

# Q4 2023

## Full year

### Press Release



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

ZURICH, SWITZERLAND, FEBRUARY 1, 2024

# Q4 2023 results

## Solid finish to a record year

### Q4 2023

- Orders \$7.6 billion, 0%; comparable<sup>1</sup> 0%
- Revenues \$8.2 billion, +5%; comparable +6%
- Income from operations \$1,116 million; margin 13.5%
- Operational EBITA<sup>1</sup> \$1,333 million; margin<sup>1</sup> 16.3%
- Basic EPS \$0.50, -18%<sup>2</sup>
- Cash flow from operating activities \$1,897 million; +176%

### FY 2023

- Orders \$33.8 billion, -1%; comparable<sup>1</sup> +3%
- Revenues \$32.2 billion, +9%; comparable +14%
- Income from operations \$4,871 million; margin 15.1%
- Operational EBITA<sup>1</sup> \$5,427 million; margin<sup>1</sup> 16.9%
- Basic EPS \$2.02, +55%<sup>2</sup>
- Cash flow from operating activities \$4,290 million; +233%
- Dividend proposal of CHF0.87 per share

### KEY FIGURES

(\$ millions, unless otherwise indicated)	CHANGE				CHANGE			
	Q4 2023	Q4 2022	US\$	Comparable <sup>1</sup>	FY 2023	FY 2022	US\$	Comparable <sup>1</sup>
Orders	7,649	7,620	0%	0%	33,818	33,988	-1%	3%
Revenues	8,245	7,824	5%	6%	32,235	29,446	9%	14%
Gross Profit	2,848	2,658	7%		11,214	9,710	15%	
as % of revenues	34.5%	34.0%	+0.5 pts		34.8%	33.0%	+1.8 pts	
Income from operations	1,116	1,185	-6%		4,871	3,337	46%	
Operational EBITA <sup>1</sup>	1,333	1,146	16%	13% <sup>3</sup>	5,427	4,510	20%	20% <sup>3</sup>
as % of operational revenues <sup>1</sup>	16.3%	14.8%	+1.5 pts		16.9%	15.3%	+1.6 pts	
Income from continuing operations, net of tax	946	1,168	-19%		3,848	2,637	46%	
Net income attributable to ABB	921	1,132	-19%		3,745	2,475	51%	
Basic earnings per share (\$)	0.50	0.61	-18% <sup>2</sup>		2.02	1.30	55% <sup>2</sup>	
Cash flow from operating activities <sup>4</sup>	1,897	687	176%		4,290	1,287	233%	

<sup>1</sup> For a reconciliation of non-GAAP measures, see "supplemental reconciliations and definitions" in the attached Q4 2023 Financial Information.

<sup>2</sup> EPS growth rates are computed using unrounded amounts.

<sup>3</sup> Constant currency (not adjusted for portfolio changes).

<sup>4</sup> Amount represents total for both continuing and discontinued operations.

“Our strong 2023 delivery was the result of both our leading market position in electrification and automation, as well as ABB being a more agile and efficient company in its execution. With our upgraded financial and sustainability targets we look to the future with confidence.”

Björn Rosengren, CEO



## CEO summary

The fourth quarter of 2023, was a solid end to a fantastic year. We improved operational performance and delivered a very strong cash flow year-on-year. We increased the annual return on capital employed (ROCE) by 460bps<sup>1</sup> to 21.1% and we are utilizing our strong balance sheet by recently signing seven small bolt-on acquisitions, with the majority adding additional embedded software and AI capabilities to our customer offerings. We delivered in line with our guidance, and I am pleased with the solid finish to the year.

Comparable order intake remained stable year-on-year, with increases noted in three out of four business areas. Most customer segments improved or remained stable, with softer demand noted mainly in residential construction and discrete automation, with the latter hampered by normalizing order patterns as well as by weakness in the robotics market. In tune with the historical fourth quarter pattern the book-to-bill ratio was below one, at 0.93, when revenues tend to be supported by end-of-the-year systems deliveries.

Revenues amounted to \$8,245 million and increased by 5% (6% comparable), supported by both higher volumes and contribution from earlier implemented price increases. Thanks to our ongoing focus on improving the quality of revenues, the gross margin improved by 50 basis points to 34.5%, contributing to the Operational EBITA margin improvement of 150 basis points to 16.3%. The contribution from mainly price and leverage on higher volumes clearly offset the impact mainly from higher labor costs. This represents the highest fourth quarter margin in recent history. The historical pattern of a sequentially softer fourth quarter margin repeated, as expected.

In the quarter we generated Cash flow from operating activities of \$1.9 billion. This contributed to Free Cash Flow of \$3.7 billion for the year, even stronger than what we originally expected.

In my view, the strong 2023 performance is evidence of ABB being a more efficient and agile company, but also of how demand for our offerings benefits from our leading position in markets accelerating the energy transition towards electrification and increased automation and

digitalization. We feel confident in future performance, which led us to raising our financial and sustainability targets at our Capital Markets Day in November. In short, we are targeting higher growth and higher returns while enabling a net zero world.

Looking to 2024, the geopolitical situation adds uncertainty, however we currently expect another year of good performance. We expect a positive book-to-bill and revenues to be supported by execution of parts of the \$21.6 billion order backlog. In the projects- and systems business we expect continued high customer activity, although we face high comparables from last year when large orders came through at a very high level. In total, order growth year-on-year should show stronger momentum in the latter part of the year when comparables ease. We expect to improve on comparable revenues as well as on Operational EBITA margin, and cash flow should benefit from continued strong operational performance and our continued focus on net working capital efficiency.

Considering the improving performance, robust cash flow and a solid balance sheet, the Board of Directors proposes an ordinary dividend of CHF0.87 per share, up from CHF 0.84 in the previous year. We also plan to continue utilizing share buybacks as a tool to return excess cash to shareholders also during 2024.



**Björn Rosengren**  
CEO

## Outlook

In the **first quarter of 2024**, we anticipate a low to mid-single digit comparable revenue growth and the Operational EBITA margin to remain stable or slightly improve year-on-year.

In **full-year 2024**, we expect a positive book-to-bill, comparable revenue growth to be about 5% and the Operational EBITA margin to slightly improve from the 2023 level of 16.9%.

