2022	Nine months ended Sep. 30, 2021	Three months ended Sep. 30, 2022	Three months ended Sep. 30, 2021
Operating activities:				
Net income	1,433	1,982	404	678
Loss from discontinued operations, net of tax	36	45	16	9
Adjustments to reconcile net income (loss) to net cash provided by operating activities:				
Depreciation and amortization	615	677	198	220
Changes in fair values of investments	(39)	(114)	(24)	(1)
Pension and other employee benefits	(107)	(159)	(24)	(65)
Deferred taxes	(183)	82	(35)	(27)
Loss from equity-accounted companies	100	83	38	26
Net loss (gain) from derivatives and foreign exchange	44	99	(33)	55
Net loss (gain) from sale of property, plant and equipment	(64)	(22)	(9)	(7)
Other	65	61	(2)	32
Changes in operating assets and liabilities:				
Trade receivables, net	(657)	(182)	(36)	232
Contract assets and liabilities	353	(73)	101	74
Inventories, net	(1,667)	(692)	(584)	(399)
Accounts payable, trade	390	361	177	52
Accrued liabilities	52	336	307	283
Provisions, net	312	(79)	186	(19)
Income taxes payable and receivable	19	(92)	71	(36)
Other assets and liabilities, net	(88)	(8)	42	12
Net cash provided by operating activities – continuing operations	614	2,305	793	1,119
Net cash provided by (used in) operating activities – discontinued operations	(14)	5	(2)	(15)
Net cash provided by operating activities	**600**	**2,310**	**791**	**1,104**
Investing activities:				
Purchases of investments	(271)	(414)	(15)	(67)
Purchases of property, plant and equipment and intangible assets	(503)	(459)	(165)	(166)
Acquisition of businesses (net of cash acquired) and increases in cost- and equity-accounted companies	(226)	(227)	(47)	(199)
Proceeds from sales of investments	654	1,639	148	318
Proceeds from maturity of investments	–	80	–	–
Proceeds from sales of property, plant and equipment	85	36	19	13
Proceeds from sales of businesses (net of transaction costs and cash disposed) and cost- and equity-accounted companies	(8)	93	5	46
Net cash from settlement of foreign currency derivatives	(154)	(75)	(210)	(3)
Other investing activities	1	(25)	9	(11)
Net cash provided by (used in) investing activities – continuing operations	(422)	648	(256)	(69)
Net cash provided by (used in) investing activities – discontinued operations	(91)	(83)	–	(13)
Net cash provided by (used in) investing activities	**(513)**	**565**	**(256)**	**(82)**
Financing activities:				
Net changes in debt with original maturities of 90 days or less	1,475	213	284	(61)
Increase in debt	3,554	1,378	373	374
Repayment of debt	(2,025)	(763)	(542)	(13)
Delivery of shares	389	786	19	20
Purchase of treasury stock	(3,251)	(2,441)	(590)	(470)
Dividends paid	(1,698)	(1,726)	–	–
Dividends paid to noncontrolling shareholders	(83)	(91)	(7)	1
Other financing activities	(58)	(17)	(5)	(23)
Net cash used in financing activities – continuing operations	(1,697)	(2,661)	(468)	(172)
Net cash provided by financing activities – discontinued operations	–	–	–	–
Net cash used in financing activities	**(1,697)**	**(2,661)**	**(468)**	**(172)**
Effects of exchange rate changes on cash and equivalents and restricted cash	(191)	(75)	(115)	(41)
Net change in cash and equivalents and restricted cash	**(1,801)**	**139**	**(48)**	**809**
Cash and equivalents and restricted cash, beginning of period	4,489	3,901	2,736	3,231
Cash and equivalents and restricted cash, end of period	**2,688**	**4,040**	**2,688**	**4,040**
Supplementary disclosure of cash flow information:				
Interest paid	47	75	11	17
Income taxes paid	907	793	269	250

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, 2021	**188**	**83**	**22,946**	**(4,002)**	**(3,530)**	**15,685**	**314**	**15,999**
Comprehensive income:								
Net income			1,906			**1,906**	76	**1,982**
Foreign currency translation adjustments, net of tax of $2				(366)		**(366)**	5	**(361)**
Effect of change in fair value of available-for-sale securities, net of tax of $(3)				(10)		**(10)**		**(10)**
Unrecognized income (expense) related to pensions and other postretirement plans, net of tax of $10				114		**114**		**114**
Change in derivative instruments and hedges, net of tax of $0				(3)		**(3)**		**(3)**
Total comprehensive income						**1,641**	**81**	**1,722**
Changes in noncontrolling interests		(37)	(20)			**(57)**	55	**(2)**
Dividends to noncontrolling shareholders						**–**	(92)	**(92)**
Dividends to shareholders			(1,730)			**(1,730)**		**(1,730)**
Cancellation of treasury shares	(10)	(17)	(3,130)		3,157	**–**		**–**
Share-based payment arrangements		48				**48**		**48**
Purchase of treasury stock					(2,430)	**(2,430)**		**(2,430)**
Delivery of shares		(68)	(136)		990	**786**		**786**
Other		6				**6**		**6**
Balance at September 30, 2021	**178**	**16**	**19,837**	**(4,266)**	**(1,814)**	**13,951**	**358**	**14,309**
Balance at January 1, 2022	**178**	**22**	**22,477**	**(4,088)**	**(3,010)**	**15,579**	**378**	**15,957**
Comprehensive income:								
Net income			1,343			**1,343**	93	**1,436**
Foreign currency translation adjustments, net of tax of $1				(774)		**(774)**	(32)	**(806)**
Effect of change in fair value of available-for-sale securities, net of tax of $(6)				(24)		**(24)**		**(24)**
Unrecognized income (expense) related to pensions and other postretirement plans, net of tax of $57				172		**172**		**172**
Change in derivative instruments and hedges, net of tax of $3				–		**–**		**–**
Total comprehensive income						**717**	**61**	**778**
Changes in noncontrolling interests		(3)				**(3)**	(22)	**(25)**
Dividends to noncontrolling shareholders						**–**	(81)	**(81)**
Dividends to shareholders			(1,700)			**(1,700)**		**(1,700)**
Cancellation of treasury shares	(8)	(4)	(2,864)		2,876	**–**		**–**
Share-based payment arrangements		33				**33**		**33**
Purchase of treasury stock					(3,201)	**(3,201)**		**(3,201)**
Delivery of shares		(46)	(130)		565	**389**		**389**
Other		7				**7**		**7**
Balance at September 30, 2022	**171**	**9**	**19,127**	**(4,715)**	**(2,770)**	**11,822**	**336**	**12,158**

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 leading global technology company, connecting software to its electrification, robotics, automation and motion portfolio to drive performance to new levels.

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, 2021.

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:

- growth rates, discount rates and other assumptions used to determine impairment of long-lived assets and in testing goodwill for impairment,
- estimates to determine valuation allowances for deferred tax assets and amounts recorded for unrecognized tax benefits,
- assumptions used in determining inventory obsolescence and net realizable value,
- estimates and assumptions used in determining the initial fair value of retained noncontrolling interest and certain obligations in connection with divestments,
- estimates and assumptions used in determining the fair values of assets and liabilities assumed in business combinations,
- 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,
- estimates used to record expected costs for employee severance in connection with restructuring programs,
- 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,
- assumptions used in the calculation of pension and postretirement benefits and the fair value of pension plan assets, and
- assumptions and projections, principally related to future material, labor and project-related overhead costs, used in determining the percentage-of-completion on projects, as well as the amount of variable consideration the Company expects to be entitled to.

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.

Note 2
Recent accounting pronouncements

Applicable for current periods

Business Combinations — Accounting for contract assets and contract liabilities from contracts with customers

In January 2022, the Company early adopted a new accounting standard update, which provides guidance on the accounting for revenue contracts acquired in a business combination. The update requires contract assets and liabilities acquired in a business combination to be recognized and measured at the date of acquisition in accordance with the principles for recognizing revenues from contracts with customers. The Company has applied this accounting standard update prospectively starting with acquisitions closing after January 1, 2022.

Disclosures about government assistance

In January 2022, the Company adopted a new accounting standard update, which requires entities to disclose certain types of government assistance. Under the update, the Company is required to annually disclose (i) the type of the assistance received, including any significant terms and conditions, (ii) its related accounting policy, and (iii) the effect such transactions have on its financial statements. The Company has applied this accounting standard update prospectively. This update does not have a significant impact on the Company's consolidated financial statements.

Applicable for future periods

Facilitation of the effects of reference rate reform on financial reporting

In March 2020, an accounting standard update was issued 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. This update, along with clarifications outlined in a subsequent update issued in January 2021, can be adopted and applied no later than December 31, 2022, with early adoption permitted. The Company does not expect this update to have a significant impact on its consolidated financial statements.

Disclosure about supplier finance program obligations

In September 2022, an accounting standard update was issued which requires entities to disclose information related to supplier finance programs. Under the update, the Company is required to annually disclose (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. This update is effective for the Company retrospectively for all in-scope transactions for annual periods beginning January 1, 2023, with the exception of the rollforward disclosures, which are effective prospectively for annual periods beginning January 1, 2024, with early adoption permitted. The Company does not expect this update to have a significant impact on its consolidated financial statements.

Note 3
Discontinued operations and assets held for sale

Divestment of the Power Grids business

On July 1, 2020, the Company completed the sale of 80.1 percent of its Power Grids business to Hitachi Ltd (Hitachi). The transaction was executed through the sale of 80.1 percent of the shares of Hitachi Energy Ltd, formerly Hitachi ABB Power Grids Ltd ("Hitachi Energy"). Cash consideration received at the closing date was $9,241 million net of cash disposed. Further, for accounting purposes, the 19.9 percent ownership interest retained by the Company is deemed to have been both divested and reacquired at its fair value on July 1, 2020 (see Note 4).

