

**GE Healthcare**

# GE Healthcare



**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.

**ADDITIONAL INFORMATION ABOUT GE:** GE’s Investor Relations website at [www.ge.com/investor](http://www.ge.com/investor) and our corporate blog at [www.gereports.com](http://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.

# Today's agenda

<b>Topic</b>	<b>Presenter</b>
This is GE Healthcare	Kieran Murphy
Imaging	Tom McGuinness
Ultrasound and Life Care Solutions	Anders Wold
Services	Jan Makela
US and Canada	Everett Cunningham
Europe and RCIS	Catherine Estrampes
China	Yihao Zhang
Operations and Financials	Monish Patolawala
Wrap	Kieran Murphy
Q&A	Steve Winoker

## **Additional activities**

**Digital Showcase** 10:30 a.m. – 11:00 a.m.

*Onsite, 11<sup>th</sup> Floor*

**Shuttle to RSNA** 11:00 a.m. – 11:30 a.m.

*Boxed Lunches available*

**RSNA Booth Tours** 12:00 p.m. – 2:00 p.m.

*2301 S. Dr. Martin Luther  
King Jr. Drive, Chicago*



This is GE Healthcare

Kieran Murphy  
President and CEO, GE Healthcare



# Summary

- ✔ World-class Healthcare Systems and Pharmaceutical Diagnostics businesses
- ✔ Leading global medical technology and digital solutions innovator
- ✔ Strong growth outlook from market fundamentals and Precision Health
- ✔ Near to medium term opportunities for operating margin and cash flow growth
- ✔ Proven, experienced management team and mission-driven employees



# A global leader in large, attractive markets

## Solutions for the diagnosis, treatment and monitoring of patients



**Imaging**



**Ultrasound**



**Life Care Solutions**



**Pharmaceutical Diagnostics**



**Enterprise Software and Solutions**



**Biopharma**

**Global markets**

**Size '18**

**Growth '19-'22**

**Growth drivers**

\$19B <sup>1</sup>	\$6B <sup>1</sup>	\$6B <sup>1</sup>	\$8B <sup>2</sup>	\$7B <sup>3</sup>
3-4%	4%	2-3%	3%	6%

- Persistent need for better care, delivered more efficiently
- Growth of middle class & aging populations creates demand for more capacity
- Digital and AI ready for application to healthcare problems, at scale
- Growth in contrast use in developing markets and expanding indications of molecular imaging agents
- Continued growth in Precision Diagnostics (e.g., cancer, Alzheimer's)

**\$47B global market (excluding services), expected to grow at 3-4%**



1 Imaging, Ultrasound and LCS markets measured in equipment order \$; all others based on revenue \$;  
 3 ESS markets include Enterprise Imaging, Advanced Visualization and Care Area IT

2 X-Ray and MR contrast media and Nuclear Medicine (SPECT & PET)  
 4 Internal estimates

# Leading global medical technology and digital solutions innovator

## Financials

	2017	2018
<b>Revenue</b>	<b>\$19.0B</b>	<b>\$19.8B</b>
<b>Operating Profit</b>	<b>\$3.5B</b>	<b>\$3.7B</b>
<i>% of revenue</i>	18.3%	18.7%
<b>FCF Conversion<sup>1</sup></b>	<b>90%</b>	<b>124%</b>

## Differentiators

### 100+ year legacy of innovation

- >\$1B invested annually in R&D programs
- 15K patents issued; 5K pending
- Strong PET tracer and contrast agent pipeline

### Global scale with world's largest IB

- 4M+ Installed Base and 2B+ exams per year
- 3 patients using contrast media per second
- 160+ countries
- 57K employees worldwide
- Local, globally with R&D in 18 countries

### Ability to integrate data for insights

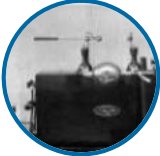

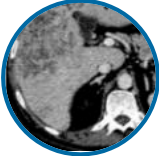



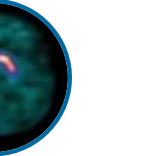



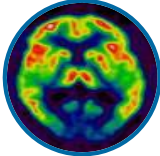
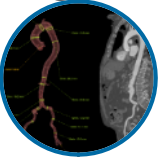






- 200+ digital and analytics apps
- >230B patient images stored



<sup>1</sup> Non-GAAP; FCF conversion: segment FCF / segment net income (\$3.4B in '17 and \$2.4B in '18), adjusted to include restructuring expense



# Legacy of industry-defining innovations for our customers

<p><b>1896</b> Produces the forerunner of today's x-ray systems</p> 	<p><b>1960s</b> First 500-cycle, battery-powered mobile X-ray generator</p> 	<p><b>1969</b> First non-ionic X-ray contrast medium</p> 	<p><b>1970s</b> The world's first "rotate only" Computed Tomography (CT)</p> 	<p><b>1980s</b> The world's first commercial high-field MR system</p> 	<p><b>1990s</b> World's first and only iso-osmolar contrast medium</p> 	<p><b>2000</b> The first to combine the power of PET and CT in a single system</p> 	<p><b>2000</b> First SPECT agent for the evaluation of clinically uncertain Parkinson's Disease</p> 	<p><b>2003</b> The world's first high resolution 4D fetal Ultrasound system</p> 	<p><b>2010</b> First handheld Ultrasound</p> 	<p><b>2013</b> Introduced first PET agent for colour imaging of amyloid plaque in evaluation of Alzheimer's Disease</p> 	<p><b>2014</b> Advanced Workstation™ TAVI Analysis for comprehensive surgical workup planning</p> 	<p><b>2015</b> First hospital Command Center (JHU)</p> 	<p><b>2016</b> World's first mammo system that puts women in control</p> 	<p><b>2018</b> The world's first Ultrasound optimized for AI</p> 	<p><b>2018</b> First ever deep learning image recon software in CT</p> 	<p><b>2019</b> New MR AIR™ Coils named best new radiology device</p> 	<p><b>2019</b> FDA approval of first on-device AI to prioritize critical chest X-Ray review</p> 
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# Deliver innovation close to our customers, globally

- Manufacturing countries
- R&D countries

2018 GE Healthcare revenue

**6,600**  
Sales professionals

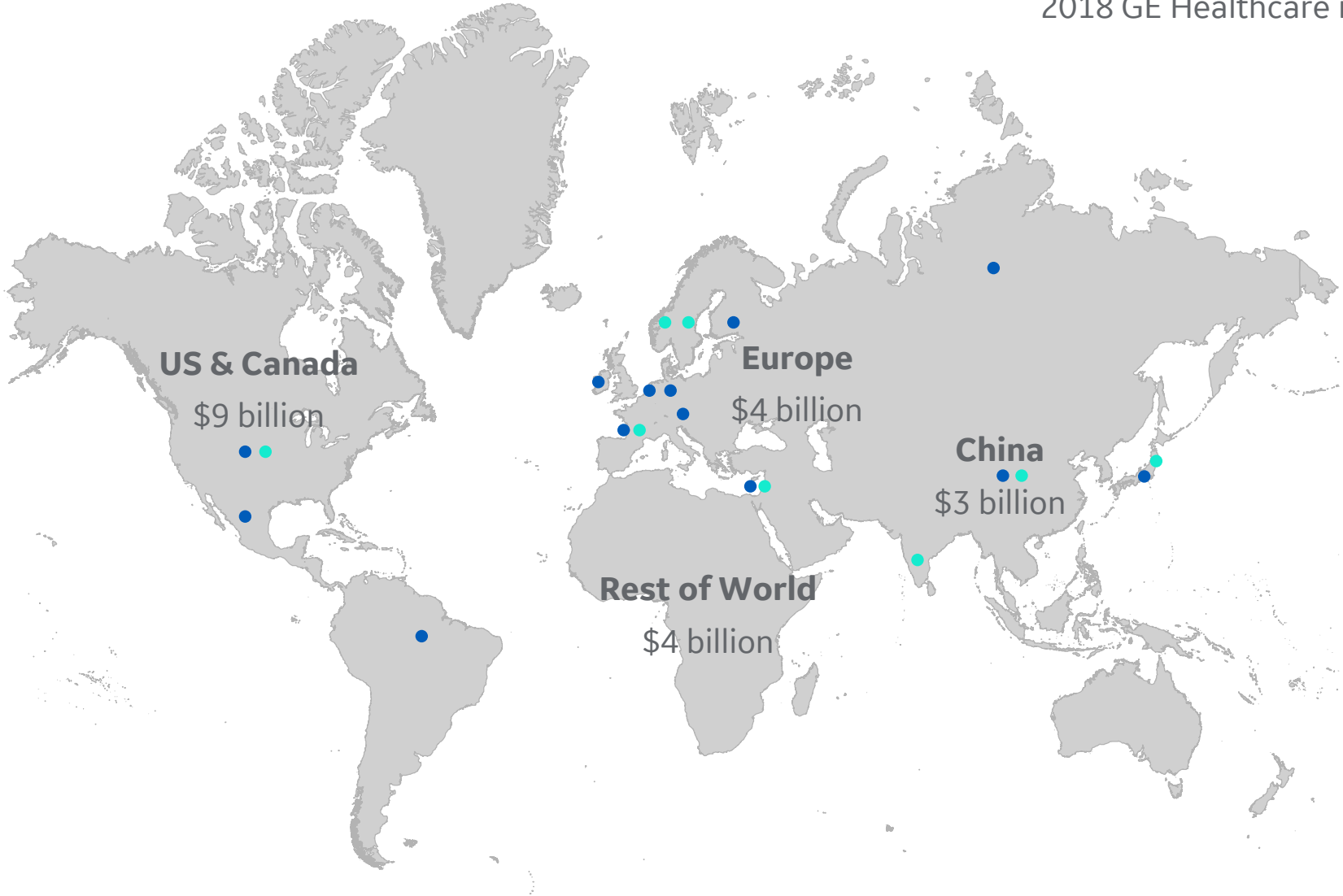
**2,400**  
Channel partners

**8,000**  
Field service engineers

**7,400**  
Engineers with

**1/3**  
In China and India

**38**  
Manufacturing sites



# We are a trusted partner to our customers

- Our businesses deliver **\$8B of revenue that is recurring in nature** (45%+ of total revenues), including integrated services, pharmaceutical diagnostics, and digital licenses and subscriptions
- **We are a trusted partner** to help our customers deliver improved clinical outcomes, capacity, productivity, operational effectiveness, and lower total cost of ownership:
  - We deliver unparalleled **security of supply** for contrast media, nuclear tracers, consumables and accessories
  - Our HCS services support an **installed base of 4M+** with the capability to service ~300 make/models from other OEMs giving us **unique visibility into the market**
  - **\$18B<sup>1</sup> backlog** showcases shared commitment with our customers