## Orders and revenues

Orders were flat year-on-year (comparable 0%) at \$7,649 million, with strong contribution from large orders, including one in business area Process Automation for approximately \$150 million. This offset a mid-single digit order decline in the short-cycle businesses, year-on-year. Comparable orders increased in three business areas, while Robotics & Discrete Automation declined sharply as customers for machine automation continued the sequential trend of normalizing order patterns, and due to inventory adjustments in a declining robotics market. These inventory adjustments are expected to level off towards the end of the first quarter.

Orders increased in two out of the three regions. Americas was up by 3% (comparable 3%) driven by strong improvement of 5% (comparable 6%) in the United States. Asia, Middle East and Africa remained overall stable (up comparable 2%) where the strong development in countries like India and South Korea more than offset the decline in China of 8% (comparable 7%). Europe softened by 2% (comparable 5%) due mainly to a double-digit decline in Germany.

Orders in the automotive segment softened slightly year-on-year due to timing impacts for some larger orders. General industry and consumer-related robotics segments declined. The machine builder segment

declined as customers normalized order patterns in the face of shortening delivery lead times.

In transport & infrastructure, there were positive developments in marine, ports and renewables.

The buildings segment declined overall, weighed down by the residential construction segment where the quarterly pattern included stabilization in Europe and declines in China and the United States. The commercial construction segment was broadly stable, compared with last year, in the United States and Europe while China declined.

Demand in the process-related businesses was strong in most segments, with particular strength in the oil & gas segment. It held up well also for refining, petrochemicals and the energy-related low carbon segments. Pulp & paper remained stable.

Revenues amounted to \$8,245 million and the growth of 5% year-on-year (comparable 6%) was driven by both higher volumes and a positive price development. Execution of the strong order backlog supported revenue growth and more than offset weakness in parts of the short-cycle demand. Consequently, three out of four business areas improved comparable revenues, with only Robotics & Discrete Automation declining.

### Growth

Change year-on-year	Q4	Q4
	Orders	Revenues
Comparable	0%	6%
FX	1%	1%
Portfolio changes	-1%	-2%
<b>Total</b>	<b>0%</b>	<b>5%</b>

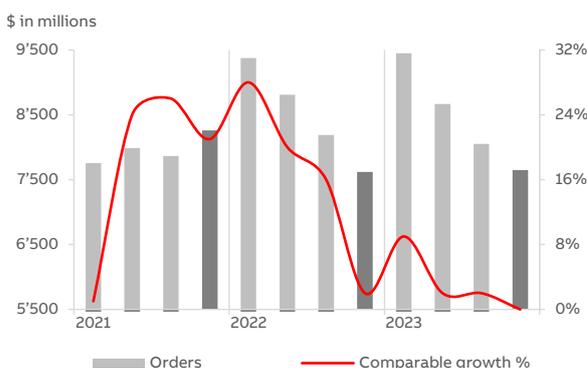
### Orders by region

(\$ in millions, unless otherwise indicated)	Q4 2023	Q4 2022	CHANGE	
			US\$	Comparable
Europe	2,554	2,604	-2%	-5%
The Americas	2,985	2,898	3%	3%
Asia, Middle East and Africa	2,110	2,118	0%	2%
<b>ABB Group</b>	<b>7,649</b>	<b>7,620</b>	<b>0%</b>	<b>0%</b>

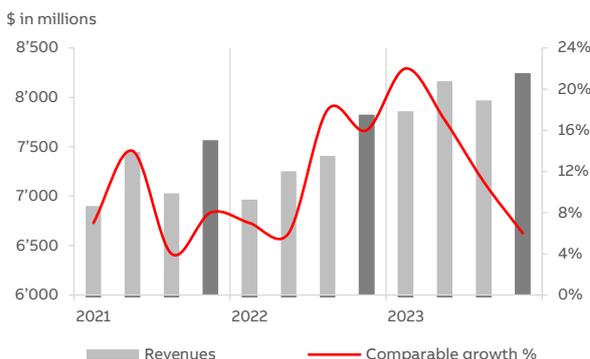
### Revenues by region

(\$ in millions, unless otherwise indicated)	Q4 2023	Q4 2022	CHANGE	
			US\$	Comparable
Europe	2,951	2,765	7%	4%
The Americas	2,847	2,555	11%	14%
Asia, Middle East and Africa	2,447	2,504	-2%	0%
<b>ABB Group</b>	<b>8,245</b>	<b>7,824</b>	<b>5%</b>	<b>6%</b>

### Orders



### Revenues



## Earnings

### Gross profit

Gross profit increased by 7% (6% constant currency) to \$2,848 million, reflecting a gross margin improvement of 50 basis points to 34.5%. Gross margin improved in all four business areas.

### Income from operations

Income from operations amounted to \$1,116 million and dropped by 6% year-on-year, mainly due to higher restructuring and transformation related costs year-on-year, and the provision release related to the non-core operations which supported last year's result. Margin on Income from operations was 13.5%, down by 160 basis points year-on-year.

### Operational EBITA

Operational EBITA improved by 16% year-on-year to \$1,333 million and the margin was up by 150 basis points to 16.3%. Key drivers to the higher earnings were the impacts from robust pricing activities and operational leverage on higher volumes, which more than offset adverse impacts from mainly increased labor costs. Selling, general and administrative expenses increased in relation to revenues to 18%, from 16.6% last year. Operational EBITA in Corporate and Other amounted to -\$67 million, of which -\$34 million related to the underlying Corporate costs which were lower than expected mainly due to real estate book gains. The remaining-\$33 million related to the E-mobility business where operational performance was

hampered by the ongoing reorganization to ensure a more focused portfolio, and some inventory-related provisions. While E-mobility is on track towards the improved portfolio, the financial benefits may not be visible until towards the end of 2024. Thus, we only expect a slight improvement in the E-mobility Operational EBITA, year-on-year.

### Net finance expenses

Net finance expense was \$28 million, an increase from last year's level of \$1 million which was unusually low due to reversal of interest charges related to income tax risks.