At the date of the divestment, the Company recorded liabilities in discontinued operations for estimated future costs and other cash payments of $487 million for various contractual items relating to the sale of the business including required future cost reimbursements payable to Hitachi Energy, costs to be incurred by the Company for the direct benefit of Hitachi Energy, and an amount due to Hitachi Ltd in connection with the expected purchase price finalization of the closing debt and working capital balances. From the date of the disposal through September 30, 2022, $455 million of these liabilities had been paid and are reported as reductions in the cash consideration received, of which $91 million and $17 million was paid during the nine and three months ended September 30, 2022, respectively. In the nine and three months ended September 30, 2021, total cash payments made in connection with these liabilities amounted to $83 million and $13 million, respectively. At September 30, 2022, the remaining amount recorded was $55 million.

During the second quarter of 2022, the Company completed the legal title transfer of the remaining entities of Power Grids business to Hitachi Energy, resulting in the release of $12 million held in escrow and included in Current Restricted Cash at December 31, 2021.

Upon closing of the sale, the Company entered into various transition services agreements (TSAs). Pursuant to these TSAs, the Company and Hitachi Energy provide to each other, on an interim, transitional basis, various services. The services provided by the Company primarily include finance, information technology, human resources and certain other administrative services. Under the current terms, the TSAs will continue for up to 3 years, and can only be extended on an exceptional basis for business-critical services for an additional period which is reasonably necessary to avoid a material adverse impact on the business. In the nine and three months ended September 30, 2022, the Company has recognized within its continuing operations, general and administrative expenses incurred to perform the TSA, offset by $115 million and $39 million, respectively, in TSA-related income for such services that is reported in Other income (expense). In the nine and three months ended September 30, 2021, Other income (expense) included $127 million and $39 million, respectively, of TSA-related income for such services.

Discontinued operations

As a result of the sale of the Power Grids business, substantially all assets and liabilities related to Power Grids 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 this business were presented as discontinued operations and the assets and liabilities were presented as held for sale and in discontinued operations. After the date of sale, certain 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.

Amounts recorded in discontinued operations were as follows:

	Nine months ended		Three months ended	
($ in millions)	Sep. 30, 2022	Sep. 30, 2021	Sep. 30, 2022	Sep. 30, 2021
Expenses	(25)	(13)	(14)	(4)
Change to net gain recognized on sale of the Power Grids business	(11)	(32)	(2)	(5)
Loss from discontinued operations, net of tax	**(36)**	**(45)**	**(16)**	**(9)**

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. Changes to these retained obligations are also included in Loss from discontinued operations, net of tax, above.

The major components of assets and liabilities held for sale and in discontinued operations in the Company's Consolidated Balance Sheets are summarized as follows:

($ in millions)	Sep. 30, 2022[1]	Dec. 31, 2021[1]
Receivables, net	92	131
Other current assets	10	5
Current assets held for sale and in discontinued operations	**102**	**136**
Accounts payable, trade	49	71
Other liabilities	237	310
Current liabilities held for sale and in discontinued operations	**286**	**381**
Other non-current liabilities	17	43
Non-current liabilities held for sale and in discontinued operations	**17**	**43**

(1) At September 30, 2022, and December 31, 2021, the balances reported as held for sale and in discontinued operations pertain to Power Grids activities and other obligations which will remain with the Company until such time as the obligation is settled or the activities are fully wound down.

—

Note 4
Acquisitions and equity-accounted companies

Acquisition of controlling interests
Acquisitions of controlling interests were as follows:

	Nine months ended September 30,		Three months ended September 30,	
($ in millions, except number of acquired businesses)	2022	2021	2022	2021
Purchase price for acquisitions (net of cash acquired)[1]	150	216	12	190
Aggregate excess of purchase price over fair value of net assets acquired[2]	205	159	14	148
Number of acquired businesses	3	2	2	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 nine months ended September 30, 2022, relate primarily to the acquisition of InCharge Energy, Inc. (In-Charge) and in the nine months ended September 30, 2021, relate primarily to the acquisition of ASTI Mobile Robotics Group (ASTI).

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.

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.

On January 26, 2022, the Company increased its ownership in In-Charge to a 60 percent controlling interest through a stock purchase agreement. 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) in the nine months ended September 30, 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.

On August 2, 2021, the Company acquired the shares of ASTI. ASTI is headquartered in Burgos, Spain and is a global autonomous mobile robot (AMR) manufacturer. The resulting cash outflows for the Company amounted to $190 million (net of cash acquired of $7 million). The acquisition expands the Company's robotics and automation offering in its Robotics and Discrete Automation operating segment.

Investments in equity-accounted companies

In connection with the divestment of its Power Grids business to Hitachi (see Note 3), the Company retained a 19.9 percent interest in the business and obtained an option, exercisable with three-months' notice commencing April 2023, granting it the right to require Hitachi to purchase this investment at fair value, subject to a minimum floor price equivalent to a 10 percent discount compared to the price paid for the initial 80.1 percent. The Company has concluded that based on its continuing involvement with the Power Grids business, including membership in its governing board of directors, it has significant influence over Hitachi Energy. As a result, the investment (including the value of the option) is accounted for using the equity method.

Hitachi also holds a call option which would require the Company to sell the remaining 19.9 percent interest in Hitachi Energy at a price consistent with what was paid by Hitachi to acquire the initial 80.1 percent or at fair value, if higher. In September 2022, the Company and Hitachi agreed to sell the Company's remaining investment in Hitachi Energy and settle certain outstanding contractual obligations relating to the initial sale of the business, including certain indemnification guarantees (see Note #NCCC). The Company expects to receive approximately $1.5 billion of net proceeds in connection with the sale of the remaining investment in Hitachi Energy. The sale is planned to be completed in the fourth quarter of 2022.

At the date of the divestment of the Power Grids business, the fair value of Hitachi Energy exceeded the book value of the underlying net assets. At September 30, 2022, and December 31, 2021, the reported value of the investment in Hitachi Energy includes $1,375 million and $1,474 million, respectively, for the Company's 19.9 percent share of this basis difference. The Company amortizes its share of these differences over the estimated remaining useful lives of the underlying assets that gave rise to this difference, recording the amortization, net of related deferred tax benefit, as a reduction of income from equity-accounted companies. As of September 30, 2022, the Company determined that no impairment of its equity-accounted investments existed.

The carrying value of the Company's investments in equity-accounted companies and respective percentage of ownership is as follows:

	Ownership as of	Carrying value at	
($ in millions, except ownership share in %)	September 30, 2022	September 30, 2022	December 31, 2021
Hitachi Energy Ltd	19.9%	1,491	1,609
Others		66	61
Total		**1,557**	**1,670**

In the nine and three months ended September 30, 2022 and 2021, 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:

	Nine months ended September 30,		Three months ended September 30,	
($ in millions)	2022	2021	2022	2021
Income (loss) from equity-accounted companies, net of taxes	(34)	11	(24)	7
Basis difference amortization (net of deferred income tax benefit)	(66)	(94)	(14)	(33)
Loss from equity-accounted companies	**(100)**	**(83)**	**(38)**	**(26)**

Subsequent events

On September 7, 2022, the shareholders approved the spinoff of the Company's Turbocharging Division into an independent, publicly traded company, Accelleron Industries AG, which was completed through the distribution of common stock to the stockholders of ABB on October 3, 2022.

—

Note 5

Cash and equivalents, marketable securities and short-term investments

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

	September 30, 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	1,760			**1,760**	1,760	
Time deposits	947			**947**	928	19
Equity securities	340	4		**344**		344
	3,047	**4**	**–**	**3,051**	**2,688**	**363**
Changes in fair value recorded in other comprehensive income						
Debt securities available-for-sale:						
U.S. government obligations	270	1	(17)	**254**		254
European government obligations	13			**13**		13
Other government obligations	107			**107**		107
Corporate	64		(8)	**56**		56
	454	**1**	**(25)**	**430**	**–**	**430**
Total	**3,501**	**5**	**(25)**	**3,481**	**2,688**	**793**
Of which:						
Restricted cash, current					323	

	December 31, 2021					
($ 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	2,752			**2,752**	2,752	
Time deposits	2,037			**2,037**	1,737	300
Equity securities	569	18		**587**		587
	5,358	**18**	**–**	**5,376**	**4,489**	**887**
Changes in fair value recorded in other comprehensive income						
Debt securities available-for-sale:						
U.S. government obligations	203	7	(1)	**209**		209
Corporate	74	1	(1)	**74**		74
	277	**8**	**(2)**	**283**	**–**	**283**
Total	**5,635**	**26**	**(2)**	**5,659**	**4,489**	**1,170**
Of which:						
Restricted cash, current					30	
Restricted cash, non-current					300	

—

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)	September 30, 2022	December 31, 2021	September 30, 2021
Foreign exchange contracts	15,501	11,276	9,401
Embedded foreign exchange derivatives	864	815	881
Cross-currency interest rate swaps	781	906	926
Interest rate contracts	2,598	3,541	3,102

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		
		September 30, 2022	December 31, 2021	September 30, 2021
Copper swaps	metric tonnes	36,264	36,017	34,615
Silver swaps	ounces	2,787,909	2,842,533	2,593,338
Aluminum swaps	metric tonnes	6,925	7,125	6,700

Equity derivatives
At September 30, 2022, December 31, 2021, and September 30, 2021, the Company held 8 million, 9 million and 11 million cash-settled call options indexed to ABB Ltd shares (conversion ratio 5:1) with a total fair value of $11 million, $29 million and $25 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 nine and three months ended September 30, 2022 and 2021, 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:

		Nine months ended September 30,		Three months ended September 30,	
($ in millions)		2022	2021	2022	2021
Gains (losses) recognized in Interest and other finance expense:					
Interest rate contracts	Designated as fair value hedges	(83)	(40)	(28)	(13)
	Hedged item	85	41	29	13
Cross-currency interest rate swaps	Designated as fair value hedges	(125)	(27)	(31)	(2)
	Hedged item	119	25	29	1

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 designated as a hedge		Gains (losses) recognized in income			
		Nine months ended September 30,		Three months ended September 30,	
($ in millions)	**Location**	2022	2021	2022	2021
Foreign exchange contracts	Total revenues	(201)	(49)	(82)	(39)
	Total cost of sales	57	(24)	23	–
	SG&A expenses[(1)]	35	6	12	7
	Non-order related research and development	2	(2)	1	(1)
	Interest and other finance expense	(139)	(121)	(85)	(2)
Embedded foreign exchange contracts	Total revenues	12	(14)	7	(1)
	Total cost of sales	(12)	(3)	(10)	(1)
Commodity contracts	Total cost of sales	(72)	47	(21)	(16)
Other	Interest and other finance expense	4	–	1	(1)
Total		**(314)**	**(160)**	**(154)**	**(54)**

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

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

	September 30, 2022			
	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	1	–	5	5
Interest rate contracts	1	–	7	48
Cross-currency interest rate swaps	–	–	–	349
Cash-settled call options	11	–	–	–
Total	**13**	**–**	**12**	**402**
Derivatives not designated as hedging instruments:				
Foreign exchange contracts	161	26	199	21
Commodity contracts	3	–	45	–
Interest rate contracts	5	–	5	–
Embedded foreign exchange derivatives	27	4	15	11
Total	**196**	**30**	**264**	**32**
Total fair value	**209**	**30**	**276**	**434**

	December 31, 2021			
	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	–	–	3	5
Interest rate contracts	9	20	–	–
Cross currency swaps	–	–	–	109
Cash-settled call options	29	–	–	–
Total	**38**	**20**	**3**	**114**
Derivatives not designated as hedging instruments:				
Foreign exchange contracts	108	14	107	7
Commodity contracts	19	–	5	–
Interest rate contracts	1	–	2	–
Embedded foreign exchange derivatives	10	7	16	10
Total	**138**	**21**	**130**	**17**
Total fair value	**176**	**41**	**133**	**131**

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 September 30, 2022, and December 31, 2021, have been presented on a gross basis.

