

Consolidated Income Statements

Year ended December 31 (\$ in millions, except per share data in \$)	2017	2016	2015
Sales of products	28,133	27,816	29,477
Sales of services and other	6,179	6,012	6,004
Total revenues	34,312	33,828	35,481
Cost of sales of products	(20,313)	(20,431)	(21,694)
Cost of services and other	(3,733)	(3,650)	(3,653)
Total cost of sales	(24,046)	(24,081)	(25,347)
Gross profit	10,266	9,747	10,134
Selling, general and administrative expenses	(5,607)	(5,349)	(5,574)
Non-order related research and development expenses	(1,365)	(1,300)	(1,406)
Other income (expense), net	140	(111)	(105)
Income from operations	3,434	2,987	3,049
Interest and dividend income	74	73	77
Interest and other finance expense	(277)	(261)	(286)
Income from continuing operations before taxes	3,231	2,799	2,840
Provision for taxes	(860)	(781)	(788)
Income from continuing operations, net of tax	2,371	2,018	2,052
Income (loss) from discontinued operations, net of tax	(6)	16	3
Net income	2,365	2,034	2,055
Net income attributable to noncontrolling interests	(152)	(135)	(122)
Net income attributable to ABB	2,213	1,899	1,933
Amounts attributable to ABB shareholders:			
Income from continuing operations, net of tax	2,219	1,883	1,930
Net income	2,213	1,899	1,933
Basic earnings per share attributable to ABB shareholders:			
Income from continuing operations, net of tax	1.04	0.88	0.87
Net income	1.04	0.88	0.87
Diluted earnings per share attributable to ABB shareholders:			
Income from continuing operations, net of tax	1.03	0.87	0.87
Net income	1.03	0.88	0.87
Weighted-average number of shares outstanding (in millions) used to compute:			
Basic earnings per share attributable to ABB shareholders	2,138	2,151	2,226
Diluted earnings per share attributable to ABB shareholders	2,148	2,154	2,230

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

See accompanying Notes to the Consolidated Financial Statements.

Consolidated Statements of Comprehensive Income

Year ended December 31 (\$ in millions)	2017	2016	2015
Net income	2,365	2,034	2,055
Other comprehensive income (loss), net of tax:			
Foreign currency translation adjustments:			
Foreign currency translation adjustments	912	(481)	(1,058)
Changes attributable to divestments	12	7	—
Foreign currency translation adjustments	924	(474)	(1,058)
Available-for-sale securities:			
Net unrealized gains (losses) arising during the year	1	—	(7)
Reclassification adjustments for net (gains) losses included in net income	—	—	1
Unrealized gains (losses) on available-for-sale securities	1	—	(6)
Pension and other postretirement plans:			
Prior service (costs) credits arising during the year	(16)	(40)	88
Net actuarial gains (losses) arising during the year	(139)	44	210
Amortization of prior service cost included in net income	6	26	26
Amortization of net actuarial loss included in net income	63	62	82
Net losses from pension settlements included in net income	9	26	9
Changes attributable to divestments	6	—	—
Pension and other postretirement plan adjustments	(71)	118	415
Cash flow hedge derivatives:			
Net unrealized gains (losses) arising during the year	38	16	(20)
Reclassification adjustments for net (gains) losses included in net income	(22)	(6)	30
Changes attributable to divestments	(3)	—	—
Unrealized gains (losses) of cash flow hedge derivatives	13	10	10
Total other comprehensive income (loss), net of tax	867	(346)	(639)
Total comprehensive income, net of tax	3,232	1,688	1,416
Comprehensive income attributable to noncontrolling interests, net of tax	(177)	(118)	(100)
Total comprehensive income, net of tax, attributable to ABB	3,055	1,570	1,316

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

See accompanying Notes to the Consolidated Financial Statements.