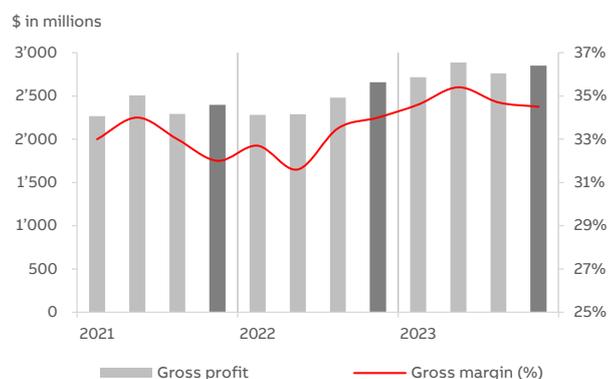
### Income tax

In line with the historical pattern, the fourth quarter tax rate was low. Income tax expense was \$136 million with an effective tax rate of 12.6%, lower than expected mainly due to the geographical profit mix and releases of valuation allowances on deferred tax assets.

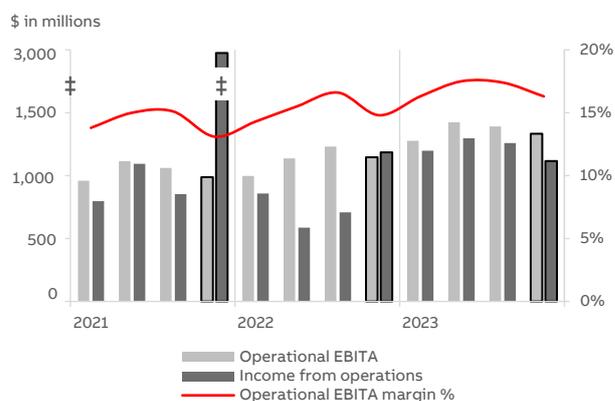
### Net income and earnings per share

Net income attributable to ABB was \$921 million, representing a reduction of 19% from last year, as the improved operational performance this year did not offset the positive impacts from last year's benefits from the provision reduction in non-core operations and a reduction in tax valuation allowances. This resulted in basic earnings per share of \$0.50, down from \$0.61 year-on-year.

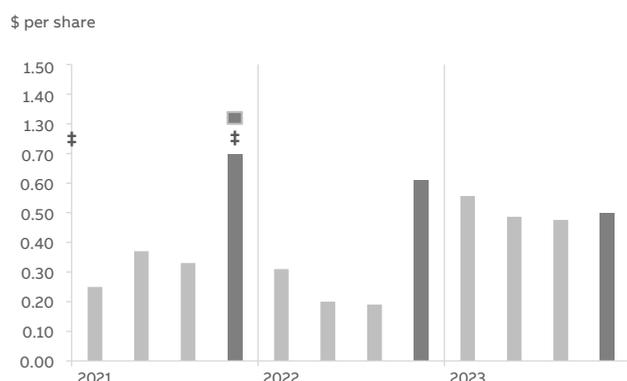
## Gross profit & Gross margin



## Income from operations & Operational EBITA



## Basic EPS



## Operational EBITA

(\$ millions)	Q4 2023	Q4 2022
Corporate and Other		
E-mobility	(33)	(3)
Corporate costs, intersegment eliminations and other <sup>1</sup>	(34)	(72)
<b>Total</b>	<b>(67)</b>	<b>(75)</b>

<sup>1</sup> Majority of which relates to underlying corporate

## Balance sheet & Cash flow

### Net working capital

Net working capital amounted to \$3,257 million, increasing slightly year-on-year from \$3,216 million driven mainly by an increase in receivables on the back of higher revenues, which was however largely offset by customer advances. Net working capital decreased sequentially from \$4,041 million driven mainly by sound trade net working capital management resulting in lower inventories and receivables. Net working capital as a percentage of revenues<sup>1</sup> was 10.2%, down sequentially from 12.8% and year-on-year 11.1%.

### Capital expenditures

Purchases of property, plant and equipment and intangible assets amounted to \$264 million.

### Net debt

Net debt<sup>1</sup> amounted to \$1,991 million at the end of the quarter and decreased from \$2,779 million year-on-year and declined sequentially from \$2,872 million. The sequential net debt decrease was driven by the strong free cash flow in the quarter.

### Cash flows

Cash flow from operating activities was \$1,897 million, representing a steep year-on-year increase from \$687 million. All business areas increased cash flow from operating activities in the quarter. The increase was driven by better operational performance and a strong sequential reduction of net working capital in the quarter driven by lower inventories and receivables as well as higher customer advances. Additionally, the prior year quarter was hampered by settlements for the Kusile project.

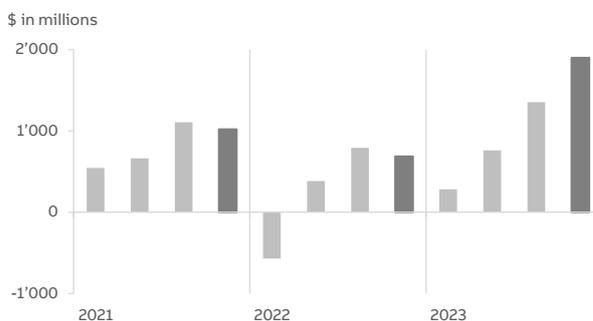
### Share buyback program

A share buyback program of up to \$1 billion was launched on April 3, 2023. During the fourth quarter, 6,143,500 shares were repurchased on the second trading line for approximately \$230 million. ABB's total number of issued shares, including shares held in treasury, amounts to 1,882,002,575.

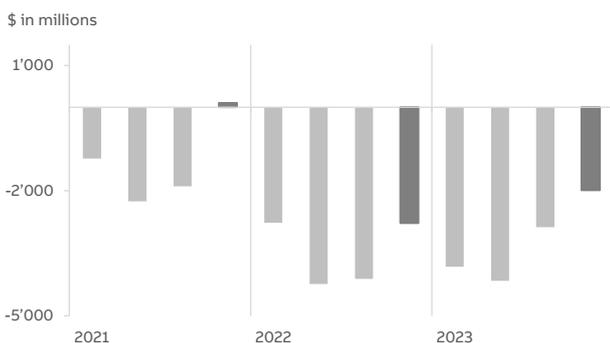
(\$ millions, unless otherwise indicated)	Dec. 31 2023	Dec. 31 2022
Short term debt and current maturities of long-term debt	2,607	2,535
Long-term debt	5,221	5,143
<b>Total debt</b>	<b>7,828</b>	<b>7,678</b>
Cash & equivalents	3,891	4,156
Restricted cash - current	18	18
Marketable securities and short-term investments	1,928	725
<b>Cash and marketable securities</b>	<b>5,837</b>	<b>4,899</b>
<b>Net debt (cash)*</b>	<b>1,991</b>	<b>2,779</b>
<b>Net debt (cash)* to EBITDA ratio</b>	<b>0.4</b>	<b>0.7</b>
<b>Net debt (cash)* to Equity ratio</b>	<b>0.14</b>	<b>0.21</b>

\* At Dec. 31, 2023 and Dec. 31, 2022, net debt(cash) excludes net pension (assets)/liabilities of \$(191) million and \$(276) million, respectively.

