

May 13, 2025

Q1CY25 Result Update

Change in Estimates | Target | Reco

Change in Estimates

	Current		Previous	
	CY25E	CY26E	CY25E	CY26E
Rating	BUY		BUY	
Target Price	6,851		6,955	
Sales (Rs.m)	1,38,290	1,57,662	1,40,607	1,60,938
% Chng.	(1.6)	(2.0)		
EBITDA (Rs.m)	24,547	27,906	24,958	28,486
% Chng.	(1.6)	(2.0)		
EPS (Rs.)	94.99	108.75	96.42	110.40
% Chng.	(1.5)	(1.5)		

Key Financials - Standalone

Y/e Dec	CY23	CY24	CY25E	CY26E
Sales (Rs. m)	1,04,465	1,21,883	1,38,290	1,57,662
EBITDA (Rs. m)	14,898	23,052	24,547	27,906
Margin (%)	14.3	18.9	17.8	17.7
PAT (Rs. m)	12,482	18,746	20,128	23,045
EPS (Rs.)	58.9	88.5	95.0	108.8
Gr. (%)	62.0	50.2	7.4	14.5
DPS (Rs.)	29.3	35.4	38.0	43.5
Yield (%)	0.5	0.6	0.7	0.8
RoE (%)	22.9	28.8	26.2	25.5
RoCE (%)	25.0	33.2	29.9	29.0
EV/Sales (x)	10.9	9.3	8.1	7.0
EV/EBITDA (x)	76.3	49.0	45.6	39.7
PE (x)	94.8	63.2	58.8	51.4
P/BV (x)	19.9	16.7	14.2	12.1

Key Data

ABB.BO | ABB IN

52-W High / Low	Rs.9,200 / Rs.4,590
Sensex / Nifty	82,430 / 24,925
Market Cap	Rs.1,184bn / \$ 13,866m
Shares Outstanding	212m
3M Avg. Daily Value	Rs.2808.77m

Shareholding Pattern (%)

Promoter's	75.00
Foreign	10.27
Domestic Institution	7.01
Public & Others	7.72
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	8.6	(19.8)	(22.2)
Relative	(1.0)	(23.4)	(31.4)

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Mixed quarter; execution remains in focus

Quick Pointers:

- Base order inflow increased ~10.0% YoY to Rs35.5bn, while large orders decreased by 44.8% to Rs2.1bn in Q1CY25
- Domestic/export revenue mix stood at 93%/7% vs (92%/8% in Q1CY24).

We revised our EPS estimates for CY25/CY26 by -1.5%/-1.5% factoring in executing delays in Process Automation. ABB India (ABB) reported quarterly performance with modest revenue growth of 2.6% YoY with flattish EBITDA margin of 18.4%. During the quarter, the growth was led by strong momentum across all segments except in Process automation which was impacted by a change in delivery schedule. Order book pipeline remains robust seeing strong traction from fast growing diverse business segments, such as Data Center, Electronics and Renewables along with traction equipment like propulsion systems and traction motors for rail & metro. Management's efforts for expanding in Tier-2 and Tier-3 cities are yielding results while the base order intake is projected to sustain at ~Rs35bn per quarter. Going forward, management continues to guide for the PAT margin of 12-15% (15.4% in CY24) with a strategic focus on consumption, investments, premiumization and global uncertainties.

We remain positive on ABB given 1) increasing traction for energy efficient and premium quality products, 2) resilient business model, 3) focus on high-growth areas such as data centers, rail & metro, renewables and electronics, and 4) strong domestic order pipeline. The stock is trading at a P/E of 58.8x/51.4x CY25/26E. We maintain 'Buy' rating with a revised TP of Rs6,851 (Rs6,955 earlier) valuing the stock at a PE of 63x CY26E (same as earlier).

Execution Strength in Core Segments Offsets Process Automation Weakness:

Revenue grew modestly at 2.6% YoY to Rs31.6bn (PLe: Rs34.4bn) led by healthy execution in Robotics, Electrification and Motion while Process Automation was down due to lower systems and process industries revenue. Robotics revenue increased by 37.0% YoY to Rs1.5bn while Motion revenue increased by 8.2% YoY to Rs11.0bn. Electrification revenue also increased by 4.7% YoY to Rs13.6bn meanwhile, Process automation revenue declined 19.3% YoY to Rs5.9bn. Gross margin increased by 146bps YoY to 41.7% (PLe: 39.7%). EBITDA rose 3.0% YoY to Rs5.8bn (PLe: Rs5.9bn) with EBITDA margin remaining flat at 18.4% (PLe: 17.2%) driven by better gross margin performance partially offset by higher operating costs. PAT rose 3.2% YoY to Rs4.7bn (PLe: Rs4.9bn) driven by better operating profitability.

