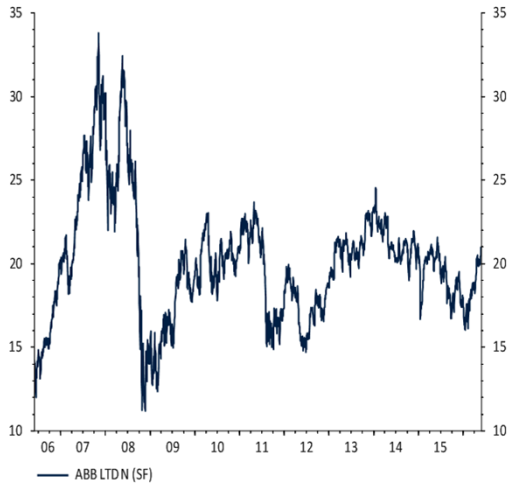


### Stock information

Price	31.05.2016	CHF	20.68
Market Capitalisation		CHF (mn)	47'869
Average trade volume (000/day)			6'317
52 Weeks High/Low			21.581 / 16.04
ISIN			CH0012221716
Bloomberg Code			ABBN VX

### 10 years performance



Graphic IAM - Source Thomson Reuters

### 1 year performance



Graphic IAM - Source Thomson Reuters

### Absolute and relative performances

In %	Absolute	Relative *
1 month	2.0	-1.8
3 months	15.5	7.8
YTD	15.1	17.4
2015	-11.9	-14.6
2014	-6.9	-19.9

\*compared to Swiss Performance Index (SPI)

### Description

ABB was formed in 1998 from the combination of Swedish ASEA and Swiss BBC Brown Boveri. The group erred near bankruptcy at the turn of the century: it was hit hard by the cyclical reversal of 2001 and threatened by several class actions linked to asbestos poisoning in the United States. Several activities had to be sold. Nowadays, There are five divisions.

**Power Products** produces devices (transformers, circuit breakers) for the transmission and the distribution of power. Customers are energy producers and industrial firms. **Power Systems** provides engineering services to power firms. **Discrete Automation** sells controls and electrical systems, such as drives and motors, enabling improvements in production processes and energy saving. **Low Voltage** deals with electrical applications in factories and buildings. **Process Automation** offers engineering services for the optimization of industrial processes.

### Investment case

ABB is well positioned to take advantage of the growing need for investments in the power infrastructures. In the developed world, aging equipment need replacement and the grids need upgrades in order to accommodate the various sources of renewable power. In the emerging world, extension of grid capacity should help ABB top line.

The Discrete Automation and Low Voltage units are more early cyclical and mostly serving industrialists looking to raise their productivity and/or reduce their energy consumption.

Recently, the group acquired several software companies in order to strengthen its projects and services capabilities. In 2011, ABB took over Baldor, an American producer of electric motors with whom substantial synergies have been achieved.

### Per Share (USD, except dividend in CHF)

	2013	2014	2015	2016e	2017e
Earnings	1.21	1.13	0.87	1.15	1.18
Variation	2.5%	-6.6%	-23.0%	32.5%	2.4%
Consensus earnings (IBES)	1.21	1.13	0.87	1.12	1.26
P/E	18.9	20.6	24.0	18.1	17.7
P/B	2.8	3.3	3.2	3.1	2.9
P/FCF	18.0	16.8	14.4	16.5	19.3
Dividend	0.70	0.72	0.74	0.80	0.82
Pay-out ratio	65%	72%	96%	70%	70%
Dividend yield	3.3%	3.4%	3.8%	3.9%	4.0%

### Strengths

- World leader in electricity technologies and motors.
- Very strong balance sheet (excess cash).

### Weaknesses

- High exposure to the investment cycle (volatile).

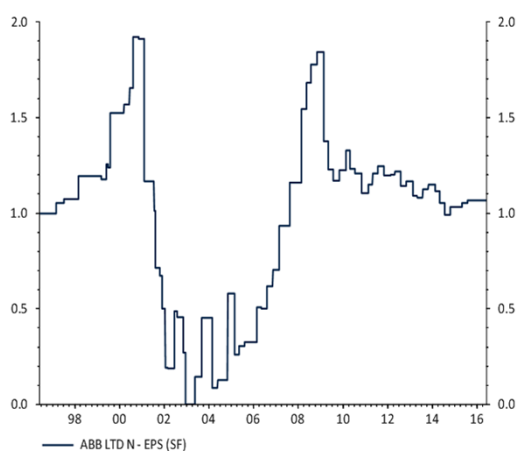
### Opportunities

- The high price for energy and the aim to depend less on fossil or nuclear energies should increase the demand for ABB products and services.

### Threats

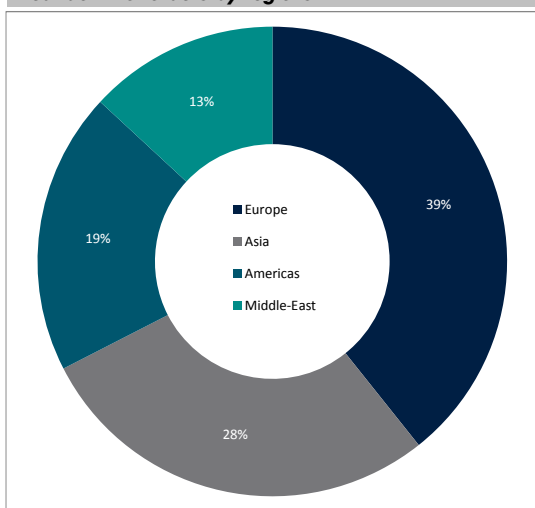
- Growing competition from emerging countries competitors.