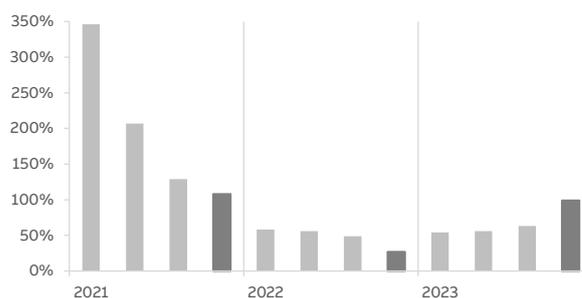
### Cash flow from operating activities



### Net Cash (Net Debt) position



### Free cash flow conversion to net income<sup>1</sup>, R12M



## Electrification



### Orders and revenues

Overall, the short-cycle businesses stabilized after some weak quarters, and customer activity in the project- and systems-related offering was robust. Total order intake was virtually unchanged from last year, limited by the divestment of the Power Conversion division (up comparable 2%) at \$3,395 million, to some extent hampered by timing-related impacts in medium voltage orders.

- Market activity was generally solid year-on-year outside of the areas of residential building, which stabilized in Europe at a low level but declined in both United States and China. In China weakness was noted in several customer segments.
- From a geographical perspective order intake remained stable or improved in all three regions. Europe was up by 7% (comparable 4%). The underlying order intake improved slightly in the Americas, however portfolio changes limited total order growth to -1% (up comparable 1%). In Asia, Middle East and Africa orders declined by 5% (stable comparable 0%), the result of strength on comparable basis in countries like India offsetting weakness in China which declined by 9% (comparable 6%).

### Growth

Change year-on-year	Q4 Orders	Q4 Revenues
Comparable	2%	8%
FX	1%	1%
Portfolio changes	-3%	-3%
<b>Total</b>	<b>0%</b>	<b>6%</b>

- Revenues amounted to \$3,698 million, representing an improvement of 6% (comparable 8%) from last year, supported by both volumes and price impacts. This was supported by all divisions except for Smart Buildings division where the short-cycle weakness in residential segment weighed on the total.

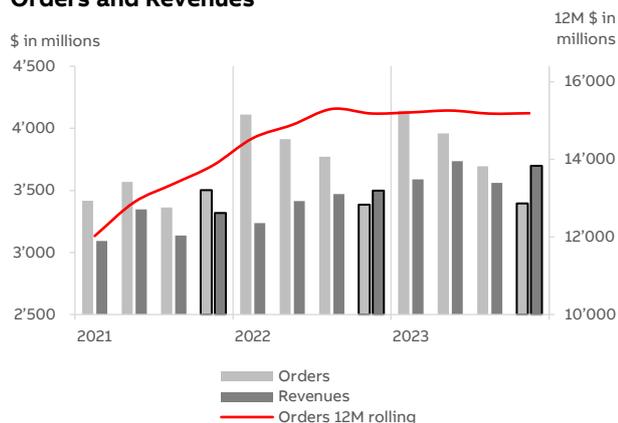
### Profit

Strong operational performance clearly offset the small adverse impact from portfolio changes and triggered a 26% improvement in Operational EBITA to \$725 million and 310 basis points rise in Operational EBITA margin, year-on-year.

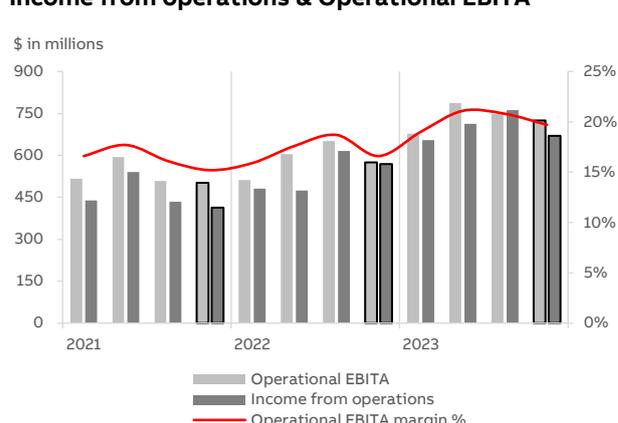
- Strong gross margin improvement supported by contributions from price, leverage on higher volumes in production and improved operational efficiency. All of which more than offset slightly higher spend on labor, R&D and Selling, General and Administration.

(\$ millions, unless otherwise indicated)	CHANGE				CHANGE			
	Q4 2023	Q4 2022	US\$	Comparable	FY 2023	FY 2022	US\$	Comparable
Orders	3,395	3,385	0%	2%	15,189	15,182	0%	3%
Order backlog	6,808	6,404	6%	14%	6,808	6,404	6%	14%
Revenues	3,698	3,498	6%	8%	14,584	13,619	7%	10%
Operational EBITA	725	575	26%		2,937	2,343	25%	
as % of operational revenues	19.7%	16.6%	+3.1 pts		20.1%	17.2%	+2.9 pts	
Cash flow from operating activities	1,068	857	25%		3,211	2,115	52%	
No. of employees (FTE equiv.)	50,300	50,600	-1%					

### Orders and Revenues



### Income from operations & Operational EBITA



## Motion



### Orders and revenues

On continued robust performance in the long-cycle business with some large orders booked mainly in the Traction division, the total order intake reached \$1,937 million, up 17% (comparable 13%) from the relatively low comparable last year. Book-to-bill was at 1 for the quarter.

