



# GE Healthcare

## INVESTOR UPDATE

March 11, 2016

New York City

**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.

# This is GE Healthcare

## IMPACT

Leader in Imaging – 1MM+ Installed Base

- *16K+ Scans every minute*

Leader in China & Emerging Markets

Leader in Data & Analytics

- *230MM exams; 124K assets under management*

Leader in Life Sciences

- *Presence in biologics*

## AT SCALE

Revenue \$18B

Op Profit \$2.9B

OP% 16.3%

FCF Conv. 126%

# GE Healthcare in context

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## Big opportunity

- \$7T global market
  - ~10% of global GDP
- Core long term growth
  - Aging demographics
  - Chronic disease
  - Emerging market access
- Critical infrastructure
  - Lynchpin of economy
  - Politically important
- \$3T market cap
  - 12%+ of equity market

## GE store

- Technology
- Digital platform
- Industrial “know how”
  - Cost out
- Leverages and enhances brand
- Opens doors around the world

**Essential global industry ... strong GE fit**



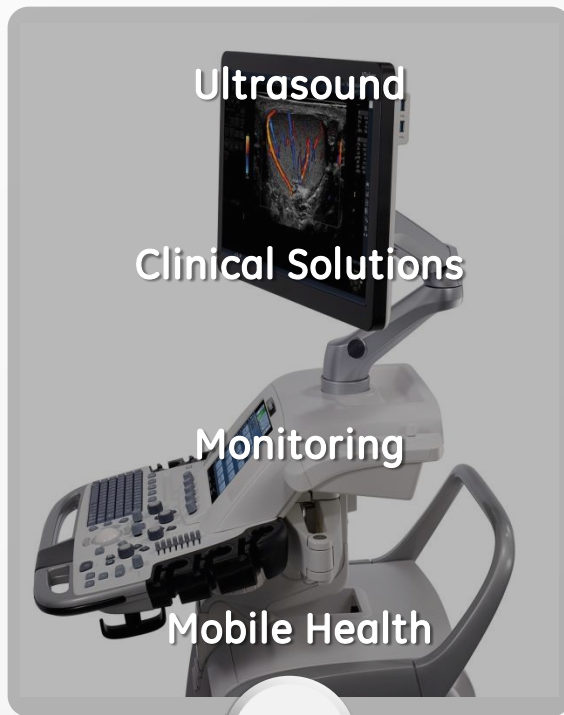
# A leading healthcare solutions provider

