

**ULRICH SPIESSHOFER**  
**Chief Executive Officer**  
**ABB Annual General Meeting, April 13, 2017**

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***This is a non-binding translation of the original German version.***

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Dear Shareholders,  
Ladies and Gentlemen,

Welcome to Zurich – welcome to your ABB! I would like to welcome you, also on behalf of my Executive Committee colleagues present here today.

Thank you, Peter, for your remarks. You said: “ABB writes the future” – and that’s true. This is our brand promise. It means: ABB has a keen eye on the future. And: ABB *is shaping* this future.

2016, the year of our 125th anniversary, was another year in which we did this and achieved many highlights here in Switzerland:

- ABB was here in Switzerland when the Gotthard Base Tunnel – the world’s largest railway tunnel – was opened. Using the latest, energy-efficient ABB technologies, we supply power to the railway network infrastructure and ensure that the tunnel is properly ventilated.

- We were also there during the World Economic Forum in Davos. We played a leading role in the debates about digitalization and the future of work there and positioned ABB as a driver of the fourth industrial revolution with key players from politics, business, society and our customers.
- We were there when the revolutionary bus line 23 in Geneva got off the ground and was tested; soon it will begin regular operation as a fully electric line – and thanks to our TOSA rapid charging and drive technology, the buses will be able to recharge their batteries in just about 15 seconds! This is done via a robotic arm that connects the charging station to the bus at the bus stops.
- And naturally we were there when Solar Impulse 2 completed its circumnavigation of the Earth. Solar Impulse 2 was the first aircraft to achieve this feat without a single drop of kerosene. We were a proud supporter of this project led by our Swiss friends Bertrand Piccard and André Borschberg. In doing so we have shown how the limits of what is possible in energy technology can be changed and that we make a substantial contribution to move the world without consuming the earth's resources.

ABB is not simply an innovative company that with a constant eye on pioneering technological achievements. We also work hard for you, dear Shareholders, to reward your trust and your investment in ABB. And ABB is a worthwhile investment!

CHF 23.10 – that was yesterday's share price. The price was still at CHF 18.87 on April 12, 2016, our last year's annual general meeting – this is a 22 percent increase in 12 months. These developments are a step in the right direction but we are still far from satisfied.

Our objective also holds for the future: ABB creates added value – for our customers and especially for you, our shareholders.

ABB today is positioned as market and customer-oriented, focused technology leader that serves customers around the world with a unique balance. We have made powerful enhancements to our product range: Today we only have traditional “copper and iron” products such as transformers and electric motors – and, incidentally, we are the global market leader in terms of size and profitability in both of these fields. The other 50 percent of our products are further broken down into two halves: Electronics and software and services – areas in which we are experiencing rapid growth and that still hold many opportunities for us in the future. Our customers in the utility, industrial, transportation and infrastructure sectors around the globe appreciate this.

The future holds many opportunities for us:

This especially applies to the energy transition and the Fourth Industrial Revolution. ABB is firmly positioned in the driver’s seat for both of these developments.

The opportunities here are amazing: For instance, it is very likely that around USD 7,000 billion will be invested in renewable energy sources and connecting them to the grid in the power supply sector alone over the next 25 years.

The following example shows how ABB can benefit from this in concrete terms:

In the future, electricity will need to travel over much greater distances – for example in Germany: from wind parks in the North Sea to the major cities where the electricity is consumed or even all the way here to Switzerland or the US, where Canadian hydropower will provide New York with energy.

But this requires a special technology – high-voltage direct current transmission, or HVDC for short – which we at ABB invented in the 1950s and have pioneered ever since. It enables power to be transmitted over long distances with minimal loss.

- So if you know that ABB is one of today's leading suppliers of these HVDC systems with its software and digital technology;
- If you know that ABB is helping to build and optimize national and continental grids in North and South America, Europe and Asia;
- And if you also know that 300 HVDC transmission networks are planned throughout the world,

Then you will see: ABB has excellent opportunities to generate sustainable growth.

The situation is similar in industry, especially with the Fourth Industrial Revolution: The machine-to-machine market – that is the market for interconnected machines in factories – is expected to grow 18 percent per year until 2020. In roughly the same period, the number of industrial robots will more than double – from 1.2 today to 2.6 million.

This puts ABB in an excellent position to take advantage of these future possibilities. And I can promise you this: We will continue to do so!

We won't miss a beat. We will set the pace ourselves instead.