- Stronger order momentum was noted in the process-related segments of oil & gas, chemicals and mining as well as for food & beverage and rail. A weak construction market weighed on demand for HVAC, with some slowness noted also in pulp & paper.
- Orders increased at a double-digit rate in all three regions. Europe increased by 30% (comparable 18%). The Americas improved by 14% (comparable 9%) with strong contribution from the United States being up by 14% (comparable 10%). Asia, Middle East and Africa was up by 10% (comparable 12%) including China being up by 10% (comparable 11%).
- Revenues amounted to \$1,946 million and were up by 5% (comparable 2%) year-on-year, with price as the key positive driver. Execution of the order backlog supported

### Growth

Change year-on-year	Q4 Orders	Q4 Revenues
Comparable	13%	2%
FX	2%	1%
Portfolio changes	2%	2%
<b>Total</b>	<b>17%</b>	<b>5%</b>

revenue generation, with the improvement rate however hampered by lower deliveries in the motors business.

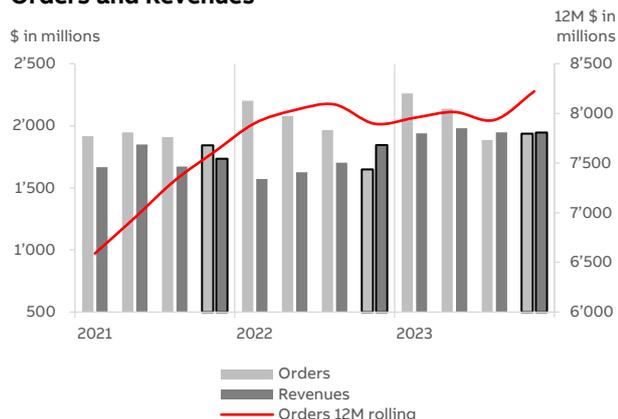
### Profit

Operational EBITA remained stable year-on-year at \$318 million. Revenues increased and gross margin improved somewhat, however the Operational EBITA margin declined by 80 basis points to 16.6%.

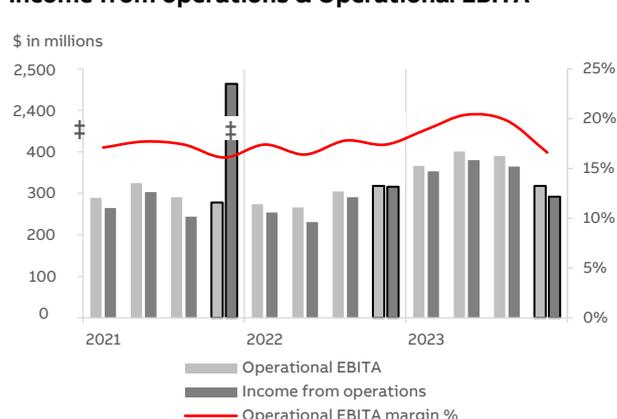
- While price increases contributed to earnings, these were more than offset by one-time product quality costs which impacted Operational EBITA margin by approximately 60 basis points.
- The Large Motors & Generators division made a significant profitability improvement, however, this was more than offset mainly by the impacts from some underabsorption in parts of the low voltage motor manufacturing and higher labor costs, year-on-year.

(\$ millions, unless otherwise indicated)	CHANGE				CHANGE			
	Q4 2023	Q4 2022	US\$	Comparable	FY 2023	FY 2022	US\$	Comparable
Orders	1,937	1,649	17%	13%	8,222	7,896	4%	4%
Order backlog	5,343	4,726	13%	8%	5,343	4,726	13%	8%
Revenues	1,946	1,845	5%	2%	7,814	6,745	16%	15%
Operational EBITA	318	318	0%		1,475	1,163	27%	
as % of operational revenues	16.6%	17.4%	-0.8 pts		18.9%	17.3%	+1.6 pts	
Cash flow from operating activities	597	346	73%		1,532	853	80%	
No. of employees (FTE equiv.)	22,300	21,100	6%					

### Orders and Revenues



### Income from operations & Operational EBITA



## Process Automation



### Orders and revenues

Market demand remained robust and order intake was up 7% (comparable 5%) to \$1,870 million, with the fourth quarter being a strong finish to a year in which large orders contributed more than usual, which more than compensated for slowing momentum in the short-cycle offering. Fourth quarter orders included a booking of approximately \$150 million with long delivery schedule.

- Consistent with recent quarters, customer activity was at a high level in all customer segments. The market environment remained at a high level in the traditional oil & gas segment, but there was also high activity in the low carbon-related areas such as hydrogen, LNG and carbon capture. Order momentum was strong in the marine segment. Customer activity was robust in the process-related segments of mining, metals and remained stable in pulp & paper.
- Revenues improved strongly in all divisions and in all regions and amounted to \$1,727 million, supported by execution of the order backlog. Book-to-bill was positive at 1.08.

### Growth

Change year-on-year	Q4 Orders	Q4 Revenues
Comparable	5%	10%
FX	2%	1%
Portfolio changes	0%	0%
<b>Total</b>	<b>7%</b>	<b>11%</b>

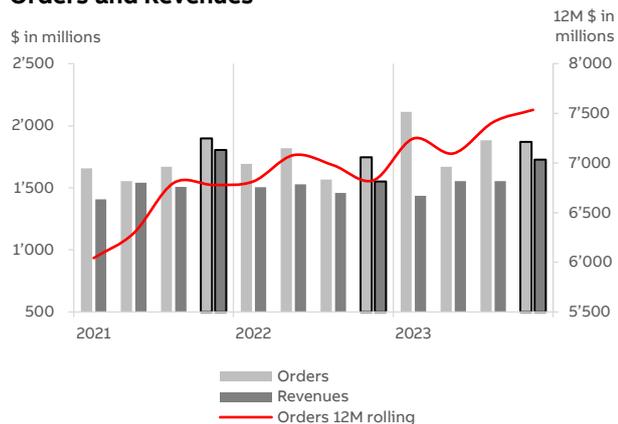
### Profit

Gross margin improved and revenues were higher, driving the 18% year-on-year increase in Operational EBITA to \$239 million and the 80 basis points rise in Operational EBITA margin to 14.0%.