## Diagnostic imaging & service



\$8B

## Mobile diagnostics & monitoring



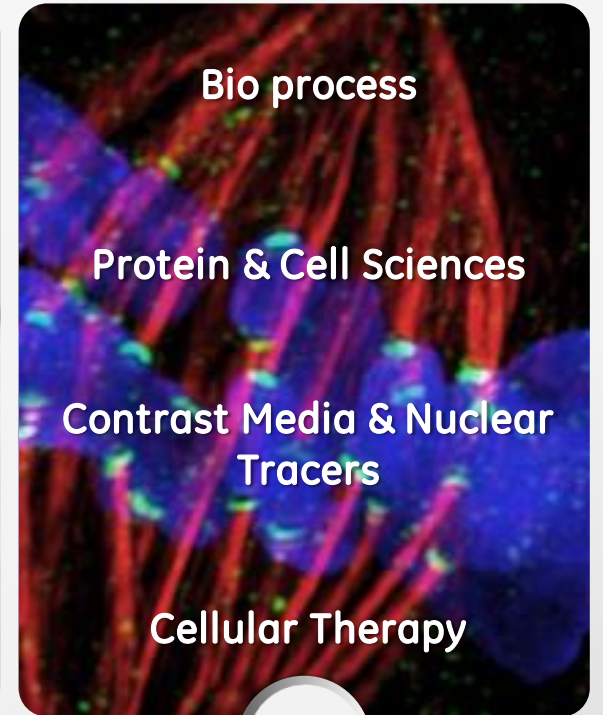
\$4B

## IT & digital solutions



\$2B

## Life Sciences

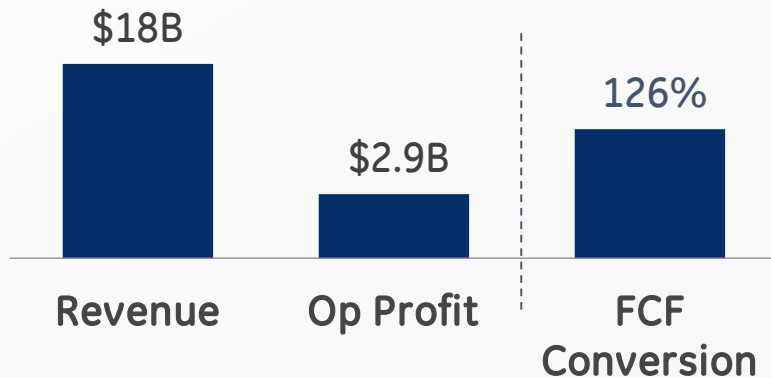


\$4B



# History and path forward

## Financials (\$B)



### “Slow growth” (Last 5 Yrs)

- Government funding pressures
- US market uncertainty (ACA)
- FX headwind
- Underachieved on cost

## Path forward

- ✓ **Running business better**
  - Differentiated customer experience
  - Product costs down / restructuring
  - Invest in core imaging
  - Leverage Ultrasound playbook
- ✓ **High return organic growth opportunities**
  - Ultrasound
  - Emerging markets
  - Life Sciences
- ✓ **Grow Digital / Solutions**
  - GE Health Cloud
- ✓ **New leadership team + AEIP alignment**



Driving growth and returns

# Accelerating shift towards value-based healthcare

## Industry forces

Burden of **COST**

Explosion of **DATA**

**MOBILITY**

## Systemic reactions

**GOV'T POLICY**

Enabling the value agenda

**CONSUMERS**

Bear more risk,  
demand value

**DIGITIZATION**

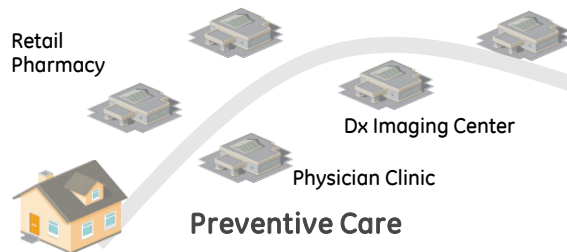
System-wide connectivity  
to enable value delivery

**NEW ENTRANTS**

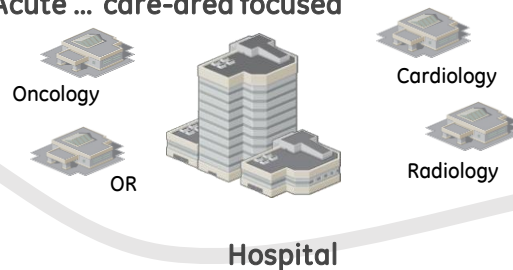
Creating disruptive models  
to capture new profit pools

## New paradigms of care

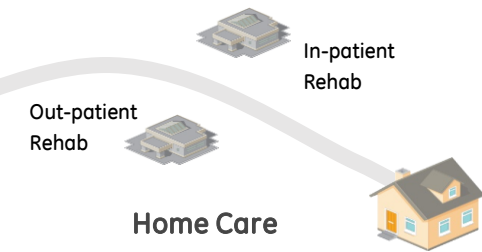
Community-Based Care ... moving to clinic



Acute ... care-area focused



Post-Acute Care ... moving to mobile health



Customers need solutions for value-based and personalized care





# GE Healthcare

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Leading provider of outcome-based solutions in healthcare



# GE Healthcare

## Revenue

(\$ in billions)



