

PETER VOSER
Chairman of the Board of Directors
Annual General Meeting of ABB, March 29, 2018

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Ladies and Gentlemen,

This is a historic Annual General Meeting for us: 30 years ago, on January 4, 1988, Asea and BBC joined forces. I'm sure you will agree with me when I say: The world and our ABB have changed significantly since then. Who would have thought at the time that cars worldwide would be charged in minutes at fast-charging stations connected to the internet? Or that a pocket-sized device could combine all the functions of a phone, mailbox, camera and newspaper?

The rapid technological advances that have been made in recent years are changing our everyday life – often so subtly that we don't always notice it immediately. All in all, however, these developments are bringing with them tremendous upheaval.

Thanks to technological advances, the industrial sector is abuzz with words like sensors, robotics and artificial intelligence. But while technology used to supplement human muscle, it now complements our brain power. This is an integral part of the Fourth Industrial Revolution.

The Fourth Industrial Revolution is having a significant impact on industrial productivity. With impressive results: Over decades, new technologies have helped to raise the prosperity of millions of people. Since 1990, the proportion of the world's population living in extreme poverty has fallen from one third to less than ten percent today.

However, the growth in productivity and prosperity presents a challenge: How to use our resources responsibly. The world has committed itself in the Paris Agreement to limiting the rise in global temperatures to less than two degrees Celsius. To succeed, the world must transition even faster to renewable energies and e-mobility – and drastically improve energy efficiency.

These developments do not stop at ABB. On the contrary: We are actively shaping this change – for the benefit of all. Over the past few decades, we have shown that we can transform ourselves into a digital technology pioneer. Building on our more than 126-year history, we are today writing the future of industrial digitalization.

For us, digitalization is a key element of our corporate strategy. Digital technology is part of our DNA. We equip devices and systems with software and interfaces that ensure smooth, uninterrupted operations. Today, more than 55 percent of our portfolio is already software-based – and this proportion will increase further in the coming years.

We invest heavily in research and development. Our seven global research centers are closely interlinked and currently employ a total of 7,900 people. In Silicon Valley alone, there are 400 ABB employees carrying out research in the field of artificial intelligence. More than anything else, our highly talented research teams embody ABB's transformation. They are the key to our digital transformation and our guarantee that we at ABB will continue to shape and drive the energy transition and the Fourth Industrial Revolution.

Ladies and gentlemen, before we look into the future, I would first like to review the year 2017 together with you. It was a year of transition for many reasons; I would like to highlight three in particular:

First, 2017 was a transition year in politics: In important ABB markets such as France, the United States, Germany, Austria and China, new presidents or governments were elected or far-reaching political agendas were adopted.

Second, 2017 was a transition year for the world economy: For the first time since the financial crisis of 2008, global economic growth exceeded expectations.

Third, 2017 was a year of technological transition: New installations of renewables again reached record levels. E-mobility finally took center stage in 2017, with several governments pledging to phase out fossil fuel-powered cars over the next few decades.

And for our ABB, 2017 was also a transition year and one that we brought to a successful conclusion – and in retrospect it may well have been one of the most important years in our Group's history.

As its name suggests, our Next Level strategy has taken ABB to a new level. We have focused our business even more strongly on growth and reduced risk. Today, ABB is leaner, more efficient and more focused. Administrative costs are lower than at any other company of this size.

We now have four entrepreneurial, market-leading and customer-oriented divisions under the roof of our ABB. Each of these divisions is either the global number one or two in its respective market.

We have a focused and strengthened portfolio. With the sale of our high-voltage cable business and the change in the EPC business model we have substantially reduced risks.

And the purchase of B&R and Keymile has also contributed significantly.

The acquisition of B&R was particularly significant. With this acquisition, ABB substantially expanded its leadership in industrial automation and closed a historic supply gap. The acquisition of B&R would probably not have been possible without the persistence of our CEO over ten years.

With the announced acquisition of GE Industrial Solutions (GE IS), we will bring together ABB's technologies and digital offering ABB Ability™ with the complementary products and market access of GE IS to offer our customers a comprehensive portfolio in electrification. The transaction is expected to close in the first half of 2018, subject to the customary regulatory approvals.

With its solid foundation and focused and strengthened portfolio, ABB is well positioned to continue to develop positively in the coming year. For this reason, we are today proposing a dividend of CHF 0.78 per share to the Annual General Meeting. This is in line with our policy of paying a steadily rising, sustainable dividend over time as part of our Next Level strategy. This proposal also demonstrates our confidence in the future. If accepted, it will be the ninth consecutive dividend increase.

The consistent execution of our strategy is also reflected in the financial results over the past year. Let me mention a few key points:

- We slightly increased our revenues.
- We received higher base orders in all divisions and regions. Growth continued to rise in all consecutive quarters.
- We finished our homework: All strategic productivity programs have now been completed.

Ulrich Spiesshofer will tell you more about our performance in a moment. ABB's Executive Committee has done a good job in many areas and in close coordination with the Board of Directors has successfully driven the transformation forward. At this point, many thanks to Uli and the entire management team.

But all of this was possible also because ABB's employees fully supported the transformation of our company. I would thank you most sincerely for that! We are proud of the fact that we have 135,000 smart and ambitious people working with us and achieving great things every day. They are the true digital champions.

In short: The foundation for growth has been laid. We can and will build on it in the coming years.

But 2017 was also a year in which we put things to the test and learned the hard way that we cannot plan for every eventuality.

