ABB LTD
Form 6-K
February 28, 2019

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 6-K

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

For the month of February 2019

Commission File Number 001-16429

ABB Ltd

(Translation of registrant's name into English)

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

(Address of principal executive office)

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

Form 20-F Form 40-F

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

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

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

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

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

Yes No

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

This Form 6-K consists of the following:

1. Press release issued by ABB Ltd dated February 28, 2019 titled “Solid growth”.

2. Q4 2018 Financial Information.

3. Press release issued by ABB Ltd dated February 28, 2019 titled “Strategy update: Shaping a leader focused in digital industries”.

4. Announcements regarding transactions in ABB Ltd’s Securities made by the directors or the members of the Executive Committee.

The information provided by Item 2 above is hereby incorporated by reference into the Registration Statements on Form F-3 of ABB Ltd and ABB Finance (USA) Inc. (File Nos. 333-223907 and 333-223907-01) and registration statements on Form S-8 (File Nos. 333-190180, 333-181583, 333-179472, 333-171971 and 333-129271) each of which was previously filed with the Securities and Exchange Commission.

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ZURICH, SWITZERLAND, FEBRUARY 28, 2019

Solid growth

FULL YEAR 2018 HIGHLIGHTS

– Total orders +8%[1], up in all divisions and regions

– Revenues +4%, strong growth in Robotics and Motion

– Order backlog +6% at end of year, book-to-bill ratio[2] at 1.03x

– ABB Ability™ drives growth across all divisions

– Operational EBITA margin 10.9%[2], impacted by a combined 250 basis points due to stranded costs, charges for legacy non-core projects and GEIS dilution

– Reported net income at $2,173 million, -2%

– Cash flow from operating activities at approx. $3 billion

– New ABB announced

• Focus of portfolio on digital industries through divestment of Power Grids

• Simplification of business model and structure

• Shape four leading businesses aligned with customer patterns

– Acquisition of GEIS completed on June 30, 2018

– CHF 0.80 per share dividend proposed

FOURTH QUARTER HIGHLIGHTS

– Total orders +7%, higher in all divisions and regions

– Revenues +5%

– Operational EBITA margin 7.9%, impacted by a combined 400 basis points due to stranded costs, legacy non-core charges and GEIS dilution

– Solid cash flow from operating activities at approx. $1.9 billion

– Sylvia Hill to succeed Jean-Christophe Deslarzes as Chief Human Resources Officer and member of the Executive Committee, effective June 1, 2019

Key Figures ($ in millions, unless otherwise indicated)	Q4 2018	Q4 2017 Recast	Change US$	Change Comparable[1]	FY 2018	FY 2017 Recast	Change US$	Change Comparable[1]
Orders	6,985	6,328	+10%	+7%	28,590	25,034	+14%	+8%
Revenues	7,395	6,804	+9%	+5%	27,662	25,196	+10%	+4%
Income from operations	275	324	-15%		2,226	2,230	0%	
Operational EBITA[2]	584	664	-12%	-10%[3]	3,005	2,817	+7%	+5%[3]
as % of operational revenues	7.9%	9.7%	-1.8pts		10.9%	11.2%	-0.3pts	
Income from continuing operations, net of tax	210	214	-2%		1,575	1,519	4%	
Net income attributable to ABB	317	393	-19%		2,173	2,213	-2%	
Basic EPS ($)	0.15	0.18	-19%[4]		1.02	1.04	-2%[4]	
Operational EPS ($)[2]	0.30	0.33	-9%[4]	-6%[4]	1.33	1.25	+7%[4]	+8%[4]
Cash flow from operating activities	1,867	1,869	0%		2,924	3,799	-23%	

On December 17, 2018, ABB announced an agreed sale of its Power Grids division. Consequently, the results of the Power Grids business are presented as discontinued operations. The company’s results for all periods have been adjusted accordingly.

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[1] Growth rates for orders, third-party base orders and revenues are on a comparable basis (local currency adjusted for acquisitions and divestitures). US$ growth rates are presented in Key Figures table.

[2] For non-GAAP measures, see the "Supplemental Financial Information" attachment to the press release.

[3] Constant currency (not adjusted for portfolio changes).

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

“In 2018, we brought the company back to growth and delivered solid order and revenue growth. We drove topline momentum with our leading Robotics and Motion offering and played a strong role in the ongoing recovery of process industries with our industrial automation business and ABB Ability™ digital solutions. We will continue to drive the operational improvements in Electrification Products and our company overall”, said ABB CEO Ulrich Spiesshofer.