The Company’s netting agreements and other similar arrangements allow net settlements under certain conditions. At September 30, 2022, and December 31, 2021, information related to these offsetting arrangements was as follows:

($ in millions)	September 30, 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	208	(143)	–	–	**65**
Total	**208**	**(143)**	**–**	**–**	**65**

($ in millions)	September 30, 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	684	(143)	–	–	**541**
Total	**684**	**(143)**	**–**	**–**	**541**

($ in millions)	December 31, 2021				
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	200	(104)	–	–	**96**
Total	**200**	**(104)**	**–**	**–**	**96**

($ in millions)	December 31, 2021				
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	238	(104)	–	–	**134**
Total	**238**	**(104)**	**–**	**–**	**134**

—

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:

	September 30, 2022			
($ in millions)	Level 1	Level 2	Level 3	Total fair value
Assets				
Securities in “Marketable securities and short-term investments”:				
Equity securities		344		**344**
Debt securities—U.S. government obligations	254			**254**
Debt securities—European government obligations	13			**13**
Debt securities—Other government obligations		107		**107**
Debt securities—Corporate		56		**56**
Derivative assets—current in “Other current assets”		209		**209**
Derivative assets—non-current in “Other non-current assets”		30		**30**
Total	**267**	**746**	**–**	**1,013**
Liabilities				
Derivative liabilities—current in “Other current liabilities”		276		**276**
Derivative liabilities—non-current in “Other non-current liabilities”		434		**434**
Total	**–**	**710**	**–**	**710**

($ in millions)	Level 1	Level 2	Level 3	Total fair value
	December 31, 2021			
Assets				
Securities in “Marketable securities and short-term investments”:				
Equity securities		587		**587**
Debt securities—U.S. government obligations	209			**209**
Debt securities—Corporate		74		**74**
Derivative assets—current in “Other current assets”		176		**176**
Derivative assets—non-current in “Other non-current assets”		41		**41**
Total	**209**	**878**	**–**	**1,087**
Liabilities				
Derivative liabilities—current in “Other current liabilities”		133		**133**
Derivative liabilities—non-current in “Other non-current liabilities”		131		**131**
Total	**–**	**264**	**–**	**264**

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” and “Other non-current assets”: 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
The Company elects to record private equity investments without readily determinable fair values at cost, less impairment, adjusted by observable price changes. The Company reassesses at each reporting period whether these investments continue to qualify for this treatment. During the nine months ended September 30, 2022 and 2021, the Company recognized, in Other income (expense), net fair value gains of $56 million and $106 million, respectively, related to certain of its private equity investments based on observable market price changes for an identical or similar investment of the same issuer of which net gains of $26 million and $3 million were recognized in the three months ended September 30, 2022 and 2021, respectively. The fair values were determined using level 2 inputs. The carrying values of investments, carried at fair value on a non-recurring basis, at September 30, 2022, and December 31, 2021, totaled $90 million and $169 million, respectively.

Apart from the transactions above, there were no additional significant non-recurring fair value measurements during the nine months ended September 30, 2022 and 2021.

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	Level 1	Level 2	Level 3	Total fair value
		September 30, 2022			
Assets					
Cash and equivalents (excluding securities with original maturities up to 3 months):					
Cash	1,437	1,437			**1,437**
Time deposits	928		928		**928**
Restricted cash	323	323			**323**
Marketable securities and short-term investments (excluding securities):					
Time deposits	19		19		**19**
Liabilities					
Short-term debt and current maturities of long-term debt (excluding finance lease obligations)	3,038	987	2,051		**3,038**
Long-term debt (excluding finance lease obligations)	4,367	4,179	32		**4,211**

($ in millions)	Carrying value	December 31, 2021 Level 1	Level 2	Level 3	Total fair value
Assets					
Cash and equivalents (excluding securities with original maturities up to 3 months):					
Cash	2,422	2,422			**2,422**
Time deposits	1,737		1,737		**1,737**
Restricted cash	30	30			**30**
Marketable securities and short-term investments (excluding securities):					
Time deposits	300		300		**300**
Restricted cash, non-current	300	300			**300**
Liabilities					
Short-term debt and current maturities of long-term debt (excluding finance lease obligations)	1,357	1,288	69		**1,357**
Long-term debt (excluding finance lease obligations)	4,043	4,234	58		**4,292**

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, current and non-current, 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).

—

Note 8
Contract assets and liabilities

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

($ in millions)	September 30, 2022	December 31, 2021	September 30, 2021
Contract assets	955	990	1,139
Contract liabilities	2,115	1,894	1,940

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.

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, primarily for long-term projects. Contract liabilities are reduced as work is performed and as revenues are recognized. In addition to the amounts presented as Contract liabilities in the table above, $63 million are non-current and are included in Other non-current liabilities in the Balance Sheet.

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

	Nine months ended September 30,			
	2022		2021	
($ in millions)	Contract assets	Contract liabilities	Contract assets	Contract liabilities
Revenue recognized, which was included in the Contract liabilities balance at Jan 1, 2022/2021		(923)		(939)
Additions to Contract liabilities - excluding amounts recognized as revenue during the period		1,320		1,032
Receivables recognized that were included in the Contract asset balance at Jan 1, 2022/2021	(501)		(502)	

At September 30, 2022, the Company had unsatisfied performance obligations totaling $19,393 million and, of this amount, the Company expects to fulfill approximately 34 percent of the obligations in 2022, approximately 50 percent of the obligations in 2023 and the balance thereafter.

—

Note 9
Debt

The Company's total debt at September 30, 2022, and December 31, 2021, amounted to $7,598 million and $5,561 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)	September 30, 2022	December 31, 2021
Short-term debt	2,071	78
Current maturities of long-term debt	997	1,306
Total	**3,068**	**1,384**

Short-term debt primarily represented issued commercial paper and short-term bank borrowings from various banks. At September 30, 2022, $1,883 million was outstanding under the $2 billion Euro-commercial paper program and $109 million was outstanding under the $2 billion commercial paper program in the United States. At December 31, 2021, no amount was outstanding under either of these programs.

On May 9, 2022, the Company repaid on maturity its USD 1,250 million 2.875% Notes.

Long-term debt

The Company's long-term debt at September 30, 2022, and December 31, 2021, amounted to $4,530 million and $4,177 million, respectively.

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

	September 30, 2022				December 31, 2021			
(in millions)	Nominal outstanding		Carrying value(1)		Nominal outstanding		Carrying value(1)	
Bonds:								
2.875% USD Notes, due 2022					USD	1,250	$	1,258
0.625% EUR Instruments, due 2023	EUR	700	$	677	EUR	700	$	800
0% CHF Bonds, due 2023	CHF	275	$	280				
0.625% EUR Instruments, due 2024	EUR	700	$	660				
Floating Rate EUR Instruments, due 2024	EUR	500	$	490				
0.75% EUR Instruments, due 2024	EUR	750	$	705	EUR	750	$	860
0.3% CHF Bonds, due 2024	CHF	280	$	285	CHF	280	$	306
0.75% CHF Bonds, due 2027	CHF	425	$	433				
3.8% USD Notes, due 2028(2)	USD	383	$	381	USD	383	$	381
1.0% CHF Bonds, due 2029	CHF	170	$	173	CHF	170	$	186
0% EUR Notes, due 2030	EUR	800	$	620	EUR	800	$	862
4.375% USD Notes, due 2042(2)	USD	609	$	590	USD	609	$	589
Total			**$**	**5,294**			**$**	**5,242**

(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 March 2022, the Company issued the following CHF bonds: (i) CHF 275 million of zero interest bonds, due 2023, and (ii) CHF 425 million of bonds, due 2027 with a coupon of 0.75 percent payable annually in arrears. The aggregate net proceeds of these CHF bond issues, after discount and fees, amounted to CHF 699 million (equivalent to approximately $751 million on the date of issuance).

Also in March 2022, the Company issued the following EUR Instruments, both due in 2024, (i) EUR 700 million, paying interest annually in arrears at a fixed rate of 0.625 percent per annum, and (ii) EUR 500 million floating rate notes, paying interest quarterly in arrears at a variable rate of 70 basis points above the 3-month EURIBOR. In relation to these EUR Instruments, the Company recorded net proceeds (after the respective discount and premium, as well as fees) of EUR 1,203 million (equivalent to $1,335 million on the date of issuance).

Interest rate swaps have been used to modify the characteristics of the EUR 700 million Instruments, due 2024. After considering the impact of these interest rate swaps, these Instruments, effectively become floating rate obligations.

Subsequent events

On October 5, 2022, the Company issued the following CHF bonds: (i) CHF 150 million of 2.1 percent bonds, due 2025, and (ii) CHF 150 million of 2.375 percent bonds, due 2030 with interest payable annually in arrears. The aggregate net proceeds of these CHF bond issues, after discount and fees, amounted to CHF 299 million (equivalent to approximately $304 million on date of issuance).