## Strategic priorities

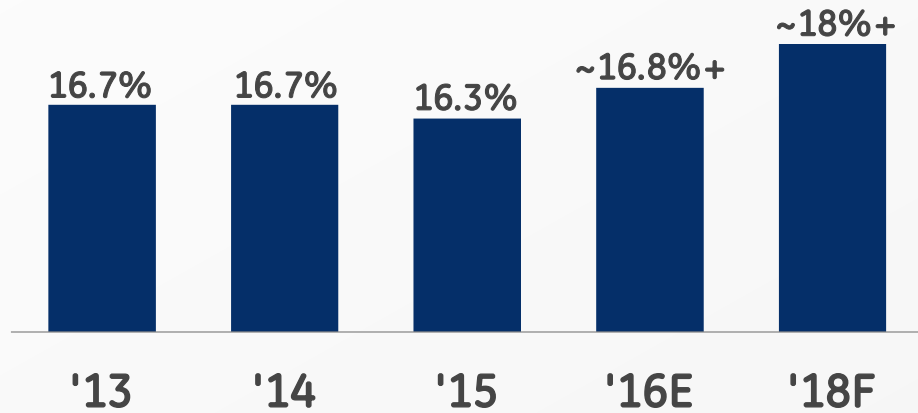
- 1 Margin expansion**  
Sourcing at scale, brilliant/lean factories, digital services
- 2 World-class imaging**  
Distributed imaging ... aligned to market needs
- 3 Leader in market solutions**  
GE as partner of choice to grow access to affordable care
- 4 Expand Life Sciences**  
Enable next generation of therapies & pharma productivity
- 5 Digital growth**  
Mobile & cloud-based apps, product & system-wide solutions
- 6 Cash & capital allocation**  
Rigorous cash mgmt & disciplined capital controls





# 1 Margin expansion

## Op Margin %



Metrics	
Brilliant Factories	5 → 60
ERPs	48 → 4
VCP Invest	\$150-200
Dual Sources	28% → 50%
Service Margin	Up 2 pts

## Key drivers

### Design productivity

- Engineering focus on material cost out ... 2X Investment
- Launch NPIs with expanded CM rates

### Lowest cost procurement, manufacturing & assembly

- Global best-cost country sourcing, reduced cost of quality
- Global supply chain ... lean, digital thread & brilliant factories

### Services margin accretion

- Grow value-added software-enabled offerings
- Increase material and labor productivity

### Structural simplification

- Increasing shared service penetration, single ERP
- Localize engineering/software, reduce spans/layers

Poised for 3X historical cost out



## 2 World-class imaging

### Matching product development with market needs

Avg Selling Price

IMAGING

#### Women's Health



Seno  
~\$100k-500k

Lunar  
~\$20k-200k

#### Interventional Cardiology & Radiology

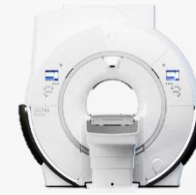


Image Guided Systems  
~\$0.5-2MM

#### General Imaging



Revolution CT  
~\$0.2-3MM



SIGNA MR  
~\$0.5-10MM

#### Molecular Imaging



Discovery  
~\$0.2-3MM



#### Surgery



Surgical C-Arms  
~\$20-200K

ULTRASOUND



Women's health –  
Voluson \$25-150k



Cardiac  
Vivid \$25-200k



General imaging  
LOGIQ \$25-200k



Primary care  
Vscan \$7-25k

- Market-backed new product introduction
- Care area and value-based segmentation is key
- Accretive margins across the value chain



### 3 Leader in market solutions

#### Developed markets ~75%



- ACA uncertainty diminishing ... U.S. growth returning
- Focus on outcomes ... opportunity exists in solutions, ex. Temple University Health System
- Solid growth in Europe platform
  - 6 consecutive quarters of organic orders growth
  - Eastern Europe double digit growth

