

Company update		Neutral	
CMP		597	
Target Price		NA	
Previous Target Price		NA	
Upside		NA	
Change from Previous		NA	
Market Data			
BSE Code		50002	
NSE Symbol		ABB	
52wk Range H/L		469/830	
Mkt Capital (Rs Crores)		12,608	
Average Daily Volume		25,043	
Nifty		5,868	
Stock Performance-%			
	1M	1yr	YTD
Absolute	(7.4)	(25.9)	21.6
Rel. to Nifty	(6.4)	(36.9)	18.4
Share Holding Pattern-%			
	4QFY13	3QFY13	2QFY13
Promoters	75.0	75.0	75.0
FII	3.7	3.4	3.3
DII	12.4	12.9	13.0
Others	8.9	8.7	8.7
1 yr Forward P/B			

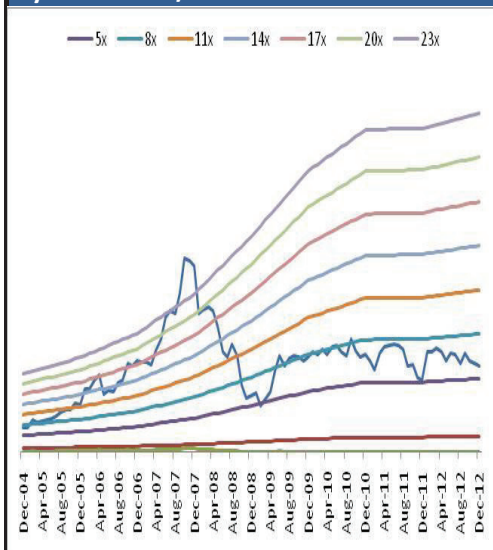


ABB has a robust order backlog of +87bn and with higher order flows from manufacturing, industrial & urban infra sectors, it has balanced order mix across all segments. However currently, margins are under attack due to increase in competitive intensity and slow progress in some large infra and industrial projects , However, management has indicated that now margin is likely to improve from the current level by focus on operational excellence and successful execution of cost saving programs. We do not have an active coverage on the stock as of now, but we believe that the going forward, given the strong competition, declining order flows and slower execution we expect ABB's profit margin and ROE to decline from the current levels. We maintain our neutral view on the stock.

Recent updates- Q1 CY13,

- ABB has received orders worth more than \$60 million from Swiss train manufacturer, Stadler Rail, to supply traction and onboard power equipment. The orders were booked in the first quarter. The new business follows earlier orders from rail operators to expand their fleets of Stadler trains in Germany (Hessische Landesbahn), Hungary (MAV and GYSEV), Italy (Südtiroler Transportstrukturen), Norway (NSB), and Switzerland (Thurbo). The equipment will be installed in more than 70 light electric trains, the so-called "fast light innovative regional train" type (FLIRT) and Gelenktriebwagen type (GTW), for 15 kilovolt alternating current (kVAC) and 25 kVAC line voltage as well as in six multi-system FLIRT electric trains for cross-border services.

- ABB has won an order worth around \$25 million to supply electrical and control systems for a new 75 megawatt (MW) photovoltaic (PV) power plant in the Northern Cape province of South Africa. The order was booked in the first quarter.

- The Board of Directors has proposed a change in the name of the Company from "ABB Ltd" to ABB India Ltd

Valuations:

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Financials	Rs, Crore				
	1QCY13	4QFY12	(QoQ)-%	1QCY12	(YoY)-%
Revenue	1953.4	2052.8	-4.8%	1790.3	9.1%
EBITDA	89.9	37.1	142.3%	97.5	-7.8%
PAT	41.2	14.0	194.6%	47.6	-13.6%
EBITDA Margin	4.6%	1.8%	280 bps	5.4%	120 bps
PAT Margin	2.1%	0.7%	140 bps	2.7%	(60) bps

(Source: Company/ Eastwind Research)