—

Note 10
Commitments and contingencies

Contingencies—Regulatory, Compliance and Legal

Regulatory

As a result of an internal investigation, the Company self-reported to the Securities and Exchange Commission (SEC) and the Department of Justice (DoJ) in the United States as well as to the Serious Fraud Office (SFO) in the United Kingdom concerning certain of its past dealings with Unaoil and its subsidiaries, including alleged improper payments made by these entities to third parties. In May 2020, the SFO closed its investigation, which it originally announced in February 2017, as the case did not meet the relevant test for prosecution. The Company continues to cooperate with the U.S. authorities as requested. At this time, it is not possible for the Company to make an informed judgment about the outcome of this matter.

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 continues to cooperate fully with the authorities in their review of the Kusile project and discussions are progressing with them regarding a final settlement. Based on these discussions, the Company made a provision of approximately $325 million which was recorded in Other income (expense), net, in the three months ended September 30, 2022. The provision is not expected to be tax deductible. In addition, based on these discussions, the Company does not expect that it will be required to record any material additional provisions related to the resolution of these matters.

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 September 30, 2022, and December 31, 2021, the Company had aggregate liabilities of $413 million and $104 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)	September 30, 2022	December 31, 2021
Performance guarantees	3,700	4,540
Financial guarantees	54	52
Indemnification guarantees(1)	136	136
Total(2)	**3,890**	**4,728**

(1) Prior to September 2022 agreement (See Note 4), certain indemnifications provided to Hitachi in connection with the divestment of Power Grids were without limit.
(2) 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 September 30, 2022, and December 31, 2021, amounted to $148 million and $156 million, respectively, the majority of which is included in discontinued operations.

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 in 2017, the Company has entered into various performance guarantees with other parties with respect to certain liabilities of the divested business. At September 30, 2022, and December 31, 2021, the maximum potential payable under these guarantees amounts to $773 million and $911 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 Power Grids business sold on July 1, 2020 (see Note 3 for details). The performance and financial guarantees have been indemnified by Hitachi, at the same proportion of its ownership in Hitachi Energy Ltd (80.1 percent). 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 the guarantees at September 30, 2022, and December 31, 2021, is approximately $2.6 billion and $3.2 billion, respectively, and the carrying amounts of liabilities (recorded in discontinued operations) at both September 30, 2022, and December 31, 2021, amounted to $136 million, relating to the indemnification guarantees.

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 September 30, 2022, and December 31, 2021, the total outstanding performance bonds aggregated to $2.8 billion and $3.6 billion, respectively, of each of these amounts, $0.1 billion relates to discontinued operations. There have been no significant amounts reimbursed to financial institutions under these types of arrangements in the nine and three months ended September 30, 2022 and 2021.

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)	2022	2021
Balance at January 1,	**1,005**	**1,035**
Claims paid in cash or in kind	(122)	(176)
Net increase in provision for changes in estimates, warranties issued and warranties expired	173	190
Exchange rate differences	(94)	(35)
Balance at September 30,	**962**	**1,014**

—

Note 11
Employee benefits

The Company operates defined benefit pension plans, defined contribution pension plans, and termination indemnity plans, in accordance with local regulations and practices. 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			
Nine months ended September 30,	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
Operational pension cost:						
Service cost	40	45	26	31	–	–
Operational pension cost	**40**	**45**	**26**	**31**	**–**	**–**
Non-operational pension cost (credit):						
Interest cost	2	(3)	61	52	1	1
Expected return on plan assets	(87)	(88)	(113)	(133)	–	–
Amortization of prior service cost (credit)	(5)	(6)	(2)	(2)	(1)	(1)
Amortization of net actuarial loss	–	–	44	53	(2)	(2)
Curtailments, settlements and special termination benefits	–	–	–	(1)	–	–
Non-operational pension cost (credit)	**(90)**	**(97)**	**(10)**	**(31)**	**(2)**	**(2)**
Net periodic benefit cost (credit)	**(50)**	**(52)**	**16**	**–**	**(2)**	**(2)**

($ in millions)	Defined pension benefits				Other postretirement benefits	
	Switzerland		International			
Three months ended September 30,	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
Operational pension cost:						
Service cost	13	15	9	9	–	–
Operational pension cost	**13**	**15**	**9**	**9**	**–**	**–**
Non-operational pension cost (credit):						
Interest cost	1	(1)	18	15	–	–
Expected return on plan assets	(29)	(30)	(36)	(42)	–	–
Amortization of prior service cost (credit)	(1)	(1)	(1)	(1)	–	–
Amortization of net actuarial loss	–	–	14	18	–	(1)
Curtailments, settlements and special termination benefits	–	–	–	1	–	–
Non-operational pension cost (credit)	**(29)**	**(32)**	**(5)**	**(9)**	**–**	**(1)**
Net periodic benefit cost (credit)	**(16)**	**(17)**	**4**	**–**	**–**	**(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			
Nine months ended September 30,	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
Total contributions to defined benefit pension and other postretirement benefit plans	33	46	24	42	5	8
Of which, discretionary contributions to defined benefit pension plans	–	–	–	11	–	–

($ in millions)	Defined pension benefits				Other postretirement benefits	
	Switzerland		International			
Three months ended September 30,	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
Total contributions to defined benefit pension and other postretirement benefit plans	2	15	5	29	1	5
Of which, discretionary contributions to defined benefit pension plans	–	–	–	20	–	–

The Company expects to make contributions totaling approximately $86 million and $6 million to its defined pension plans and other postretirement benefit plans, respectively, for the full year 2022.

—

Note 12
Stockholder's equity

At the Annual General Meeting of Shareholders (AGM) on March 24, 2022, shareholders approved the proposal of the Board of Directors to distribute 0.82 Swiss francs per share to shareholders. The declared dividend amounted to $1,700 million, with the Company disbursing a portion in March and the remaining amounts in April.

In March 2022, the Company completed the share buyback program that was launched in April 2021. This program was executed on a second trading line on the SIX Swiss Exchange. Through this program, the Company purchased a total of 90 million shares for approximately $3.1 billion, of which 31 million shares were purchased in the first quarter of 2022 (resulting in an increase in Treasury stock of $1,089 million). At the 2022 AGM, shareholders approved the cancellation of 88 million shares which had been purchased under the share buyback programs launched in July 2020 and April 2021. The cancellation was completed in the second quarter of 2022, resulting in a decrease in Treasury stock of $2,876 million and a corresponding total decrease in Capital stock, Additional paid-in capital and Retained Earnings.

Also in March 2022, the Company announced a new share buyback program of up to $3 billion. This program, which was launched in April 2022, is being executed on a second trading line on the SIX Swiss Exchange and is planned to run until the Company's 2023 AGM. Through this program, the Company purchased, from the program's launch in April 2022 to September 30, 2022, 50 million shares, resulting in an increase in Treasury stock of $1,452 million. At the 2023 AGM, the Company intends to request shareholder approval to cancel the shares purchased through this new program as well as those shares purchased under the program launched in April 2021 that were not proposed for cancellation at the 2022 AGM.

In addition to the share buyback programs, the Company purchased 20 million of its own shares on the open market in the nine months ended September 30, 2022, mainly for use in connection with its employee share plans, resulting in an increase in Treasury stock of $660 million.

In the nine months ended September 30, 2022, the Company delivered, out of treasury stock, 16 million shares in connection with its Management Incentive Plan.

—

Note 13
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

	Nine months ended September 30,		Three months ended September 30,	
($ in millions, except per share data in $)	**2022**	**2021**	**2022**	**2021**
Amounts attributable to ABB shareholders:				
Income from continuing operations, net of tax	1,379	1,951	376	661
Loss from discontinued operations, net of tax	(36)	(45)	(16)	(9)
Net income	**1,343**	**1,906**	**360**	**652**
Weighted-average number of shares outstanding (in millions)	**1,909**	**2,011**	**1,882**	**2,001**
Basic earnings per share attributable to ABB shareholders:				
Income from continuing operations, net of tax	0.72	0.97	0.20	0.33
Loss from discontinued operations, net of tax	(0.02)	(0.02)	(0.01)	0.00
Net income	**0.70**	**0.95**	**0.19**	**0.33**

Diluted earnings per share

	Nine months ended September 30,		Three months ended September 30,	
($ in millions, except per share data in $)	**2022**	**2021**	**2022**	**2021**
Amounts attributable to ABB shareholders:				
Income from continuing operations, net of tax	1,379	1,951	376	661
Loss from discontinued operations, net of tax	(36)	(45)	(16)	(9)
Net income	**1,343**	**1,906**	**360**	**652**
Weighted-average number of shares outstanding (in millions)	1,909	2,011	1,882	2,001
Effect of dilutive securities:				
Call options and shares	11	17	7	18
Adjusted weighted-average number of shares outstanding (in millions)	**1,920**	**2,028**	**1,889**	**2,019**
Diluted earnings per share attributable to ABB shareholders:				
Income from continuing operations, net of tax	0.72	0.96	0.20	0.33
Loss from discontinued operations, net of tax	(0.02)	(0.02)	(0.01)	0.00
Net income	**0.70**	**0.94**	**0.19**	**0.32**

—

Note 14

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, 2021	**(2,460)**	**17**	**(1,556)**	**(3)**	**(4,002)**
Other comprehensive (loss) income:					
Other comprehensive (loss) income before reclassifications	(361)	(10)	64	6	**(301)**
Amounts reclassified from OCI	–	–	50	(9)	**41**
Total other comprehensive (loss) income	**(361)**	**(10)**	**114**	**(3)**	**(260)**
Less:					
Amounts attributable to noncontrolling interests	5	–	–	–	**5**
Balance at September 30, 2021[(1)]	**(2,825)**	**7**	**(1,442)**	**(6)**	**(4,266)**

($ 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	(811)	(25)	148	(15)	**(703)**
Amounts reclassified from OCI	5	1	24	15	**45**
Total other comprehensive (loss) income	**(806)**	**(24)**	**172**	**–**	**(658)**
Less:					
Amounts attributable to noncontrolling interests	(32)	–	–	–	**(32)**
Balance at September 30, 2022[(1)]	**(3,767)**	**(22)**	**(917)**	**(8)**	**(4,715)**

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

The following table reflects amounts reclassified out of OCI in respect of Pension and other postretirement plan adjustments:

($ in millions)	Location of (gains) losses	Nine months ended September 30,		Three months ended September 30,	
Details about OCI components	**reclassified from OCI**	**2022**	**2021**	**2022**	**2021**
Foreign currency translation adjustments:					
Net loss on complete or substantially complete liquidations of foreign subsidiaries	Other income (expense), net	5	–	–	–
Pension and other postretirement plan adjustments:					
Amortization of prior service cost (credit)	Non-operational pension (cost) credit[(1)]	(8)	(9)	(2)	(2)
Amortization of net actuarial loss	Non-operational pension (cost) credit[(1)]	42	51	14	17
Net gain (loss) from settlements and curtailments	Non-operational pension (cost) credit[(1)]	–	(1)	–	1
Total before tax		**34**	**41**	**12**	**16**
Tax	Income tax expense	(10)	9	(3)	(3)
Amounts reclassified from OCI		**24**	**50**	**9**	**13**

The amounts in respect of Unrealized gains (losses) on available-for-sale securities and Derivative instruments and hedges were not significant for the nine and three months ended September 30, 2022 and 2021.