#### Emerging markets ~25%

Rev Growth: '09 - '15

China	↑	70%
M.East/ Africa	↑	80%
LATAM	↑	80%
India	↑	35%
ASEAN	↑	90%

#### Building a \$5B business

- Local capabilities on par w/ U.S. & EU
- Global COE for value products

#### GE company-to-country focus

- Aligned with MOH priorities
- Select localization in key regions

#### Solid path to growth

- Expand coverage & service
- Mfg. localization in Brazil

#### Introducing disruptive NPI

- Private driven ... low govt. funding
- Local R&D teams drive innovation

#### Accelerate growth to meet demand

- Countries investing in HC systems
- Expand coverage & svc. capability

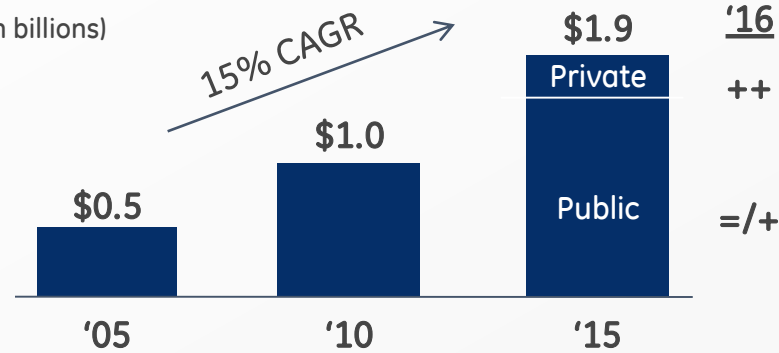
#### Diverse markets ... customized approach



# GE Healthcare in China

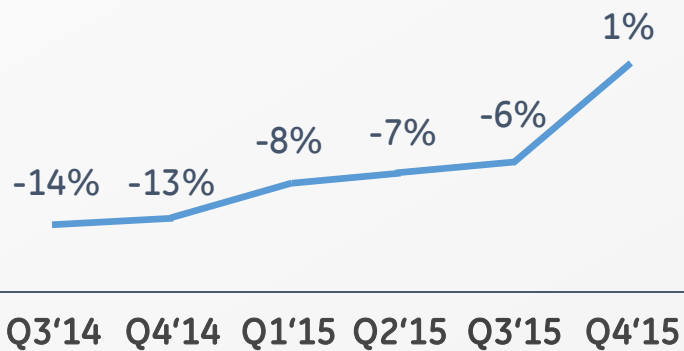
## Revenue

(\$ in billions)



## Tenders ... Market bottoming out

(YoY Change %)



## Strong local presence

### ✓ Strong commercial presence

- 1,500+ direct sales force... 60% deployed in Tier 2 & 3 cities
- Dedicated sales managers to support private growth
- Differentiated service offerings

### ✓ Value COE ... for China and the world

- 1,000+ engineers ... full system design
- 36 China NPI's launched ... \$1B+ rev. P.A. (35% China, 65% ROW)

### ✓ Service ... 70%+ parts local repair

- 1 local repair shop + 3 tier parts distribution ... 40% remote fix

### ✓ Supply chain ... 2X output

- 1 of every 2 GE CT's shipped from Beijing, 1 of 3 GE Ultrasound devices shipped from Wuxi, new MR plant

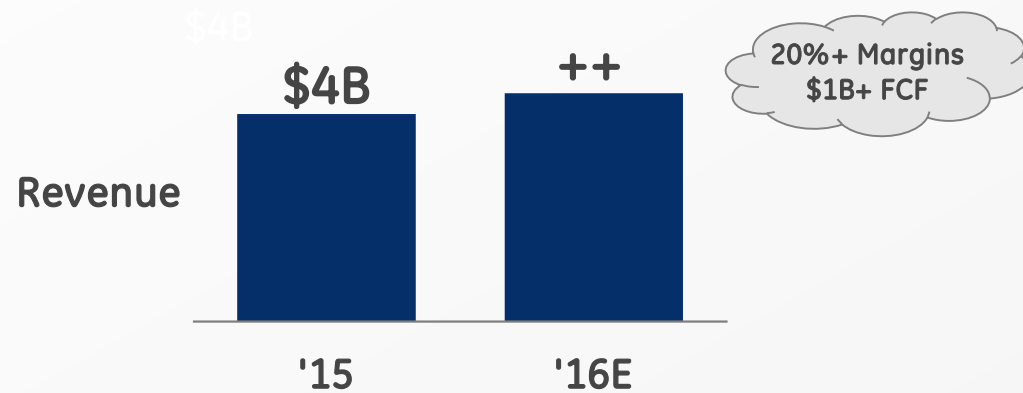
### ✓ Strong Life Sciences: first 2 global KUBio deals signed