Healthy Order book stands at Rs99.6bn (0.8x TTM revenue): Order inflows for Q1CY25 increased by 4.0% YoY to Rs37.5bn, driven by base order intake growth of 9.6% YoY to Rs35.5bn. Base/Large order intake mix stood at 95%/5% (vs 90%/10% in Q1CY24). Order book stands healthy at Rs99.6bn (0.8x TTM revenue) with segmental mix of 5%/39%/34%/22% for Robotics/Motion/Electrification/Process Automation.

Exhibit 1: Higher employee cost (+10.9% YoY) and other expenses (+8.1% YoY) offset the Gross margin expansion

Y/e Dec (Rs mn)	Q1CY25	Q1CY24	YoY gr.	Q1CY25E	% Var.	Q4CY24	QoQ gr.	CY24	CY23	YoY gr.
Revenue	31,596	30,804	2.6%	34,446	-8.3%	33,649	-6.1%	1,21,883	1,04,465	16.7%
Gross Profit	13,176	12,396	6.3%	13,675	-3.7%	13,818	-4.6%	50,980	38,440	32.6%
Margin (%)	41.7	40.2	146	39.7	200.1	41.1	64	41.8	36.8	503
Employee Cost	2,452	2,211	10.9%	2,411	1.7%	1,947	25.9%	8,219	7,152	14.9%
as % of sales	7.8	7.2	58	7.0	76.0	5.8	197	6.7	6.8	(10)
Other expenditure	4,901	4,533	8.1%	5,339	-8.2%	5,297	-7.5%	19,709	16,391	20.2%
as % of sales	15.5	14.7	80	15.5	1.2	15.7	(23)	16.2	15.7	48
EBITDA	5,823	5,652	3.0%	5,925	-1.7%	6,573	-11.4%	23,052	14,099	63.5%
Margin (%)	18.4	18.3	8	17.2	122.9	19.5	(111)	18.9	13.5	542
Depreciation	338	314	7.4%	330	2.3%	337	0.2%	1,289	1,199	7.5%
EBIT	5,485	5,338	2.8%	5,595	-2.0%	6,236	-12.0%	21,763	12,900	68.7%
Margin (%)	17.4	17.3	3	16.2	111.8	18.5	(117)	17.9	12.3	551
Other Income	923	871	6.0%	960	-3.8%	866	6.6%	3,534	3,017	17.1%
Interest	47	38	23.6%	40	17.8%	51	-8.2%	165	127	29.9%
PBT (ex. Extra-ordinaries)	6,361	6,171	3.1%	6,515	-2.4%	7,051	-9.8%	25,133	15,791	59.2%
Margin (%)	20.1	20.0	10	18.9	122.1	21.0	(82)	20.6	15.1	550
Extraordinary Items	-	-	-	-	-	-	-	-	-	-
PBT	6,361	6,171	3.1%	6,515	-2.4%	7,051	-9.8%	25,133	15,791	59.2%
Total Tax	1,620	1,575	2.9%	1,642	-	1,732	-6.5%	6,387	4,107	55.5%
Effective Tax Rate (%)	25.5	25.5	(5)	25.2	26.8	24.6	90	25.4	26.0	(60)
Reported PAT	4,741	4,596	3.2%	4,873	-2.7%	5,319	-10.9%	18,746	11,683	60.5%
Adj. PAT	4,741	4,596	3.2%	4,873	-2.7%	5,319	-10.9%	18,746	11,683	60.5%
Margin (%)	15.0	14.9	9	14.1	85.9	15.8	(80)	15.4	11.2	420
Adj. EPS	22.4	21.7	3.2%	23.0	-2.7%	25.1	-10.9%	88.5	55.1	60.5%

Source: Company, PL

Exhibit 2: Margin strength led by Motion and Electrification offsets Robotics softness