## Recurring revenue sources:



**Contract and break-fix services and parts**



**Apps and tech-enabled services**



**Consultative services**



**Customer training and education**



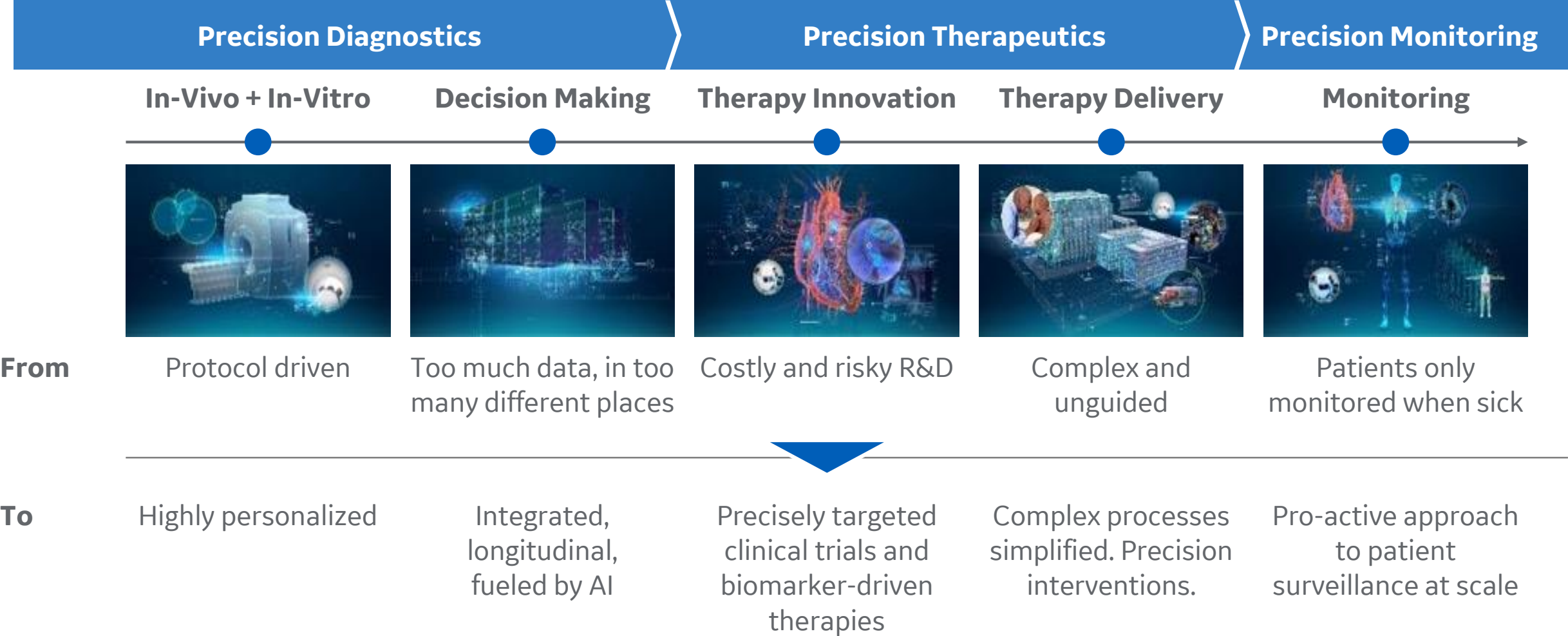
**Consumables**



**Accessories**



# Shift towards Precision Health opens significant new avenues of growth for GE Healthcare



# Our solutions are being enhanced with digital innovations

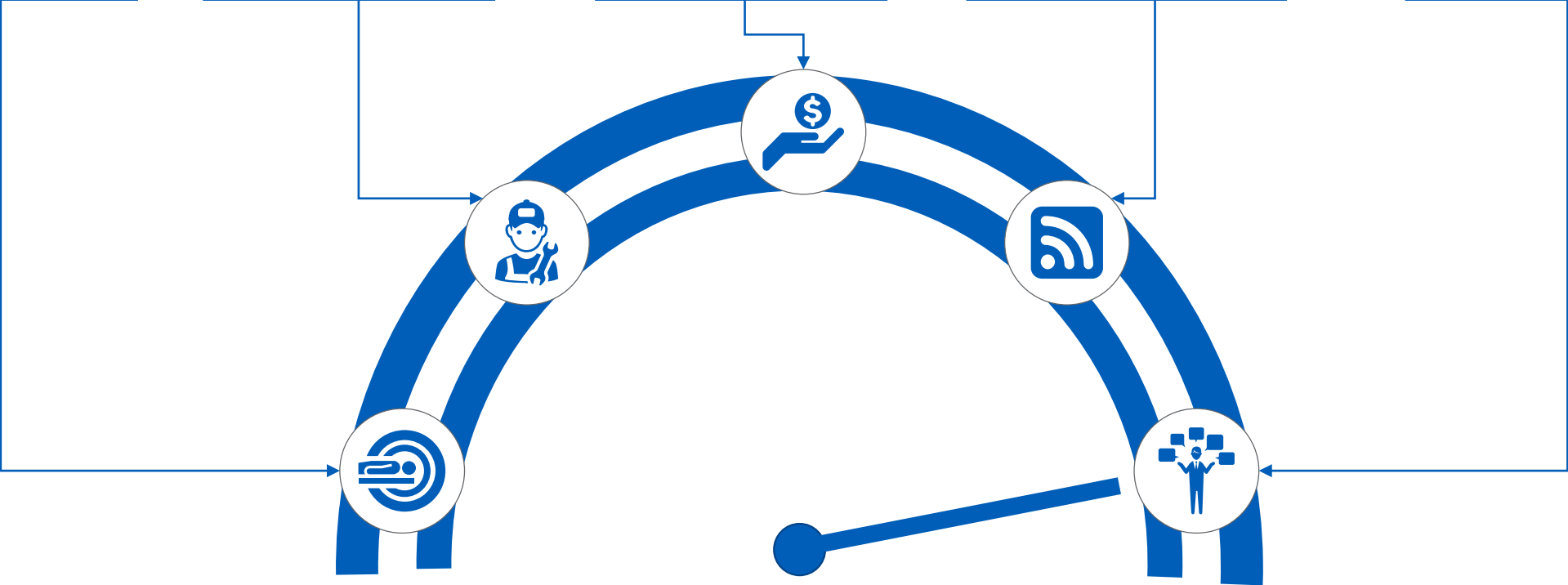
**Smart devices**  
with enhanced  
results in less  
time

**Predictive services** and  
remote fix  
capabilities to  
increase  
customer uptime

**Subscriptions** to  
increase access  
and align  
business model to  
customer needs

**Intelligent applications and workflows** to enable  
contextual insights  
and visualization

**Platform and ecosystem** to  
integrate data  
across disparate  
systems and enable  
analytics



# Our digitally-led solutions enable improved outcomes for our customers and expand our market

**Unlocking quality and capacity** with smart devices that create higher quality images with faster throughput

**Supporting improved clinical outcomes** using AI to enhance clinical decision support

**Driving operational efficiency** by unlocking data silos and applying analytics to improve in-procedure workflow and patient flow

**New business and delivery models** to drive fleet consistency, manage obsolescence, and align to evolving customer needs

**Voluson™ E10**



**Critical Care Suite on OPTIMA™ XR240amx**



**Command Center**



**CT Smart Subscription**



**Built on an integrated platform and ecosystem** that connects data from across devices, applies intelligence (e.g., analytics, AI) on the Edison platform, and engages 3<sup>rd</sup> party developers to build and deploy solutions to complement our offerings

**\$1.1B**  
Digital revenue<sup>1</sup>  
in 2018



<sup>1</sup> Excludes dispositions; includes PACS, Advanced Visualization, and subscription and licensed software offerings

# Executing on our growth agenda

## Key strategies

## Priorities for '20 - '22

## Examples

**Innovation** 

Increasing **R&D investments** to expand portfolio in high-value areas, including Digital

Growing programs at 2X rate of revenue, investing in higher ROI segments/adjacencies

**Enterprise Solutions** 

Expand portfolio of **solutions** to new care areas and integrated offerings

Investing in integrated cardiology and oncology offerings


**Digital and Analytics** 

Investing in on-device **AI and analytics**, supported by platform and ecosystem capabilities

MR AIRx, scaling Edison™, enabling developer capabilities

Developing **partnerships and alliances** with stakeholders across the value chain

Clinical	Pharma/ MedTech	Tech
		
		

**Operational Execution** 

Improving **Operating rigor through Lean** to fund growth while growing margins and cash

~2.5k product & service cost out projects / yr, Lean AWOs, automation in back office



# Opportunity to accelerate growth through global commercial reach

## 52 local customer teams across the world...



... supported by 9 strong regions

## Priorities to accelerate growth



Improving **market visibility** across key regions and modalities



Investing in **commercial productivity** to enhance customer experience



Growing **new channels & models** to improve customer connectivity and service



Expanding **lifecycle offerings** (e.g., options, upgrades, digital apps) to deliver more value & peace of mind for customers



**Leading with solutions** to improve customer productivity & capacity





# Pharmaceutical Diagnostics (PDx)

Leader in in-vivo imaging agents ... **\$2B** in '18 revenue **growing at 2X market** last 3 years

96 million patients imaged per year ... **3 patients use our imaging agents per second**

Comprehensive portfolio across **all imaging modalities**

Supply chain excellence, **security of supply** and low cost

Contrast Media Agents

CT and X-Ray



**OMNIPAQUE™**  
(IOHEXOL) INJECTION

**VISIPAQUE™**  
(IODIXANOL) INJECTION

MR



macrocyclic  
**Clariscan™**  
gadoteric acid

**OMNISCAN™**  
(GADODIAMIDE) INJECTION

Ultrasound



**OPTISON™**  
(Perflutren Protein-Type A Microspheres  
Injectable Suspension, USP)

**SONAZOID™**

Molecular Imaging Agents



**PET Chemistry Systems**  
Enabling PET tracer development and reliable production volume of radiotracers  
- FACIT™ 2 series and corectin  
- TRACTIS™ PET series



**Lungs**  
Aventis with microsphere (MS) DTPC  
Aventis with microsphere (MS) DTPC  
Lung-99mTc (Lung-99mTc)

**Cardiology**  
AdrenView™ (AdrenView™)  
MyoView™ (MyoView™)  
RapidView™ (RapidView™)  
StarPET™ (StarPET™)

**Cell Labelling/Infection**  
Caretect™ (WBC) (Caretect™)

**PET & SPECT**



# Pharmaceutical Diagnostics... investing for growth acceleration

## Priorities to accelerate growth

### Core growth



- Continued expansion of contrast business in MR, Ultrasound
- Expansion of programs including diagnostic agents in contrast media, PET cardiology, Alzheimer's + Parkinson's Disease, immuno-oncology



### Partnerships



- Developing innovation with external partners



### Expanding the market



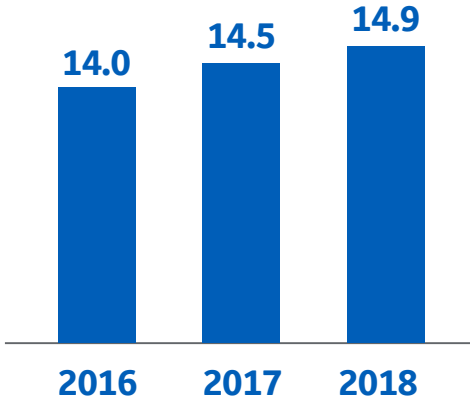
- Continued focus on Pharma Cos for selection of patients in clinical trials for immuno-oncology
- Digital & AI tools for image analysis, patient stratification & decision support



# Overview of GE Healthcare

## Healthcare Systems

Revenue (\$ in Billions)



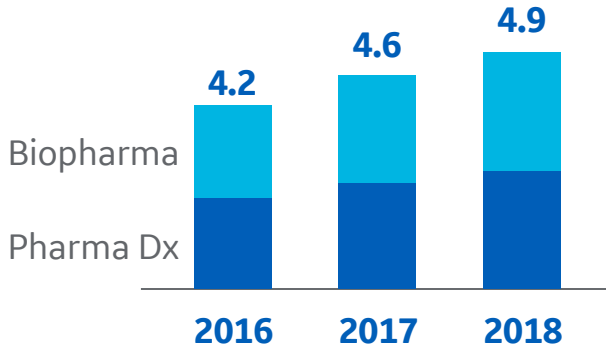
## CAGR, '16-'18

% , adj for Acq/Disp

4%

## Life Sciences

Revenue (\$ in Billions)



## CAGR, '16-'18

% , adj for Acq/Disp

8%

## Drivers of growth

### Innovation



Proven technology leader with 100+ year track record of industry-defining innovations

#1

Market position

### Services



Over 8,000 professionals dedicated to supporting our customers' success

~35%

HCS revenue from Services in 2018

### Local, globally



Established leader in every region, with a portfolio tailored to needs of fast growth markets

12%

China revenue growth (CAGR) from 2015 to 2018

### Solutions



Ability to partner with customers to deliver significant improvements in outcomes

\$2.6B

Contract value of Structured Partnerships secured since 2003

### Digital



Bringing modern techniques in AI to the practice of healthcare, powered by Edison™

\$1.1B

In 2018 revenue from digital offerings, at accretive margins



# Proven, experienced management team



**Kieran Murphy**  
President & CEO

- Appointed June 2017
- Led Life Sciences division through significant growth over prior 6 years
- 25+ years in Healthcare
- 10 years @ GEHC

## Products



**Tom McGuinness**  
Imaging  
• 3 yrs @ GEHC  
• 25+ yrs in Healthcare



**Anders Wold**  
Ultrasound and Life Care Solutions  
• 20 yrs @ GEHC  
• 35+ yrs in Healthcare



**Kevin O'Neill**  
Pharmaceutical Diagnostics  
• 15 yrs @ GEHC  
• 21 yrs @ GE



**Amit Phadnis**  
Digital  
• 3 yrs @ GEHC  
• 30 yr in Digital



**Jan Makela**  
Services  
• 12 yrs @ GEHC  
• 20 yrs @ GE

## Leadership highlights

### Regions



**Everett Cunningham**  
US & Canada  
• GEHC since June 2019  
• 28 yrs in Healthcare  
• Previously at Quest



**Catherine Estrampes**  
Europe  
• 22 Yrs @ GEHC  
• 33 yrs @ GE



**Yihao Zhang**  
China  
• GEHC since July 2019  
• 10 years in Healthcare  
• Previously at Danaher



**Soichiro Tada**  
Japan  
• 7 yrs @ GEHC  
• 16 yrs in healthcare



**Nal Gollagunta**  
South Asia  
• 2 yrs @ GEHC  
• Prior experience at Cisco, McKinsey

### Functions



**Monish Patolawala**  
Finance  
• 5 yrs @ GEHC  
• 25+ yrs @ GE  
• VP, Operational Transformation, GE



**Katya Kruglova**  
HR  
• 8 yrs @ GEHC  
• 21 yrs @ GE



**Jim Borzi**  
Integrated Supply Chain  
• 1 yr @ GEHC  
• 25 yrs of SC leadership in Healthcare and Automotive



**Mike McAlevey**  
Legal and BD  
• 2 yrs @ GEHC  
• 16 yrs @ GE



**Tom Westrick**  
Quality and Regulatory  
• 16 yrs @ GEHC  
• Prior auditor and controller experience



# Imaging

Tom McGuinness  
President & CEO, Imaging



# Imaging plays a vital role in healthcare diagnosis and delivery

Touching patient lives around the world every day



**\$9B**

**Revenue from  
equipment &  
services**



**100+**

**Countries with  
imaging  
equipment sales**



**250,000+**

**Installed base**



**1B+**

**Exams every year  
on GEHC imaging  
machines**



**~200**

**Imaging-related  
software  
applications**

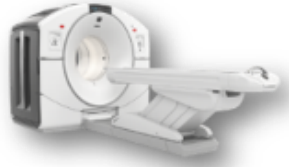
## Diagnostic Imaging



**COMPUTED  
TOMOGRAPHY**



**MAGNETIC  
RESONANCE**



**MOLECULAR  
IMAGING**



**X-RAY**



**WOMEN'S  
HEALTH**

## Image Guided Therapy



**SURGERY**



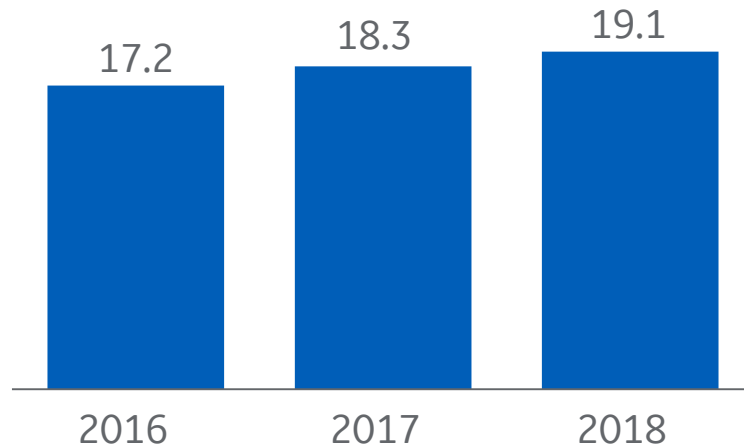
**INTERVENTIONAL**



# Imaging is an attractive \$30B+ equipment & services global market

## Global Imaging equipment market

Orders (\$ in Billions)