**Earnings per share**



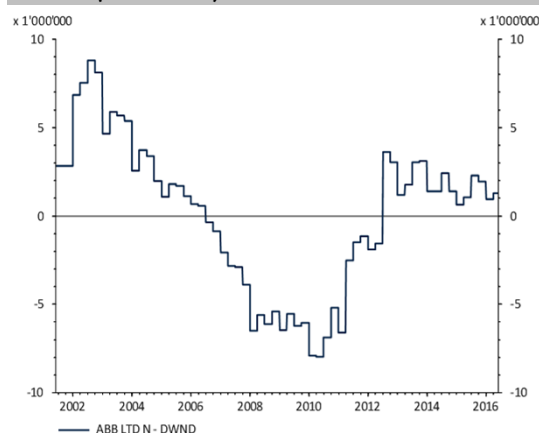
Graphic IAM - Source Thomson Reuters

**Breakdown of orders by regions**



Graphic IAM - Source firm

**Net debt (billions USD)**



Graphic IAM - Source Thomson Reuters

**Key Figures (mn USD), Dec 31st**

	2013	2014	2015	2016e	2017e
Sales	41'848	39'830	35'481	35'683	35'683
variation	6.4%	-4.8%	-10.9%	0.6%	0.0%
EBITDA	5'705	5'483	4'209	4'842	4'984
EBIT	4'387	4'178	3'049	3'802	3'922
Earnings before tax	4'066	3'896	2'840	3'664	3'745
Net earnings	2'907	2'718	2'055	2'675	2'734
Minorities	120	124	122	159	162
Shareholders earnings	2'787	2'594	1'933	2'516	2'572
Adj. Earnings	2'787	2'594	1'933	2'516	2'572
Current assets	26'425	24'986	22'760	22'252	22'587
Net fixed assets	21'639	19'892	18'596	18'756	18'894
Total assets	48'064	44'878	41'356	41'008	41'481
Equity	18'678	16'269	14'481	14'561	15'501
Net working capital	9'750	9'406	6'916	6'339	6'673
Net debt	2'803	2'088	2'206	2'298	2'032
Operating Cash flow	3'653	3'845	3'818	3'772	3'328
Capex	1'106	1'026	876	1'200	1'200
Free cash flow	2'937	3'181	3'228	2'760	2'354

**Performance Ratios**

	2013	2014	2015	2016e	2017e
Operating Margin	10.5%	10.5%	8.6%	10.7%	11.0%
Net margin	6.7%	6.5%	5.4%	7.1%	7.2%
ROE	14.9%	15.9%	13.3%	17.3%	16.6%
NWC/Sales	23.3%	23.6%	19.5%	17.8%	18.7%
Net debt / EBIT	63.9%	50.0%	72.4%	60.5%	51.8%
Net debt / Equity.	15.0%	12.8%	15.2%	15.8%	13.1%
D&A / PPE	21.1%	23.1%	22.0%	19.1%	19.1%
Capex / D&A	84%	79%	76%	115%	113%
Capex / Sales	2.6%	2.6%	2.5%	3.4%	3.4%
FCF / Net earnings	105.4%	122.6%	167.0%	109.7%	91.6%

**Peers**

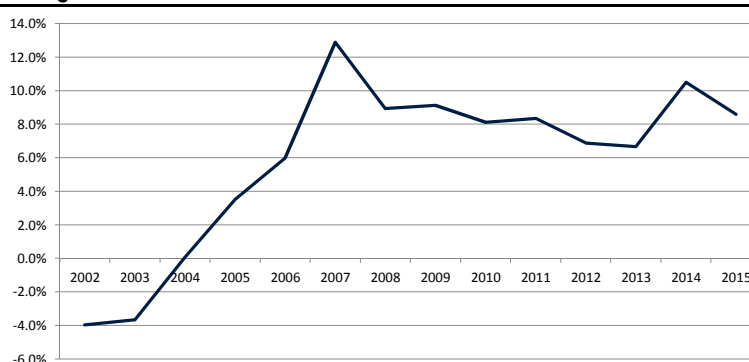
Name	Cap.	P/E trailing	P/E current	Div Yield	Perf YTD
ABB LTD N	47868.8	19.4	18.7	3.6%	15.1%
SIEMENS	90643.0	14.8	14.2	3.6%	10.5%
EMERSON ELECTRIC	33179.3	17.7	16.8	3.7%	-1.3%
ROCKWELL AUTOMATION	14987.1	20.4	19.6	2.5%	2.1%

**Shareholders**

Free float	93%	Chairman: Hubertus von Grünberg
Investor AB	7.2%	CEO :Ulrich Spiesshofer
		CFO: Eric Elzvik

**Management**

**Net Margin**



Graphic IAM - Source firm