In February 2017, we uncovered misappropriation and embezzlement of funds at our subsidiary in South Korea. As a result, the Executive Committee, in close coordination with the Board of Directors, responded swiftly and decisively to this illegal behavior of an employee and we have implemented decisive measures to minimize the loss. We have identified the relevant problems and addressed the material weaknesses in our internal controls. We also replaced the management team in South Korea. We have made it absolutely clear: As far as criminal and unethical actions are concerned, we at ABB pursue a zero-tolerance strategy.

Ladies and gentlemen, we have also learned in the past that one or other decision may not always be understandable to you. You made this criticism clear to us at our last Annual General Meeting when you only narrowly granted discharge to the Board of Directors and the Executive Committee for the 2016 financial year and criticized the compensation report, which was also only narrowly accepted.

We take your vote very seriously and have thought hard about the conclusions we should draw from it. We want to explain more and become more transparent. As you can read in our compensation report for 2017: The strategy can only be successfully implemented if we all continue to focus strongly on performance. For this reason, we have further developed the compensation model and linked it closely to the strategy and individual performance of each individual employee.

We would like to thank you, dear shareholders, for your trust. You have supported our direction for many years. We appreciate your trust in the

successful development of your ABB. On behalf of the Board of Directors and the Executive Committee, I would like to express my heartfelt thanks.

As mentioned earlier, I would like again to thank Ying Yeh and Louis R. Hughes for their excellent contribution to the success of our ABB.

We wish Ying and Lou all the best for their new challenges.

On the way to becoming a digital and software-driven technology leader, we have over the past four years laid the necessary foundations in the Board of Directors and have also rejuvenated our board. We continuously review the composition of our Board of Directors, taking into account experience and cultural diversity. In this way, we have consolidated and expanded competencies that are necessary for the further strategic orientation of the Group.

This year, we are recommending the three new candidates for election to the Board of Directors: Jennifer Xin-Zhe Li, Geraldine Matchett and Gunnar Brock. Each of these exceptional personalities brings with them many years of relevant global experience and the necessary judgement for this function. Electing the proposed candidates would increase the number of members of ABB's Board of Directors from ten to eleven. Allow me to introduce the three candidates to you briefly:

Jennifer Xin-Zhe Li has headed the venture capital firm Baidu Capital since 2017. Prior to that she was CFO of the Chinese technology group Baidu, Inc. and previously she held a number of senior positions in finance at General Motors. She earned her MBA from the University of British Columbia and studied foreign languages at Tsinghua University. Jennifer is a highly assured finance leader and has significantly increased the value of Baidu, Inc. during her time there. She also brings expertise in the field of digitalization and will therefore perfectly complement our Board of Directors.

Geraldine Matchett has been CFO of the Dutch chemical company Royal DSM since 2014. Before that she was CFO for SGS S.A. in Switzerland. She holds a Master's degree in sustainable development from the University of Cambridge. In addition to her global CFO leadership experience, she brings the international audit experience she has built up over several years with KPMG and Deloitte. At DSM, she is currently responsible for Africa.

Gunnar Brock earned his MBA from the Stockholm School of Economics. He has been President and CEO of the Swedish industrial group Atlas Copco Group, President and CEO of Thule International, President and CEO of Tetra Pak Group and President and CEO of Alfa Laval Group. In addition to his numerous management roles, he has extensive experience as a member of various boards of directors: At present, Gunnar is Chairman of the Board of Directors of Mölnlycke Health Care AB and Stena AB, and sits on various other boards.

With this composition, the ABB Board of Directors has a unique combination of expertise in the fields of digitalization, finance, software, marketing and research, and development and manufacturing. The members of the Board of Directors reflect our international presence; they come from ten nations and a wide range of industries. This puts the Board of Directors in a very good position to work together with the Executive Committee to successfully press ahead with the transformation of ABB.

Ladies and gentlemen, while other competitors have only just begun to reorganize their companies or are in the midst of major restructuring, ABB has already undergone – as demonstrated – an impressive transformation. We are convinced that this development will create added value for ABB and for all of our stakeholders – for customers, employees and, of course, for you, dear shareholders.

Let me conclude by summarizing once again why we can all look to the coming years with confidence:

First, because ABB has the capability to advance digital and software-driven technologies including artificial intelligence. This enables us to offer solutions that not only benefit and serve our customers, but ultimately everyone. Therefore, our research and development will play an even greater role in the future.

Second, because ABB has a new, leaner and even more customer-focused structure. With our entrepreneurial divisions, we operate much more closely to rapidly changing markets. The divisions can react quickly to and take advantage of market opportunities.

Third, because ABB takes the view that we don't always have to do everything by ourselves. Together with innovative partners – whether established companies or start-ups – we can offer high-performance solutions that no single company is able to offer by itself.

And finally, because ABB listens to its customers' needs. Our customers turn to us to build stronger, smarter and more environmentally friendly power grids. Our customers come to us to provide electrification for all points of power consumption. Our customers call us for help to achieve perfection in industrial automation and to use robotics and intelligent drives for higher productivity.

The energy transition and the Fourth Industrial Revolution are increasing demand for our products and solutions in these areas. And we are well positioned to take advantage of these opportunities for long-term, profitable growth in an improving market environment.

30 years after the merger, we have a stronger market presence than ever: We are globally represented and respected as such. We are a technology leader with a broad portfolio. And we are digital. Innovation is our tradition – we shape the future. Together.

Thank you!