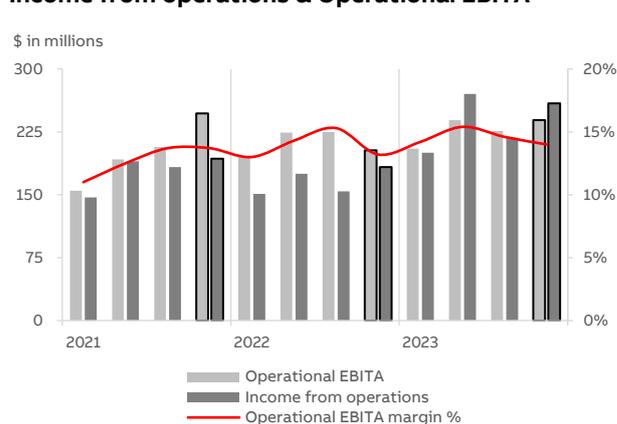
- Improved project execution and the impact from higher volumes in the product business both contributed to the higher earnings, with some additional support stemming from price increases.
- All divisions performed at a double-digit margin level, with the year-on-year profitability improvement led by the Measurement & Analytics business.

(\$ millions, unless otherwise indicated)	CHANGE				CHANGE			
	Q4 2023	Q4 2022	US\$	Comparable	FY 2023	FY 2022	US\$	Comparable
Orders	1,870	1,746	7%	5%	7,535	6,825	10%	24%
Order backlog	7,519	6,229	21%	19%	7,519	6,229	21%	19%
Revenues	1,727	1,551	11%	10%	6,270	6,044	4%	16%
Operational EBITA	239	203	18%		909	848	7%	
as % of operational revenues	14.0%	13.2%	+0.8 pts		14.5%	14.0%	+0.5 pts	
Cash flow from operating activities	444	205	117%		1,002	675	48%	
No. of employees (FTE equiv.)	21,100	20,100	5%					

### Orders and Revenues



### Income from operations & Operational EBITA



## Robotics & Discrete Automation



### Orders and revenues

Markets are still adjusting to shorter delivery lead times, putting pressure on order intake which amounted to \$550 million, representing a sharp drop of 31% (comparable 33%) year-on-year. Although the challenging market situation is expected to persist near-term, the fourth quarter of 2023 is anticipated to have been the trough quarter for absolute order intake.

- **Machine Automation** is executing the order backlog and successfully reducing lead times in deliveries after customers pre-ordering during the period of supply chain constraints in 2022. The long-term strength of the Machine Automation market is intact, however, the order normalization is expected to persist through the next couple of quarters.
- **Robotics** demand declined in all customer segments year-on-year, with the most significant drop in 3C electronics. The softening in the automotive segment was mostly due to timing impacts for some larger orders. Inventory adjustments among channel partners were noted in China, and are expected to level off towards the end of the first quarter.

### Growth

Change year-on-year	Q4 Orders	Q4 Revenues
Comparable	-33%	-7%
FX	2%	3%
Portfolio changes	0%	0%
<b>Total</b>	<b>-31%</b>	<b>-4%</b>

- From a geographical perspective, orders in the Americas declined by 19% (21% comparable). The decline in Europe was 34% (comparable 38%). In Asia, Middle East and Africa orders declined by 33% (comparable 31%), hampered by China being down by 36% (comparable 34%).
- Revenues were down by 4% (comparable 7%) and amounted to \$852 million as the positive price development was more than offset by lower volumes in the Robotics division where the order backlog has normalized and weak short-cycle demand weighed on customer deliveries. Machine Automation improved revenues on execution of the large order backlog.

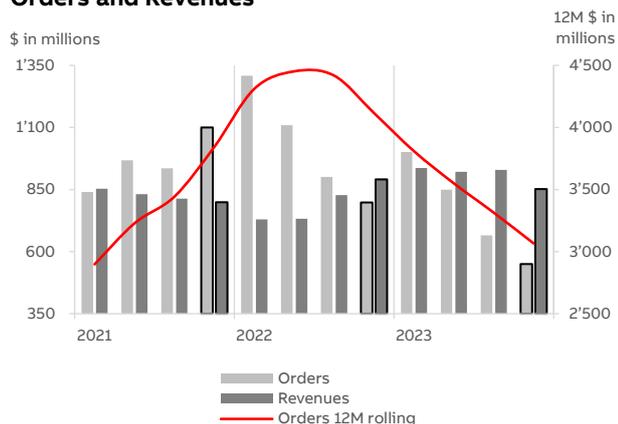
### Profit

Operational EBITA of \$118 million softened by 6% year-on-year on the back of lower revenues. However, the Operational EBITA margin remained largely stable at 13.8%, down only 20 basis points from last year.

- Price impact and the positive mix from higher share of revenues from Machine Automation were key positive contributors to earnings, however slightly more than offset by the impact from underabsorption in production due to low Robotics volumes and increased cost for labor.

(\$ millions, unless otherwise indicated)	CHANGE				CHANGE			
	Q4 2023	Q4 2022	US\$	Comparable	FY 2023	FY 2022	US\$	Comparable
Orders	550	798	-31%	-33%	3,066	4,116	-26%	-25%
Order backlog	2,141	2,679	-20%	-20%	2,141	2,679	-20%	-20%
Revenues	852	891	-4%	-7%	3,640	3,181	14%	14%
Operational EBITA	118	125	-6%		536	340	58%	
as % of operational revenues	13.8%	14.0%	-0.2 pts		14.7%	10.7%	+4 pts	
Cash flow from operating activities	170	105	62%		436	214	104%	
No. of employees (FTE equiv.)	11,300	10,700	5%					

### Orders and Revenues



### Income from operations & Operational EBITA



## Sustainability



### Q4 outcome

- 40% reduction year-on-year of CO<sub>2</sub>e emissions in own operations due to a shift to green electricity and an increase in energy efficiency in our operations.
- 10% decrease year-on-year in LTIFR continuing its downward trend
- 3%-points increase year-on-year in share of women in senior management, demonstrating strong progress towards our target.