—

Note 15
Restructuring and related expenses

Other restructuring-related activities
In the nine and three months ended September 30, 2022 and 2021, the Company executed various other restructuring-related activities and incurred the following expenses:

	Nine months ended September 30,		Three months ended September 30,	
($ in millions)	**2022**	**2021**	**2022**	**2021**
Employee severance costs	64	44	21	11
Estimated contract settlement, loss order and other costs	205	15	3	3
Inventory and long-lived asset impairments	5	17	–	15
Total	**274**	**76**	**24**	**29**

Expenses associated with these activities are recorded in the following line items in the Consolidated Income Statements:

	Nine months ended September 30,		Three months ended September 30,	
($ in millions)	**2022**	**2021**	**2022**	**2021**
Total cost of sales	13	36	5	12
Selling, general and administrative expenses	39	10	11	5
Non-order related research and development expenses	2	–	–	–
Other income (expense), net	220	30	8	12
Total	**274**	**76**	**24**	**29**

During the second quarter of 2022, the Company completed a plan to fully exit its full train retrofit business by transferring the remaining contracts to a third party. The Company recorded $195 million of restructuring expenses in connection with this business exit primarily for contract settlement costs. Prior to exiting this business, the business was reported as part of the Company's non-core business activities within Corporate and Other.

At September 30, 2022, and December 31, 2021, $194 million and $212 million, respectively, were recorded for other restructuring-related liabilities and were included primarily in Other provisions.

—

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.

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 electric vehicle charging infrastructure, 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 seven operating Divisions: Distribution Solutions, Smart Power, Smart Buildings, E-Mobility, Installation Products, Power Conversion and Electrification 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, the Business Area combines domain expertise and technology to deliver the optimum solution for a wide range of applications in all industrial segments. In addition, the Business Area, 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, as well as, prior to its sale in November 2021, the Mechanical Power Transmission Division.

- Process Automation: develops and sells a broad range of industry-specific, integrated automation, electrification and digital systems and solutions, as well as digital solutions, lifecycle services, advanced industrial analytics and artificial intelligence applications and suites for the process, marine and hybrid industries. Products and solutions include control technologies, advanced process control software and manufacturing execution systems, sensing, measurement and analytical instrumentation, marine propulsion systems and turbochargers. In addition, the Business Area offers a comprehensive range of services ranging from repair to advanced services such as remote monitoring, preventive maintenance, asset performance management, emission monitoring and cybersecurity services. The products, systems and services are delivered through five operating Divisions: Energy Industries, Process Industries, Marine & Ports, Turbocharging, and Measurement & Analytics.

- Robotics & Discrete Automation: delivers its products, solutions and services through two operating Divisions: Robotics and Machine Automation. Robotics includes industrial robots, 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, 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),
- changes in estimates relating to opening balance sheets of acquired businesses (changes in pre-acquisition estimates),
- 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,
- other income/expense relating to the Power Grids joint venture,
- 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, certain asset write downs/impairments and certain other fair value changes, 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 nine and three months ended September 30, 2022 and 2021, as well as total assets at September 30, 2022, and December 31, 2021.

	Nine months ended September 30, 2022					
($ in millions)	Electrification	Motion	Process Automation	Robotics & Discrete Automation	Corporate and Other	Total
Geographical markets						
Europe	3,291	1,430	1,726	1,070	3	**7,520**
The Americas	3,929	1,574	1,135	377	3	**7,018**
of which: United States	2,870	1,307	681	267	–	**5,124**
Asia, Middle East and Africa	3,066	1,564	1,607	838	9	**7,084**
of which: China	1,530	888	498	646	1	**3,563**
	10,286	**4,568**	**4,468**	**2,285**	**15**	**21,622**
Product type						
Products	9,006	3,931	1,045	1,337	9	**15,328**
Systems	639	–	1,375	598	6	**2,618**
Services and other	641	637	2,048	350	–	**3,676**
	10,286	**4,568**	**4,468**	**2,285**	**15**	**21,622**
Third-party revenues	10,286	4,568	4,468	2,285	15	**21,622**
Intersegment revenues	156	332	25	5	(518)	**–**
Total revenues[1]	**10,442**	**4,900**	**4,493**	**2,290**	**(503)**	**21,622**

($ in millions)	Nine months ended September 30, 2021 Electrification	Motion	Process Automation	Robotics & Discrete Automation	Corporate and Other	Total
Geographical markets						
Europe	3,357	1,483	1,716	1,201	16	**7,773**
The Americas	3,312	1,832	1,010	331	3	**6,488**
of which: United States	2,465	1,540	577	236	–	**4,818**
Asia, Middle East and Africa	2,905	1,554	1,694	957	7	**7,117**
of which: China	1,577	861	547	714	–	**3,699**
	9,574	**4,869**	**4,420**	**2,489**	**26**	**21,378**
Product type						
Products	8,106	4,202	1,097	1,639	15	**15,059**
Systems	824	–	1,258	492	11	**2,585**
Services and other	644	667	2,065	358	–	**3,734**
	9,574	**4,869**	**4,420**	**2,489**	**26**	**21,378**
Third-party revenues	9,574	4,869	4,420	2,489	26	**21,378**
Intersegment revenues[(1)]	168	321	34	9	(532)	**–**
Total revenues[(2)]	**9,742**	**5,190**	**4,454**	**2,498**	**(506)**	**21,378**

($ in millions)	Three months ended September 30, 2022 Electrification	Motion	Process Automation	Robotics & Discrete Automation	Corporate and Other	Total
Geographical markets						
Europe	1,063	477	595	358	1	**2,494**
The Americas	1,398	545	368	139	2	**2,452**
of which: United States	1,021	454	221	101	–	**1,796**
Asia, Middle East and Africa	1,073	569	488	329	1	**2,460**
of which: China	523	323	189	264	1	**1,300**
	3,534	**1,591**	**1,451**	**826**	**4**	**7,406**
Product type						
Products	3,086	1,379	364	479	3	**5,311**
Systems	232	–	414	226	1	**873**
Services and other	216	212	673	121	–	**1,222**
	3,534	**1,591**	**1,451**	**826**	**4**	**7,406**
Third-party revenues	3,534	1,591	1,451	826	4	**7,406**
Intersegment revenues	50	111	7	2	(170)	**–**
Total revenues	**3,584**	**1,702**	**1,458**	**828**	**(166)**	**7,406**

($ in millions)	Three months ended September 30, 2021 Electrification	Motion	Process Automation	Robotics & Discrete Automation	Corporate and Other	Total
Geographical markets						
Europe	1,091	463	574	387	10	**2,525**
The Americas	1,091	609	352	107	2	**2,161**
of which: United States	810	511	214	75	–	**1,610**
Asia, Middle East and Africa	955	507	569	315	(4)	**2,342**
of which: China	524	284	171	231	–	**1,210**
	3,137	**1,579**	**1,495**	**809**	**8**	**7,028**
Product type						
Products	2,549	1,357	408	581	5	**4,900**
Systems	374	–	387	106	3	**870**
Services and other	214	222	700	122	–	**1,258**
	3,137	**1,579**	**1,495**	**809**	**8**	**7,028**
Third-party revenues	3,137	1,579	1,495	809	8	**7,028**
Intersegment revenues	59	94	12	4	(169)	**–**
Total revenues	**3,196**	**1,673**	**1,507**	**813**	**(161)**	**7,028**

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

($ in millions)	Nine months ended September 30, 2022	Nine months ended September 30, 2021	Three months ended September 30, 2022	Three months ended September 30, 2021
Operational EBITA:				
Electrification	1,756	1,614	647	511
Motion	845	905	305	291
Process Automation	645	554	225	207
Robotics & Discrete Automation	215	291	106	90
Corporate and Other				
– Non-core and divested businesses	8	(39)	(10)	(10)
– Corporate costs and Other Intersegment elimination	(105)	(191)	(42)	(27)
Total	**3,364**	**3,134**	**1,231**	**1,062**
Acquisition-related amortization	(174)	(191)	(55)	(62)
Restructuring, related and implementation costs(1)	(300)	(81)	(20)	(28)
Changes in obligations related to divested businesses	17	(16)	–	(10)
Changes in pre-acquisition estimates	–	6	(1)	14
Gains and losses from sale of businesses	(4)	9	–	–
Acquisition- and divestment-related expenses and integration costs	(171)	(74)	(62)	(44)
Other income/expense relating to the Power Grids joint venture	(67)	(34)	(30)	(15)
Foreign exchange/commodity timing differences in income from operations:				
Unrealized gains and losses on derivatives (foreign exchange, commodities, embedded derivatives)	(107)	(106)	(7)	(49)
Realized gains and losses on derivatives where the underlying hedged transaction has not yet been realized	(48)	5	(13)	(4)
Unrealized foreign exchange movements on receivables/payables (and related assets/liabilities)	55	33	15	5
Certain other non-operational items:				
Regulatory, compliance and legal costs	(333)	(3)	(329)	(1)
Business transformation costs(2)	(114)	(59)	(48)	(20)
Favorable resolution of an uncertain purchase price adjustment	–	5	–	5
Certain other fair value changes, including asset impairments	58	118	24	4
Other non-operational items	(24)	(3)	3	(5)
Income from operations	**2,152**	**2,743**	**708**	**852**
Interest and dividend income	50	37	17	11
Interest and other finance expense	(107)	(108)	(45)	(17)
Non-operational pension (cost) credit	102	130	34	42
Income from continuing operations before taxes	**2,197**	**2,802**	**714**	**888**

(1) Includes impairment of certain assets.
(2) Amount includes ABB Way process transformation costs of $98 million and $52 million for nine months ended September 30, 2022 and 2021, respectively, and $34 million and $19 million for the three months ended September 30, 2022 and 2021, respectively.

