ABB LTD
Form 6-K
April 24, 2008

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 April 2008

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 x   Form 40-F o

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): o

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): o

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 o   No x

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

This Form 6-K consists of the following:

1. Press release issued by ABB Ltd dated April 24, 2008.

2. Announcements regarding transactions in ABB Ltd s securities made by the directors or members of the Executive Committee.

The information provided by Item I above is deemed filed for all purposes under the Securities Exchange Act of 1934, including by reference in the Registration Statement on Form S-8 (Registration No. 333-129271).

ABB Group Q1 results 2008

Presss Release

ABB net income up 87% on energy efficiency and infrastructure demand

- Orders and revenues grow at a double-digit pace
- EBIT hits record $1.4 billion, EBIT margin at 17.0 percent
- Net income reaches $1 billion in the quarter, EPS up 76%

Zurich, Switzerland, April 24, 2008 ABB s first-quarter net income reached $1 billion, an increase of 87 percent compared to the same quarter in 2007, as global demand for more reliable power and improved industrial efficiency continued to grow and the company s efforts to improve operational performance generated further benefits.

Earnings before interest and taxes (EBIT) reached a record $1.4 billion, up 65 percent from a year earlier. The EBIT margin increased to 17.0 percent from 13.2 percent in the first quarter of 2007. Approximately one percentage point of the EBIT margin in the first quarter resulted from gains on the mark-to-market treatment of hedging transactions. The gains were related mainly to the sharp decline in the value of the U.S. dollar and increases in commodity prices during the quarter.

Orders, revenues and EBIT increased in all divisions as market demand remained robust in all regions. Utilities continued to invest in new and refurbished power infrastructure while industrial customers, especially in the metals, minerals and marine sectors, further expanded capacity on the back of high commodity prices. Industrial demand for more energy efficient technologies also continued to be a key growth driver.

ABB experienced a very good start in 2008 across all businesses and regions, said Michel Demaré, ABB s Chief Executive Officer and Chief Financial Officer. Demand from utilities and most of our major industrial markets remained strong around the world, especially in emerging economies, but also in the U.S. Customers continued to invest in areas where we are market and technology leaders power infrastructure, energy efficiency and productivity.

These excellent results also reflect our continuing strong operational performance, Demaré added. Lower cost sourcing, footprint optimization, better project execution and risk management, and more efficient capacity utilization all contributed to our improved results.

Change

2008 Q1 key figures	Q1 08	Q1 07(1)	US$	Local
$ millions unless otherwise indicated				
Orders	10,943	8,565	28%	16%
Order backlog (end March)	*26,820*	*18,371*	*46%*	*30%*
Revenues	7,956	6,188	29%	17%
EBIT	1,353	819	65%	
as % of revenues	17.0%	13.2%		
Net income	1,003	537	87%	
Basic net income per share ($)	0.44	0.25	76%	
Cash flow from operating activities	464	303		

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

Summary of Q1 2008 results

Orders received and revenues

The positive market environment experienced in 2007 continued into the first quarter of 2008. Order growth continued in all divisions, led by Process Automation, where metals, minerals and marine customers in all regions built new capacity or upgraded existing capacity to take advantage of high commodity prices and sustained demand. Automation Products and Power Products also reported strong order growth, especially in emerging economies, reflecting favorable demand across most industrial markets and ongoing investments by power utilities in new and upgraded infrastructure. Order growth in the Power Systems division was more modest, primarily the result of fewer large orders compared to the strong first quarter in 2007. Robotics orders also grew strongly in the quarter on higher demand from both general industry and the automotive market.

Regionally, order growth was strongest in Asia (up 42 percent; 30 percent in local currencies) as demand continued to grow across most market sectors. All divisions except Robotics recorded a strong double-digit order improvement in the region. Orders grew 19 percent in the Middle East and Africa (local currencies: 13 percent), and were especially strong in Power Products and Process Automation, reflecting in large part new investments to expand the metals and mining sector in the region. In the Americas, orders grew 14 percent (local currencies: 7 percent) and were higher in all divisions except Power Systems, where orders decreased in Canada and Brazil. The Automation Products, Process Automation and Robotics divisions all saw orders grow by at least 20 percent in the U.S. compared to the first quarter a year earlier as industrial markets remained favorable. In Europe, orders were higher in all divisions and grew 27 percent (local currencies: 13 percent) overall. The Power Systems, Process Automation and Robotics divisions showed the largest gains as customer investments increased for electrical equipment in power generation, oil and gas and minerals development, and general industrial automation, respectively.

The volume of large orders (more than $15 million) rose 55 percent (39 percent in local currencies) in the first quarter to $1.7 billion. Base orders (less than $15 million) were up 24 percent (13 percent in local currencies).

Revenues continued to grow strongly, reflecting execution of the large order backlog as well as increased demand in the quarter. The revenue improvement also reflects price increases implemented to offset higher raw material costs.

The order backlog at the end of March amounted to $26.8 billion, $8.4 billion higher (46 percent; 30 percent in local currencies) than at the end of the first quarter of 2007, and $4 billion higher than at the end of 2007 (up 18 percent; 13 percent in local currencies).