(Standalone)

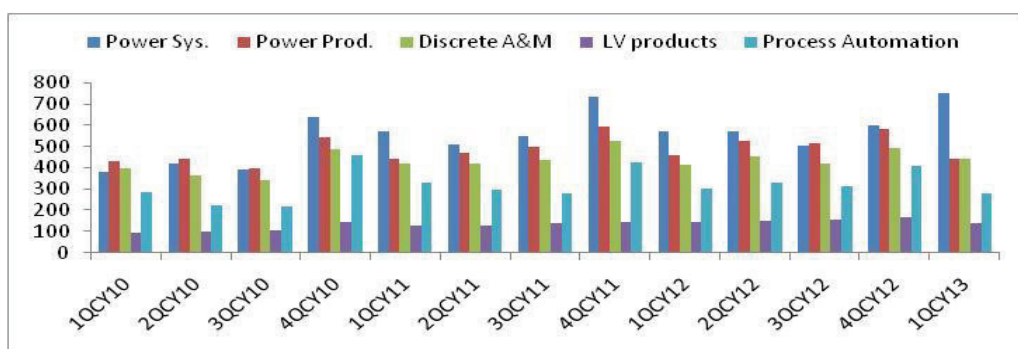
Graphical representations

Order scenario



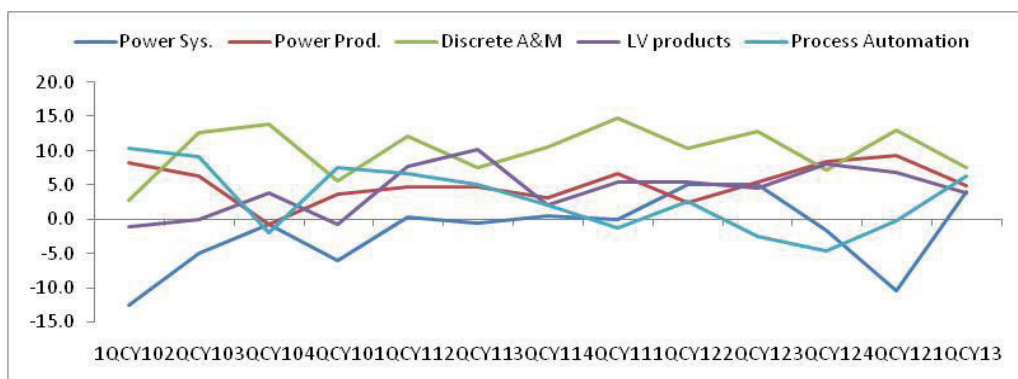
(Source: Company/ Eastwind Research)

Segment wise revenue



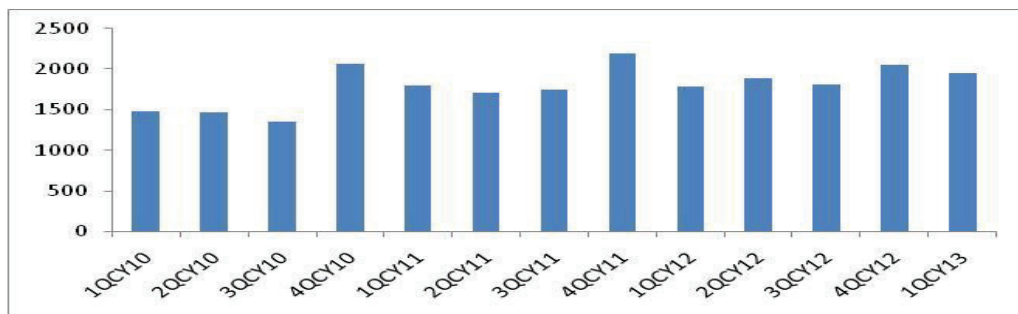
(Source: Company/ Eastwind Research)