($ in millions)	Total assets(1) September 30, 2022	Total assets(1) December 31, 2021
Electrification	13,635	12,831
Motion	6,249	5,936
Process Automation	5,088	5,009
Robotics & Discrete Automation	4,626	4,860
Corporate and Other(2)	8,835	11,624
Consolidated	**38,433**	**40,260**

(1) Total assets are after intersegment eliminations and therefore reflect third-party assets only.
(2) At September 30, 2022, and December 31, 2021, respectively, Corporate and Other includes $102 million and $136 million of assets in the Power Grids business which is reported as discontinued operations (see Note 3). In addition, at September 30, 2022, and December 31, 2021, Corporate and Other includes $1,491 million and $1,609 million, respectively, related to the equity investment in Hitachi Energy Ltd (see Note 4).

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 nine and three months ended September 30, 2022.

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

	Q3 2022 compared to Q3 2021							
	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	11%	9%	0%	**20%**	12%	10%	0%	**22%**
Motion	3%	9%	12%	**24%**	2%	9%	12%	**23%**
Process Automation	-6%	9%	0%	**3%**	-3%	9%	0%	**6%**
Robotics & Discrete Automation	-4%	12%	0%	**8%**	2%	11%	0%	**13%**
ABB Group	**4%**	**9%**	**3%**	**16%**	**5%**	**10%**	**3%**	**18%**

	9M 2022 compared to 9M 2021							
	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	15%	7%	0%	**22%**	7%	7%	0%	**14%**
Motion	8%	7%	12%	**27%**	-6%	7%	10%	**11%**
Process Automation	4%	7%	0%	**11%**	1%	7%	0%	**8%**
Robotics & Discrete Automation	21%	9%	-1%	**29%**	-8%	7%	-1%	**-2%**
ABB Group	**12%**	**7%**	**3%**	**22%**	**1%**	**6%**	**3%**	**10%**

Regional comparable growth rate reconciliation

Regional comparable growth rate reconciliation for ABB Group - Quarter

	Q3 2022 compared to Q3 2021							
	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%	19%	0%	**20%**	-1%	19%	0%	**18%**
The Americas	16%	1%	8%	**25%**	13%	1%	9%	**23%**
of which: United States	19%	0%	10%	**29%**	12%	0%	10%	**22%**
Asia, Middle East and Africa	-4%	8%	0%	**4%**	5%	8%	0%	**13%**
of which: China	-8%	6%	0%	**-2%**	7%	7%	0%	**14%**
ABB Group	**4%**	**9%**	**3%**	**16%**	**5%**	**10%**	**3%**	**18%**

Regional comparable growth rate reconciliation by Business Area - Quarter

	Q3 2022 compared to Q3 2021							
	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	-8%	18%	0%	**10%**	-3%	19%	0%	**16%**
The Americas	33%	1%	0%	**34%**	28%	1%	0%	**29%**
of which: United States	38%	1%	0%	**39%**	26%	0%	0%	**26%**
Asia, Middle East and Africa	5%	8%	0%	**13%**	12%	8%	0%	**20%**
of which: China	-9%	5%	0%	**-4%**	0%	6%	0%	**6%**
Electrification	**11%**	**9%**	**0%**	**20%**	**12%**	**10%**	**0%**	**22%**

	Q3 2022 compared to Q3 2021							
	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	23%	22%	1%	**46%**	1%	20%	0%	**21%**
The Americas	-11%	1%	27%	**17%**	-9%	1%	30%	**22%**
of which: United States	-9%	0%	31%	**22%**	-9%	0%	33%	**24%**
Asia, Middle East and Africa	-1%	8%	1%	**8%**	15%	8%	2%	**25%**
of which: China	4%	6%	1%	**11%**	16%	8%	1%	**25%**
Motion	**3%**	**9%**	**12%**	**24%**	**2%**	**9%**	**12%**	**23%**

	Q3 2022 compared to Q3 2021							
	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	-8%	16%	0%	**8%**	3%	18%	0%	**21%**
The Americas	6%	3%	0%	**9%**	3%	3%	0%	**6%**
of which: United States	9%	1%	0%	**10%**	3%	0%	0%	**3%**
Asia, Middle East and Africa	-12%	8%	0%	**-4%**	-14%	6%	0%	**-8%**
of which: China	-16%	5%	0%	**-11%**	11%	7%	0%	**18%**
Process Automation	**-6%**	**9%**	**0%**	**3%**	**-3%**	**9%**	**0%**	**6%**

	Q3 2022 compared to Q3 2021							
	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%	18%	0%	**17%**	-7%	17%	-1%	**9%**
The Americas	11%	0%	0%	**11%**	30%	1%	0%	**31%**
of which: United States	15%	1%	0%	**16%**	34%	0%	0%	**34%**
Asia, Middle East and Africa	-13%	6%	0%	**-7%**	4%	7%	0%	**11%**
of which: China	-9%	5%	0%	**-4%**	14%	7%	0%	**21%**
Robotics & Discrete Automation	**-4%**	**12%**	**0%**	**8%**	**2%**	**11%**	**0%**	**13%**

Regional comparable growth rate reconciliation for ABB Group – Year to date

	9M 2022 compared to 9M 2021							
	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	5%	14%	0%	**19%**	-3%	13%	0%	**10%**
The Americas	22%	1%	9%	**32%**	8%	0%	9%	**17%**
of which: United States	24%	0%	11%	**35%**	6%	1%	10%	**17%**
Asia, Middle East and Africa	9%	5%	0%	**14%**	0%	4%	0%	**4%**
of which: China	9%	2%	0%	**11%**	-4%	3%	0%	**-1%**
ABB Group	**12%**	**7%**	**3%**	**22%**	**1%**	**6%**	**3%**	**10%**

Regional comparable growth rate reconciliation by Business Area – Year to date

	9M 2022 compared to 9M 2021							
	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	4%	15%	0%	**19%**	-2%	14%	0%	**12%**
The Americas	34%	1%	0%	**35%**	19%	0%	0%	**19%**
of which: United States	39%	1%	0%	**40%**	16%	0%	0%	**16%**
Asia, Middle East and Africa	4%	5%	0%	**9%**	5%	5%	0%	**10%**
of which: China	-2%	2%	0%	**0%**	-3%	3%	0%	**0%**
Electrification	**15%**	**7%**	**0%**	**22%**	**7%**	**7%**	**0%**	**14%**

	9M 2022 compared to 9M 2021							
	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	14%	16%	1%	**31%**	-3%	15%	0%	**12%**
The Americas	-3%	1%	33%	**31%**	-13%	0%	29%	**16%**
of which: United States	-1%	0%	37%	**36%**	-14%	0%	32%	**18%**
Asia, Middle East and Africa	14%	5%	1%	**20%**	0%	5%	1%	**6%**
of which: China	11%	2%	1%	**14%**	2%	3%	1%	**6%**
Motion	**8%**	**7%**	**12%**	**27%**	**-6%**	**7%**	**10%**	**11%**

	9M 2022 compared to 9M 2021							
	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	-10%	11%	0%	**1%**	0%	13%	0%	**13%**
The Americas	25%	3%	0%	**28%**	12%	2%	0%	**14%**
of which: United States	22%	0%	0%	**22%**	18%	0%	0%	**18%**
Asia, Middle East and Africa	5%	6%	0%	**11%**	-5%	5%	0%	**0%**
of which: China	6%	2%	0%	**8%**	-9%	3%	0%	**-6%**
Process Automation	**4%**	**7%**	**0%**	**11%**	**1%**	**7%**	**0%**	**8%**

	9M 2022 compared to 9M 2021							
	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	16%	15%	-2%	**29%**	-11%	12%	-1%	**0%**
The Americas	26%	1%	0%	**27%**	14%	0%	0%	**14%**
of which: United States	28%	0%	0%	**28%**	13%	0%	0%	**13%**
Asia, Middle East and Africa	26%	4%	0%	**30%**	-13%	4%	0%	**-9%**
of which: China	39%	2%	0%	**41%**	-10%	3%	0%	**-7%**
Robotics & Discrete Automation	**21%**	**9%**	**-1%**	**29%**	**-8%**	**7%**	**-1%**	**-2%**

Order backlog growth rate reconciliation

	September 30, 2022 compared to September 30, 2021			
Business Area	**US$ (as reported)**	**Foreign exchange impact**	**Portfolio changes**	**Comparable**
Electrification	30%	11%	0%	**41%**
Motion	24%	18%	0%	**42%**
Process Automation	0%	11%	0%	**11%**
Robotics & Discrete Automation	64%	23%	0%	**87%**
ABB Group	**21%**	**13%**	**1%**	**35%**

Other growth rate reconciliations

	Q3 2022 compared to Q3 2021							
	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	1%	9%	0%	**10%**	2%	9%	0%	**11%**
Motion	8%	12%	0%	**20%**	-5%	11%	0%	**6%**
Process Automation	1%	11%	0%	**12%**	-4%	10%	0%	**6%**
Robotics & Discrete Automation	-2%	13%	0%	**11%**	-2%	12%	0%	**10%**
ABB Group	**2%**	**11%**	**0%**	**13%**	**-3%**	**10%**	**0%**	**7%**

	9M 2022 compared to 9M 2021							
	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	7%	7%	0%	**14%**	0%	6%	0%	**6%**
Motion	9%	9%	0%	**18%**	-4%	7%	0%	**3%**
Process Automation	4%	8%	0%	**12%**	-1%	8%	0%	**7%**
Robotics & Discrete Automation	4%	9%	0%	**13%**	-3%	9%	0%	**6%**
ABB Group	**5%**	**8%**	**0%**	**13%**	**-2%**	**8%**	**0%**	**6%**

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),
- changes in estimates relating to opening balance sheets of acquired businesses (changes in pre-acquisition estimates),
- 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,
- other income/expense relating to the Power Grids joint venture,
- 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, certain asset write downs/impairments and certain other fair value changes, 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.

