



GE 2019 third quarter performance

Financial results & Company highlights

October 30, 2019

CAUTION CONCERNING FORWARD-LOOKING STATEMENTS:

This document contains "forward-looking statements" – that is, statements related to future events that by their nature address matters that are, to different degrees, uncertain. For details on the uncertainties that may cause our actual future results to be materially different than those expressed in our forward-looking statements, see <http://www.ge.com/investor-relations/disclaimer-caution-concerning-forward-looking-statements> as well as our annual reports on Form 10-K and quarterly reports on Form 10-Q. We do not undertake to update our forward-looking statements. This document also includes certain forward-looking projected financial information that is based on current estimates and forecasts. Actual results could differ materially.

NON-GAAP FINANCIAL MEASURES:

In this document, we sometimes use information derived from consolidated financial data but not presented in our financial statements prepared in accordance with U.S. generally accepted accounting principles (GAAP). Certain of these data are considered "non-GAAP financial measures" under the U.S. Securities and Exchange Commission rules. These non-GAAP financial measures supplement our GAAP disclosures and should not be considered an alternative to the GAAP measure. The reasons we use these non-GAAP financial measures and the reconciliations to their most directly comparable GAAP financial measures are included in our quarterly report on Form 10-Q, and the appendix of this presentation, as applicable.

Our financial services business is operated by GE Capital Global Holdings LLC (GECGH). In this document, we refer to GECGH as "GE Capital". We refer to the industrial businesses of the Company including GE Capital on an equity basis as "GE". "GE (ex-GE Capital)" and/or "Industrial" refer to GE excluding GE Capital.

GE's Investor Relations website at www.ge.com/investor and our corporate blog at www.gereports.com, as well as GE's Facebook page and Twitter accounts, contain a significant amount of information about GE, including financial and other information for investors. GE encourages investors to visit these websites from time to time, as information is updated and new information is posted.

3Q'19 snapshot

Financial highlights

- Organic orders (1)%; backlog of \$386B, +14% y/y
- GE Industrial segment organic revenue* growth of +7%
- Adjusted GE Industrial profit margins* +130 bps organic
- GAAP EPS of \$(0.15); adjusted EPS* of \$0.15
- GE Industrial free cash flow* of \$650M

Significant developments

- Industrial deleveraging actions: \$9 - 11B announced or completed
- BKR^{-a)} deconsolidation: pre-tax loss of \$(8.7)B in discontinued operations
- Insurance premium deficiency test: pre-tax non-cash charge of \$(1.0)B, largely driven by discount rates
- Non-cash \$(740)M goodwill impairment related to the Alstom Hydro business

More to do

- Power: daily management & project execution, Transactional services performance, cost-out
- Renewable Energy: significant delivery ramp, Hydro & Grid turnaround, project execution, NPIs
- Continued restructuring investment ... 2019 cost savings on track
- Corporate: moving center of gravity to the businesses, culture shift

Results reflect one more quarter's progress in our multi-year transformation



*Non-GAAP measure
(a - Baker Hughes)

Continued progress on our 2019 priorities

1 Improving our financial position

- **Deleveraging actions:** BKR & WAB sell down \$9B to-date, \$20B BioPharma progressing; announced PK AirFinance
- Putting **cash sources** to work: \$5B debt tender, U.S. pension actions will reduce deficit, partially paid down intercompany loan

2 Strengthening our businesses, starting with Power

- **Power:** better project discipline & execution, fewer surprises; Gas Power fixed costs* (12)%; 100th HA turbine order
- **Renewable Energy:** strong orders (+32% organic) & revenue (+15% organic*) through ramp; focused on improving profitability & cash flow; largest Cypress (ONW) order to date; Haliade-X (OFW) preferred supplier agreements & prototype deployment
- **Aviation:** services revenues +7%; margins ~21% including 3Q impacts: CFM/LEAP transition (230 bps) & Passport NPI (80 bps); expanded win-rate to 62% on A320 Neo family; working through MAX; GE9X testing on track
- **Healthcare:** margins +90 bps organic*, NPI innovation ... Critical Care Suite, Venue Go, Discovery™ IQ Gen 2
- **Lean** action workouts accelerating across GE ... focused on safety, quality, delivery, cost improvements
- **Strategy reviews** with businesses conducted ... providing clarity & framing road ahead

