WEG (WEGE3)

New Orders Improvement as a Read-Through from ABB's 3Q25 Results

ABB 3Q25 Results

SHORT NOTE

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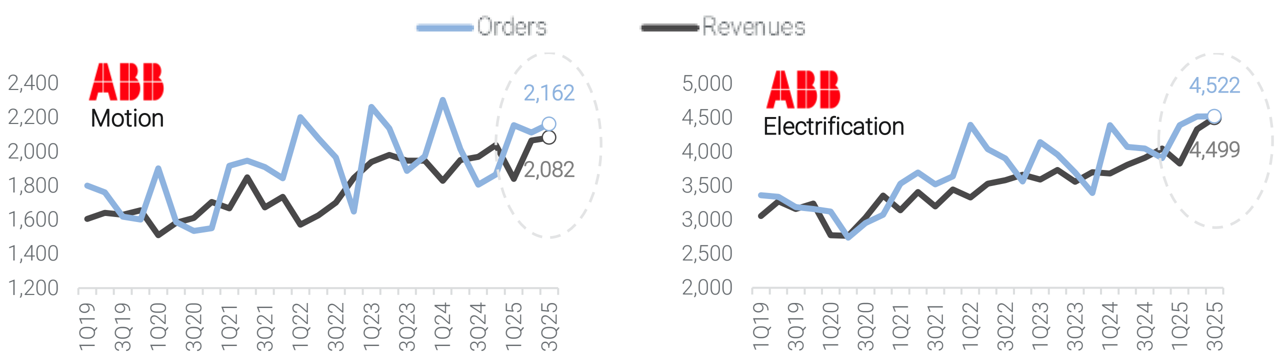
What's new? This morning, ABB released its 3Q25 results. In terms of read-through for WEG, key takeaways include: (i) signs of better long-cycle order intake; and (ii) relatively stronger short-cycle performance in quarterly revenues. We welcome the indication of price adjustments, which could support WEG's ability to pass through costs, especially considering tariffs. U.S. stood out with robust order intake, another positive highlight.

In-line with previous quarters, ABB emphasized particularly strong demand in the data center segment (*~7% of ABB's revenues*), while the Robotics & Discrete Automation segment faces more challenging market conditions.

Despite an uncertain macro backdrop, ABB highlights marginal impact from U.S. tariffs, citing its local-for-local footprint and price pass-through as mitigating factors *(the company is investing in U.S. plants to meet 90% of regional demand locally, up from current ~75–80%).*

- In Motion, comparable orders increased +17% YoY (book-to-bill of 1.04x), with positive performance across both project and short-cycle businesses. U.S. order intake was a standout (+40% YoY comparable). On the downside, ABB flagged continued weak demand in Chemicals, Pulp & Paper, and Mining. Higher short-cycle volumes and price pass-through drove a +3% YoY comparable revenue increase, offsetting weaker-than-expected long-cycle and systems deliveries. EBITA margin contracted -0.6p.p. YoY to 20.1%.
- In Electrification, comparable orders rose +10% YoY (book-to-bill of 1.01x), with data center growth as a key driver. Revenues reached ATH (+13% YoY comparable), with ABB highlighting strong performance in medium-voltage products and power protection, as well as improvements in short-cycle business. EBITA margin expanded +0.4p.p. YoY to 24.5%.

Figures 1-2: ABB Orders vs. Revenues



Sources: Company Data, ABB, Reuters and XP Research.

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Figure 3: ABB Product Overview by Segment (More Details In Our [WEG Competition Handbook Report])

WEG Overlap

	Electrification	Motion	Process Automation	Robotics & Discrete Automation	
				Robotics	Discrete Automation
ABB	Medium-voltage electrical components	Motors	ABB Ability™ Distributed Control System (DCS), System 800xA	Robots	Programmable logical controllers
	Low-voltage electrical components	Generators	Symphony Plus	Autonomous mobile robots	Industrial PCs
	Switchgear	Drives	Compact Product Suite	Robotics autonomous cells	Servo motion
	Digital devices	Traction converters	ABB Ability Advanced Digital Services	Smart systems	Industrial transport systems
	Enclosures		ABB Care	Field services	Machine vision
	Circuit breakers		ABB Ability™ Genix Industrial Analytics and Artificial Intelligence Suite	Spare parts	Software for engineering
	Power conversion products			Digital services	Optimization
	Charging solutions for EVs			Engineering	
				Operations software	

Sources: Company Data and XP Research.

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