Segment wise EBIT %



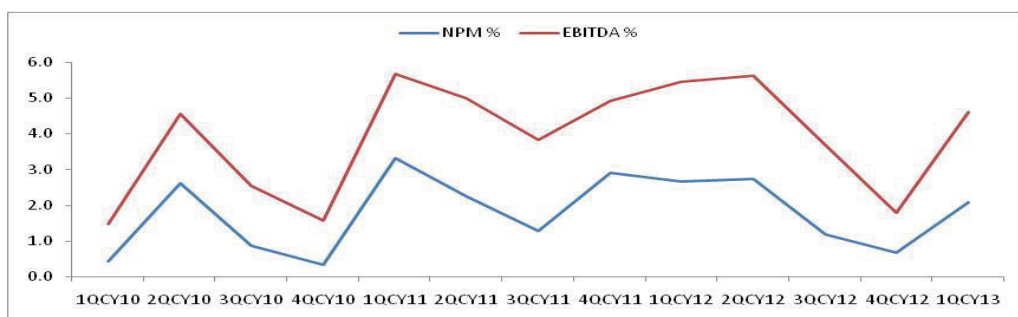
(Source: Company/ Eastwind Research)

Revenue



(Source: Company/ Eastwind Research)

Margin profile



(Source: Company/ Eastwind Research)

ABB looks at energy efficiency, solar to beat slowdown

For the past several quarters, ABB has been talking about the cost focus, while increasing its operational efficiency, whether it is on the shop floor, or on the project side or looking at optimising supply chain. ABB is now looking at fresh growth opportunities in areas such as energy efficiency and solar. It is also upgrading its factories, setting up new plants for gas-insulated switchgear (GIS) and dry-type distribution transformers. As per the company they will be the first one in the country, who will roll out first transformer soon. The company has shown good growth in service area and also in exports, compared to last year. "Exports continued to grow at a healthy 20 per cent in 2012. ABB has significantly increased manufacturing capacity in India in the last few years and is now amongst the top three capital goods exporters. We expect exports to increase, largely driven by sales of wind turbine generators from the company's Vadodara facility.

Key financials :

PARTICULAR	2008A	2009A	2010A	2011A	2012A	2013A
Performance						
Revenue	5930	6837	6237	6359	7449	7565
Other Income	71	130	73	13	41	7
Total Income	6001	6967	6310	6373	7490	7572
EBITDA	730	770	527	156	337	336
EBIT	697	733	479	104	257	242
DEPRICIATION	32	37	49	52	80	94
INTREST COST	12	35	26	17	31	43
PBT	756	829	526	100	268	206
TAX	265	286	173	37	83	69
Reported PAT	492	543	353	63	185	137
Dividend	47	47	42	42	64	64
EPS	23.2	25.6	16.7	3.0	8.7	6.5
DPS	2.2	2.2	2.0	2.0	3.0	3.0
Yeild %						
EBITDA %	12.3%	11.3%	8.5%	2.5%	4.5%	4.4%
NPM %	8.3%	7.9%	5.7%	1.0%	2.5%	1.8%
Earning Yeild %	1.6%	5.9%	2.2%	0.4%	1.5%	1.3%
Dividend Yeild %	0.1%	0.5%	0.3%	0.2%	0.5%	0.6%
ROE %	30.2%	25.6%	14.6%	2.6%	7.3%	5.3%
ROCE%	31.0%	27.3%	15.6%	3.3%	8.5%	6.2%
Position						
Net Worth	1626	2119	2424	2424	2535	2598
Total Debt						328
Capital Employed	1626	2119	2424	2424	2535	2926
No of Share	21	21	21	21	21	21
CMP	1486	436	769	804	584	489
Valuation						
Book Value	76.7	100.0	114.4	114.4	119.6	122.6
P/B	19.4	4.4	6.7	7.0	4.9	4.0
Int/Coverage	59.5	21.2	18.7	6.0	8.4	5.6
P/E	64	17	46	270	67	75

(Source: Company/ Eastwind Research)