**China still very attractive... increasing spend from 5.7% to 6.5% of GDP by 2020**

## 4 Expand Life Sciences

### 2015 financials



### Wing-to-wing offering

#### Software and Services

Cell Culture  
Media & Sera



+

Bio-Reactors  
for cell growth



+

Chromatography  
Media & Equipment



### Critical solutions for biopharmaceutical companies

- Creates flexible, productive capacity
- Highly regulated production process
- Equipment + consumables business model

### Leverages GE's strengths

- GRC ... product pipeline
- Growth markets ... China
- Services model ... GE "know how"
- M&A leverages GE footprint / brand

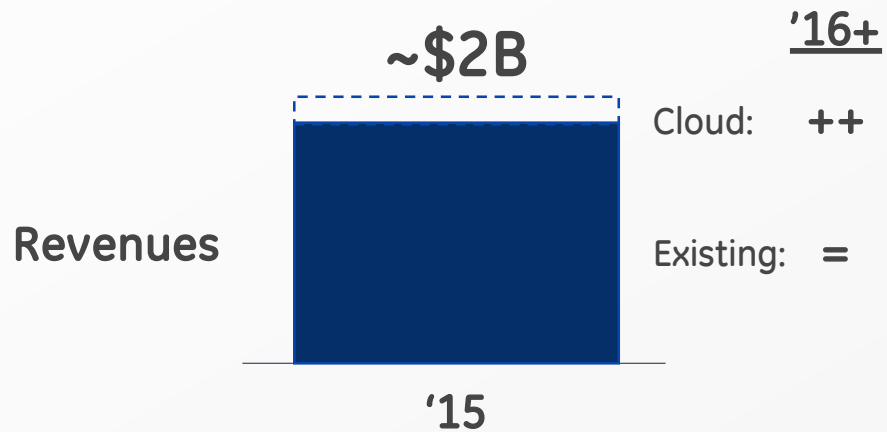
### Strong organic growth opportunities

- Strong top line growth... Bioprocess 10%+
- Turnkey investments with 20%+ returns
- Leading partner in emerging field of cell therapy



Robust business model with high returns

## 5 Digital growth



- + Deep installed base/customer relationships
- + Leader in Radiology imaging
- + Gaining share in enterprise imaging & financial management
- Multiple platforms