Doing what we said we would do & making GE stronger ... progress, but more to do



*Non-GAAP measure

Earnings performance

(\$ in billions – except EPS)

	<u>3Q'19</u>	<u>y/y</u>	<u>y/y (org.)</u>	<u>Adjusted EPS* walk</u>	<u>3Q'19</u>
Orders	\$22.5	(5)%	(1)%		
Backlog	386.0	14%			
Revenues	23.4	-			
- GE Industrial Segments	21.4	3%	7%*		
- GE Capital	2.1	(15)%			
Adj. GE Industrial profit ^{*-a)}	2.1	19%	23%		
Adj. GE Industrial profit margin ^{*-a)}	10.0%	150bps	130bps		
GAAP Net EPS ^{-b)}	(1.08)	59%			
GAAP Continuing EPS	(0.15)	94%			
Adjusted EPS*	0.15	36%			
				GAAP Continuing EPS	\$(0.15)
				Less: Gains/MTM for BKR & WAB	(0.02)
				Less: Restructuring & other	(0.03)
				Less: Debt tender costs	(0.02)
				Less: Non-op. pension & other benefits	(0.05)
				Less: Goodwill impairment	(0.08)
				Less: Insurance premium deficiency test	(0.09)
				Adjusted EPS*	\$0.15

Organic growth and margin expansion ... GAAP continuing EPS largely impacted by non-cash charges



*Non-GAAP measure

(a - Excludes interest & other financial charges, non-operating benefit costs, gains (losses), restructuring & other, goodwill impairment

(b - Includes discontinued operations

Industrial free cash flow

(\$ in billions)

	<u>3Q'19</u>	<u>y/y</u>	<u>YTD</u>	<u>y/y</u>	<u>Commentary</u>
Net earnings (loss)^{-a)}	\$(0.7)	\$22.4	\$(0.1)	\$21.6	<ul style="list-style-type: none"> Negative working capital: <ul style="list-style-type: none"> Accounts receivable outflow impacted by MAX grounding Progress a usage of cash driven by timing of project flows in Renewable Energy and Power Other CFOA primarily driven by lower-than-expected Aviation allowance & discount payments in 2019; non-cash expenses YTD dynamics largely similar to 3Q on working capital and other CFOA YTD contract asset usage driven by services in Gas Power & deferred inventory in Renewable Energy
Goodwill impairments	0.7	(21.2)	1.5	(20.5)	
Depreciation & amort.	1.0	(0.6)	2.6	(0.8)	
Working capital	(1.8)	(1.8)	(4.4)	(2.1)	
Contract assets	0.2	0.2	(0.3)	0.4	
Other CFOA ^{-b)}	1.7	0.4	0.9	0.0	
Gross capex	(0.5)	0.0	(1.8)	0.1	
GE Industrial FCF*	\$0.7	\$(0.5)	\$(1.6)	\$(1.3)	

YTD GE Industrial FCF* results running ahead of our prior FY outlook



*Non-GAAP measure

(a - Aggregates the following: Net earnings (loss), (earnings) loss from discontinued operations, (earnings) loss from GE Capital continuing operations

(b - Aggregates the following: Losses (gains) on sales of business interests, principal pension plans (net), other post retirement benefit plans (net), income taxes (net), and all other operating activities; excludes deal taxes and GE Pension Plan contributions

Liquidity

(\$ in billions)

GE Industrial cash balance walk

Beginning balance 2Q'19^{-a)}	\$16.9
GE Industrial FCF ^{*-b)}	0.7
GE common dividends	(0.1)
Wabtec proceeds (net) ^{-c)}	1.6
BKR proceeds (net) ^{-c)}	3.0
Debt tender & intercompany paydown	(5.5)
All other	0.1
Ending balance 3Q'19	\$16.7

Liquidity metrics

	<u>3Q'19</u>	<u>3Q'18</u>
Avg. intra-quarter CP & revolver usage ^{-d)} :	\$4.3	\$11.6
Peak intra-quarter CP & revolver usage ^{-d)} :	\$4.9	\$13.7
<hr/>		
Available bank lines	\$35	
Credit rating	BBB+/Baa1	