Segment Revenue (Rs mn)	Q1CY25	Q1CY24	YoY gr.	Q1CY25E	% Var.	Q4CY24	QoQ gr.	CY24	CY23	YoY gr.
Robotics & Discrete Automation	1,496	1,092	37.0%	1,440	3.8%	1,397	7.1%	4,444	4,161	6.8%
Motion	10,959	10,128	8.2%	10,994	-0.3%	11,193	-2.1%	42,874	37,851	13.3%
Electrification	13,577	12,963	4.7%	16,352	-17.0%	15,028	-9.7%	50,744	41,772	21.5%
Industrial Automation	5,865	7,263	-19.3%	6,088	-3.7%	6,277	-6.6%	25,830	22,361	15.5%
Others	51	26	100.4%	45	13.6%	60	-14.4%	176	125	40.7%
Less : Inter segment revenues (continuing)	351	667	-47.3%	698	-49.7%	306	14.9%	2,185	1,804	21.1%
Total	31,596	30,804	2.6%	34,221	-7.7%	33,649	-6.1%	1,21,883	1,04,465	16.7%
EBIT										
Robotics & Discrete Automation	198	168	17.5%	180.1	-	145	36.2%	600	530	13.3%
Motion	2,398	2,163	10.9%	2,198.8	-	2,340	2.5%	9,489	6,014	57.8%
Electrification	3,356	3,078	9.0%	3,597.3	-	3,548	-5.4%	11,618	7,746	50.0%
Industrial Automation	962	1,181	-18.5%	1,004.6	-	1,221	-21.2%	4,570	2,749	66.2%
EBIT Margin (%)										
Robotics & Discrete Automation	13.2%	15.4%	(220)	-	-	10.4%	283	13.5%	12.7%	77
Motion	21.9%	21.4%	52	-	-	20.9%	98	22.1%	15.9%	624
Electrification	24.7%	23.7%	97	-	-	23.6%	110	22.9%	18.5%	435
Industrial Automation	16.4%	16.3%	15	-	-	19.4%	(304)	17.7%	12.3%	540

Source: Company, PL

Conference Call Highlights

- **Order inflows for Q1CY25 grew by 4.0% YoY to Rs37.5bn**, due to the strong inflow of base orders received in Q1CY25. Base orders grew ~10% YoY to Rs3.5bn with traction from segments like electronics, railways, data centers, energy, metals and mining and building and infrastructure.
- Q1CY25 product/service/project mix was 73%/14%/13% with management expecting the service revenue mix share to reach 15%; Q1CY25 domestic/export revenue mix stood at 93%/7% with exports orders growing by 40% YoY; and channel mix was 40%/39%/10%/11% across direct sales/partners/EPCs/OEMs.
- **Electrification:** Newly launched product in Electrification segment, LIORA Switches for commercial and residential spaces gained strong traction in Q1CY25. Revenue increased by +5% YoY, supported by broad-based growth across segments, a strong execution backlog, and higher service business contribution. Margins improved due to a favorable revenue mix and better price realization in the segment. However, order inflow declined by -2.0% YoY to Rs17.6bn due to a one-time large data center order received in Q1CY24.
- **Motion:** Order inflow grew by +6.0% YoY to Rs1.25bn driven by a high-value traction solutions order worth ~Rs 2.0 bn from Indian Railways and increased demand for drive products and services. Revenue increased +6% YoY due to higher revenue contributions from drives products and services along with execution of high value projects. Company remains focused on expanding and localizing its Motion division's products portfolio across various business segments.
- **Process Automation:** Revenue declined (-19.0% YoY to Rs5.9bn) due to change in customer delivery schedules and cautious approach amid macroeconomics uncertainties, leading to delayed decision making and deferred project execution. However, Margins improved due to favorable revenue mix with higher service business contribution. Order inflow fell by -16.0% YoY to Rs4.5bn primarily due to lower system orders and delays in projects. While management believe the base business, fast moving consumer goods, continues to perform well, while the large projects are still in pipeline but held back by customers due to macros uncertainties.
- **Robotics:** Order inflow surged to Rs 3.2bn (+114% YoY from Rs1.5bn), mainly driven by strong demand in electronics segment which continues to offer significant growth opportunities. Revenue also saw robust growth of 37.0% YoY to Rs1.5bn, backed by efficient execution of orders across emerging business segments.
- **Product Portfolio Expansion:** During the quarter, the company expanded its product portfolio with the launch of two new products:
 - A) **LIORA Switches** – A special range of modular switches designed for both commercial and residential applications.
 - B) **Motion Low Voltage Flameproof Motors** – Introduced in higher frame sizes, this new range offers enhanced safety, reliability, and efficiency.