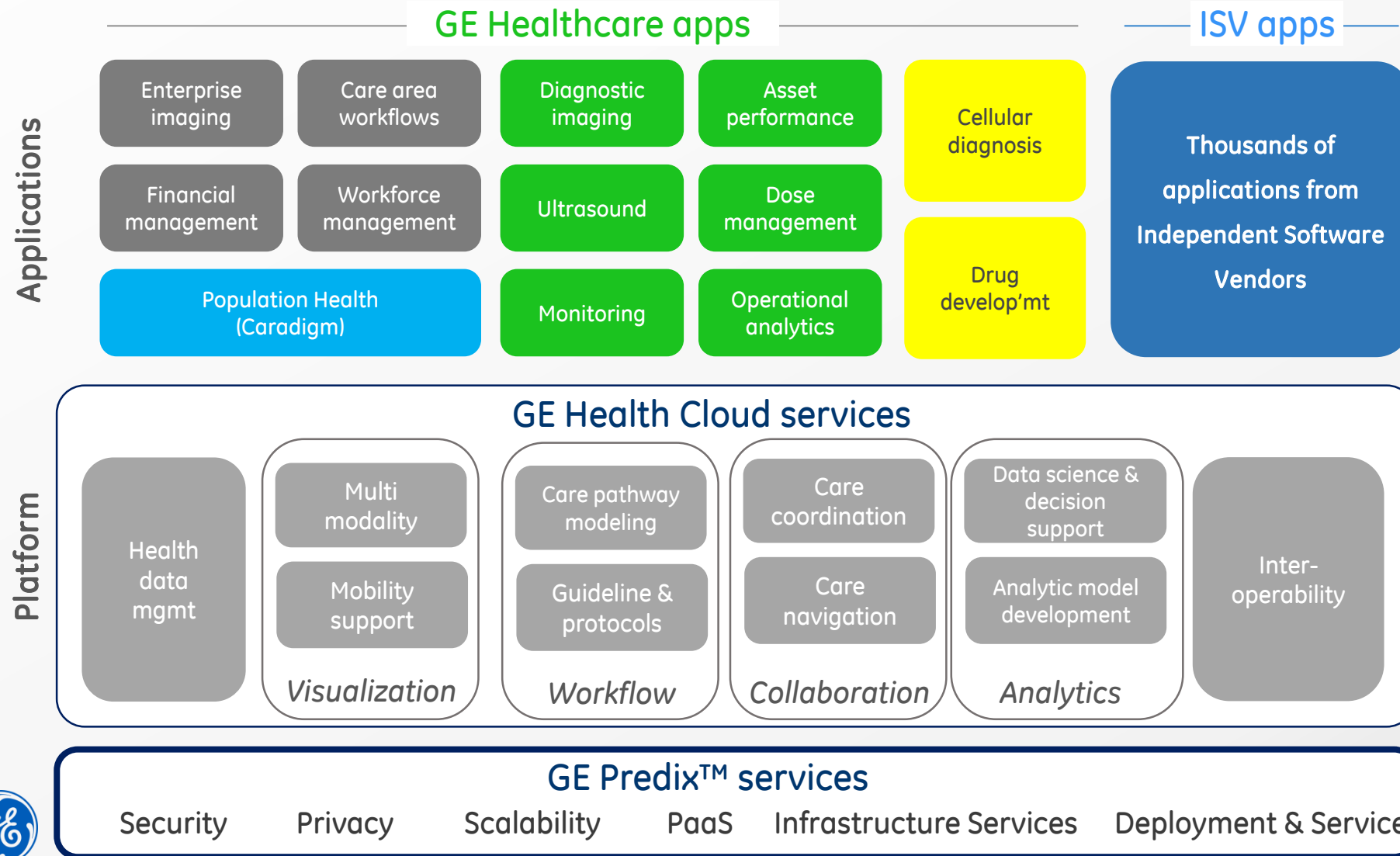
### Path forward

- 1 Software business
  - Build on deep clinical domain expertise
  - Standardize on Predix™
- 2 “Internal” Digitization
  - Digital thread ... Brilliant factories
  - Service efficiency
  - Engineering/design tools
- 3 GE Health Cloud
  - Mobility/collaboration
  - Analytics ... GE + 3<sup>rd</sup> parties
  - Aggregated images & data → outcomes



Improving customer productivity & patient outcomes

# GE Digital portfolio



## GE advantage

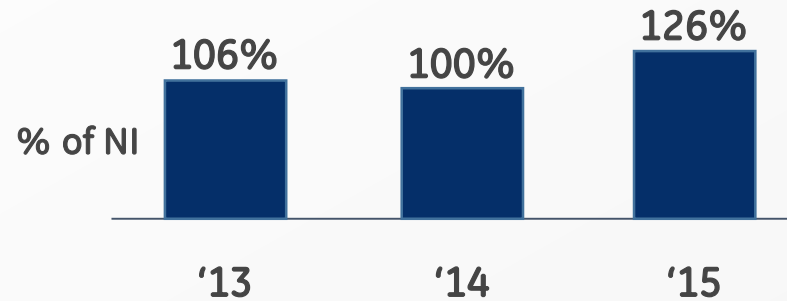
- ✓ Installed base
- ✓ Customer relationships
- ✓ Clinical expertise
- ✓ Secure platform
- ✓ FDA/regulatory
- ✓ GE Store