### Events from the Quarter

- Despite ABB’s concerted efforts, there was one fatal incident in the quarter involving one contractor, working on a project in Algeria. A root cause investigation and remediation plan are underway. The thoughts of the senior management and everyone at ABB go out to the family of the deceased. The health and safety of ABB employees are always of highest priority and the foremost standard by which performance is measured. ABB is working to ensure that such an incident never happens again.
- The 2023 ABB Accelerating Circularity Challenge led by Motion and Electrification set out to find innovative customer solutions that design out waste and pollution and keep products and materials in use for as long as possible. More than 100 startups from around the world participated, the three winners received \$30,000 each to develop their concepts in collaboration with ABB. The winners included Molg from the United States who developed a take-back care of a Variable Speed Drive. Minespider from Switzerland won for their design of a reliable circularity certificate management tool. Lastly, Excess Materials Exchange from the Netherlands won for their digital platform designed to generate value from Power Distribution End-of-Life.
- ABB’s Motion business area successfully launched a new Energy Appraisal tool that is able to assess complex motor-driven systems to determine optimum

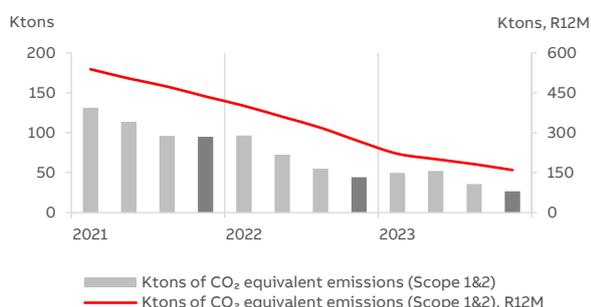
energy efficiency set ups for its customers. Using the tool ABB identified an average energy-saving potential of 31 percent per motor across 2,000 motors assessed. These findings provide compelling evidence for both the financial and environmental benefits of using ABB’s leading technology.

- H2 Energy Esbjerg ApS contracted ABB’s Process Automation business area to provide basic electrical engineering for the power distribution from grid point of connection to electrolyzers, and for other process equipment at its 1 GW hydrogen production facility in Esbjerg and hydrogen distribution hub in Fredericia, Denmark. The plant is expected to be among the largest hydrogen developments in Europe.
- In the quarter ABB’s D&I activities focused on the Abilities dimension with global events addressing mental health awareness topics such as grief/loss, dyslexia and digital accessibility. In addition, Abilities training sessions were made available firmwide. During the European Disability Week in November, ABB participated in a hackathon in association with Avec Nos Proches (Caregiving) and in December Karin Lepasoon, Chief Communications and Sustainability Officer, was named Executive Committee Sponsor for Abilities.

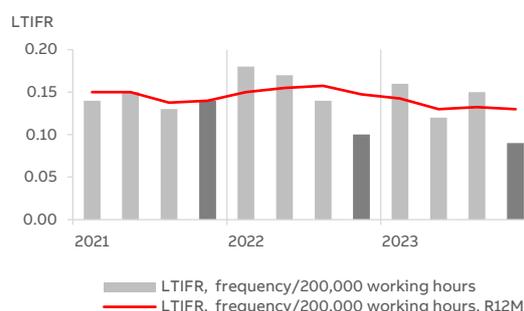
	Q4 2023	Q4 2022	CHANGE	12M ROLLING
CO <sub>2</sub> e own operations emissions, Ktons scope 1 and 2 <sup>1</sup>	27	44	-40%	160
Lost Time Injury Frequency Rate (LTIFR), frequency / 200,000 working hours <sup>2</sup>	0.09	0.10	-10%	0.13
Share of females in senior management positions, %	21.0	17.8	+3.2 pts	20.2

<sup>1</sup> CO<sub>2</sub> equivalent emissions from site, energy use, SF<sub>6</sub> and fleet, previous quarter  
<sup>2</sup> Current quarter Includes all incidents reported until January 10, 2024

### CO<sub>2</sub>e Scope 1&2



### Lost Time Injury Frequency Rate



## Significant events

### During Q4 2023

- On November 30, ABB hosted its Capital Markets Day. At the event, ABB provided an update on its successful transformation, continuous improvements and how the company will benefit from key secular trends across its business areas. Both financial and sustainability targets were updated to include:
  - Comparable revenue growth of 5%-7% through the economic cycle
  - Operational EBITA margin in the range of 16%-19%
  - EPS growth of at least high single-digit through the economic cycle
  - Return on Capital Employed of >18%
  - Net-zero targets for scopes 1, 2 and 3 for 2030 and 2050
  - Support our customers to avoid 600Mt avoided CO<sub>2</sub>e emissions by 2030. Aligned with WBCSD 2023 guidance.
- On October 30, ABB announced that Mathias Gaertner has been appointed General Counsel and Company Secretary and a Member of the Executive Committee. He will join ABB in 2024. He will succeed Andrea Antonelli, who has, as previously announced, left the company to pursue other opportunities.

## Full year 2023

In 2023 the overall demand for ABB's offering remained robust, with most customer segments improving or remaining stable. Weakness in the short-cycle businesses related primarily to residential construction and discrete automation was however more than offset by strong momentum in the project- and systems-related businesses. Orders remained stable or increased in three out of four business areas, with a decline noted only in Robotics & Discrete Automation. Orders amounted to \$33,818 million and were down 1% versus the prior year (up 3 % comparable).

Revenues were supported by execution of the large order backlog as supply chains normalized early in the year and amounted to \$32,235 million, up by 9% (14% comparable), overall implying a book-to-bill of 1.05.

Income from operations amounted to \$4,871 million, up from \$3,337 million year-on-year. This increase can be attributed mostly to an improved operational performance. In addition, the prior year was hampered by charges of approximately \$195 million due to the exit of the legacy full-train retrofit business as well as a provision of \$325 million related to the legacy Kusile project in South Africa awarded in 2015.

Operational EBITA increased by 20% year-on-year to \$5,427 million, up from \$4,510 million in last year's period and the Operational EBITA margin improved by 160 basis points to 16.9%. The increase was driven by

### After Q4 2023

- On January 31, ABB announced that the Board of Directors will propose Johan Forssell and Mats Rahmström as new members for election at the company's Annual General Meeting (AGM) on March 21, 2024. They will replace Jacob Wallenberg and Gunnar Brock who have decided not to stand for re-election. ABB will publish its invitation to the 2024 AGM on February 23, 2024.

higher margins across all business areas. Main drivers of the margin expansion were operating leverage on higher volumes as well as the impacts from implemented price increases, which more than offset inflation in labor and input cost. Corporate and Other Operational EBITA amounted to -\$430 million. This includes a loss of \$167 million that can be attributed to the E-mobility business, which was negatively affected by the ongoing reorganization to ensure a more focused portfolio, and some inventory-related provisions.