Other income/expense relating to the Power Grids joint venture

Other income/expense relating to the Power Grids joint venture consists of amounts recorded in Income from continuing operations before taxes relating to the divested Power Grids business including the income/loss under the equity method for the investment in Hitachi Energy Ltd. (Hitachi Energy), amortization of deferred brand income as well as changes in value of other obligations relating to the divestment.

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

	Nine months ended September 30,		Three months ended September 30,	
($ in millions)	2022	2021	2022	2021
Operational EBITA	**3,364**	**3,134**	**1,231**	**1,062**
Acquisition-related amortization	(174)	(191)	(55)	(62)
Restructuring, related and implementation costs(1)	(300)	(81)	(20)	(28)
Changes in obligations related to divested businesses	17	(16)	–	(10)
Changes in pre-acquisition estimates	–	6	(1)	14
Gains and losses from sale of businesses	(4)	9	–	–
Acquisition- and divestment-related expenses and integration costs	(171)	(74)	(62)	(44)
Other income/expense relating to the Power Grids joint venture	(67)	(34)	(30)	(15)
Certain other non-operational items	(413)	58	(350)	(17)
Foreign exchange/commodity timing differences in income from operations	(100)	(68)	(5)	(48)
Income from operations	**2,152**	**2,743**	**708**	**852**
Interest and dividend income	50	37	17	11
Interest and other finance expense	(107)	(108)	(45)	(17)
Non-operational pension (cost) credit	102	130	34	42
Income from continuing operations before taxes	**2,197**	**2,802**	**714**	**888**
Income tax expense	(728)	(775)	(294)	(201)
Income from continuing operations, net of tax	**1,469**	**2,027**	**420**	**687**
Loss from discontinued operations, net of tax	(36)	(45)	(16)	(9)
Net income	**1,433**	**1,982**	**404**	**678**

(1) Includes impairment of certain assets.

Reconciliation of Operational EBITA margin by business

($ in millions, unless otherwise indicated)	Three months ended September 30, 2022 Electrification	Motion	Process Automation	Robotics & Discrete Automation	Corporate and Other and Intersegment elimination	Consolidated
Total revenues	**3,584**	**1,702**	**1,458**	**828**	**(166)**	**7,406**
Foreign exchange/commodity timing differences in total revenues:						
Unrealized gains and losses on derivatives	12	14	14	3	2	**45**
Realized gains and losses on derivatives where the underlying hedged transaction has not yet been realized	3	–	9	–	–	**12**
Unrealized foreign exchange movements on receivables (and related assets)	(12)	(5)	(9)	(4)	(4)	**(34)**
Operational revenues	**3,587**	**1,711**	**1,472**	**827**	**(168)**	**7,429**
Income (loss) from operations	**631**	**291**	**154**	**81**	**(449)**	**708**
Acquisition-related amortization	28	8	1	19	(1)	**55**
Restructuring, related and implementation costs	8	3	1	6	2	**20**
Changes in pre-acquisition estimates	1	–	–	–	–	**1**
Gains and losses from sale of businesses	(1)	1	–	–	–	**–**
Acquisition- and divestment-related expenses and integration costs	3	4	53	1	1	**62**
Other income/expense relating to the Power Grids joint venture	–	–	–	–	30	**30**
Certain other non-operational items	(16)	–	–	1	365	**350**
Foreign exchange/commodity timing differences in income from operations:						
Unrealized gains and losses on derivatives (foreign exchange, commodities, embedded derivatives)	–	–	9	(1)	(1)	**7**
Realized gains and losses on derivatives where the underlying hedged transaction has not yet been realized	3	–	7	1	2	**13**
Unrealized foreign exchange movements on receivables/payables (and related assets/liabilities)	(10)	(2)	–	(2)	(1)	**(15)**
Operational EBITA	**647**	**305**	**225**	**106**	**(52)**	**1,231**
Operational EBITA margin (%)	**18.0%**	**17.8%**	**15.3%**	**12.8%**	**n.a.**	**16.6%**

In the three months ended September 30, 2022, Certain other non-operational items in the table above includes the following:

($ in millions, unless otherwise indicated)	Three months ended September 30, 2022 Electrification	Motion	Process Automation	Robotics & Discrete Automation	Corporate and Other	Consolidated
Certain other non-operational items:						
Regulatory, compliance and legal costs	–	–	–	–	329	**329**
Certain other fair values changes, including asset impairments	(26)	–	–	–	2	**(24)**
Business transformation costs[1]	13	–	–	–	35	**48**
Other non-operational items	(3)	–	–	1	(1)	**(3)**
Total	**(16)**	**–**	**–**	**1**	**365**	**350**

(1) Amounts include ABB Way process transformation costs of $34 million for the three months ended September 30, 2022.

	Three months ended September 30, 2021					
($ in millions, unless otherwise indicated)	Electrification	Motion	Process Automation	Robotics & Discrete Automation	Corporate and Other and Intersegment elimination	Consolidated
Total revenues	**3,196**	**1,673**	**1,507**	**813**	**(161)**	**7,028**
Foreign exchange/commodity timing differences in total revenues:						
Unrealized gains and losses on derivatives	15	4	5	–	(1)	**23**
Realized gains and losses on derivatives where the underlying hedged transaction has not yet been realized	3	1	5	–	(1)	**8**
Unrealized foreign exchange movements on receivables (and related assets)	(7)	(1)	(1)	(1)	2	**(8)**
Operational revenues	**3,207**	**1,677**	**1,516**	**812**	**(161)**	**7,051**
Income (loss) from operations	**434**	**244**	**183**	**68**	**(77)**	**852**
Acquisition-related amortization	30	10	1	21	–	**62**
Restructuring, related and implementation costs	11	13	2	1	1	**28**
Changes in obligations related to divested businesses	–	–	–	–	10	**10**
Changes in pre-acquisition estimates	(14)	–	–	–	–	**(14)**
Acquisition- and divestment-related expenses and integration costs	18	12	13	1	–	**44**
Other income/expense relating to the Power Grids joint venture	–	–	–	–	15	**15**
Certain other non-operational items	2	–	1	–	14	**17**
Foreign exchange/commodity timing differences in income from operations:						
Unrealized gains and losses on derivatives (foreign exchange, commodities, embedded derivatives)	34	14	5	–	(4)	**49**
Realized gains and losses on derivatives where the underlying hedged transaction has not yet been realized	1	(1)	2	–	2	**4**
Unrealized foreign exchange movements on receivables/payables (and related assets/liabilities)	(5)	(1)	–	(1)	2	**(5)**
Operational EBITA	**511**	**291**	**207**	**90**	**(37)**	**1,062**
Operational EBITA margin (%)	**15.9%**	**17.4%**	**13.7%**	**11.1%**	**n.a.**	**15.1%**

In the three months ended September 30, 2021, Certain other non-operational items in the table above includes the following:

	Three months ended September 30, 2021					
($ in millions, unless otherwise indicated)	Electrification	Motion	Process Automation	Robotics & Discrete Automation	Corporate and Other	Consolidated
Certain other non-operational items:						
Regulatory, compliance and legal costs	–	–	–	–	1	**1**
Certain other fair values changes, including asset impairments	3	–	–	–	(7)	**(4)**
Business transformation costs[(1)]	3	–	–	–	17	**20**
Favorable resolution of an uncertain purchase price adjustment	(5)	–	–	–	–	**(5)**
Other non-operational items	1	–	1	–	3	**5**
Total	**2**	**–**	**1**	**–**	**14**	**17**

(1) Amounts include ABB Way process transformation costs of $19 million for the three months ended September 30, 2021.

($ in millions, unless otherwise indicated)	Nine months ended September 30, 2022					
	Electrification	Motion	Process Automation	Robotics & Discrete Automation	Corporate and Other and Intersegment elimination	Consolidated
Total revenues	**10,442**	**4,900**	**4,493**	**2,290**	**(503)**	**21,622**
Foreign exchange/commodity timing differences in total revenues:						
Unrealized gains and losses on derivatives	36	17	50	14	5	**122**
Realized gains and losses on derivatives where the underlying hedged transaction has not yet been realized	13	2	11	–	27	**53**
Unrealized foreign exchange movements on receivables (and related assets)	(34)	(11)	(16)	(9)	(15)	**(85)**
Operational revenues	**10,457**	**4,908**	**4,538**	**2,295**	**(486)**	**21,712**
Income (loss) from operations	**1,602**	**776**	**480**	**146**	**(852)**	**2,152**
Acquisition-related amortization	89	23	3	59	–	**174**
Restructuring, related and implementation costs[(1)]	18	11	6	9	256	**300**
Changes in obligations related to divested businesses	–	–	–	–	(17)	**(17)**
Changes in pre-acquisition estimates	2	–	–	(2)	–	**–**
Gains and losses from sale of businesses	(1)	5	–	–	–	**4**
Acquisition- and divestment-related expenses and integration costs	32	12	122	4	1	**171**
Other income/expense relating to the Power Grids joint venture	–	–	–	–	67	**67**
Certain other non-operational items	(24)	–	–	2	435	**413**
Foreign exchange/commodity timing differences in income from operations:						
Unrealized gains and losses on derivatives (foreign exchange, commodities, embedded derivatives)	54	22	27	3	1	**107**
Realized gains and losses on derivatives where the underlying hedged transaction has not yet been realized	11	1	11	–	25	**48**
Unrealized foreign exchange movements on receivables/payables (and related assets/liabilities)	(27)	(5)	(4)	(6)	(13)	**(55)**
Operational EBITA	**1,756**	**845**	**645**	**215**	**(97)**	**3,364**
Operational EBITA margin (%)	**16.8%**	**17.2%**	**14.2%**	**9.4%**	**n.a.**	**15.5%**

(1) Includes impairment of certain assets.