And this is something that we are good at, because the conditions are right: We are much closer to the market today.

We are better at putting our innovation strength into practice.

We have a very strong and motivated team.

And we invest in the right future-oriented markets, the growth regions of the world and especially in our employees.

2016 was a year of unpredictability, of volatile markets and of geopolitical uncertainties. For us – and for many other companies – it wasn't always easy to navigate. But the fact is we used the year successfully to further strengthen ABB operationally.

At the center of this was the Next Level Strategy, which you are already familiar with. We launched this strategy in 2014. And we continued to pursue its implementation very successfully again in 2016 by gradually lifting ABB to a new level in terms of performance, growth and earnings.

We will accelerate the sustainable value creation of ABB and create a solid foundation for long-term growth in three stages by 2020.

To achieve this, we are focusing on three areas:

- First, on profitable growth
- Second, relentless execution
- And third, on business-led collaboration.

Stages 1 and 2 of the Next Level Strategy are virtually complete. Stage 2 ended in fall of 2016. This is also when we launched the third stage of our strategy – I will discuss this in more detail in a moment.

We have worked hard the past few years to increase ABB's competitiveness in order to drive the profitable growth of our company.

At the same time, we have made organic growth a priority. For example in 2016 ABB also delivered organic growth in the robotics and food and beverages sector.

And we lost fat and built muscle in the process.

We:

- Consolidated the number of global regions from eight to three.
- Substantially reduced the hierarchy levels and the group headquarters by more than 30%.
- Strengthened the performance culture and encouraged our employees to be entrepreneurial in their actions.

- The compensation system has been further aligned to meet performance criteria
- Further intensified our focus on innovations.
- Significantly reduced expenses.
- And positioned the company so that it is much more customer and market-oriented.

Our White Collar Productivity program to increase our productivity as part of a trusting cooperation with employees from sales and administration areas is one example where we will actually exceed our expectations: We were able to raise our mutually defined savings target for 2016 by 30 percent to USD 1.3 billion.

We are also making progress in optimizing our working capital with our 1,000 Day program: We will release approximately USD 2 billion by the end of 2017.

Moreover, we are continuing our regular cost-savings program with which we aim to achieve annual savings of 3 to 5 percent of sales.

One of the main focuses of 2016 was the Power Grids division.

We carried out an extensive strategic examination of this division's portfolio last year – and then we made the decision together with the Board of Directors to continue the transformation of the Power Grids division under the umbrella of ABB! The division will therefore remain a part of ABB and will be consistently streamlined as the global market leader to sharpen our competitive edge even further.

After careful and thorough examination, we are all convinced that we will be able to create the most value for shareholders, customers and employees in this manner.

Accordingly, we have raised the target corridor for the division's operational EBITA margin from 2018 by an additional 200 basis points to 10 to 14 percent – this is another clear sign of our confidence in the future viability of the division, which still had a margin of 4 percent just a few years ago.

In any case, the Next Level Strategy shows that we have achieved significant improvements. And ABB today is leaner!

The results of the past year show how much progress we have made and just how persistent and consistent we are.

However, as I said before, we had to fight market headwinds in nearly every segment in 2016.

This is clear by orders received, which were slightly lower at USD 33.4 billion. This primarily had to do with the continued reluctance of customers to invest, for example in the process industry.

Nevertheless, we succeeded once again in 2016 in winning major orders for example for key power transmission projects – for instance in India, where we are building a transmission line together with the publicly owned grid operator. It will reliably provide over 80 million people with electricity. This project alone is worth USD 640 million.

Despite the difficult market conditions and continued geopolitical and macroeconomic uncertainties, our performance in the 2016 financial year was still strong overall.

We continuously increased the margins. And we generated more cash. All in all, we ended 2016 with a solid financial position.

- Our revenues remained relatively stable at around USD 34 billion.
- Net income was just under USD 1.9 billion – also almost on par with the previous year.
- What is important is that ABB was more profitable again. We increased the operational EBITA margin by another 50 basis points to 12.4 percent in a persistently difficult market environment.
- We also improved basic earnings per share by 2 percent to USD 0.88 per share.
- Operational earnings per share even rose 4 percent to USD 1.29 per share in the reporting year.
- This may not be exactly where we want to be, but it is definitely a step in the right direction.
- Operating cash flow also increased – our performance here was strong. Free cash flow rose by USD 46 million in 2016 and is now 161 percent of net income.
- The cash return on invested capital was up 40 basis points to 13.8 percent.