Liquidity remains strong with \$17B Industrial cash & \$35B bank lines



*Non-GAAP measure

(a - Excludes BKR cash

(b - Excludes deal taxes

(c - Includes deal taxes

(d - Will fluctuate by quarter based on disposition timing

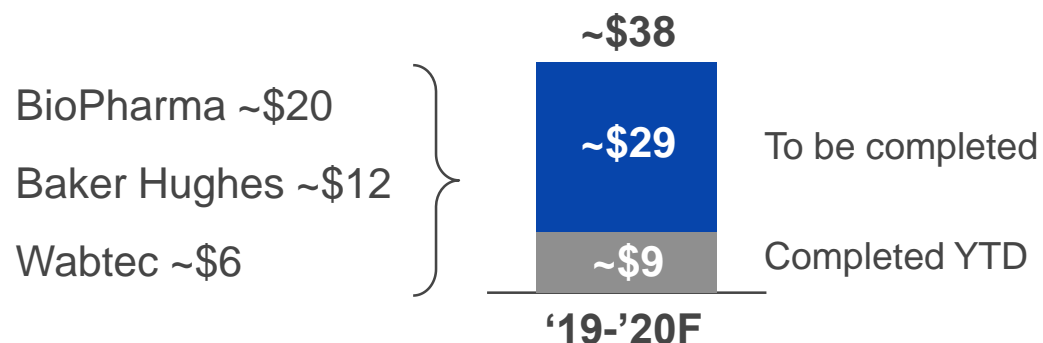
Improving our financial position: GE Industrial deleveraging

(\$ in billions)

Background

- Target net debt* / EBITDA < 2.5X
- 3Q'19 net debt* \$49 ...down from \$55 at YE'18, primarily driven by 3Q'19 ~\$5 debt tender
- Interest rates a headwind ... lower rates net of higher asset returns of \$6, offset by \$(1) pension freeze benefit, would add ~\$5 (pre-tax) to pension deficit^{a)}

Sources of cash



2019-2020F actions

Debt tender	\$ (5)	Completed
US Pension contributions (pre-tax)	(4)-(5)	2020
Intercompany loan / external maturities	(15)	~\$0.5 completed
Cash deleveraging	~\$(25)	
Pension lump sum/freeze (non-cash)	~(1)-(3)	Freeze announced; lump sum in process

- Executing pension contribution & intercompany loan payment actions post BioPharma close^{b)}
- Evaluate additional actions ... balance de-leveraging impact, economics, risk mitigation, optimal capital structure

Executing on deleveraging plan while maintaining sound liquidity profile



*Non-GAAP measure

(a - Assumes discount rate and asset returns as of 9/30/19, which is subject to change; a full year of pension costs and impact from the October pension freeze

(b - BioPharma expected to close 1Q'20; final timing subject to regulatory approvals and other closing conditions

Industrial segments: 3Q'19 results

(\$ in billions)

	<u>Power</u>			<u>Renewable Energy</u>			<u>Aviation</u>			<u>Healthcare</u>		
	\$ / %	y/y	Org. y/y	\$ / %	y/y	Org. y/y	\$ / %	y/y	Org. y/y	\$ / %	y/y	Org. y/y
Orders	\$3.9	(30)%	(20)%	\$5.0	30%	32%	\$8.8	(4)%	(2)%	\$5.1	1%	2%
Revenue	\$3.9	(14)%	(3)%*	\$4.4	13%	15%*	\$8.1	8%	10%*	\$4.9	5%	5%*
Segment Profit	\$(0.1)	79%	81%*	\$(0.1)	U	U*	\$1.7	3%	4%*	\$1.0	13%	10%*
Segment Margin	(3.7)%	1110bps	1450bps*	(2.2)%	(520)bps	(530)bps*	21.2%	(110)bps	(130)bps*	19.8%	150bps	90bps*

Industrial segment organic* growth of 7% tracking toward MSD for 2019 with margin expansion



*Non-GAAP measure

GE Capital

(\$ in billions)

3Q'19 results

	\$	y/y	
Revenues	\$2.1	(15)%	
Adjusted continuing earnings ^{*-a)}	\$0.1	F	
Liquidity	\$11.8	(0.8)	sequential variance
Assets (ex liquidity)	\$109	0.3	sequential variance

Insurance update

Actively managing long-tailed, multi-decade portfolio

- New experienced leadership; new investment approach to enhance yield
- Strategy seeking incremental premiums; focused on reducing overall risk