**Outlook: 3-4% equipment growth in near-/mid-term, LSD in developed markets, MSD/HSD in developing markets**



## Drivers of future market growth


- **Strong population dynamics**... aging, middle class, increasing penetration in developing markets, 2 out of 3 people globally without access to imaging
- **AI-enabled imaging solutions** poised to drive tangible improvements in clinical and operational outcomes
- Growth in **image-guided, minimally-invasive surgical procedures** (e.g., TAVR); use of imaging in **robotic surgery**
- **Integrated digital diagnostics** adoption, especially to improve outcomes in care areas (e.g., oncology, cardiology, neurology)
- **Imaging-driven biomarkers** enable new therapies and support treatment response




SOURCE: NEMA, JIRA, Yano research, IPSOS, COCIR, Infovium, Internal company data

# Extending GEHC Imaging innovation leadership


### Diagnostic Imaging



**COMPUTED TOMOGRAPHY**




**MAGNETIC RESONANCE**




**MOLECULAR IMAGING**


### Image Guided Therapy




**X-RAY**



**WOMEN'S HEALTH**



**SURGERY**



**INTERVENTIONAL**

**EDISON DIGITAL PLATFORM**

## Market Position

## Key Innovations

- |  | #1  | #2  | #1   | #2  | #2   | #1   | #3 |
|--|---|---|--|---|--|--|----|
| <ul style="list-style-type: none"> <li>• CT Smart Subscription (SaaS model)</li> <li>• Revolution Apex™ with TrueFidelity™ AI-enabled images</li> <li>• Revolution Maxima™ enhanced workflow leveraging AI based Auto Positioning<sup>1</sup></li> </ul> | <ul style="list-style-type: none"> <li>• Minnie Award for 2019 best radiology device – AIR™ Coils</li> <li>• AIR™ Recon DL with TrueFidelity™ AI-enabled images<sup>1</sup></li> <li>• AIR Touch™ auto patient setup, AIR x™ AI-based workflow</li> </ul> | <ul style="list-style-type: none"> <li>• Metabolic imaging enables early therapy decisions, e.g., Discovery™ MI with quantitation</li> <li>• Advanced digital applications to remove image artifacts, e.g., MotionFree</li> </ul> | <ul style="list-style-type: none"> <li>• First clearance on-device AI triage application, e.g., Critical Care Suite on OPTIMA™ XR240amx that alerts clinicians about critical conditions at point of care</li> </ul> | <ul style="list-style-type: none"> <li>• Patient-assisted mammography exams</li> <li>• First to market with contrast enhanced precision biopsy, e.g., SenoBright HD™<sup>1</sup> with CESH</li> </ul> | <ul style="list-style-type: none"> <li>• Bringing smart algorithms to OR imaging ... eNR reduces image noise at least 30% during vascular and cardiac procedures without an increase in power or dose<sup>2</sup></li> </ul> | <ul style="list-style-type: none"> <li>• Robotic interventional gantry for image-guided therapies, e.g., Discovery™ IGS 7</li> <li>• ASSIST application suite automated identification of blood vessels feeding tumors for cancer therapy, e.g., LiverASSIST V.I.</li> </ul> |    |



<sup>1</sup> 510K pending <sup>2</sup> Enhanced Noise Reduction - K192819



# GEHC Imaging strengths drive strong customer experience

## Drivers of our position

Long track record (and pipeline) of bringing leading innovations to market

Leader in digital solutions, both clinical and operational

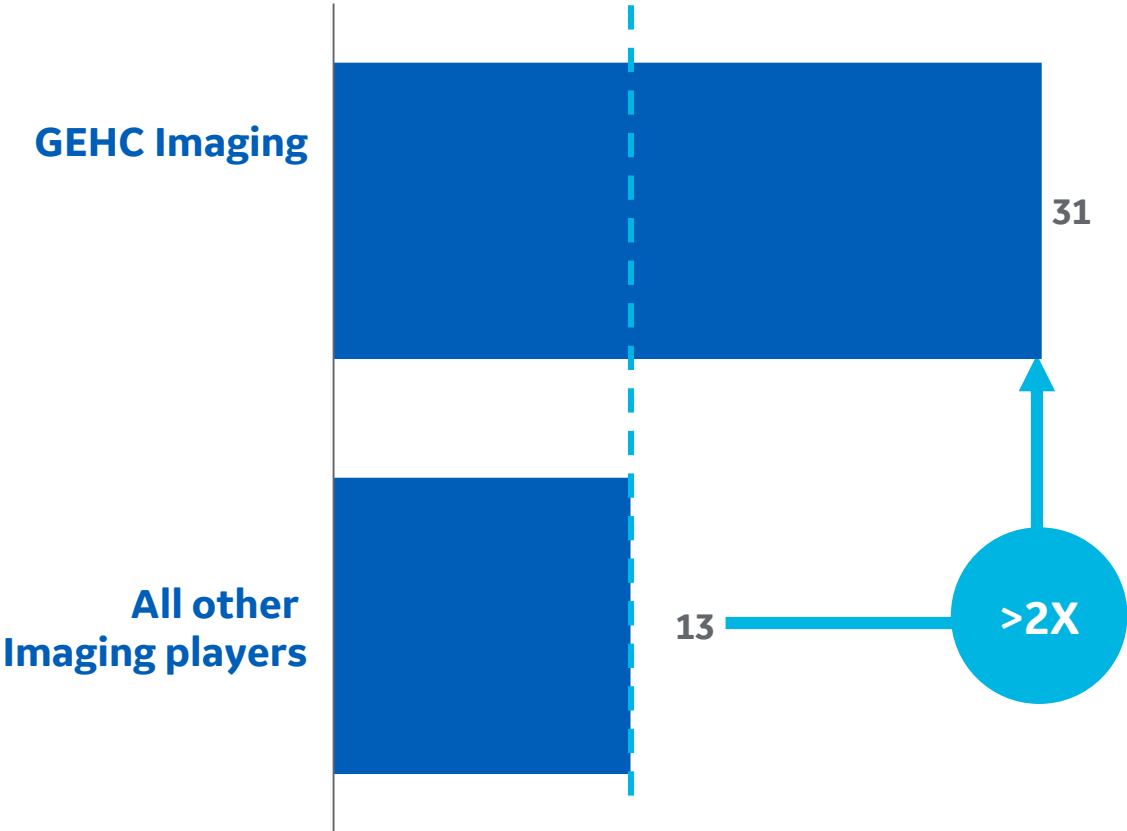
Leading commercial organization with deep technical and clinical expertise

At scale and global supply chain network

Global service network and reputation



## Customer net promoter score<sup>1</sup>



<sup>1</sup> Source: GE Global Market Pulse Study 2019, double-blinded, N=1286, 14 countries

# Five priorities to drive Imaging growth and value creation

## Continue to drive innovation leadership



- Track record of **customer-valued innovation**
- Increasing **R&D spend and productivity**...driving higher **NPI vitality**
- **20+ new products** planned annually in 2020 and beyond

## Expand digital solutions



- Digital solutions on **Edison platform** (across device, edge, cloud)
- Focus on **AI-enabled smart devices** (e.g., Revolution CT Apex)
- Additional **clinical and operational decision support** apps

## Accelerate service growth



- Focus on meeting strong customer demand for **enhanced services offerings**
- Continue to expand **options and upgrades** available when customers need them

## Differentiate quality and customer experience



- Investing to further **differentiate product quality** and reliability from competitors
- Driving **industry-leading customer experience**

## Enhance margin and free cash flow



- Strengthen **pricing strategy and performance** with supporting tools and product mix actions
- Continue track record of delivering **\$0.2B+ in cost productivity** annually



# Leveraging AI across Imaging department workflow to improve clinical and operational outcomes for customers



## Outcomes

- Optimize clinical parameters
- Automate technologist tasks
- Fast and accurate scans

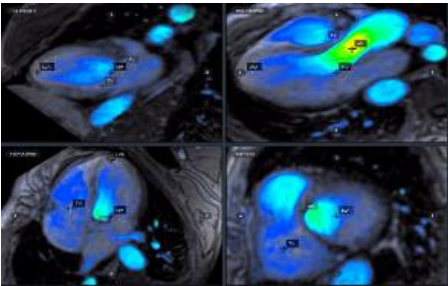
- Detect / quantify findings
- Automate radiologist tasks
- Efficient and precise diagnostic decisions

- Streamline planning & procedures
- Automate interventionalist tasks
- Improving therapy planning and delivery

- Insights across clinical operations
- Standardize practice
- More throughput and less waste

## Solutions examples

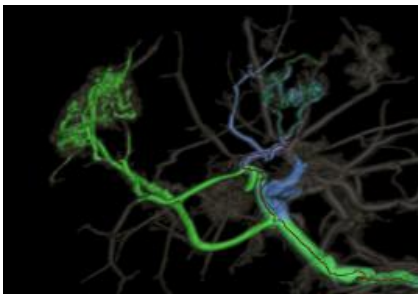
### MR ViosWorks



### Bone Volume Reading



### Interventional LiverASSIST



### Imaging Insights



## KPIs

**<10 min** free breathing scan<sup>1</sup>  
**25 min** MR time saving<sup>1</sup>

**Auto** ... spine identification & labeling  
**< 5 sec** to label the spine  
300mm volume or less<sup>2</sup>

**~68%** Complete tumor response rate vs 36% using conventional method<sup>3</sup>  
**11%** procedure time reduction<sup>4</sup>

**36%** increase in exams/wk<sup>5</sup>  
**4 week** less patient wait time<sup>5</sup>



1 With ViosWorks, possible to perform a 30 min MRI exam and obtain report in minutes. Data on file at Arterys, based on internal study 2018 and based on internal study with semi-automated segmentation of LV epi, LV endo, RV endo and Deep Learning  
 2 Source: Data on file  
 3 Hepatic Arterial Embolization Using Cone Beam CT with Tumor Feeding Vessel Detection Software: Impact on Hepatocellular Carcinoma Response - Cornelis et al. Cardiovasc. Intervent. Radiol. 2017.  
 4 Comparison of the Number of Image Acquisitions and Procedural Time Required for Transarterial Chemoembolization of Hepatocellular Carcinoma with and without Tumor-Feeder Detection Software - Iwazawa et al. Radiology Research and Practice. 2013.  
 5 Refers to Imaging Insights project recently led at Radiomed <http://newsroom.gehealthcare.com/analytics-real-world-radiology-practice-helping-patients-exam-faster-ecri8>

# Margin enhancement focused on mix, pricing, and cost productivity

## Strengthen mix by accelerating highest margin segments...

- Capital allocation against most strategic product/region segments
- Product and commercial outperformance in those areas

## ...improve pricing performance through innovation & rigor...

- “Valued” NPI vitality
- Compelling value props
- Enhanced pricing discipline and supporting tools



## ...and continuing track record of cost productivity

- **\$0.2B product and service cost productivity**<sup>1</sup> in 2018
- **Delivering 1K+ productivity projects** in 2018
  - 80+ cost-out events
  - 200+ should-cost projects
- **Key drivers:**
  - **New products** (e.g., Design-to-Value, “should cost” analysis, lower cost electronics, consolidate platforms, increase shared parts)
  - **Forward production** (e.g., improve manufacturing scale up, standardize install work, proactively redesign to lean assembly)
  - **Installed base & services** (e.g., improve service parts reliability, increase remote fix connectivity, accelerate “mid life” upgrades)

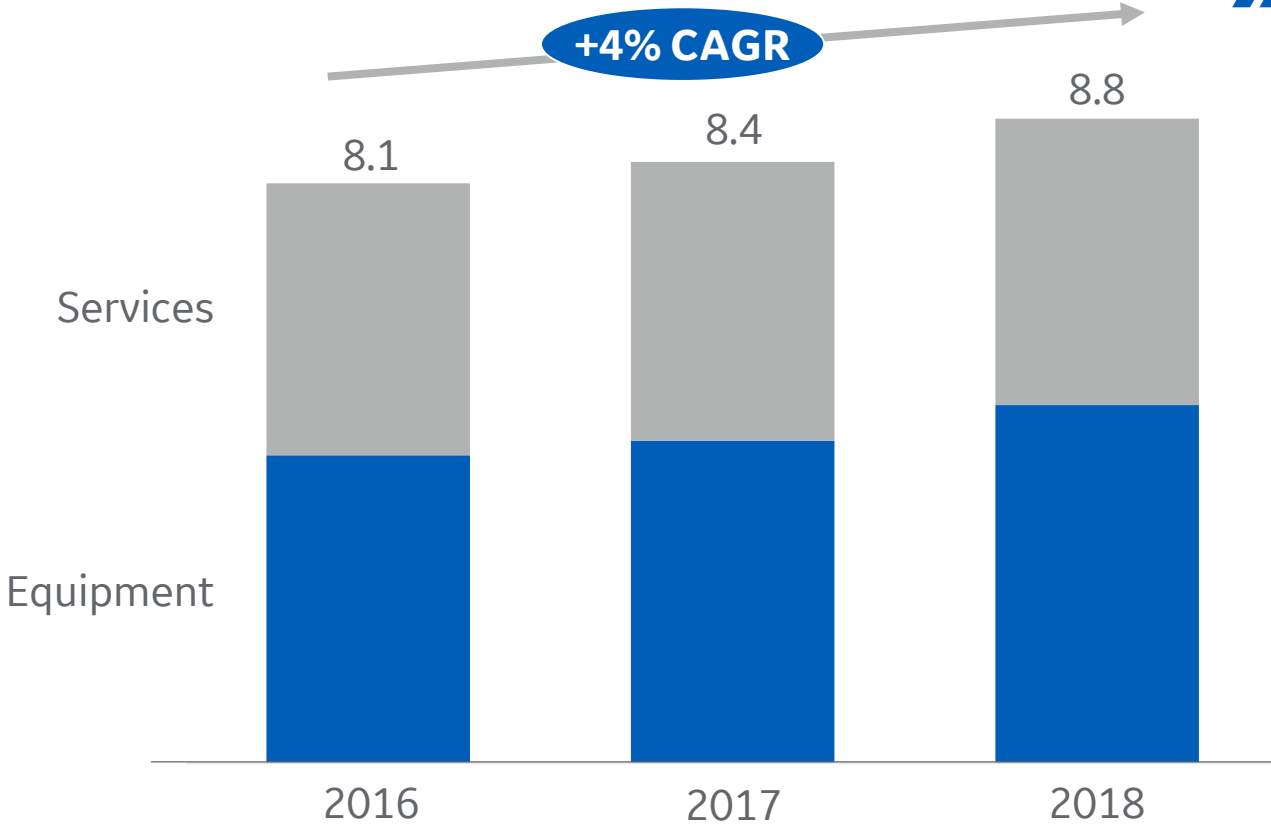


<sup>1</sup> Net material cost reduction, logistics, factory productivity and other product and service cost productivity, partially offset by annual wage inflation