In the nine months ended September 30, 2022, Certain other non-operational items in the table above includes the following:

($ in millions, unless otherwise indicated)	Nine months ended September 30, 2022					
	Electrification	Motion	Process Automation	Robotics & Discrete Automation	Corporate and Other	Consolidated
Certain other non-operational items:						
Regulatory, compliance and legal costs	–	–	–	–	333	**333**
Certain other fair values changes, including asset impairments	(57)	–	–	–	(1)	**(58)**
Business transformation costs[(1)]	15	–	–	–	99	**114**
Other non-operational items	18	–	–	2	4	**24**
Total	**(24)**	**–**	**–**	**2**	**435**	**413**

(1) Amounts include ABB Way process transformation costs of $98 million for the nine months ended September 30, 2022.

($ in millions, unless otherwise indicated)	Nine months ended September 30, 2021 Electrification	Motion	Process Automation	Robotics & Discrete Automation	Corporate and Other and Intersegment elimination	Consolidated
Total revenues	**9,742**	**5,190**	**4,454**	**2,498**	**(506)**	**21,378**
Foreign exchange/commodity timing differences in total revenues:						
Unrealized gains and losses on derivatives	37	17	19	5	3	**81**
Realized gains and losses on derivatives where the underlying hedged transaction has not yet been realized	2	1	(2)	(1)	(2)	**(2)**
Unrealized foreign exchange movements on receivables (and related assets)	(16)	(6)	(7)	(6)	(1)	**(36)**
Operational revenues	**9,765**	**5,202**	**4,464**	**2,496**	**(506)**	**21,421**
Income (loss) from operations	**1,423**	**812**	**520**	**224**	**(236)**	**2,743**
Acquisition-related amortization	88	36	3	62	2	**191**
Restructuring, related and implementation costs	32	18	15	6	10	**81**
Changes in obligations related to divested businesses	–	–	–	–	16	**16**
Changes in pre-acquisition estimates	(6)	–	–	–	–	**(6)**
Gains and losses from sale of businesses	4	(1)	(13)	–	1	**(9)**
Acquisition- and divestment-related expenses and integration costs	36	19	17	1	1	**74**
Other income/expense relating to the Power Grids joint venture	–	–	–	–	34	**34**
Certain other non-operational items	(13)	1	3	–	(49)	**(58)**
Foreign exchange/commodity timing differences in income from operations:						
Unrealized gains and losses on derivatives (foreign exchange, commodities, embedded derivatives)	63	26	17	1	(1)	**106**
Realized gains and losses on derivatives where the underlying hedged transaction has not yet been realized	–	–	(1)	(1)	(3)	**(5)**
Unrealized foreign exchange movements on receivables/payables (and related assets/liabilities)	(13)	(6)	(7)	(2)	(5)	**(33)**
Operational EBITA	**1,614**	**905**	**554**	**291**	**(230)**	**3,134**
Operational EBITA margin (%)	**16.5%**	**17.4%**	**12.4%**	**11.7%**	**n.a.**	**14.6%**

In the nine months ended September 30, 2021, Certain other non-operational items in the table above includes the following:

($ in millions, unless otherwise indicated)	Nine months ended September 30, 2021 Electrification	Motion	Process Automation	Robotics & Discrete Automation	Corporate and Other	Consolidated
Certain other non-operational items:						
Regulatory, compliance and legal costs	–	–	–	–	3	**3**
Certain other fair values changes, including asset impairments	(16)	–	–	–	(102)	**(118)**
Business transformation costs	7	–	–	–	52	**59**
Favorable resolution of an uncertain purchase price adjustment	(5)	–	–	–	–	**(5)**
Other non-operational items	1	1	3	–	(2)	**3**
Total	**(13)**	**1**	**3**	**–**	**(49)**	**(58)**

(1) Amounts include ABB Way process transformation costs of $52 million for the nine months ended September 30, 2021.

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)	September 30, 2022	December 31, 2021
Short-term debt and current maturities of long-term debt	3,068	1,384
Long-term debt	4,530	4,177
Total debt (gross debt)	**7,598**	**5,561**
Cash and equivalents	2,365	4,159
Restricted cash - current	323	30
Marketable securities and short-term investments	793	1,170
Restricted cash - non-current	–	300
Cash and marketable securities	**3,481**	**5,659**
Net debt (cash)	**4,117**	**(98)**

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)	September 30, 2022	December 31, 2021
Total stockholders' equity	12,158	15,957
Net debt (cash) (as defined above)	4,117	(98)
Net debt (cash) / Equity ratio	**0.34**	**-0.01**

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)	September 30, 2022	September 30, 2021
Income from operations for the three months ended:		
September 30, 2022 / 2021	708	852
June 30, 2022 / 2021	587	1,094
March 31, 2022 / 2021	857	797
December 31, 2021 / 2020	2,975	578
Depreciation and Amortization for the three months ended:		
September 30, 2022 / 2021	198	220
June 30, 2022 / 2021	207	230
March 31, 2022 / 2021	210	227
December 31, 2021 / 2020	216	229
EBITDA	**5,958**	**4,227**
Net debt (as defined above)	**4,117**	**1,898**
Net debt / EBITDA	**0.7**	**0.5**

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)	September 30, 2022	September 30, 2021
Net working capital:		
Receivables, net	6,695	6,728
Contract assets	955	1,139
Inventories, net	5,849	4,864
Prepaid expenses	261	217
Accounts payable, trade	(4,769)	(4,642)
Contract liabilities[1]	(2,178)	(1,940)
Other current liabilities[2]	(3,406)	(3,514)
Net working capital in assets and liabilities held for sale	–	68
Net working capital	**3,407**	**2,920**
Total revenues for the three months ended:		
September 30, 2022 / 2021	7,406	7,028
June 30, 2022 / 2021	7,251	7,449
March 31, 2022 / 2021	6,965	6,901
December 31, 2021 / 2020	7,567	7,182
Adjustment to annualize/eliminate revenues of certain acquisitions/divestments	(55)	40
Adjusted revenues for the trailing twelve months	**29,134**	**28,600**
Net working capital as a percentage of revenues (%)	**11.7%**	**10.2%**

(1) Amount includes certain amounts relating to contract liabilities that are presented in other non-current liabilities.

(2) Amounts exclude $795 million and $719 million at September 30, 2022 and 2021, 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 Mechanical Power Transmission Division (Dodge) 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)	September 30, 2022	December 31, 2021
Net cash provided by operating activities – continuing operations	**1,647**	**3,338**
Adjusted for the effects of continuing operations:		
Purchases of property, plant and equipment and intangible assets	(864)	(820)
Proceeds from sale of property, plant and equipment	142	93
Free cash flow from continuing operations	**925**	**2,611**
Net cash used in operating activities – discontinued operations	**(27)**	**(8)**
Free cash flow	**898**	**2,603**
Adjusted net income attributable to ABB(1)	**1,832**	**2,416**
Free cash flow conversion to net income	**49%**	**108%**

(1) Adjusted net income attributable to ABB for the year ended December 31, 2021, is adjusted to exclude the gain on the sale of Dodge of $2,195 million and reductions to the gain on the sale of Power Grids of $65 million.

Reconciliation of the trailing twelve months to September 30, 2022

	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	Purchases of property, plant and equipment and intangible assets	Proceeds from sale of property, plant and equipment	Adjusted net income attributable to ABB(1)
Q4 2021	1,033	(361)	57	(13)	–	–	478
Q1 2022	(564)	(187)	35	(9)	–	–	609
Q2 2022	385	(151)	31	(3)	–	–	383
Q3 2022	793	(165)	19	(2)	–	–	362
Total for the trailing twelve months to September 30, 2022	**1,647**	**(864)**	**142**	**(27)**	**–**	**–**	**1,832**

(1) Adjusted net income attributable to ABB for Q4 of 2021 as well as Q1, Q2 and Q3 of 2022, is adjusted to exclude reductions to the gain on the sale of Power Grids of $33 million, $5 million, $4 million and $2 million, respectively. In addition, Q4 2021 is also adjusted to exclude the gain on the sale of Dodge of $2,195 million.

Net finance expenses

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

Reconciliation

	Nine months ended September 30,		Three months ended September 30,	
($ in millions)	2022	2021	2022	2021
Interest and dividend income	50	37	17	11
Interest and other finance expense	(107)	(108)	(45)	(17)
Net finance expenses	**(57)**	**(71)**	**(28)**	**(6)**

Book-to-bill ratio

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

Reconciliation

	Nine months ended September 30,					
	2022			2021		
($ in millions, except Book-to-bill presented as a ratio)	Orders	Revenues	Book-to-bill	Orders	Revenues	Book-to-bill
Electrification	12,336	10,442	**1.18**	10,743	9,742	**1.10**
Motion	6,247	4,900	**1.27**	5,773	5,190	**1.11**
Process Automation	5,079	4,493	**1.13**	4,881	4,454	**1.10**
Robotics & Discrete Automation	3,318	2,290	**1.45**	2,744	2,498	**1.10**
Corporate and Other *(incl. intersegment eliminations)*	(612)	(503)	**n.a.**	(530)	(506)	**n.a.**
ABB Group	**26,368**	**21,622**	**1.22**	**23,611**	**21,378**	**1.10**

	Three months ended September 30,					
	2022			2021		
($ in millions, except Book-to-bill presented as a ratio)	Orders	Revenues	Book-to-bill	Orders	Revenues	Book-to-bill
Electrification	3,902	3,584	**1.09**	3,519	3,196	**1.10**
Motion	1,966	1,702	**1.16**	1,909	1,673	**1.14**
Process Automation	1,568	1,458	**1.08**	1,670	1,507	**1.11**
Robotics & Discrete Automation	901	828	**1.09**	935	813	**1.15**
Corporate and Other *(incl. intersegment eliminations)*	(149)	(166)	**n.a.**	(167)	(161)	**n.a.**
ABB Group	**8,188**	**7,406**	**1.11**	**7,866**	**7,028**	**1.12**

ABB Ltd

Corporate Communications
P.O. Box 8131
8050 Zurich
Switzerland
Tel: +41 (0)43 317 71 11

www.abb.com