“At the end of 2018, we set the course for a new ABB as a pioneering technology leader in digital industries. We announced three transformational actions to focus our portfolio, simplify and fundamentally reset our business model as well as strengthen the leading business positions of our company. Our confidence in ABB’s future is reflected in the proposed 10th consecutive dividend increase to CHF 0.80.”

Short-term outlook

Macroeconomic signs are mixed in Europe and trending positively in the United States, with growth expected to continue in China. The overall global market is growing, with rising geopolitical uncertainties in various parts of the world. Oil prices and foreign exchange translation effects are expected to continue to influence the company’s results.

Full-year 2018 Group results

ABB delivered strong order and revenue performance in 2018. The group’s digital solutions offering, ABB Ability™, continued to build its leading market position. Total orders were 8 percent higher (14 percent in US dollars) with strong positive contributions from Robotics and Motion and Industrial Automation as well as solid performance from Electrification Products. Total orders exhibited similar growth trends across all regions. Base orders (classified as orders below $15 million) improved 6 percent (14 percent in US dollars) in 2018, rising in all divisions and regions. Large orders increased 45 percent (20 percent in US dollars), albeit off a low comparative base, and represented 7 percent of total orders, compared to 6 percent in the prior year. Service orders were 7 percent higher (12 percent in US dollars) and now stand at 19 percent of total orders.

Revenues improved 4 percent (10 percent in US dollars) to $27,662 million. Revenues grew across all divisions, with strong performance from Robotics and Motion and robust contributions from Electrification Products and Industrial Automation. Service revenues were up 7 percent (11 percent in US dollars) to 19 percent of group revenues. The book-to-bill ratio stood at 1.03x in 2018 compared with 0.99x in the previous year.

ABB continued to shift its center of gravity, de-risking the portfolio and improving organic growth prospects. The exit from EPC (Engineering, Procurement and Construction) activities progressed as ABB transferred its turnkey AC Substation business to Linxon, a new joint-venture with SNC Lavalin. ABB continues to unwind the remaining legacy EPC contracts, which impacted results reported through the period for the non-core business unit in Corporate and other. ABB strengthened the competitiveness of its Electrification Products division through the acquisition of GE Industrial Solutions (“GEIS”) on June 30, 2018. Integration efforts are well underway. GEIS' performance in the second half of 2018 has been in line with managements expectations.

ABB announced fundamental actions to focus, simplify and lead in digital industries on December 17, 2018. The group's actions included the divestment of the Power Grids business. As a consequence of the announced sale, the results of the Power Grids business are now presented as discontinued operations and the group has reflected stranded costs in its operational EBITA result for both the 2017 and 2018 periods, in line with the guidance provided as part of the announcement on December 17, 2018. Stranded costs are services provided by the group to Power Grids that do not qualify to be reported as discontinued operations. These services include real estate, IT, and other shared corporate services. The company expects the vast majority of these costs to either be transferred to Power Grids or eliminated by the closing of the transaction, which is anticipated in the first half of 2020.

The company's operational EBITA in 2018 reached $3,005 million, an increase of 7 percent in US dollars (5 percent in local currencies), including stranded costs of $297 million. The operational EBITA margin was 10.9%, including 110 basis points related to stranded costs as well as an 100 basis point charge related to legacy non-core business activities, and 40 basis points dilution from GEIS.

Net income attributable to ABB of $2,173 million was 2 percent lower compared to 2017. Basic EPS was 2 percent lower at $1.02. Operational EPS[2] was $1.33, up 8 percent in constant currency[2].

Cash flow from operating activities[5] of $2,924 million for the full year was 23 percent lower year on year. This is mainly due to lower cash from discontinued operations as well as less favorable timing of tax payments. Net working capital of $2,584 million stood at 9 percent of revenues at the end of 2018, compared to 10 percent at the end of the prior year period. Capital expenditures for the group were $772 million during the year, at the same level as in 2017. Adjusted free cash flow[2] of $2,024 million was 31 percent below the prior year.

Dividend

ABB's board has proposed an ordinary dividend of 0.80 Swiss francs per share for 2018, subject to shareholder approval at the company's annual general meeting on May 2, 2019. The proposal is in line with ABB's dividend policy to pay a rising, sustainable dividend over time. The ex-dividend and payout dates in Switzerland are expected to be in May 2019. Further information will be available on ABB's website.