Financials

Income Statement (Rs m)

Y/e Dec	CY23	CY24	CY25E	CY26E
Net Revenues	1,04,465	1,21,883	1,38,290	1,57,662
YoY gr. (%)	21.9	16.7	13.5	14.0
Cost of Goods Sold	63,286	67,486	79,863	91,523
Gross Profit	41,180	54,397	58,428	66,139
Margin (%)	39.4	44.6	42.3	42.0
Employee Cost	7,152	8,219	8,989	10,012
Other Expenses	8,854	10,482	10,648	11,825
EBITDA	14,898	23,052	24,547	27,906
YoY gr. (%)	54.9	54.7	6.5	13.7
Margin (%)	14.3	18.9	17.8	17.7
Depreciation and Amortization	1,199	1,289	1,398	1,543
EBIT	13,699	21,763	23,148	26,363
Margin (%)	13.1	17.9	16.7	16.7
Net Interest	127	165	111	126
Other Income	3,017	3,534	3,872	4,572
Profit Before Tax	16,589	25,133	26,910	30,809
Margin (%)	15.9	20.6	19.5	19.5
Total Tax	4,107	6,387	6,781	7,764
Effective tax rate (%)	24.8	25.4	25.2	25.2
Profit after tax	12,482	18,746	20,128	23,045
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	12,482	18,746	20,128	23,045
YoY gr. (%)	62.0	50.2	7.4	14.5
Margin (%)	11.9	15.4	14.6	14.6
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	12,482	18,746	20,128	23,045
YoY gr. (%)	21.7	50.2	7.4	14.5
Margin (%)	11.9	15.4	14.6	14.6
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	12,482	18,746	20,128	23,045
Equity Shares O/s (m)	212	212	212	212
EPS (Rs)	58.9	88.5	95.0	108.8

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Dec	CY23	CY24	CY25E	CY26E
Non-Current Assets				
Gross Block	15,393	16,882	20,382	23,382
Tangibles	15,393	16,882	20,382	23,382
Intangibles	-	-	-	-
Acc: Dep / Amortization	5,638	6,438	7,836	9,379
Tangibles	5,638	6,438	7,836	9,379
Intangibles	-	-	-	-
Net fixed assets	9,755	10,444	12,546	14,003
Tangibles	9,755	10,444	12,546	14,003
Intangibles	-	-	-	-
Capital Work In Progress	784	1,122	1,122	1,122
Goodwill	-	-	-	-
Non-Current Investments	88	96	97	110
Net Deferred tax assets	1,027	985	985	985
Other Non-Current Assets	2,883	3,640	5,255	5,991
Current Assets				
Investments	-	-	2,000	5,000
Inventories	15,608	17,780	20,838	23,325
Trade receivables	25,443	29,837	33,720	38,444
Cash & Bank Balance	48,162	55,078	62,773	70,907
Other Current Assets	4,476	3,911	4,840	5,518
Total Assets	1,08,985	1,22,928	1,45,749	1,66,943
Equity				
Equity Share Capital	424	424	424	424
Other Equity	59,022	70,330	82,676	97,458
Total Network	59,446	70,754	83,100	97,882
Non-Current Liabilities				
Long Term borrowings	289	282	282	282
Provisions	-	-	-	-
Other non current liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	201	237	237	237
Trade payables	31,091	31,980	38,646	42,763
Other current liabilities	18,985	20,660	24,470	26,764
Total Equity & Liabilities	1,08,985	1,22,928	1,45,749	1,66,943

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Dec	CY23	CY24	CY25E	CY26E
PBT	16,507	25,133	26,910	30,809
Add. Depreciation	1,199	1,289	1,398	1,543
Add. Interest	127	165	111	126
Less Financial Other Income	3,017	3,534	3,872	4,572
Add. Other	(2,346)	(2,913)	-	-
Op. profit before WC changes	15,486	23,674	28,419	32,478
Net Changes-WC	1,696	(3,690)	(565)	(2,191)
Direct tax	(3,667)	(6,626)	(6,781)	(7,764)
Net cash from Op. activities	13,515	13,358	21,072	22,523
Capital expenditures	(1,846)	(2,137)	(3,500)	(3,000)
Interest / Dividend Income	2,770	3,433	-	-
Others	40,432	67,171	(1,984)	(3,000)
Net Cash from Invt. activities	41,355	68,467	(5,484)	(6,000)
Issue of share cap. / premium	-	-	-	-
Debt changes	(237)	(274)	-	-
Dividend paid	(2,331)	(7,265)	(7,782)	(8,263)
Interest paid	(127)	(165)	(111)	(126)
Others	-	-	-	-
Net cash from Fin. activities	(2,695)	(7,704)	(7,893)	(8,389)
Net change in cash	52,176	74,121	7,695	8,134
Free Cash Flow	11,684	11,218	17,572	19,523