These are all positive results.

However, we were faced with an unexpected challenge as well: Criminal activity in Korea hit us head on. Immediately following the reports, I ordered a thorough investigation, led by Diane de Saint Victor, our General Counsel and Head of Compliance. We hired independent experts and initiated a comprehensive, transparent collaboration with local and global authorities. We also reinforced

the relevant financial processes with robust, immediate measures. As soon as we achieved the necessary clarity, we implemented further improvements without delay to ensure that all processes and their implementation meet our high standards. The required disciplinary measures and reinforcements to the team are also already in place.

This situation deeply shocked me personally – and, dear Shareholders, strengthened my resolve to focus all of my energy on working with my team to make ABB a company that we can always be proud of, no matter where in the world we are.

Obviously, the transformation of ABB will continue. We still have a way to go. We launched stage 3 of our Next Level Strategy in fall 2016 – the next phase of value creation.

The key components of our Next Level Strategy are:

- Realigning and managing the division as four market-leading, entrepreneurial units;
- Realizing ABB's full digital potential;
- Driving operational excellence program and
- Strengthening ABB's brand by consolidating more than 1,000 brands under the ABB umbrella and a new face of marketing.

We are already in an excellent position with our four market-leading divisions: Today we are more focused, entrepreneurial, agile and much better able to meet customer needs in times of Energy and the Fourth Industrial Revolution than we could have done in the old structure.

Each of the four divisions

- Can be described from the customer's perspective in a simple sentence today
- Is currently the number 1 or 2 player in the relevant market, each greater than USD 100 billion
- And is positioned much more clearly in the competitive environment.

This is a solid foundation for shaping our future in order to further strengthen our four business divisions. Let's take the Industrial Automation division as an example: Today we are the global market leader in process technology here.

And now we are taking the next step: Just a few days ago we announced that we will acquire B&R – a global innovation leader in machine and factory automation from Austria.

This is a true milestone in the history of our company.

After all: This acquisition will close ABB's historical gap in machine and factory automation.

It will give us a uniquely comprehensive industrial automation portfolio for customers globally!

B&R is the largest independent provider of product and software-based, open-architecture solutions for machine and factory automation worldwide.

The company employs more than 3,000 people, operates across 70 countries and generates annual sales of more than USD 600 million.

Innovation is also of key importance to B&R.

B&R invests more than ten percent of its sales in research and development. Over a third of its workforce is active in research and application development. Thus, it is clear: B&R is a real gem in the world of machine and factory automation.

And the logic behind the transaction is very compelling.

First: We are talking about an attractive market segment. The growth rate is around 4 to 5 percent per year. The market for machine and factory automation is worth USD 20 billion.

Second: It is an attractive company. B&R delivered a revenue CAGR of 11 percent over the last two decades.

Third: The transaction follows a clear strategic logic. It strengthens ABB's position as the number 2 player in industrial automation worldwide.

And fourth: The transaction will also pay off for ABB economically. We will create strong growth and cost synergies and work together to get our customers excited

The acquisition will make us the only industrial automation provider offering customers the entire spectrum of technology and software solutions around measurement, control, actuation, robotics, digitalization and electrification.

This makes us a strong number 2 in industrial automation – with a business volume of around USD 15 billion. And rest assured: All of us at ABB are happy with second place – but we will do everything we can to continue to shorten the distance to the number 1. Those who know me know: We are rarely satisfied with second place and will continue to train in order to achieve the top spot in the market.

Furthermore, the acquisition also fits perfectly with our Next Level strategy. It is proof that: We are focused on profitable growth through innovation and customer proximity, we are targeting the markets of the future and we are strengthening our position where it makes the most sense. And: We will increase our customers' productivity and performance.

The second key measure in Stage 3 of our strategy is aimed at industrial digitalization. With our unique digital offering, we enable our combined global customer base to seize the huge opportunities of the Fourth Industrial Revolution – worldwide.

And we are not starting from scratch. We already gained experience with software, hardware and automation four decades ago. However, ABB was more of a “hidden champion” of digitalization until now – a company with hidden potential but more than 70 million connected products. But now we are changing this for good. We are making ABB a digital leader.

We already introduced ABB Ability, our leading digital platform in October 2016.