Consolidated Balance Sheets

December 31 (\$ in millions, except share data)	2017	2016
Cash and equivalents	4,526	3,644
Marketable securities and short-term investments	1,102	1,953
Receivables, net	10,416	9,696
Inventories, net	5,059	4,347
Prepaid expenses	189	176
Other current assets	647	688
Assets held for sale	—	548
Total current assets	21,939	21,052
Property, plant and equipment, net	5,363	4,743
Goodwill	11,199	9,501
Other intangible assets, net	2,622	1,996
Prepaid pension and other employee benefits	144	90
Investments in equity-accounted companies	158	170
Deferred taxes	1,250	1,118
Other non-current assets	587	532
Total assets	43,262	39,202
Accounts payable, trade	5,419	4,446
Billings in excess of sales	1,251	1,241
Short-term debt and current maturities of long-term debt	738	1,003
Advances from customers	1,367	1,398
Provisions for warranties	1,231	1,142
Other provisions	1,882	1,765
Other current liabilities	4,385	3,936
Liabilities held for sale	—	218
Total current liabilities	16,273	15,149
Long-term debt	6,709	5,800
Pension and other employee benefits	1,882	1,834
Deferred taxes	1,099	918
Other non-current liabilities	1,950	1,604
Total liabilities	27,913	25,305
Commitments and contingencies		
Stockholders' equity:		
Common stock, CHF 0.12 par value (2,168,148,264 and 2,214,743,264 issued shares at December 31, 2017 and 2016, respectively)	188	192
Additional paid-in capital	29	24
Retained earnings	19,594	19,925
Accumulated other comprehensive loss	(4,345)	(5,187)
Treasury stock, at cost (29,541,775 and 76,036,429 shares at December 31, 2017 and 2016, respectively)	(647)	(1,559)
Total ABB stockholders' equity	14,819	13,395
Noncontrolling interests	530	502
Total stockholders' equity	15,349	13,897
Total liabilities and stockholders' equity	43,262	39,202

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

See accompanying Notes to the Consolidated Financial Statements.

Consolidated Statements of Cash Flows

Year ended December 31 (\$ in millions)	2017	2016	2015
Operating activities:			
Net income	2,365	2,034	2,055
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	1,101	1,135	1,160
Deferred taxes	(205)	(147)	(219)
Net loss from derivatives and foreign exchange	39	10	15
Net gain from sale of property, plant and equipment	(36)	(38)	(26)
Net loss (gain) from sale of businesses	(252)	10	20
Share-based payment arrangements	58	54	61
Other	11	112	94
Changes in operating assets and liabilities:			
Trade receivables, net	(80)	10	162
Inventories, net	(55)	115	105
Trade payables	599	340	(112)
Accrued liabilities	112	80	(24)
Billings in excess of sales	(27)	(25)	35
Provisions, net	30	14	330
Advances from customers	(120)	(163)	106
Income taxes payable and receivable	196	125	(32)
Other assets and liabilities, net	63	177	88
Net cash provided by operating activities	3,799	3,843	3,818
Investing activities:			
Purchases of marketable securities (available-for-sale)	(312)	(1,214)	(1,925)
Purchases of short-term investments	(393)	(3,092)	(614)
Purchases of property, plant and equipment and intangible assets	(949)	(831)	(876)
Acquisition of businesses (net of cash acquired) and increases in cost- and equity-accounted companies	(2,130)	(26)	(56)
Proceeds from sales of marketable securities (available-for-sale)	514	1,057	434
Proceeds from maturity of marketable securities (available-for-sale)	100	539	1,022
Proceeds from short-term investments	945	2,241	653
Proceeds from sales of property, plant and equipment	66	61	68
Proceeds from sales of businesses (net of transaction costs and cash disposed) and cost- and equity-accounted companies	607	(1)	69
Net cash from settlement of foreign currency derivatives	63	(57)	231
Other investing activities	39	18	20
Net cash used in investing activities	(1,450)	(1,305)	(974)
Financing activities:			
Net changes in debt with maturities of 90 days or less	207	(152)	3
Increase in debt	921	912	68
Repayment of debt	(1,007)	(1,249)	(101)
Delivery of shares	163	192	107
Purchase of treasury stock	(251)	(1,299)	(1,487)
Dividends paid	(1,635)	—	(1,357)
Reduction in nominal value of common shares paid to shareholders	—	(1,610)	(392)
Dividends paid to noncontrolling shareholders	(127)	(122)	(137)
Other financing activities	(6)	(27)	(84)
Net cash used in financing activities	(1,735)	(3,355)	(3,380)
Effects of exchange rate changes on cash and equivalents	268	(104)	(342)
Net change in cash and equivalents — continuing operations	882	(921)	(878)
Cash and equivalents, beginning of period	3,644	4,565	5,443
Cash and equivalents, end of period	4,526	3,644	4,565
Supplementary disclosure of cash flow information:			
Interest paid	205	213	221
Taxes paid	894	814	1,043

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

See accompanying Notes to the Consolidated Financial Statements.