Source: Company Data, PL Research

Key Financial Metrics

Y/e Dec	CY23	CY24	CY25E	CY26E
Per Share(Rs)				
EPS	58.9	88.5	95.0	108.8
CEPS	64.6	94.6	101.6	116.0
BVPS	280.5	333.9	392.2	461.9
FCF	55.1	52.9	82.9	92.1
DPS	29.3	35.4	38.0	43.5
Return Ratio(%)				
RoCE	25.0	33.2	29.9	29.0
ROIC	154.6	154.2	136.6	130.6
RoE	22.9	28.8	26.2	25.5
Balance Sheet				
Net Debt : Equity (x)	(0.8)	(0.8)	(0.8)	(0.8)
Net Working Capital (Days)	35	47	42	44
Valuation(x)				
PER	94.8	63.2	58.8	51.4
P/B	19.9	16.7	14.2	12.1
P/CEPS	86.5	59.1	55.0	48.1
EV/EBITDA	76.3	49.0	45.6	39.7
EV/Sales	10.9	9.3	8.1	7.0
Dividend Yield (%)	0.5	0.6	0.7	0.8

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Dec	Q2CY24	Q3CY24	Q4CY24	Q1CY25
Net Revenue	28,309	29,122	33,649	1,21,883
YoY gr. (%)	12.8	5.2	22.0	295.7
Raw Material Expenses	15,250	15,817	18,807	67,486
Gross Profit	13,058	13,305	14,843	54,397
Margin (%)	46.1	45.7	44.1	44.6
EBITDA	5,425	5,402	6,573	23,052
YoY gr. (%)	55.6	23.2	57.6	307.9
Margin (%)	19.2	18.6	19.5	18.9
Depreciation / Depletion	310	328	337	1,289
EBIT	5,115	5,074	6,236	21,763
Margin (%)	18.1	17.4	18.5	17.9
Net Interest	45	30	51	165
Other Income	868	929	866	3,534
Profit before Tax	5,938	5,973	7,051	25,133
Margin (%)	21.0	20.5	21.0	20.6
Total Tax	1,511	1,568	1,732	6,387
Effective tax rate (%)	25.5	26.3	24.6	25.4
Profit after Tax	4,426	4,405	5,319	18,746
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	4,426	4,405	5,319	18,746
YoY gr. (%)	49.6	21.7	54.1	307.9
Margin (%)	15.6	15.1	15.8	15.4
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	4,426	4,405	5,319	18,746
YoY gr. (%)	49.6	21.7	54.1	307.9
Margin (%)	15.6	15.1	15.8	15.4
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	4,426	4,405	5,319	18,746
Avg. Shares O/s (m)	212	212	212	212
EPS (Rs)	20.9	20.8	25.1	88.5

Source: Company Data, PL Research

Price Chart

Recommendation History



No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	09-Apr-25	BUY	6,955	5,064
2	19-Feb-25	BUY	6,955	5,142
3	09-Jan-25	Accumulate	8,133	6,657
4	06-Nov-24	Accumulate	8,133	7,133
5	07-Oct-24	Accumulate	8,833	7,930
6	12-Aug-24	Accumulate	8,833	7,972
7	08-Jul-24	Accumulate	8,400	8,679
8	14-May-24	Accumulate	8,400	7,984

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	ABB India	BUY	6,955	5,064
2	Apar Industries	Accumulate	6,287	4,944
3	BEML	Accumulate	3,561	2,875
4	Bharat Electronics	BUY	340	281
5	BHEL	Accumulate	226	211
6	Carborundum Universal	Accumulate	1,052	950
7	Cummins India	BUY	3,309	2,746
8	Elgi Equipments	BUY	517	418
9	Engineers India	BUY	242	164
10	GE Vernova T&D India	Accumulate	1,950	1,304
11	Grindwell Norton	Accumulate	1,716	1,612
12	Harsha Engineers International	Accumulate	398	374
13	Hindustan Aeronautics	Accumulate	4,134	4,042
14	Ingersoll-Rand (India)	BUY	4,540	3,376
15	Kalpataru Projects International	BUY	1,105	876
16	KEC International	Accumulate	801	665
17	Kirloskar Pneumatic Company	BUY	1,636	1,230
18	Larsen & Toubro	BUY	4,004	3,324
19	Praj Industries	BUY	545	461
20	Siemens	Accumulate	3,233	2,763
21	Thermax	Accumulate	3,456	3,222
22	Triveni Turbine	BUY	744	488
23	Voltamp Transformers	BUY	10,285	8,195

PL's Recommendation Nomenclature (Absolute Performance)

Buy	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly

ANALYST CERTIFICATION

(Indian Clients)

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