Premium deficiency test (U.S. GAAP) results

- Rigorous annual process completed in 3Q, involving internal & external experts, independent actuarial reviews
- Experience studies continue to support '17 claims cost curves rebuild
- **3Q'19 test results = \$(1)B pre-tax charge; \$(0.09) GAAP EPS**
 - **Discount rate** **\$(1.3)B**
Reduced from 6.04% to 5.74% due to interest rate environment; impact in line with prior guidance
 - + **LTC projected premium rate increases** **\$0.3B**
Reflects higher premiums for current rounds of filing plan
- Expect **cash flow testing (STAT)** to be completed by 1Q'20 ... discount rate impact (based on YE rates) with potential for offsets from new investment classes & premium increases

Making GE Capital simpler & smaller ... raising FY adjusted continuing earnings^{*-b)} outlook to \$(0.3) - \$(0.1)B



*Non-GAAP measure

(a - Excludes \$0.8B after-tax charge related to insurance premium deficiency testing in 3Q'19

(b - Excludes \$0.8B after-tax charge related to insurance premium deficiency testing in 3Q'19 & \$0.1B tax reform adjustment in 1Q'19

Corporate

(\$ in billions)

Results

	3Q'19	YTD'19
Corporate costs	\$(1.5)	\$(3.5)
Less: Gains/(losses) & HFS businesses	(0.1)	0.2
Less: Restructuring & other charges	(0.3)	(0.9)
Less: Unrealized gains/(losses)	(0.1)	(0.1)
Less: Goodwill impairment	(0.7)	(1.5)
Adjusted Corporate costs*	\$(0.3)	\$(1.1)

- 3Q higher by \$0.1B y/y impacted largely by intercompany profit eliminations & non-repeat of gains related to intangible asset sales

Adjusted Corporate costs*

- Increasing adjusted Corporate cost* FY outlook to \$1.5 - \$1.7 due to higher intercompany profit eliminations & legacy EH&S^{a)} costs, partially offset by cost-out
- Managed Corporate costs continue to decrease as people, processes, accountability are pushed to segments
 - 2019 headcount down ~7K with segment transfers of ~5K & absolute reduction of 2K+
- GE Corporate focused on strategy, capital allocation, research, talent, governance

Moving the center of gravity to the businesses; progress on Corporate headcount reduction



*Non-GAAP measure
(a - Environmental, health & safety)

2019 updated outlook

Revenue growth	Margin growth	EPS	FCF	Industrial restructuring
<p>MSD (Industrial segment organic*)</p> <p><i>No change</i></p>	<p>Expansion (Adj. GE Industrial margin* ~flat up to ~100bp)</p> <p><i>No change</i></p> <ul style="list-style-type: none"> ~flat to ~100 bps based on post-BKR '18 adj. GE Industrial margin* of 9.4% 	<p>\$0.55 - \$0.65 (Adj. EPS*)</p> <p><i>No change</i></p> <ul style="list-style-type: none"> BKR disc. ops. impact \$(0.05) Offset largely by better adjusted GE Capital earnings* 	<p>\$0 - \$2B (GE Industrial FCF*)</p> <p><i>Increased from \$(1) - \$1B</i></p> <ul style="list-style-type: none"> Supply chain finance transition going well Aviation timing & services Lower restructuring Healthcare strong 	<p>\$1.1 - \$1.4B expense <i>Reduced \$(0.4)B post-BKR</i></p> <p>\$1.3B+ cash <i>Reduced \$(0.2)B</i></p> <ul style="list-style-type: none"> BKR disc. ops. impact \$(0.2)B on expense Reduction due to: <ul style="list-style-type: none"> Timing Attrition Lower cost to execute projects

Key: Blue = FY outlook update as of 3Q'19

Raising our FY outlook for GE Industrial FCF*; holding adjusted EPS* including BKR discontinued operations



*Non-GAAP measure

Wrap-up

2019

- Executing on strategic priorities, Lean transformation gaining traction
- Raising GE Industrial FCF* outlook; holding outlook for organic growth*, operating margins* & adjusted EPS* including BKR impact
- Watch list: prospects for sustained macro volatility, trade/tariffs, 737 MAX & lower interest rates

Confident in our future

- Team ... candor, transparency, humility
- Technology ... valuable installed base, NPIs, large backlog, recurring service revenue streams
- Global network ... customer relationships, local presence, brand

Still early in a multi-year transformation ... 2020 & 2021 will be meaningfully better