## 6 Cash & capital allocation

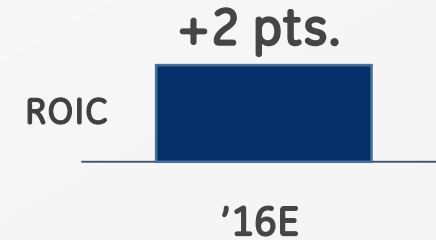
### Strong cash conversion

Free Cash Flow



- ✓ Disciplined capex and WC management
- ✓ Capex: average investment ~2.5 year payback
- ✓ Inventory: Targeting 1 turn factory improvements
- ✓ A/P: +2 day ↑ ... harmonizing terms across GE

### Capital allocation



- ✓ Disciplined investing based on ROIC, differentiated R&D
- ✓ Driven by cost-out & working capital
- ✓ M&A targets 'bolt on' to existing franchise, ↓ risk
- ✓ Portfolio pruning: exit low ROIC businesses, ex. Clariant

Disciplined capital allocation... producing strong returns for investors





# Today's agenda

## GE Healthcare

9 AM – 11 AM

Business Overview

John Flannery



Mobile Diagnostics & Monitoring

Anders Wold, Ultrasound



Emerging Markets

Terri Bresenham, Sustainable Healthcare Solutions



Life Sciences

Kieran Murphy, Life Sciences



Imaging & Services

Karim Karti, Imaging



Digital Growth

David Hale, Digital



Supply Chain Excellence

Chuck Nugent, Global Supply Chain

Delivering

John Flannery

Q&A

Team

## Product showcase

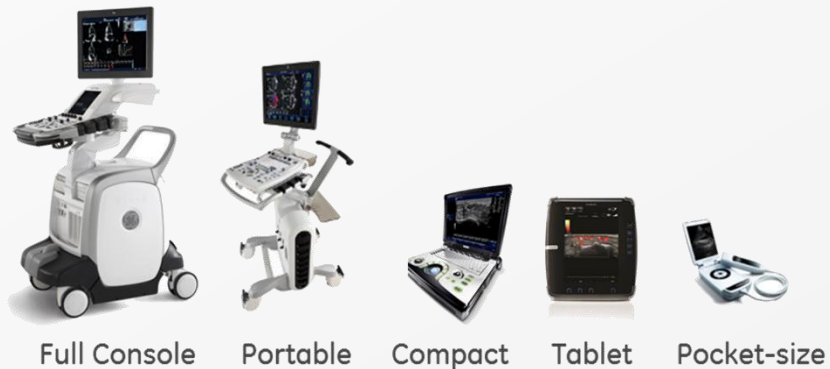
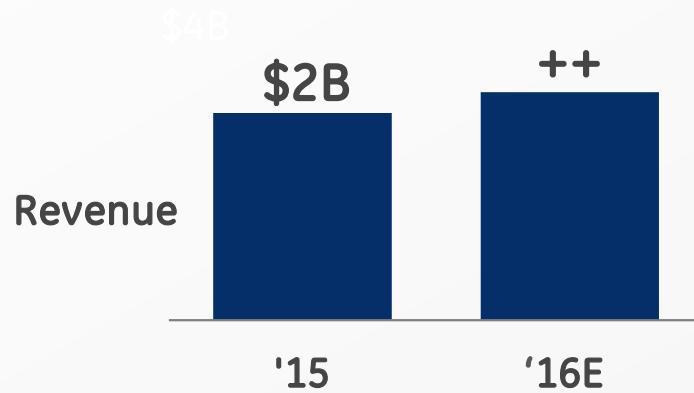
11 AM – 12 PM