This is our response to the opportunities and challenges of the digital world. ABB Ability bundles all digital activities at ABB in *one* strategic platform – across segment boundaries and all business units.

ABB Ability builds on our strengths:

- On our installed base of 70 million connected devices and more than 70,000 installed control systems,
- On our decades of experience with digitalization and automation,
- On our high level of expertise in technological solutions,
- On our deep knowledge of the market,
- On our strict customer orientation and
- On innovation.

We have already created a central digital organization for goal-oriented business management in the context of ABB Ability and also strengthened the management team: Guido Jouret – one of the pioneers of the Internet of Things – joined us in the fall of 2016. He is an experienced Chief Digital Officer and a fantastic leader who fits in well with our culture.

ABB Ability is a quantum leap for us in digitalization. We presented Houston this March more than 180 new solutions and services – ABB Ability is the largest portfolio of digital services in the industry for customers in industrial power supply and in the transportation and infrastructure sector!

It comprises the most diverse digital solutions and products from plant control, remote monitoring of motors and power and energy management to ship fleet navigation optimization.

Our aim is to serve our customers in an even more targeted way and with even better support and to prepare and inspire them to take advantages of industrial digitalization. We want enable them to push ahead with their own digitalization efforts and thus create added value. This will enable them – with the help of ABB and ABB Ability – to significantly boost their performance and productivity.

- Our ABB Ability solutions for mining are yet another good example of how we can use data and connectivity to make entire workflows in the mining industry more predictable, efficient and secure while significantly boosting productivity – even in older mines – thanks to our technologies. Our intelligent control system “knows” the location and planned activity of each person and asset in a mine, compiles information from gas, flow and temperature sensors, and controls ventilation and air supply throughout the mine. This minimizes evacuation times, ensures a safe working environment and improves maintenance planning. This makes it possible to cut energy costs for ventilation – one of the biggest cost drivers in underground mining – by 54 percent and the heating costs by 21 percent.

As you can see: We are creating solutions that our customers can use to generate real added value. And: We are advancing the dynamic transformation of ABB with resolve and persistence.

Digitalization and the energy transition are our bridge into the next decade!

Dear Shareholders,

One thing is certain: The global market continues to be challenging, even in 2017. And the geopolitical uncertainties will also likely persist or worsen. But we won't let adversities and uncertainties like this stop us and will continue to drive the transformation of your ABB quickly but with a steady hand.

We have a plan for the future. We have the experience and expertise. And above all, we have a team that works tirelessly for ABB. On this note I would like to thank this team, my team and all of our employees involved around the world for the incredible dedication and motivation they showed last year!

Two days ago, we announced another step in the further development of the Executive Committee. Frank Duggan, our experienced, Irish, former head of the Asia, Middle East and Africa region will return to Europe and lead this region in the future. He is succeeding Bernhard Jucker who will be entering his well-deserved retirement this summer following an exceptionally successful and long career at ABB.

The successor rule for the important Asia, Middle East and Africa growth region marks a crucial milestone in ABB's history. With Chun Yuan Gu, our current Managing Director of ABB China, this is the first time a colleague with a proven track record from this region has been appointed to ABB's Executive Committee. He is also a proven automation and robotics expert, who will push ahead with the integration of B&R in the rapidly growing markets in his region.

Now with Timo Ihamuotila, our new CFO, who came to us from Nokia with a wealth of digitalization experience and is succeeding Eric Elzvik, whom I would also like to thank for his many years of dedication to ABB, the team is well positioned for the next phase of the ABB transformation.

I would also like to say to our customers, partners and my colleagues on the Executive Committee and Board of Directors – and especially you, Peter: Thank

you so much, thank you all for your support on so many levels, for the good collaboration and the countless, valuable conversations and suggestions.

Last but not least, I would also like to thank you, our shareholders and extend my express appreciation to the major shareholders present here today. Your trust and your support and your constructive criticism are an inspiration to us each and every day and are central to the progress we have achieved thus far. Thank you for heading into the future with us. And please remain at our side in the future – my team and I will do everything we can to make it worth your while!

Ladies and Gentlemen,

The ABB ship is on course, even if we are facing strong headwinds from the markets.

- We will continue to push ahead with the transformation of the company.
- We are shaping the world of energy and the world of digital factories.
- And: We are creating sustainable value – for you, our shareholders, and for our employees and our customers.

ABB has always stood for this in the past and we will continue to shape the history of your company following our transformation.

Thank you very much!