Net finance expenses increased by \$52 million to \$110 million, primarily driven by higher interest rates on higher debt levels compared to the prior year. The non-operational pension credits decreased by \$98 million to \$17 million in comparison to last year's period, reflecting the impact of higher interest rates. Income tax expense was \$930 million reflecting a tax rate of 19.5%. This includes a net benefit realized on a favorable resolution of a prior year tax matter relating to the Power Grids business.

Net income attributable to ABB was \$3,745 million, up from \$2,475 million year-on-year. Basic earnings per share was \$2.02, representing an increase of 55% compared with the prior year.

## Acquisitions and divestments, last twelve months

Acquisitions	Company/unit	Closing date	Revenues, \$ million <sup>1</sup>	No. of employees
<b>2023</b>				
Robotics & Discrete Automation	Sevensense	21-Dec	<5	35
E-mobility	Imagen Energy Inc	13-Nov	<5	4
Motion	Spring Point Solutions Llc	1-Nov	<5	13
E-mobility	Vourity AB	25-Oct	<5	9
Electrification	Eve Systems	1-Jun	~20	50
Motion	Siemens low voltage NEMA Motors	2-May	~60	600

Divestments	Company/unit	Closing date	Revenues, \$ million <sup>1</sup>	No. of employees
<b>2023</b>				
Electrification	Power Conversion division	3-Jul	~440	1,500
Electrification	Industrial Plugs & Sockets business	3-Jul	~12	2
Process Automation	UK technical engineering consultancy business	1-May	~20	160

Note: comparable growth calculation includes acquisitions and divestments with revenues of greater than \$50 million.

<sup>1</sup> Represents the estimated revenues for the last fiscal year prior to the announcement of the respective acquisition/divestment unless otherwise stated.

## Additional figures

ABB Group	Q1 2022	Q2 2022	Q3 2022	Q4 2022	FY 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	FY 2023
EBITDA, \$ in million	1,067	794	906	1,384	4,151	1,389	1,494	1,453	1,315	5,651
Return on Capital Employed, %	n.a.	n.a.	n.a.	n.a.	16.50	n.a.	n.a.	n.a.	n.a.	21.10
Net debt/Equity	0.20	0.34	0.34	0.21	0.21	0.30	0.31	0.21	0.14	0.14
Net debt/ EBITDA 12M rolling	0.4	0.7	0.7	0.7	0.7	0.9	0.8	0.5	0.4	0.4
Net working capital, % of 12M rolling revenues	12.1%	12.8%	11.7%	11.1%	11.1%	13.9%	14.7%	12.8%	10.2%	10.2%
Earnings per share, basic, \$	0.31	0.20	0.19	0.61	1.30	0.56	0.49	0.48	0.50	2.02
Earnings per share, diluted, \$	0.31	0.20	0.19	0.60	1.30	0.55	0.48	0.47	0.50	2.01
Dividend per share, CHF	n.a.	n.a.	n.a.	n.a.	0.84	n.a.	n.a.	n.a.	n.a.	0.87 <sup>*</sup>
Share price at the end of period, CHF <sup>1</sup>	29.12	24.57	24.90	28.06	28.06	31.37	35.18	32.80	37.30	37.30
Share price at the end of period, \$ <sup>1</sup>	30.76	25.43	24.41	30.46	30.46	34.30	39.32	35.86	44.32	44.32
Number of employees (FTE equivalents)	104,720	106,380	106,830	105,130	105,130	106,170	108,320	107,430	107,870	107,870
No. of shares outstanding at end of period (in millions)	1,929	1,892	1,875	1,865	1,865	1,862	1,860	1,849	1,842	1,842

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

<sup>\*</sup> Dividend proposal subject to shareholder approval at the 2024 AGM

## Additional 2024 guidance

(\$ in millions, unless otherwise stated)	FY 2024 <sup>1</sup>	Q1 2024
Corporate and Other Operational EBITA <sup>2</sup>	~(300)	~(75)
<b>Non-operating items</b>		
Acquisition-related amortization	~(210)	~(55)
Restructuring and related <sup>3</sup>	~(200)	~(50)
ABB Way transformation	~(180)	~(55)

(\$ in millions, unless otherwise stated)	FY 2024
<b>Net finance expenses</b>	~(120)
<b>Effective tax rate</b>	~25% <sup>4</sup>
<b>Capital Expenditures</b>	~(900)

<sup>1</sup> 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.

<sup>2</sup> Excludes Operational EBITA from E-mobility business.

<sup>3</sup> Includes restructuring and restructuring-related as well as separation and integration costs.

<sup>4</sup> Excludes the impact of acquisitions or divestments or any significant non-operational items.

## Important notice about forward-looking information

This press release includes forward-looking information and statements as well as other statements concerning the outlook for our business, including those in the sections of this release titled “CEO summary,” “Outlook,” and “Sustainability”. 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,” “guidance,” “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.

## Q4 results presentation on February 1, 2024

The Q4 2023 results press release and presentation slides are available on the ABB News Center at [www.abb.com/news](http://www.abb.com/news) and on the Investor Relations homepage at [www.abb.com/investorrelations](http://www.abb.com/investorrelations).

A conference call and webcast for analysts and investors is scheduled to begin 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](http://www.abb.com/investorrelations).

The recorded session will be available after the event on ABB’s website.

## Financial calendar

### 2024

March 21	Annual General Meeting, Zurich
April 18	Q1 2024 results
July 18	Q2 2024 results
October 17	Q3 2024 results

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ABB is a technology leader in electrification and automation, enabling a more sustainable and resource-efficient future. The company’s solutions connect engineering know-how and software to optimize how things are manufactured, moved, powered and operated. Building on over 140 years of excellence, ABB’s more than 105,000 employees are committed to driving innovations that accelerate industrial transformation.