Q4 2018 Group results

Orders

Total orders rose 7 percent (10 percent in US dollars), up in all divisions and regions compared to a year ago. Base orders increased 5 percent (11 percent in US dollars), higher in all divisions during the quarter. Large orders represented 5 percent of total orders, steady compared to the prior year period. The order backlog rose 6 percent (5 percent in US dollars) compared to a year ago, improving in all divisions, to end the year at $13.1 billion.

Service orders were up 5 percent (7 percent in US dollars). Service orders represent 20 percent of total orders, compared to 21 percent in the prior year period.

Changes in the business portfolio, including the acquisition of GEIS resulted in a net positive impact of 8 percent on total reported orders. Foreign exchange translation effects had a 5 percent negative impact on reported orders.

Market overview

ABB saw positive order trends across its three regions in the quarter:

Total orders from Europe rose 4 percent (5 percent in US dollars), with positive contributions from Italy, Sweden, the Netherlands and France outpacing lower contributions from Germany, Norway and Spain. Base orders rose 2 percent (2 percent in US dollars).

Total orders from the Americas increased 11 percent (32 percent in US dollars). Orders from the United States rose 8 percent (38 percent in US dollars) and also improved in Mexico and Brazil. Base orders from the Americas increased 13 percent (37 percent in US dollars).

In Asia, Middle East and Africa (AMEA), total orders grew 7 percent (steady in US dollars), supported by growth in China, India and Japan. In China, demand was softer in select end-markets, but remained positive, with total orders rising 6 percent (6 percent in US dollars). Base orders for AMEA were steady (1 percent lower in US dollars).

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[5] Cash flow from operating activities is presented in the Consolidated Statement of Cashflows and includes both cash flows from continuing and discontinued operations.

Demand was supportive across the majority of ABB's key customer segments:

ABB saw healthy demand from process industries, including oil and gas, mining, and pulp and paper, with customers continuing to invest in automation and digital solutions.

Demand across discrete industries remained solid, including continued growth from the food & beverage sector. Demand was strong in the automotive market, with customers seeking robotics solutions for both ICE and EV assembly lines, more than offsetting softer investments from customers in the consumer electronics sector.

Transport and infrastructure demand was healthy. Demand from construction and buildings related customers was robust. Data center growth continued with customer demand focused on combined automation and distribution solutions. ABB saw further activity in cruise ships and from rail customers.

Revenues

Revenues improved 5 percent to $7,395 million (9 percent in US dollars), with strong growth in Robotics and Motion, robust performance from Electrification Products and a steady result from Industrial Automation. Service revenues were up 4 percent (8 percent in US dollars), enhanced by ABB's leading digital portfolio, ABB Ability™ solutions. Services represented 20 percent of total revenues, steady versus the prior year period.

Business portfolio changes, including the acquisition of GEIS, contributed a net positive of 8 percent to reported revenues. Changes in exchange rates resulted in a negative translation impact on reported revenues of 4 percent.

The book-to-bill ratio stood at 0.94x in the quarter compared with 0.93x in the previous year's period.

Operational EBITA

Operational EBITA of $584 million in the fourth quarter was 12 percent lower in US dollars (10 percent in local currencies) compared to the prior year period. The operational EBITA margin of 7.9 percent, included $72 million, or a 100-basis point impact from stranded costs. As well, operational EBITA reflects 260 basis points impact from charges for legacy non-core activities, mainly related to substations, and a 40 basis points impact due to the acquisition of GEIS.

Net income, basic and operational earnings per share

Net income was $317 million, 19 percent lower year on year. Basic earnings per share of $0.15 also moved the same amount in percentage terms. Operational earnings per share of $0.30 was 9 percent lower, and 6 percent in constant currency[4].

Cash flow from operating activities

The group delivered solid cash flow from operating activities of $1,867 million, steady compared to the similarly strong cash flow delivered in the prior year period. Continued focus on working capital had a positive impact compared to the same period last year, offset by less favorable timing of tax payments and a lower contribution from discontinued operations.

Q4 divisional performance

($ in millions, unless otherwise indicated)	Orders	Change		3^{rd} party base orders	Change		Revenues	Change		Op EBITA %
		US$	Comparable[1]		US$	Comparable[1]		US$	Comparable[1]	