

1 | KEY RESULTS VS. CONSENSUS

Metric	Reported	Consensus	vs. Cons.
Revenue	\$9.701 billion	\$9.77 billion	-0.7%
Net Income	\$1.181 billion	\$1.410 billion	-16.2%
SEGMENT REVENUE			
Electrification	\$5.424 billion	N/A	N/A
Motion	\$2.320 billion	N/A	N/A
Automation	\$2.126 billion	N/A	N/A

2 | GUIDANCE AND OUTLOOK

FY2026 comparable revenue growth guidance narrowed upward to the low-teen % range, from low-double-digit % to low-teen %. Reported Operational EBITA margin should expand at least 270 basis points, including property gains. Q4 revenue growth should broadly match Q3's 14%; underlying margin should soften sequentially, less than historically, excluding the CHF240 million property gain. For Electrification, management expects a sequential margin decline smaller than the historical average of approximately 150 basis points. Finance net guidance fell from approximately \$150 million income to approximately zero.

3 | EARNINGS ANALYSIS

BOOKINGS OUTRUN EARNINGS UPSIDE. Orders of \$12.055 billion rose 40% comparably, but were only approximately 0.1% above Q2. Record bookings despite seasonal headwinds were the positive sequential signal, not sharp acceleration. Operational EBITA of \$2.026 billion modestly beat consensus while revenue missed. Electrification generated approximately 75% of group Operational EBITA growth and approximately 91% of the order increase. Its orders excluding data centers grew in the high-teen % range, providing breadth without eliminating concentration in AI-related power infrastructure.

CASH QUALITY REQUIRES NORMALIZATION. Net income missed consensus materially despite stronger operating earnings. The approximately \$115 million noncash Rotork hedge loss was pretax and cannot explain the entire after-tax miss. Discontinued operations moved from a \$36 million profit to a \$44 million loss, reflecting separation-related tax effects. Continuing free cash flow increased approximately 11% to \$1.642 billion. Year-to-date consolidated free cash flow included \$468 million of property and equipment proceeds; excluding those proceeds, growth was approximately 12.8%, rather than the headline 22%.

WORKING CAPITAL FUNDS GROWTH. Average trade net working capital declined to 11.3% of revenue from 13.5%, but continuing operations absorbed \$593 million in Q3 inventory cash outflows. Trade payables contributed \$406 million and contract assets and liabilities \$103 million. Supplier credit and customer-related financing help fund growth; those offsets matter if bookings slow or delivery schedules change.

MARGIN DURABILITY REMAINS DIFFERENTIATED. Electrification reached a record 25.6% margin; pricing broadly offset commodity inflation, while volume leverage and efficiency supported profitability. Management expects similar approximately 30%-35% incremental profitability, not formal 2027 margin guidance. Motion improved sequentially to 19.1%, but remained below historical profitability, with Gamesa and execution issues absorbing leverage. Automation bookings were approximately flat comparably. The reported group margin upgrade includes nonrecurring property gains and should not translate directly into an equivalent recurring EPS increase. Q4 Motion margin should improve slightly; Automation should remain broadly stable.

VISIBILITY NEEDS CASH REALIZATION. Approximately 40% of current group backlog should convert during 2027. Data-center lead times of 12-24 months extend duration more clearly than immediate revenue acceleration. Capital expenditure should remain approximately \$1 billion annually over the next several years, Net debt fell to \$1.332 billion. The results reinforce industrial positioning; the principal risk is paying in advance for profitable backlog conversion and later DC architecture opportunities.

4 | KEY READ-THROUGHS

THE CRITICAL BOTTLENECK SUPPORTS SUPPLIER ECONOMICS
GE Vernova (GEV), Siemens Energy (ENR) | Positive | high for gas-generation and grid-equipment businesses, with material group-level implications
Transformers and gas turbines have longer lead times than ABB equipment, making delivery certainty valuable and supporting capacity reservations and contract discipline. GE Vernova reported 116 GW of gas-power equipment backlog plus slot reservations, not entirely firm orders. ABB corroborates scarcity economics and manufacturing utilization; its bookings are not automatically incremental turbine orders. New gas installations also expand the installed base for recurring maintenance and service revenue.

ORDER DURABILITY AND NON-DATA-CENTER DEMAND SUPPORT EARNINGS VISIBILITY
Eaton (ETN), Schneider Electric (SU) | Positive | high for their electrical businesses and meaningful at group level; more limited as a fresh valuation catalyst
Site-specific data-center commitments, advances and cancellation protections support electrical backlog conversion rather than speculative inventory accumulation. ABB orders outside data centers grew in the high-teen % range, while pricing broadly offset commodity inflation. This corroborates Schneider's already-reported quarter; for Eaton, it is a timely sector signal ahead of November 3 results. Eaton had already reported 18% organic Electrical Americas revenue growth in Q2.

DEMAND EXTENDS BEYOND THE AI RACK
Trane Technologies (TT) | Positive | high for commercial HVAC demand visibility and moderate to meaningful for consolidated earnings, depending on execution and mix
ABB identified commercial HVAC and data-center cooling as growth contributors despite weak residential construction. Greater rack-level liquid cooling does not eliminate facility-level heat rejection. Trane's Q2 Americas Commercial HVAC bookings increased 50%, making ABB a continuation signal, not a newly discovered trend. Trane's adjusted operating margin nevertheless declined 60 basis points; a margin upgrade still requires company-specific execution evidence.

SUPPLIER BACKLOG QUALITY IS NOT EQUIVALENT TO CUSTOMER CASH-FLOW QUALITY
Amazon.com (AMZN), Microsoft (MSFT) | Negative for near-term cash-conversion flexibility and project-payback timing | high exposure at the infrastructure-investment level, but insufficient evidence to quantify an incremental group earnings revision
Advances and cancellation provisions secure supplier backlog while committing customer capital before facilities generate revenue. Amazon's trailing-12-month free cash flow moved to a \$7.6 billion outflow even as AWS revenue grew 37%. ABB disclosed no customer-specific bookings or terms: committed construction does not validate utilization or returns on each investment.