# Summary for Imaging

## Revenue

(\$ in Billions)



**Outlook: LSD/MSD in near- to mid-term**



## How we will grow Imaging



Continue to drive innovation leadership



Expand digital solutions



Accelerate service growth



Differentiate on quality and customer experience



Enhance margin



# Ultrasound

Anders Wold  
President and CEO,  
Clinical Care Solutions



# Ultrasound has grown into an integral part of many care pathways

## Making ultrasound for everyone, everywhere a reality

Screening, triage, & evaluation | Deeper diagnosis | Therapy guidance | Monitoring



**480,000+**

Installed Base



**\$3B**

Revenue from  
Equipment & Services



**1,300**

active patents

## 40+ products and applications across the entire ultrasound marketplace



**Radiology/  
Vascular**

#1



**OB/GYN &  
Women's Health**

#1



**Cardiovascular**

#2



**Point  
of Care**

#2



**Primary /  
Emerging Care**

#1



**Breast  
Screening**

#1

Market position

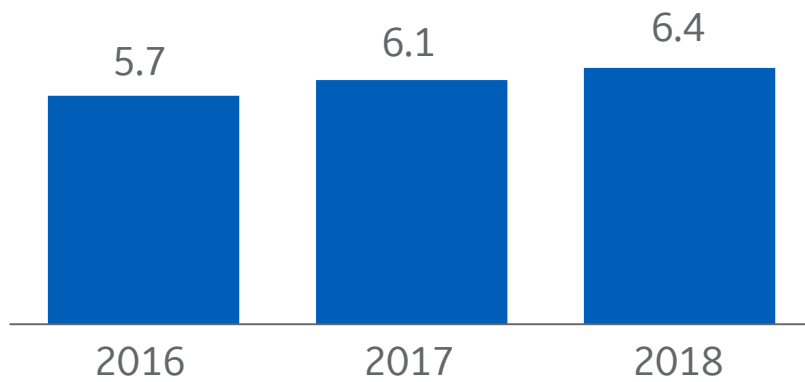


Extraordinary images. Clinical focus. Edison enabled A.I.

# Ultrasound is an attractive ~\$8B equipment and services market

## Global Ultrasound equipment market

Orders (\$ in Billions)



**Outlook:** 4% growth in near- to mid-term, LSD/MSD in developed markets, MSD in developing markets



## Drivers of Ultrasound market growth:

### Fast adoption and expansion of new users via

- Real-time scan and diagnostics/decision support
- Portability → available wherever the patient is
- Low cost → expansion across providers/geographies
- No ionizing radiation

### Rapid innovation in clinical care

- NPI rhythm drives fast replacement cycle
- Shock, structural heart, guiding therapies, triage tool

### AI makes Ultrasound more precise and simpler

- Automate complex tasks, work flow. Reduces user and patient variability



Source: All GE internal market size estimates above aggregated from regional reporting on competitive market activity, import/export data (when available), market studies and third-party published reports

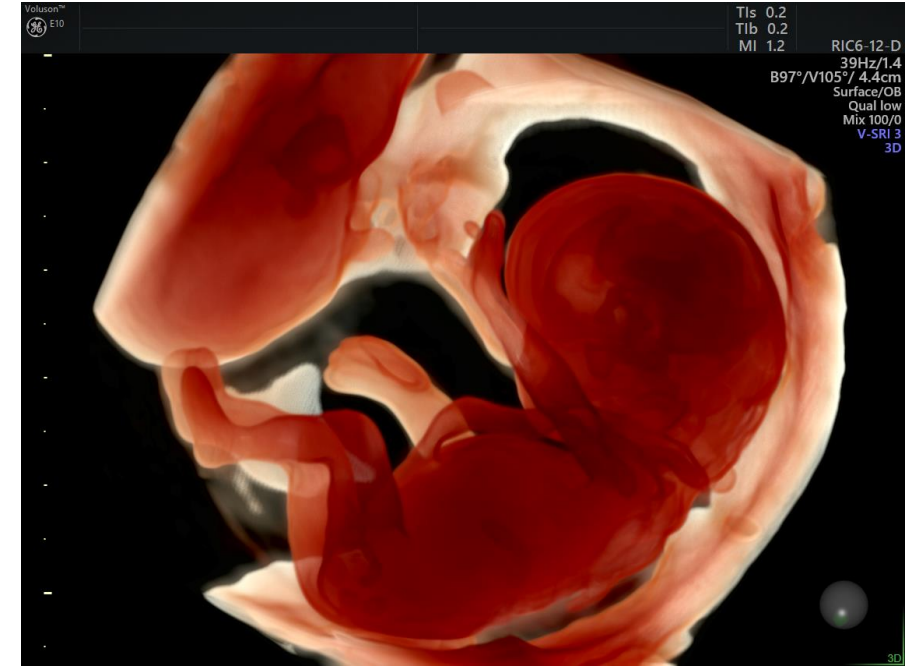


# Leader across a broad portfolio of products with range of customers

## Drivers of our position:

- Clinical specialization that drives specific innovations for care providers
- Broad portfolio: 40+ products
- 125+ probes: advanced tech, all applications
- Platform technology provides advantages in speed to market and profitability, across value to premium segments
- Digital innovations and AI to increase diagnostic accuracy and in-procedure workflow efficiency
- Go-to-market model tailored to clinical specialties

**Incredible  
innovation  
across a broad  
portfolio**



Full Console



Portable



Compact



Tablet



Pocket-sized



Probes



# Extending reach and innovation along continuum of care

## Growth priorities



### Core growth

- Commercial expansion
- Annual cycle of NPIs, >15 average each year, examples:
  - Cardiovascular: Vivid™ E95
  - Women’s Health: Voluson™ E10
  - General imaging: LOGIQ™ E10



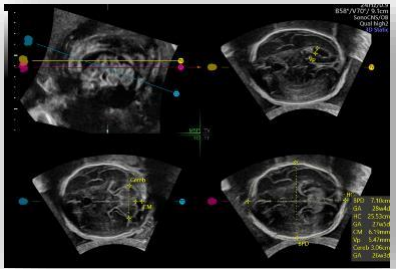
### New users

- Expansion of clinical markets
- Point of Care – 25+ applications
- Primary Care – entry level
- Education is key



### Services

- Specialty-specific users’ clubs
- Proprietary digital tools
- Training and accreditation
- Probe services



### Digitally-led solutions

- Fetal Brain, fetal heart auto measurement
- Shock toolkit
- Breast lesion detection
- Ultrasound workflow enhancement



# Strong product vitality and proven cost reduction support margin expansion

KPIs (2018)

NPI Vitality:  
**35%+**

Cost reduction in material spend YoY:  
**10%**



Key drivers embedded in culture

**NPI vitality - Competitiveness**

- **Platform based** - fast and frequent NPI
- **Refreshed HW** - faster cost reduction
- **Latest technology** – higher performance/price protector

**All cost levers at play**

- **Global/local - High level Assembly:** efficient factory
- **Dual source suppliers:** sourcing advantage
- **Low cost country engineering:** China, India, Ukraine
- **End of life rigor:** product retirement & life cycle management
- **Disciplined budgeting:** cost out before/embedded in NPIs
- **Strategic capital allocation:** High performance & low cost

Annual goals

**>15 NPIs**

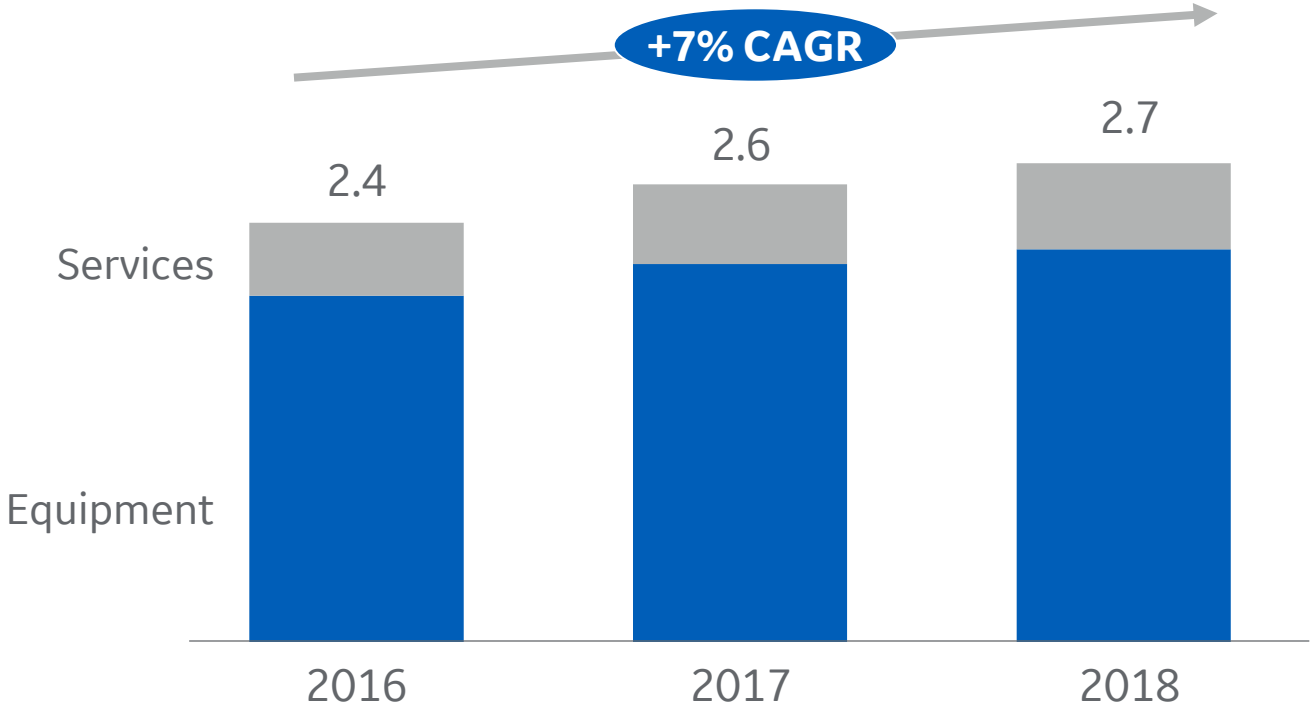
**8-10% cost reduction in material spend YoY**



# Summary for Ultrasound

## Revenue

(\$ in Billions)



**Outlook: MSD growth in near- to mid-term**



## How we will grow Ultrasound



Innovate to grow leadership position and expand margin



Continue to develop new uses and new users



Use our ultrasound leadership to expand our strategic partnerships



Increase commercial coverage and drive service penetration in large install base



Improve customer experience through GEHC digital tools (Edison)



# Life Care Solutions

Anders Wold  
President and CEO,  
Clinical Care Solutions



# Life Care Solutions (LCS): clinical care through patient journey



## MONITORING SOLUTIONS

#2



## MATERNAL & INFANT CARE

Market position

#1



Incubators, warmers, fetal monitoring

## ANESTHESIA & RESPIRATORY CARE

#1 (Anesthesia), #5 (Respiratory Care)



Anesthesia delivery, critical care ventilation

## DIAGNOSTIC CARDIOLOGY

#1



Resting ECG, Stress ECG, ECG Management

## Parameters & Accessories

Expanding



Vital signs measurement, consumables

**3M+**

LCS units in use

**\$2.2B**

Revenue from Equipment & Services

**1,300**

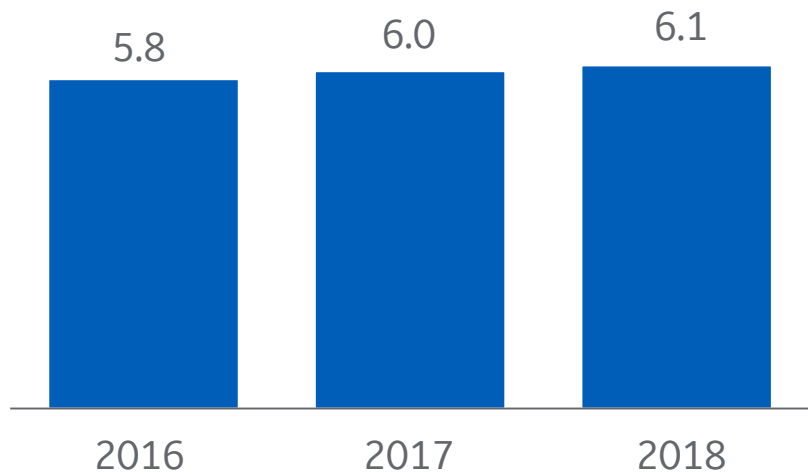
active patents



# LCS is an attractive \$6B global equipment market

## Global Life Care Solutions equipment market

Orders (\$ in Billions)