Earnings before interest and taxes

All divisions improved their EBIT and EBIT margins in the first quarter of 2008 as the result of volume growth, high capacity utilization, ongoing initiatives to de-bottleneck production facilities, more efficient supply management and greater sourcing of components from emerging economies. EBIT was further supported by the continuing favorable pricing environment in the quarter, especially in power infrastructure markets. EBIT results were also helped by an approximately $85-million positive impact from the mark-to-market treatment of hedging transactions which did not qualify for hedge accounting.

Net income

Net income for the quarter benefited from ABB s strong cash position and low debt levels, which resulted in a positive finance net of $57 million compared to a net expense of $26 million in the same quarter of 2007. A favorable tax court ruling in northern Europe during the quarter contributed a further $25 million in interest income and $40 million in taxes to net income. The tax ruling also contributed to a reduction in the company s tax rate to 25 percent from 28 percent in the same quarter in 2007.

Balance sheet and cash flow

Net cash at the end of the first quarter was $5.6 billion compared to $5.4 billion at the end of the previous quarter. The company purchased 9.4 million ABB shares in the amount of approximately $240 million in line with the previously announced Sfr. 2.2-billion share buy-back program, resulting in a cash outflow in the first quarter of approximately $180 million. The remaining $60 million is withholding tax to be remitted in the second quarter of 2008 (please refer to Appendix I for more information).

Cash flow from operations increased by approximately $160 million compared to the first quarter of 2007. Net working capital increased, particularly in the two product divisions, reflecting higher capacity utilization and the need to execute the large order backlog. Net working capital as a share of revenues increased to 12.3 percent in the first quarter from 12.1 percent in the same quarter a year ago, mainly the result of higher inventories to execute orders received in recent quarters that have not yet flowed through to revenues, as well as higher receivables. Also included in cash flow from operations was a planned payment to asbestos trusts of $25 million.

Compliance

ABB continues to cooperate with the U.S. Department of Justice and the U.S. Securities and Exchange Commission regarding various suspect payments that have occurred across several years. ABB also continues to cooperate with various anti-trust authorities, including the European Commission, regarding certain allegedly anti-competitive practices. As already communicated, the outcome of these matters as well as previously disclosed matters could have a material impact on the company s consolidated operating results, cash flows and financial position.

Management changes

On February 13, 2008, ABB announced the departure of former CEO Fred Kindle due to irreconcilable differences about how to lead the company. Michel Demaré was appointed interim CEO in addition to his role as Chief Financial Officer.

Outlook

The global market for power transmission and distribution infrastructure is expected to remain buoyant over the rest of 2008. Demand is forecast to be driven in Europe and North America by the need for equipment replacement, improved grid reliability and efficiency and further grid interconnections. In Asia and the Middle East and Africa, demand is expected to be driven by the development of new power infrastructure.

The industrial automation market is expected to remain attractive in the emerging economies, driven by high commodity prices and the need for greater energy efficiency and process quality. In the mature economies, some countries or early-cycle sectors may see a dampening of demand related to slower overall economic growth, but the outlook for raw materials processing industries remains strong.

Based on these assumptions, and barring an extended recession in the global economy, ABB expects growth rates in 2008 of about 15-20 percent for its power-related activities and about 10 percent in its automation activities.

Divisional performance Q1 2008

Power Products division	**Q1 08**	**Q1 07(1)**	**Change** US$	**Local**
$ millions unless otherwise indicated				
Orders	4,011	3,184	*26%*	*15%*
Order backlog (end March)	*8,670*	*6,042*	*43%*	*29%*
Revenues	2,622	2,033	*29%*	*18%*
EBIT	534	313	*71%*	
as % of revenues	20.4%	15.4%		
Cash flow from operating activities	194	87		

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

Orders grew strongly in the first quarter and were up in all businesses and regions as power utilities continued to invest in new and refurbished grid infrastructure in all major markets. Order growth was strongest in the emerging economies of Asia and the Middle East. Orders were slightly higher in the Americas due to a modest increase in the U.S. In Europe, orders in Italy, Russia and Turkey supported 20-percent order growth (local currencies: 6 percent).

Revenues grew significantly in all businesses on increased productivity, execution of the order backlog and price increases in some product areas to compensate for higher raw material costs. As in the first quarter of 2007, there were no significant expenses in the first quarter this year related to the transformer consolidation program announced in 2005.

EBIT and EBIT margin rose, mainly reflecting the improved cost efficiency of higher factory loadings, continuing operational improvements and a supportive pricing environment.

Power Systems division	**Q1 08**	**Q1 07**	**Change** US$	**Local**
$ millions unless otherwise indicated				
Orders	2,048	1,797	*14%*	*4%*
Order backlog (end March)	*8,930*	*6,357*	*40%*	*25%*
Revenues	1,673	1,154	*45%*	*31%*
EBIT	175	80	*119%*	
as % of revenues	10.5%	6.9%		
Cash flow from operating activities	74	17		

Orders continued to increase in a favorable market during the first quarter, as higher base orders more than offset a reduction in large orders due mainly to the timing of contract awards. Orders for power plant electrification in the Netherlands and customer investments to strengthen local power grids in India contributed to strong order growth in Europe and Asia, respectively. Orders were lower in the Americas as the result of a decrease in Canada and Brazil and in the Middle East and Africa.

High revenue growth in the quarter reflected the execution of the strong order backlog. EBIT and EBIT margin increased on higher revenues, a tight focus on selling, general and administrative expenses and continued attention to project execution.

Automation Products division	Q1 08	Q1 07	Change US$	Local
$ millions unless otherwise indicated				