

ABBN: ABB Ltd

Electrification & Automation Megatrends · Premium Growth Profile · Elite Capital Efficiency

NTM P/E	Exp. 2-Yr Avg. EPS Growth	Net Debt/EBITDA	LTM ROE
~32.3x	~14.0%	0.44x	33.6%
Next Twelve Months	Forward outlook	Low leverage	Trailing 12 Months

GROWTH PLAY: THE QUANTITATIVE GROWTH ENGINE

ABB Ltd (ABBN) is positioning itself as a core infrastructure winner in the global transition toward electrification, industrial automation, and low-carbon transport. By capturing structural tailwinds across renewable power, grid modernisation, and smart factory applications, ABB has evolved into a premier industrial compounder. Our quantitative models flag ABBN as a **high-conviction Growth play — Growth Rank: 97/100 (TOP GROWTH)** — despite a premium valuation that compresses its Value Rank (6/100).

Value Score	Growth Score	LTM ROIC	Net Debt/EBITDA
6/100	97/100	24.5%	0.44x
Bottom decile	TOP GROWTH	Elite quality	Strong balance sheet

1 · Structural Growth Acceleration & Margin Expansion

ABB is experiencing a powerful inflection in its growth profile, demonstrating significant operating leverage as it scales.

- **Top-Line Velocity:** While the historical 3-year revenue growth stood at a modest 4.1% annualised, forward estimates indicate a massive acceleration — average revenue growth comfortably between **10% and 11% annually** over the next two years, with full-year 2026 expected to hit the **double-digit mark (~12.5%–13% YoY)**.
- **Operating Leverage & Margin Accretion:** Core EBITDA forecasted to expand by more than **+19% YoY** for 2026, outpacing top-line growth and pushing the projected **EBITDA margin toward 21.9%** (up from ~20.7% in 2025). Normalised net income margins on track to scale toward **16.1%**.
- **Earnings Power:** Normalised EPS projected to surge by over **+20% YoY** in 2026, contributing to a robust **average annual EPS growth of ~14%** over the next two years.

2 · Best-in-Class Capital Efficiency & Sector Quality

ABB's quality metrics screen exceptionally high for the electrical equipment sector, signalling an elite competitive moat and disciplined capital allocation.

- **Elite Returns on Capital:** LTM ROE stands at a stellar **33.6%**, with expectations to expand further toward **34.5%** for the full fiscal year.
- **Superior ROIC:** LTM ROIC of **24.5%** — proving that ABB generates premium economic returns on every dollar deployed in automation and electrification.
- **Balance Sheet Fortress:** LTM Net Debt/EBITDA of just **0.44x** — an incredibly clean capital structure leaving ample room to fund continuous R&D and bolt-on acquisitions without dilution risk.

3 - Valuation & Market Momentum

ABB's low Value Score (6/100) reflects a market that is fully aware of — and willing to pay for — its structural strengths.

- **Premium Multiples:** Driven by a spectacular price return of nearly **+80%** over the past 12 months, the stock trades at a trailing P/E of ~40.3x and a forward **NTM P/E of ~32.3x**.
- **Strong Price Momentum:** Growth Rank of **97/100** highly supported by underlying price momentum, with the stock trading near its 52-week high of CHF 85.38 (closing at CHF 83.62 at end of May 2026).
- **Investment Case:** While traditional value screens will reject the premium price-to-book multiple (LTM P/BV ~13.1x), growth and quality mandates will view this as a justified premium for an industrial giant experiencing secular growth acceleration.

The Bottom Line

ABB Ltd is a quintessential modern industrial compounder. The transition from an asset-heavy legacy manufacturer to a high-margin leader in Electrification and Automation has permanently re-rated the stock. With a Growth Rank of 97/100 — placing it in the absolute top tier of our 3,700+ European equity universe — supported by an expected average annual EPS growth of ~14% and an extraordinary LTM ROIC of 24.5%, the operational momentum justifies the premium forward multiple. For growth portfolios seeking exposure to the global grid and factory automation super-cycles, ABBN represents a fundamentally sound anchor.

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