**Outlook: 2-3% growth in near- to mid-term,** LSD in developed markets, MSD in developing markets



## Drivers of growth

- **Digital:** enterprise solutions for improved care – drives digital and equipment sales
- **Care delivery efficiency:** at-scale analytics opportunity
- **Acute to sub-acute:** monitor the unmonitored; open up 70% of hospital beds to monitoring
- **Technology:** mobility / wireless / cable-less
- **Expanding access:** emerging markets
- **Accessories:** Expanding into adjacent accessories segment



Source: All GE internal market size estimates above aggregated from regional reporting on competitive market activity, import/export data (when available), market studies and third-party published reports

# Invested to refresh LCS product portfolio with early results

**2.5X**

Increase in NPI investment  
2016 to 2019



## Recent launches

## Performance

## Early results



**CARESCAPE ONE™<sup>1</sup> Intra-hospital transport**

- Transport monitor expands portfolio:
- Optimized data continuity and patient care flexibility
- GEHC and partner developed parameters

**Eur'19  
+10%**



**Central Monitoring Unit (CMU)**

- Scalable, centralized surveillance cardiac telemetry
- Coordinated clinical communication - effective care response

**\$41M orders - new category**



**MAC VU360™**

- GE's fastest ECG workstation - redefines "premium" segment
- Smart algorithm auto-capture: high-quality ECG

**+5-6 pts margin gain**



**B105/B125 Patient Monitors**

- High quality care at affordable price
- Scalable across networks
- Patient monitor integrates with other GE devices

**China '19E  
+11%**



**Aisys CS<sup>2</sup> Carestation™ v.11**

- Fully digital anesthesia Carestation for seamlessly connectivity
- Over 300 high-fidelity data points captured with every breath

**Enabling analytics**



<sup>1</sup> Pending regulatory clearance in U.S. and China



# Digital transformations are creating new business models

## Central Monitoring Unit



- Central surveillance of cardiac telemetry patients
- Flexibility to decide which alert notifications to assign to caregiver, without phone calls
- Platform is set-up to incorporate AI tools for additional value-add
- \$41M+ orders (USA) in 8 quarters – new category

*Partnering to develop solutions that matter*

AIRSTRIP®

Mobile Heartbeat™  
CLINICAL CORRELATIONS

ascom

## Mural



- Scalable, enterprise digital teleHealth platform
- Edison backbone drives efficient, fast development
- teleICU and care protocol compliance
- Launching now – rapidly expanding global funnel

*Partnering to develop solutions that matter*

DECISIO  
Enriching the Quality  
Age of Healthcare

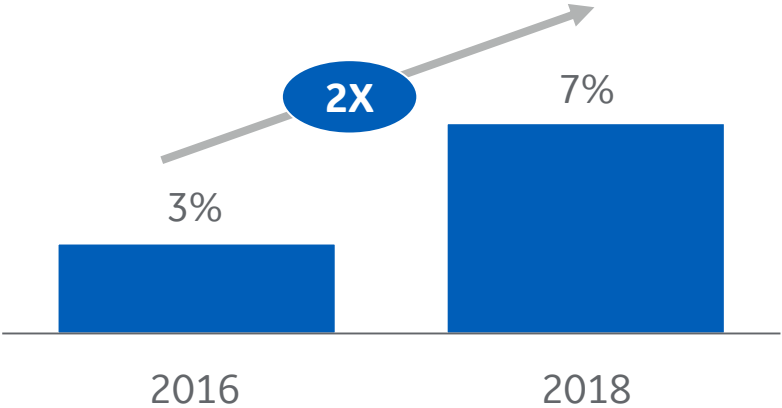
teleHealth allows hospitals and health systems to care for patients across departments and geographies



# LCS is building momentum in cost productivity

## KPI

### Cost reduction in material spend YoY



## Key drivers - developing culture

- NPIs accelerating from zero to 10 NPIs, platform based
- Material cost out from 3% to 7% per year

Key drivers embedded in culture	Annual goals
<b>NPI vitality - Competitiveness</b> <ul style="list-style-type: none"> <li>• Platform based - fast and frequent NPI</li> <li>• Refresh cycle - cost reduction</li> <li>• Late entry - price/price protector</li> </ul>	<b>&gt;15 NPIs</b>
<b>All cost levers at play</b> <ul style="list-style-type: none"> <li>• Global/local - High level Asses</li> <li>• Dual source suppliers: sourcing advantage</li> <li>• Low cost country engineering: China, India, Ukraine</li> <li>• End of life rigor: product retirement &amp; life cycle management</li> <li>• Disciplined budgeting: cost out before/embedded in NPIs</li> <li>• Strategic capital allocation: High performance &amp; low cost</li> </ul>	<b>8-10% cost reduction in</b>

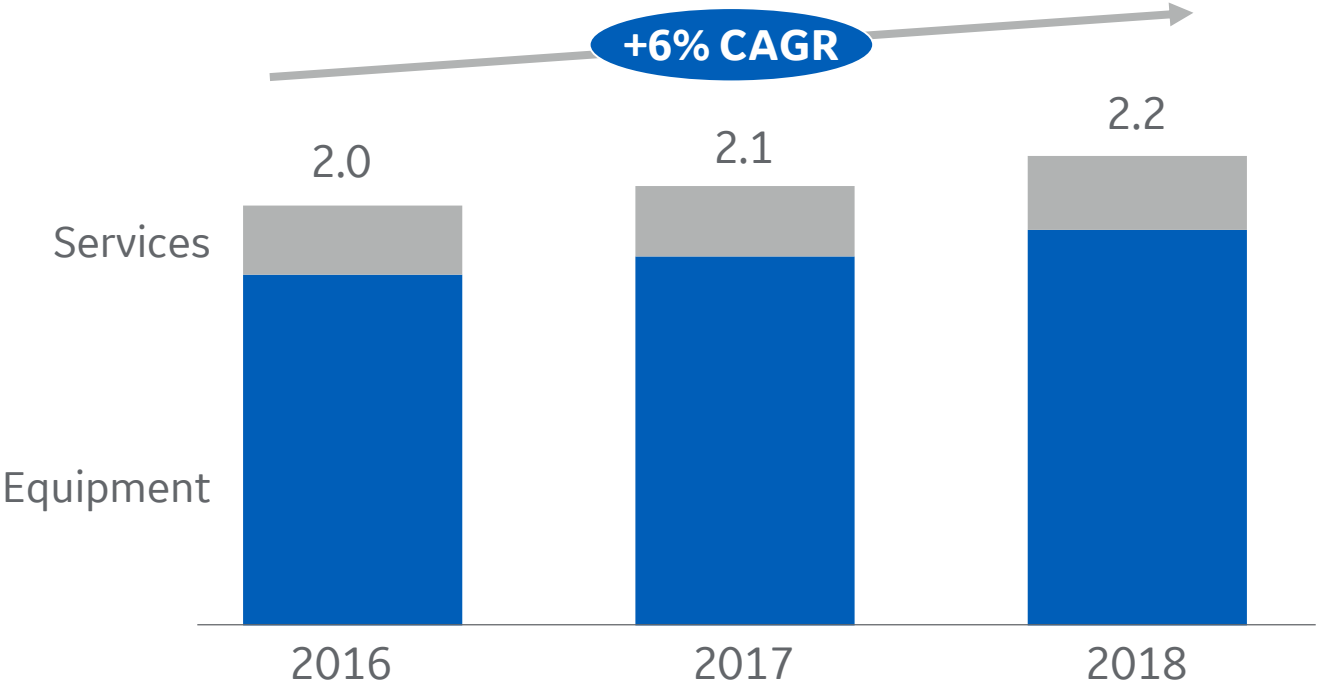
**Building Ultrasound-like NPI vitality and cost culture in LCS**



# Summary for Life Care Solutions

## Revenue






(\$ in Billions)



**Outlook: LSD/MSD growth in near- to mid-term**



## How we will grow LCS

-  Building platforms to refresh portfolio; fast and frequent NPIs
-  Global growth – expanding outside US and new care areas
-  Digital innovations, analytics and teleHealth
-  Driving cost productivity for expanding value offerings and margins
-  Expand services for IB and accessories offerings for new markets



# Services

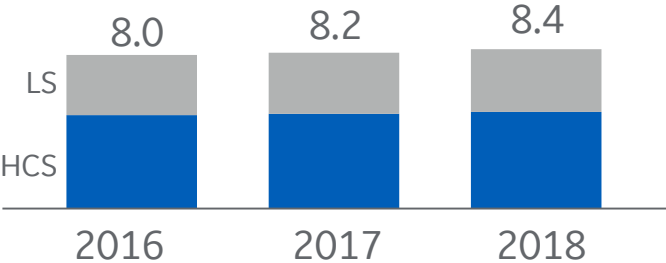
Jan Makela  
Vice President & CEO,  
Healthcare Services



# Delivering value to customers throughout the life of equipment

## Reported Services revenue

(\$ in Billions)



**LSD growth near/mid term**



## HCS Services growth drivers

- ✓ Improving contract capture at time of equipment purchase or post-warranty
- ✓ Investing in on-line tools for quotation, renewals, parts sales ... IB & lead management
- ✓ Expanding clinical & productivity analytics solutions ... driven by machine data
- ✓ Introducing more clinical upgrades and subscription services to enhance position as trusted partner
- ✓ Driving GoldSeal™ growth ... upgrade to latest specs & resell

## Example lifetime of a system:



Traditional Services

Warranty support

Value-added Offerings

Service Contract

Non-contract parts & labour



Applications, clinical training and education

Upgrade of Console and/or Hardware

GoldSeal™ repurchase

End of Life Support

Purchase

0

~1 year

Time

New Unit

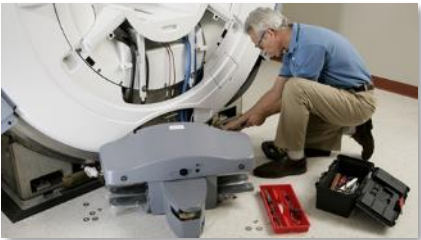
End of Life



# Services ... local, globally for customers and patients

43 customer call centers, 55 parts warehouses, 31 repair centers & 8K field service engineers

## Contractual services



- 1 – 5 year contracts, uptime guarantees
- Remote fix, <24 hr. response, 79% of issues resolved 1st call

Delivering peace of mind

## On-demand parts & services



- New and repaired parts; sales online, phone & direct
- Break/fix, ~90% of parts shipped within 24 hours

Flexibility & quality

## Multi-vendor & biomed services



- Capability to serve GE and non-GE IB, longer term contracts
- Demonstrate value of GE equipment & services

Operational simplicity

## Upgrades & refurbishment



- Upgrades of consoles & image processing elements
- Lifecycle services, including buy-back and resell

Maximize customers' return



# Productivity improvements for customers translates to improved operational efficiencies for our services team

## Constant visibility to customer experience...

Drivers of customer experience	Unplanned repairs
	Resolved on first call
	Equipment connectivity
	Speed, including remote
Constantly pulsing ...	Net Promoter Score



## ...informs our execution priorities

### Product



- ↑ Reliability by design
- ↑ Condition monitoring
- Design for serviceability

### Connectivity



- ↑ Remote diagnosis & fix
- Remote download & install
- ↑ Predictive maintenance

### Data & infrastructure



- Online FSE game plan
- FSE Smart Dispatch
- Global IT infrastructure

### Customer success



- Value-add in-contract tools
- Premium upsell functionality
- SaaS models, cyber security



US and Canada

Everett Cunningham  
President and CEO,  
GE Healthcare US and Canada

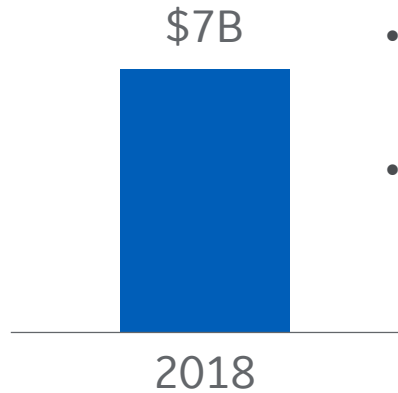




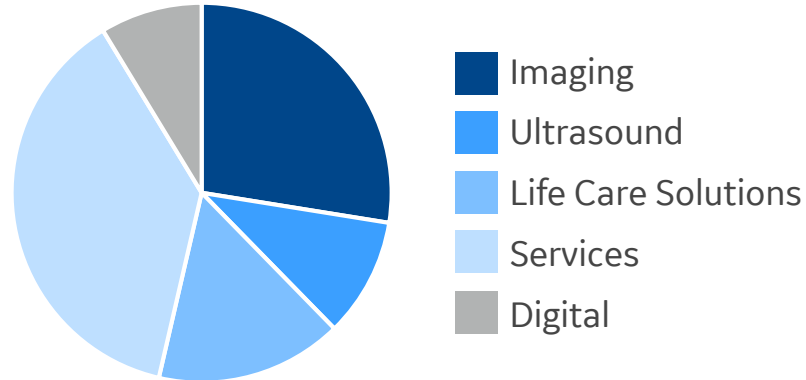
# US & Canada

**HCS Equipment market<sup>1</sup> (TAM) \$10B, growing 3% CAGR '16-'18    22k employees, 14 plants, in-country repair**






## HCS Revenue



- Strong equipment & service franchises
- Maintaining market leadership



## Customers

-  **Nationals**  
Large hospital systems
-  **Region progressives**  
Large regional health systems
-  **Regional traditional**  
Small regional health systems
-  **Academics**  
Academics health systems
-  **Non hospital**  
Non acute care systems

## Growth drivers

- US Healthcare spend expected to grow by 6% in 2020
- Medicare payments shows continued trend of reimbursement reduction in '20
- Hospital consolidation leading to slower decision making & increased purchasing power
- Trend for bigger and more complex deals ... customers seeking long-term partnerships
- Cybersecurity growing importance among customer base. Therapy guidance growth.