*Non-GAAP measure

Q&A



Appendix & Non-GAAP reconciliations



2018-2019 GE Industrial free cash flow* summary

Key: Blue = FY outlook update as of 3Q'19

	2018		2019F	
	Prior	Grid & Lighting realignment; Trans/BKR discops.	Original (March 2019)	3Q update
GE Industrial <i>(ex. dispositions)</i>	\$4.5B \$4.3B	\$4.3B	\$(2)B - \$0	\$0 - \$2B
Power	\$(2.7)B	\$(2.3)B	Down	~Flat
Aviation	\$4.2B	\$4.2B	~Flat	No change; multiple variables
Renewables	\$0.5B	\$0.1B	Down & negative	No change
Healthcare	\$3.0B	\$3.0B	Down	No change
Transportation / Lighting	\$0.1B	-	M&A exits	No change
Corporate^{-a)}	\$(1.2)B	\$(0.7)B	Down	No change
BKR dividend	\$0.5B	Included in Corporate	Decline in line with ownership	Included in Corporate

Making progress ... raising FY GE Industrial FCF* outlook



*Non-GAAP measure
(a - Includes BKR dividend post deconsolidation)

2019 outlook evolution

Key: Blue = FY outlook update as of 3Q'19

	<u>Investor Outlook</u> March 14, 2019	<u>2Q Earnings</u> July 31, 2019	<u>Baker Hughes</u> Pro-forma ^{a)}	<u>3Q Earnings</u> October 30, 2019
Revenue growth (Industrial segment organic*)	LSD - MSD	MSD	MSD	MSD
Margins (Adjusted GE Industrial margin*)	~0-100bps	~0-100bps	~0-100bps	~0-100bps
EPS (Adjusted EPS*)	\$0.50 - \$0.60	\$0.55 - \$0.65	\$0.50 - \$0.60	\$0.55 - \$0.65
Free Cash Flow* (GE Industrial)	\$(2) - \$0B	\$(1) - \$1B	\$(1) - \$1B	\$0 - \$2B
Restructuring expense	\$2.4 - \$2.7B	\$1.7 - \$2.0B	\$1.5 - \$1.8B	\$1.1 - \$1.4B
Restructuring cash cost	\$2.0B+	\$1.5B+	\$1.5B+	\$1.3B+

Raising our FY outlook for GE Industrial FCF*; holding adjusted EPS* including BKR discontinued operations



*Non-GAAP measure

(a - Original FY outlook assumed consolidating BKR through the end of 2019)

Orders and backlog by segment

(\$ in billions)

	<u>Orders</u>						<u>Backlog</u>	
	<u>3Q'19</u>	<u>y/y</u>	<u>Org. y/y</u>	<u>YTD</u>	<u>y/y</u>	<u>Org. y/y</u>	<u>3Q'19</u>	<u>y/y</u>
Power	\$3.9	(30)%	(20)%	\$12.4	(23)%	(3)%	\$86.8	0%
Renewable Energy	5.0	30%	32%	12.2	22%	24%	27.4	19%
Aviation	8.8	(4)%	(2)%	26.1	(3)%	(2)%	252.9	20%
Healthcare	5.1	1%	2%	15.3	1%	5%	18.1	5%
Industrial*	\$22.5	(5)%	(1)%	\$65.4	(5)%	3%	\$386.0	14%

*Note: Industrial orders and backlog include Digital orders and backlog as well as eliminations between Industrial Segments. As a result, the sum of the segments may not add to the total.



Grid Solutions & Power Digital reorganization & related recast

(\$ in millions)

	FY'17		FY'18		1Q'19	
	Revenue	Segment profit	Revenue	Segment profit	Revenue	Segment profit
Total transferred from Power	\$(5,452)	\$(53)	\$(5,151)	\$(0)	\$(1,042)	\$30
Amounts transferred to Corporate	336	(92)	395	(5)	108	(5)
Amounts transferred to Renewable Energy	5,116	145	4,755	5	934	(25)

Note: In the second quarter of 2019, we completed the reorganization of our Grid Solutions equipment & services business into our Renewable Energy segment and our Grid Solutions software and Power Digital businesses into Corporate for all periods presented.



For informational purposes, we have provided historical annual & 2019 financial information through 1Q'19, after which the recast was effected. There was no total company impact resulting from this reorganization.