<sup>1</sup> Source: Imaging, Ultrasound and LCS markets measured in equipment order \$; all others based on revenue \$

# Partnerships that deliver outcome based solutions



## Greenfield planning & design: 2008-2014



Partnered to optimize imaging workflow & tech solutions matched with customer needs

## Clinical readiness: 2015-2029



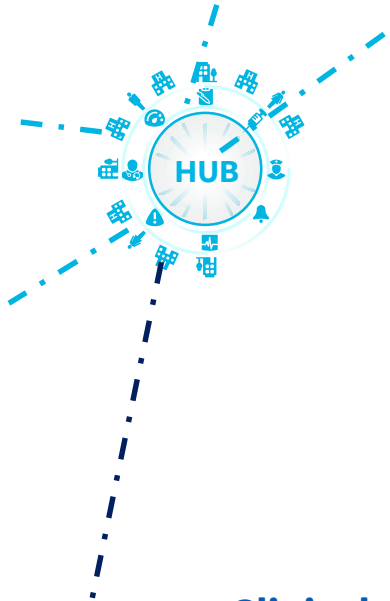
Equipment & service partnership with long-term technology certainty, lower life cycle cost & higher utilization

## Operational optimization: scalability and beyond



Command Center™ & X-ray apps improving capacity while reducing patient waiting time

## Central Monitoring Unit



**Centralize: telemetry monitoring**

**Digitize: escalations to nurses**

**Clinical**



**Workflow**

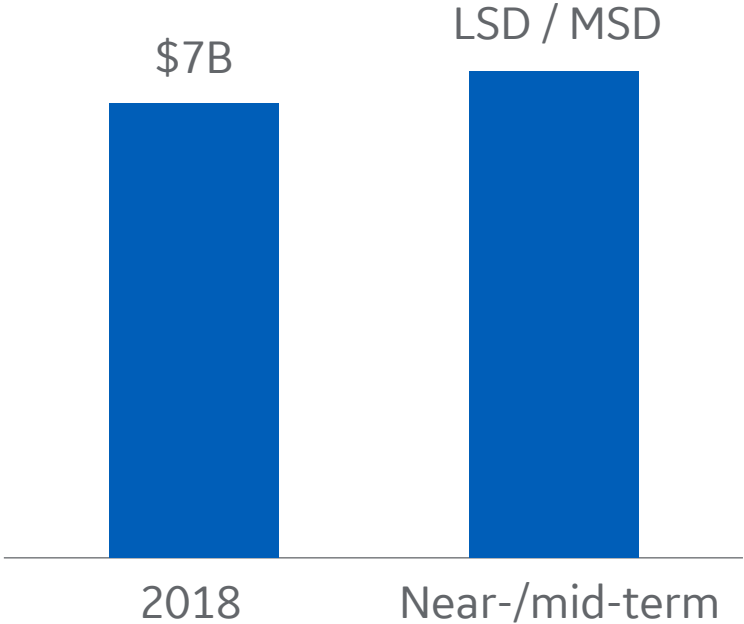
**Scale: multi-facility, off-site**



# US & Canada growth strategy

## Revenue outlook

(\$ in billions)



## Execution priorities

- Add “feet on street” aligned to high return segments
- Better align field teams to evolving customer needs
- Differentiate through outcome-based solutions, financing
- Enhance lifetime value for customers: upgrades, services
- Invest in tools, analytics & insights for precision selling



Europe

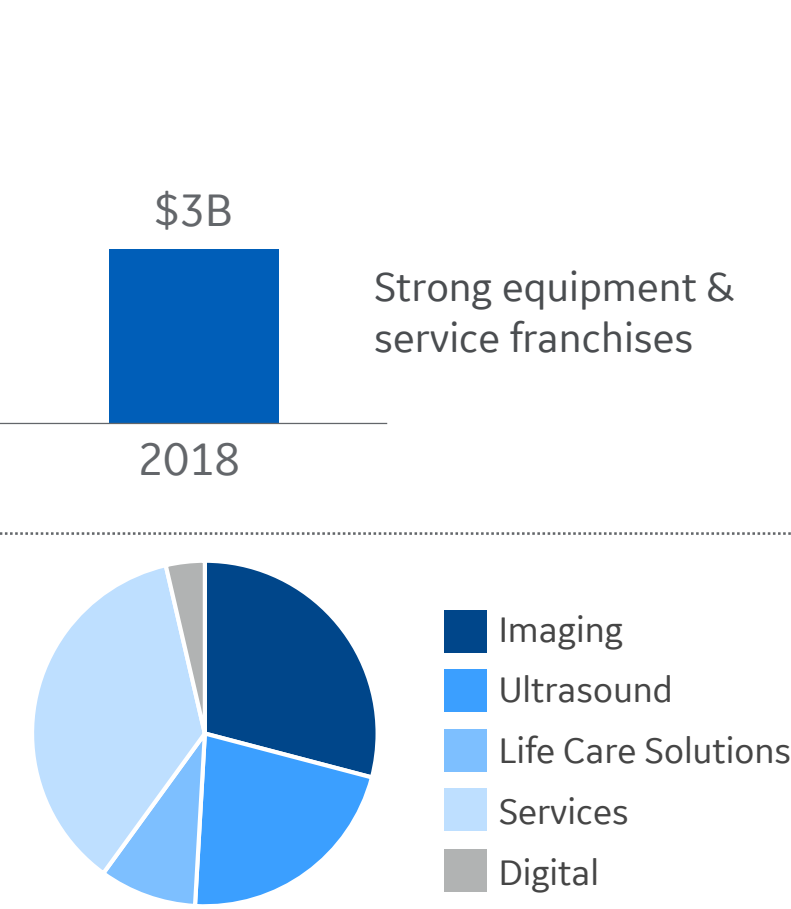
Catherine Estrampes  
President and CEO,  
GE Healthcare Europe



# Europe including RCIS

**HCS Equipment Market<sup>1</sup> (TAM) \$6B, growing 5% CAGR '16-'18    12k Employees, 12 Plants, in-region repair**

## HCS Revenue



## Customers

### Strategic

- Academic Hospitals ~240 Accounts
- Large Pan- European Private Groups

### Market movers

- National Hospitals ~7,000 Accounts
- Medium Size Private

### Local Leaders

- Private clinics ~24,000 Accounts
- small public hospitals

## Growth drivers

- Increased demand driven by aging population, shift to chronic
- Emerging market growth
- Large national & EU programs in oncology, cardiology
- Private market expansion, new procurement models
- Aging installed base – 20% of Imaging equipment >10 years
- Digital and AI to increase productivity



<sup>1</sup> Source: Imaging, Ultrasound and LCS markets measured in equipment order \$; all others based on revenue \$

# Europe: GE positioned to deliver full solutions

## Driving efficiency and quality



- **Leader** in advanced diagnostic imaging, outpatient and cancer care
- **\$100M** multi-year, enterprise-wide **technology partnership**
- Networked imaging fleet w/ **advanced performance analytics**
- **Full solution:** equipment + service + digital + contrast media

## Integrating AI into healthcare



- Academic, clinical and Industry **collaboration**
- Established by the **University of Oxford** with 15 NHS trusts
- **Data hub** for collection, storage and management of protected data
- Developing new **AI Clinical algorithms**

## Building innovative partnerships



Groupe hospitalier  
Paris Saint-Joseph

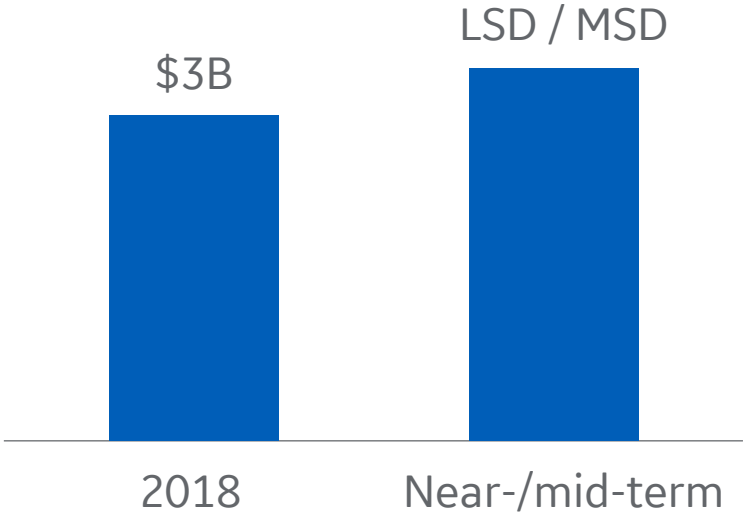
- R&D laboratory focused on driving **digital benefits** across **care pathways**
- Data, AI to **optimize operating rooms** and **contrast media dose**
- **6-year upgrade** of imaging fleet combined with AI
- Deployment through **innovative** business model



# Europe growth strategy

## Revenue outlook

(\$ in billions)



## Execution priorities

- Continue to expand in high growth markets, while maintain strong momentum in mature
- Increased specialization and grow care pathway partnerships
- Expand AI and digital-enabled transformation
- Enhance lifetime value for customers: upgrades, services, fleet & financing offering
- Continued margin expansion



China

Yihao Zhang  
President and CEO,  
GE Healthcare China

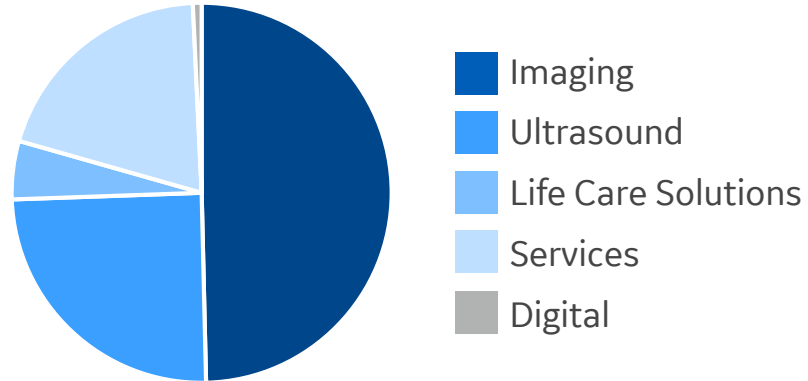
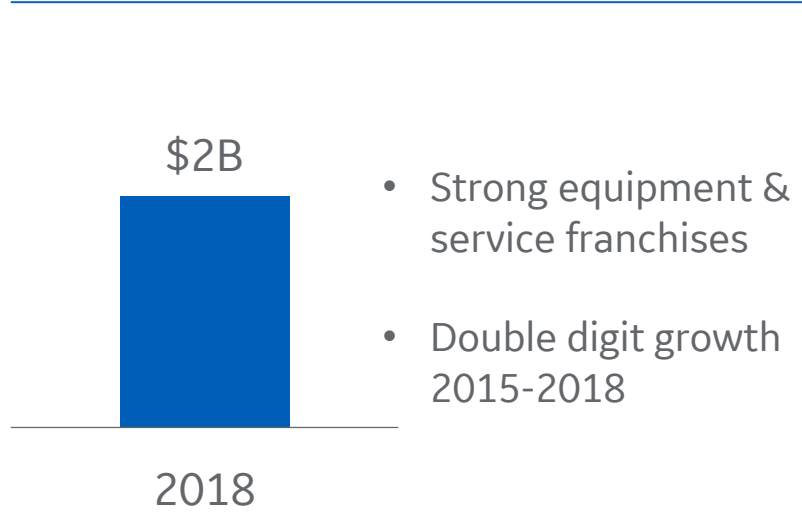




# China

**HCS Equipment Market<sup>1</sup> (TAM) \$7B, growing 12% CAGR '16-'18 ~6k Employees, 4 Plants, in-country repair**

## HCS Revenue



## Customers

**Public L3**  
#1 market leader ~2,500 Hospitals

**Public L2**  
#1 market leader ~9,000 Hospitals

**Public L1 & Other**  
#1 market leader Hospitals, clinics, & other care settings

**Private**  
#1 market leader ~20,000 Hospitals

## Growth drivers

- Aging population ... 165 million+ greater than 65 yrs. old
- 2030 National Healthcare strategy ... healthcare spend growing from 6.5% of GDP to 8~9% by 2030
- Insurance coverage ... >95% basic / comprehensive / equal
- Rising affordability ... 700 million in middle class by 2020
- County capability focus ... 500 L2 hospitals with upgrade plans



SOURCE: Imaging, Ultrasound and LCS markets measured in equipment order \$; all others based on revenue \$

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# China: GE positioned to deliver full solutions

## Local



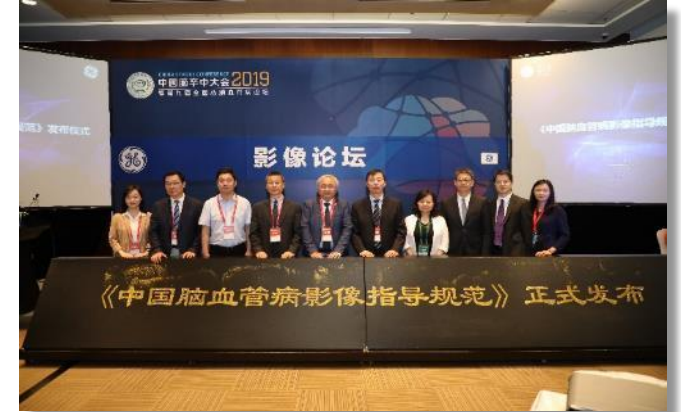
- **End-to-end capability**, launching China NPIs across modalities
- R&D team with **1,000+** engineers, including senior roles
- **4 plants** + local supply chain with **~300** strategic suppliers

## Private



- **Investing in sales force** ... enhancing dedicated team including sales, product specialists, and enterprise account managers
- **Full solutions** ... Offering full equipment, financing, digital solutions and services.
- **Prioritizing top strategic accounts** positioned to grow over long term

## Partnership



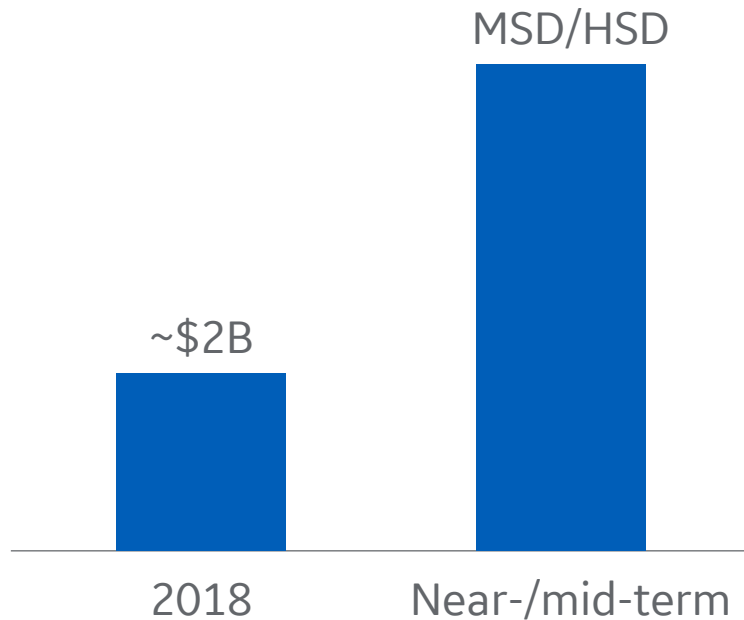
- Partnering with County Hospital Alliance for **L2 upgrade** with chest pain + stroke center & cancer screening solutions
- Collaborated with NHC to release **National Neuro Imaging Guideline** to standardize CT & MR scanning for stroke
- Driving hospital **training** through China Society of Radiology



# China growth strategy

## Revenue outlook

(\$ in billions)



## Execution priorities

- Expand sales coverage with clinical specialization
- Enhance lifetime value proposition and customer experience: services, upgrades
- Continue to strengthen local capabilities, NPI launch
- Drive innovative value creation through digital
- Investing in team: key talents, training, lean culture



# Operations and Financials

Monish Patolawala  
CFO, GE Healthcare  
VP Operational Transformation, GE



# Strong financial position to drive shareholder value

(\$ in billions)

 **Global Scale**

---

 **Trusted Partner**

---

 **Clear Strategy**

---

 **Operating Rigor**

**Leadership across Healthcare Systems and Pharma Diagnostics markets to drive growth**

**Revenue**

**GE Healthcare**  
*'19 est.*

**Ex-Biopharma**  
*'19 est.<sup>3</sup>*

**\$19.8-20.0**

**\$16.5-16.7**

**Significant portion of recurring revenue**

**Recurring revenue**

← **45%+** →

**Visibility to continued operating margin expansion**

**Segment margins**

**19.3-19.6%**

**14.4-14.7%**

**Strong operating cash flow generation**

**FCF conversion<sup>1\*</sup>**

**80-90%+**

**60-70%+**

**Core<sup>2</sup> FCF conversion**

**100%+**

**90-100%+**

<sup>1</sup> FCF conversion: segment FCF / segment net income, adjusted to include restructuring expense

<sup>2</sup> Core FCF conversion: FCF conversion excluding the effects of reductions (In total approximately \$0.6B) during 2019 in sales of customer receivables & supply chain financing relative to prior years, one-time tax items and separation costs

<sup>3</sup> Adjusted to exclude Biopharma, as reported within GE

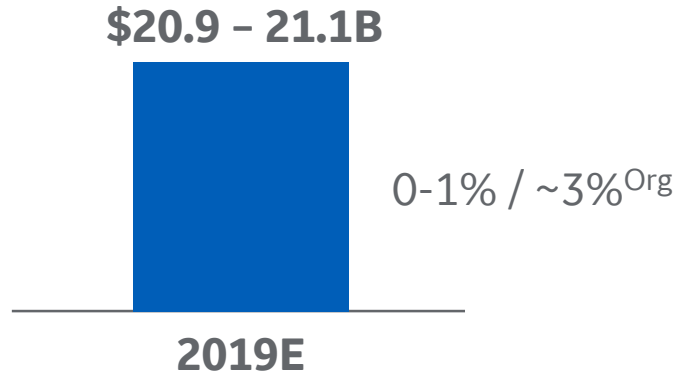
\* Non-GAAP



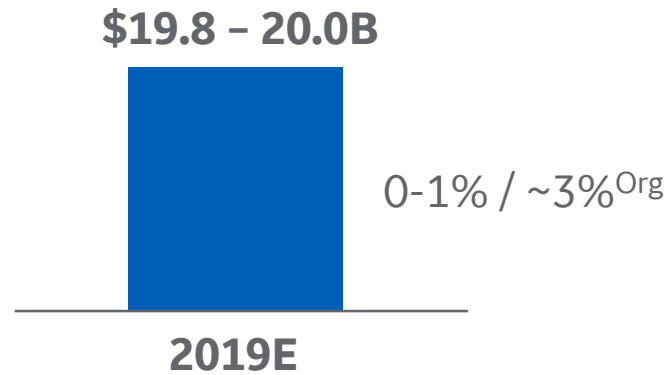
# Key metrics

2019 Estimate, including Biopharma, Reported / Organic<sup>1</sup> VPY

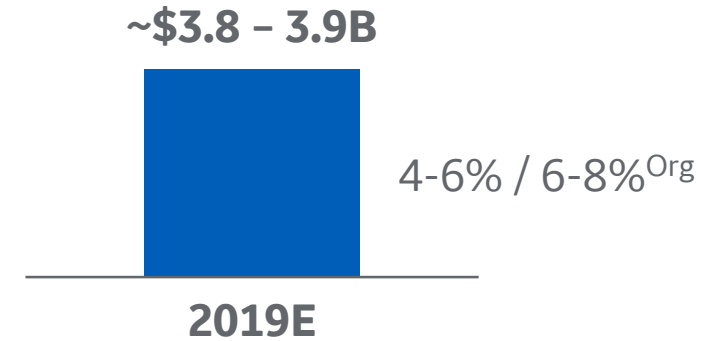
## Orders



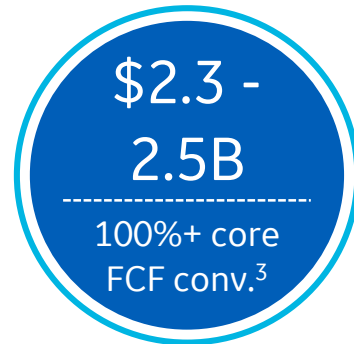
## Revenues\*



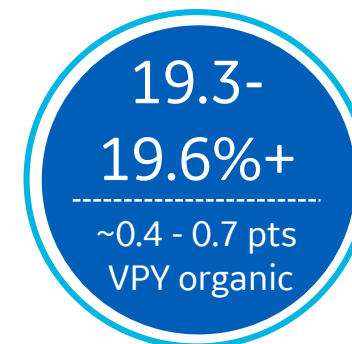
## Segment profit\*



## Free Cash Flow<sup>2\*</sup> \$



## Segment rate



<sup>1</sup> Organic excludes impact of foreign exchange, acquisitions, and dispositions; Revenue: GAAP of \$19.8B-20.0B with approx. \$(0.5)B reduction due to adjustments; Segment Profit: GAAP of \$3.8B-3.9B with approx. \$(0.1)B reduction due to adjustments

<sup>2</sup> FCF conversion: segment FCF / segment net income, adjusted to include restructuring expense

<sup>3</sup> Core FCF conversion: FCF conversion excluding the effects of reductions (In total approximately \$0.6B) during 2019 in sales of customer receivables & supply chain financing relative to prior years, one-time tax items and separation costs

\* Non-GAAP



# Supply chain ... global scale, technical capability and low cost

**38 manufacturing sites in 16 countries with 3,400 Supplier partners**

## Sourced parts

*Best quality material through dual sourcing*



- \$4B spend... single/sole sources at 76%
- Regional ... 1/4 in low cost country

## Component manufacturing

*Protecting IP and manufacturing at scale*



- Unique mfg technology, producing “crown jewels” at scale
- Global... US, Europe, Japan, China, India

## Vertical integration

*Localized supply chain from sourcing to installation*



- Global mfg footprint... low cost, in region / for region
- Localized value stream
- Quality and regulatory expertise

## Chemical processes

*Highest quality and security of supply*



- Contrast agents scale... 85mm doses / year @ ↓ cost
- Nuclear imaging ... 24 hours from cyclotron to patient



# How we're running GE Healthcare

Targets to Improve	Owner	Jump off point	Goal	YTD		1Q	2Q	3Q	OCT	4Q
Metric 1	Name	X%	X%	X%	Prior Year	X%	X%	X%	X%	X%
				X%	Plan	X%	X%	X%	X%	X%
				X%	Actual	X%	X%	X%	X%	X%
Metric 2	Name	##	##	##	Prior Year	##	##	##	##	##
				##	Plan	##	##	##	##	##
				##	Actual	##	##	##	##	##
Metric 3	Name	##	##	##	Prior Year	##	##	##	##	##
				##	Plan	##	##	##	##	##
				##	Actual	##	##	##	##	##
Metric 4	Name	##	##	##	Prior Year	##	##	##	##	##
				##	Plan	##	##	##	##	##
				##	Actual	##	##	##	##	##
Metric 5	Name	##	##	##	Prior Year	##	##	##	##	##
				##	Plan	##	##	##	##	##
				##	Actual	##	##	##	##	##
Metric 6	Name	##	##	##	Prior Year	##	##	##	##	##
				##	Plan	##	##	##	##	##
				##	Actual	##	##	##	##	##

## Our approach

- “Bowler” metrics deployed for all KPIs
  - 14 standard KPIs focused on:
    - Safety: patient and employee
    - Customer: reliability and delivery
    - Organic growth and margin expansion
    - Cash generation
- Transparent: Corporate sees what we see
- Pulsed often ... daily, weekly and monthly data-driven operating mechanisms
- Embracing “reds” to drive root cause analysis and countermeasures

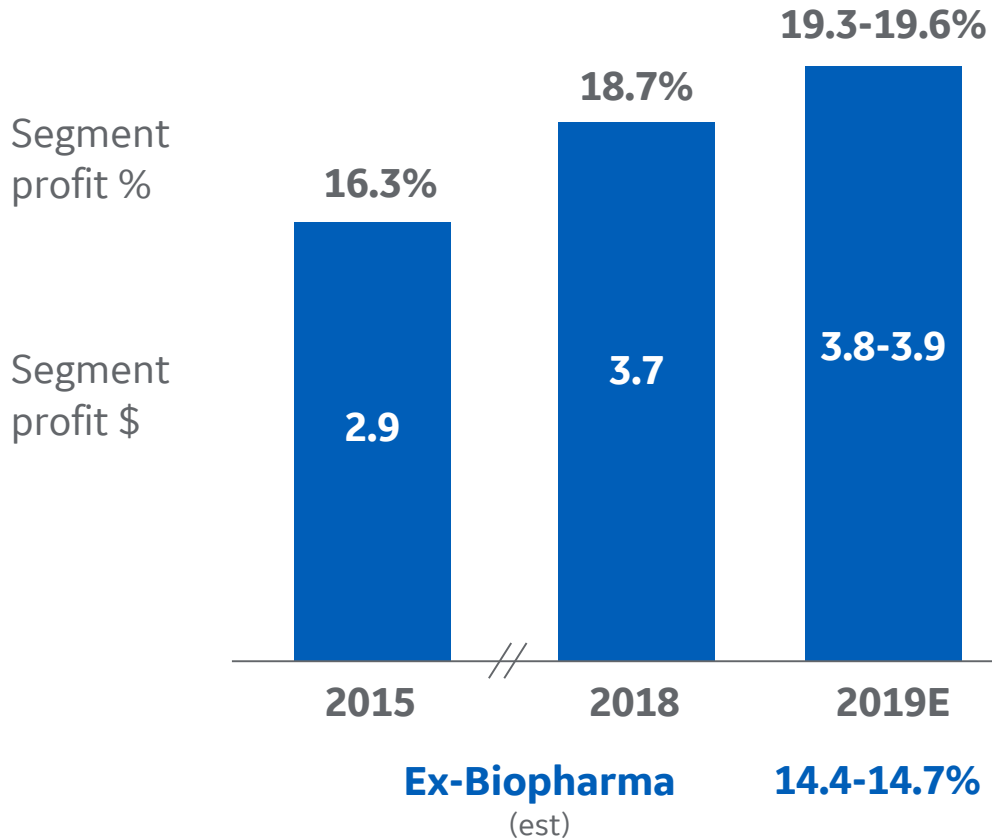




# Expanding segment margins

(\$ in billions)