Non-GAAP reconciliation: Gas Power fixed costs*

(\$ in millions)

	<u>3Q'19</u>	<u>3Q'18</u>	<u>y/y</u>	<u>YTD'19</u>	<u>YTD'18</u>	<u>y/y</u>
Gas Power total costs and expenses (GAAP)	\$2,826	\$3,335	(15)%	\$9,092	\$9,843	(8)%
Less: Gas Power variable costs*	2,065	2,466	(16)%	6,738	7,262	(7)%
Gas Power fixed costs (Non-GAAP)	\$761	\$869	(12)%	\$2,355	\$2,581	(9)%

Note: We believe that fixed costs* is a meaningful measure as it is broader than selling, general and administrative costs and represents the costs in the segments that generally do not vary with volume.

Segment variable costs* are those costs within our industrial segments that vary with volume. The most significant variable costs would be material and direct labor costs incurred to produce our products and deliver our services that are recorded in the Statement of Earnings line items of cost of goods and cost of services sold.

*Non-GAAP measure



Non-GAAP reconciliation: GE Industrial Free Cash Flow (FCF)*

(\$ in millions)

	<u>3Q'19</u>	<u>3Q'18</u>	<u>YTD'19</u>	<u>YTD'18</u>
GE CFOA (GAAP)	\$1,144	\$(3,426)	\$77	\$(4,458)
Add: gross additions to property, plant, & equipment	(480)	(506)	(1,596)	(1,702)
Add: gross additions to internal-use software	(66)	(81)	(203)	(233)
Less: GE Pension Plan funding	-	(5,079)	-	(6,000)
Less: taxes related to business sales	(52)	(74)	(160)	(91)
GE Industrial FCF (non-GAAP)*	\$650	\$1,140	\$(1,562)	\$(303)

Note: We believe that investors may find it useful to compare GE's Industrial free cash flow* performance without the effects of cash used for taxes related to business sales and contributions to the GE Pension Plan. We believe that this measure will better allow management and investors to evaluate the capacity of our industrial operations to generate free cash flow.



*Non-GAAP measure

Non-GAAP reconciliation: Adjusted total Corporate Costs*

(\$ in billions)

	<u>2019</u>
Operating profit (cost)	
Gains (losses) on disposals	\$0.2 ^{-a)}
Restructuring and other charges	(1.1)-(1.4)
Goodwill impairments	(1.5)
Unrealized gains (losses)	(0.1) ^{-a)}
Adjusted total corporate cost	(1.5) – (1.7)
<hr/> Total Corporate Items and Eliminations	<hr/> (4.1)-(4.6)
Less: restructuring & other charges	(1.1)-(1.4)
Less: gains (losses) on disposals	0.2
Less: goodwill impairments	(1.5)
Less: unrealized gains (losses)	(0.1)
<hr/> Adjusted total Corporate costs (operating)*	<hr/> \$(1.5)-(1.7)

Note: We believe that adjusted operating corporate costs* which excludes the effects of items that are not closely associated with ongoing corporate operations, such as earnings of previously divested businesses, gains and losses on disposed and held for sale businesses and restructuring & other charges provides management and investors with as meaningful measure that increases the period-to-period comparability of our ongoing corporate costs.



*Non-GAAP measure
(a - based on 3Q'19 YTD actuals)

Non-GAAP reconciliation: 2019 operating framework

2019 ADJUSTED EPS: We cannot provide a reconciliation of the differences between the non-GAAP expectations and corresponding GAAP measure for Adjusted EPS* in 2019 without unreasonable effort due to the uncertainty of timing of any gains or losses related to acquisitions & dispositions, the timing and magnitude of the financial impact related to the mark-to-market of our remaining investment in Baker Hughes, and the timing and magnitude of restructuring expenses. Although we have attempted to estimate the amount of gains and restructuring charges for the purpose of explaining the probable significance of these components, this calculation involves a number of unknown variables, resulting in a GAAP range that we believe is too large and variable to be meaningful.

2019 GE INDUSTRIAL FREE CASH FLOW: We cannot provide a reconciliation of the differences between the non-GAAP expectations and corresponding GAAP measure for GE Industrial Free Cash flow* in 2019 without unreasonable effort due to the uncertainty of timing of deal taxes related to business sales. The variability of the excluded items may have a significant, and potentially unpredictable, impact on our future GAAP results.



*Non-GAAP measure

Upcoming GE earnings calendar

4Q'19 January 29, 2020

1Q'20 April 29, 2020

2Q'20 July 29, 2020

3Q'20 October 28, 2020