## Segment Profit



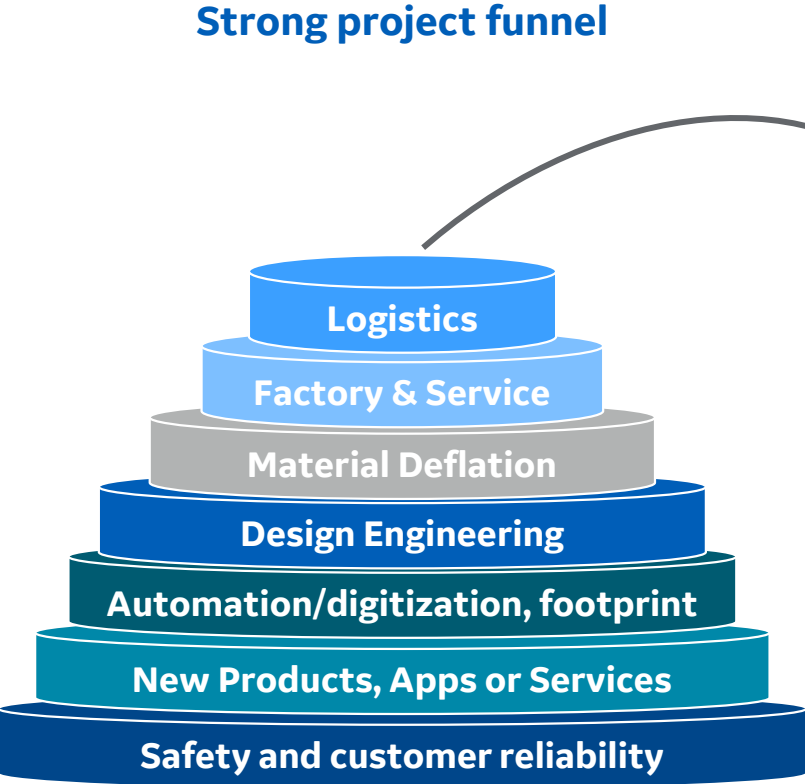
## Our approach

- 1 Improving capital allocation**
  - Targeted increases in R&D and programs to highest returning product lines and projects, reductions to lower ROI segments
  - 3X investment in product cost out, digitization / automation vs.'15
  - Exited low ROIC businesses ... Clariant ('15), Dharmacon ('17), Value Based Care ('18)
- 2 Driving product & service productivity**
  - Doubled rate of productivity through investments, accountability
  - Delivering \$0.3B product and service productivity / year (ex-Tariffs)
- 3 Accelerated pace of NPI, investing in digital capabilities**
  - Targeted investments in priority products, AI/analytics, digital platform and partnerships
- 4 G&A efficiency**
  - Reduce ERPs, improve digital toolsets, ↑ spans / ↓ layers

Reported margins up ~3+ pts from '15 ... Targeting 25 - 75 bps per year improvement

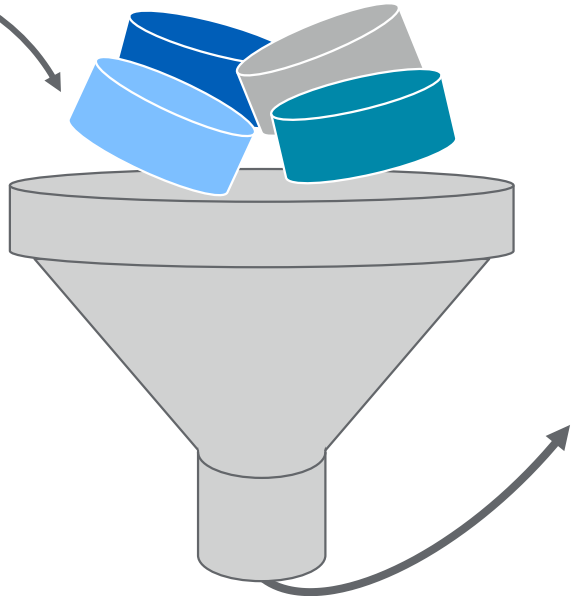


# Healthy funnel of investments with strong returns



~3k+ projects in funnel

## Rigorous capital allocation



## Examples of outcomes



### New products & services

Imaging NPI average 6 pts ↓ cost vs. predicate  
~10% Warranty savings rate in '18



### Material cost reduction

7% material cost out in '18  
Single/sole sources down (2) pts since '15



### Service productivity

1<sup>st</sup> call resolution up 1 pt. vs. '18 to 79%  
Labor hours per system under contract ↓ 2 pts YTD



### G&A efficiency

Consolidated 49 ERPs → 3 Strategic ERPs  
"Touchless" order: \$(22)M inventory

Investing \$1.5B per year<sup>1</sup>



1 - Includes R&D expense, externally funded R&D, capitalized software, and other program investments

# Investments that drive growth

(\$ in billions)

## Spend profile

*Ex-Biopharma*

**R&D expense**  
**% of sales**  
**~5%**

**Total Engineering efforts<sup>1</sup>**  
**% of equipment sales**  
**~9-10%**

## Priorities aligned to highest Returns

- Continued NPI vitality with 61 launches in 2018, including product innovation for local needs
- Balancing short and long term returns – next generation detector technology, Nuclear tracers in immunotherapy & mobile technology
- Digital spend to support AI, cloud-based image visualization & Platform capabilities
- Improved reliability, design for value, cost to serve
- Global, local player with engineering COEs in best cost countries



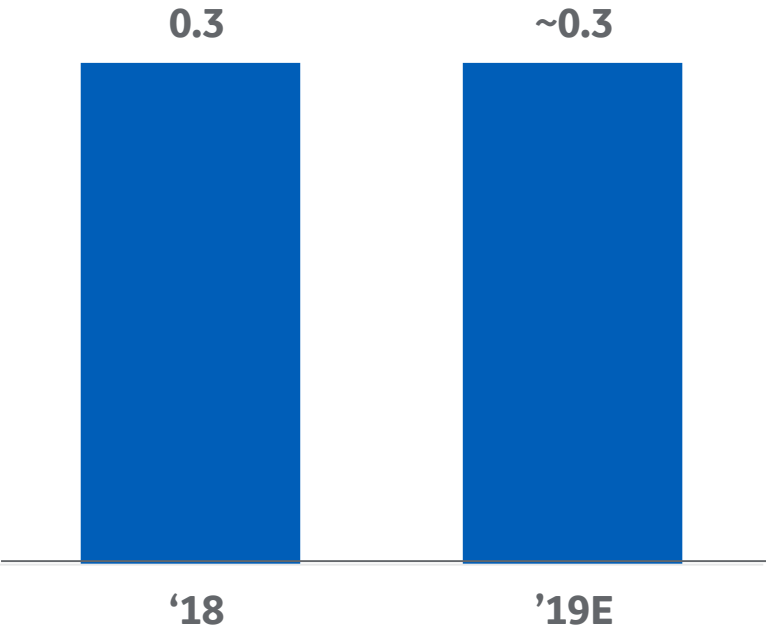
1 - Includes R&D expense, externally funded R&D, and capitalized software

# Product and Service cost out

(\$ in billions)

## Cost productivity<sup>1</sup>/year

Ex-Biopharma



### Material Cost

- Design for lifecycle cost, including manufacturing & serviceability
- Improve dual sourcing by 6+ pts by '21, increased local sourcing

### Logistics

- Digital analytics & automation driving packaging & lane consolidation
- Ocean shipments up 5 pts YTD and premium freight down (5) pts

### Factory

- Consolidating plant network, assembly to best cost locations
- Lean focus: standard work, lead time reduction, inventory turnover

### Services

- Reducing events through reliability improvements & quality
- Improving remote fix rate by 2 pts in '20

### Others

- Installation: standard work, improving parts availability
- Warranty: improving reliability and standardizing terms



<sup>1</sup> Net material cost reduction, logistics, factory productivity and other product and service cost productivity, partially offset by annual wage inflation

# Lean in action: Florence MR site

## At beginning of the week ...

### Status quo



Inventory Turns  
< Benchmark

Stacked Lead time  
6 months+

Productivity rate  
LSD

***We can be better!***

### Approach we took



Held AWO  
130 participants  
Including CEO staff

11 Teams aligned to  
Value Streams

Lean Experts  
Onsite

## .. Action Work Out held ..

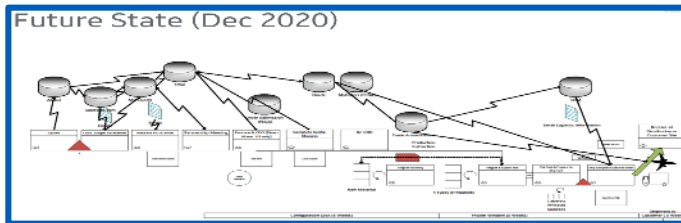
### Value-stream mapped current state



*Value Stream Map: Order Operations*

- VSM's completed
- 154 days LT vs. 54 days Processing Time
- 7 AM to 7 PM ... intense days!

### Redesigned processes for 2020



- More than 54 Kaizens implemented
- 109+ Kaizens logged

## ... by end of week

**\$70M**

*Inventory ↓  
Identified*

- Pull consumption, Kanban
- Improve TAKT execution

**30%**

*Lead Time ↓  
Actions*

- Improve Date Management
- Reduced WIP
- (30)% LT ↓ in 1 key change

**\$50M**

*Cost out  
Funnel Growth*

- 8M in Factory savings
- 10M in logistics opportunity
- 3M P&E avoidance

**16**

*EHS risks  
eliminated*

- Crane elimination
- Automation of key step in magnet production



# Lean goes beyond our factories

## Product & service cost out

- Reducing scrap & waste in plants
- Improving service 1<sup>st</sup> call resolution rate

## World-class delivery

- Further improving On time Delivery
- Best-in-class Installation experience

## Commercial operations

- Improved billing quality, ↓ disputes
- Lean AWO in quoting processes

## Functions

- VSM map of financial close process
- Optimize recruitment & onboarding

## Daily management

- Visual, automated KPI scorecards
- Root cause / countermeasures training

## Inventory

- Reducing lead & wait times
- Moving to 'pull' production methods

**Business lean leader appointed, hands-on training through AWOs**



# Free Cash Flow\*

(\$ in billions, includes Biopharma)

	<b>2018</b>
<b>Net Earnings ex depreciation &amp; amortization</b>	<b>\$3.3</b>
Working capital	0.1
Unbilled receivables <sup>1</sup>	(0.2)
Taxes/Other operating <sup>2</sup>	0.4
<b>CFOA</b>	<b>\$3.5</b>
PP&E & internal use software	(0.5)
<b>Free cash flow*</b>	<b>\$3.0</b>
FCF* Conversion % <sup>3</sup>	124%
Biopharma	\$1.1
<b>FCF* ex-Biopharma<sup>4</sup></b>	<b>\$1.9</b>
FCF* Conversion ex-Biopharma % <sup>3</sup>	124%

1 Component of Contract and other deferred assets

3 FCF conversion: segment FCF / segment net income (\$2.4B), adjusted to include restructuring expense

5 (Average of Q4 and Q3 Trade Payables Balance) / (Q4 AP Purchases x 4) \* 365

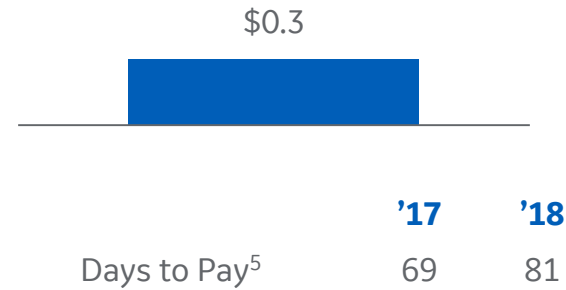
7 Includes impact of monetization

\* Non-GAAP

## 2018 Working capital cash flow

■ '18 Cash Flow

### Payables



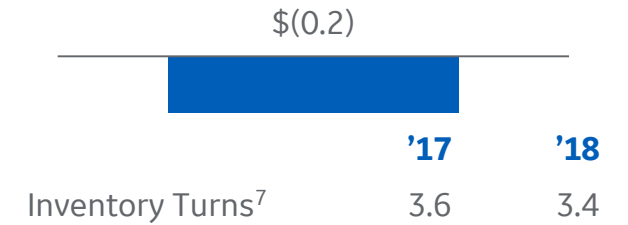
**Better payable terms with direct suppliers**

### Receivables



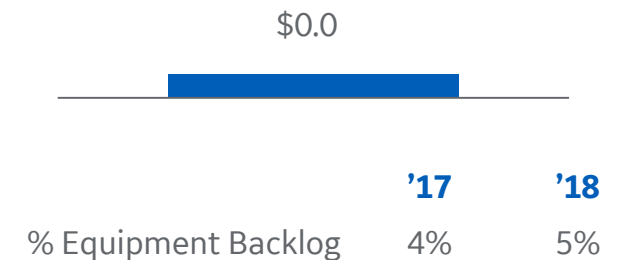
**Regional mix and terms improvement**

### Inventory



**Support growth, more level loading**

### Progress collections



**Driven by timing of commercial deals**

2 Includes primarily deferred income taxes, service billed in advance, employee incentives, restructuring and product software capitalization

4 Biopharma CFOA (GAAP measure): \$1.2B - 0.1B = 1.1B Biopharma FCF (Non-GAAP)

6 (Q4 Costs of Goods Sold x 4) / (Average of Q4 and Q3 Inventory Balance)

8 (Average of Q4 and Q3 Gross Trade Receivables Balance excluding Monetization) / (Q4 Sales x 4) \* 365



Wrap

Kieran Murphy  
President and CEO, GE Healthcare





*Strong Healthcare franchise ...* + *Bold growth agenda...* + *Lean ...* + *Investing for the future*

Significant opportunity for value creation



## Near-/mid-term financial outlook

**LSD/MSD**

**+25-75 bps**

**85 - 95%**

Revenue growth per year

Margin expansion per year

FCF conversion\*



\* Non-GAAP



# Financial summary

(\$ in Billions)

<b>Reported</b>	<b>2018</b>	<b>2019E</b>
Revenue	\$19.8	\$19.8-20.0
Segment margin %	18.7%	19.3-19.6%
FCF <sup>1</sup> conversion %	124%	80-90%+

<b>VPY FCF conversion</b>	<b>2019E</b>
Factoring & supply chain finance reductions	~(14) pts.
Tax unusuals/timing	~(5) pts.
Separation & legal	~(11) pts.

<b>Without Biopharma</b>	<b>2019E</b>
Revenue	16.5-16.7
Margin %	14.4-14.7%
FCF <sup>1</sup> conversion %	60-70%+
Core FCF <sup>2</sup> conversion %	90-100%+

<b>Core FCF conversion to FCF conversion drivers</b>	<b>2019E</b>
Factoring & supply chain finance reductions	~(20) pts.
Tax unusuals/timing	~(4) pts.
Separation & legal	~(9) pts.



1 Non-GAAP; FCF conversion: segment FCF / segment net income, adjusted to include restructuring expense

2 Core FCF conversion: FCF conversion excluding the effects of reductions (In total approximately \$0.6B) during 2019 in sales of customer receivables & supply chain financing relative to prior years, one-time tax items and separation costs