# Mobile diagnostics and monitoring



# Ultrasound: Built on strong product management

## 2015 financials



## Built on strong history



Solid market fundamentals & economics...  
GE growth ~2x market

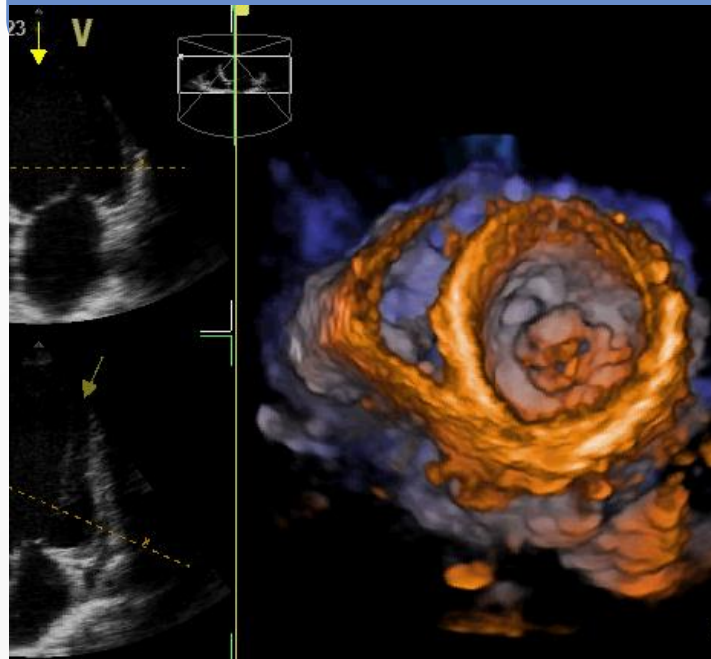
## Guiding principles:

- Customer backed R&D ... optimizes success in market, Premium to Value in all care settings
- Fast innovation ... >10 NPI's every year, embedded in winning culture
- Product cost out ... (10)%/year, non-negotiable, aligned with technology curve



# GE Ultrasound technology leader

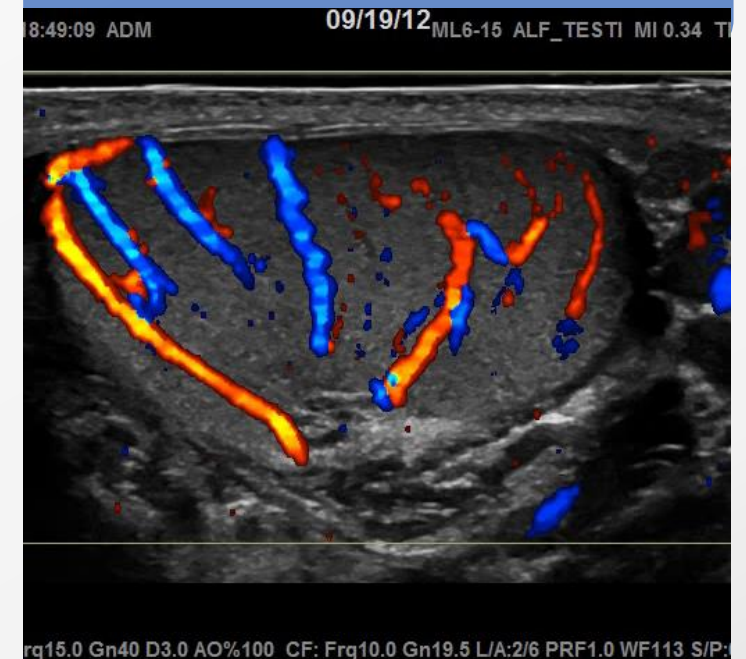
**VIVID**  
Cardiovascular



**VOLUSON**  
Women's health



**LOGIQ**  
General imaging



Real time

Easy to use

Portable

Lower cost

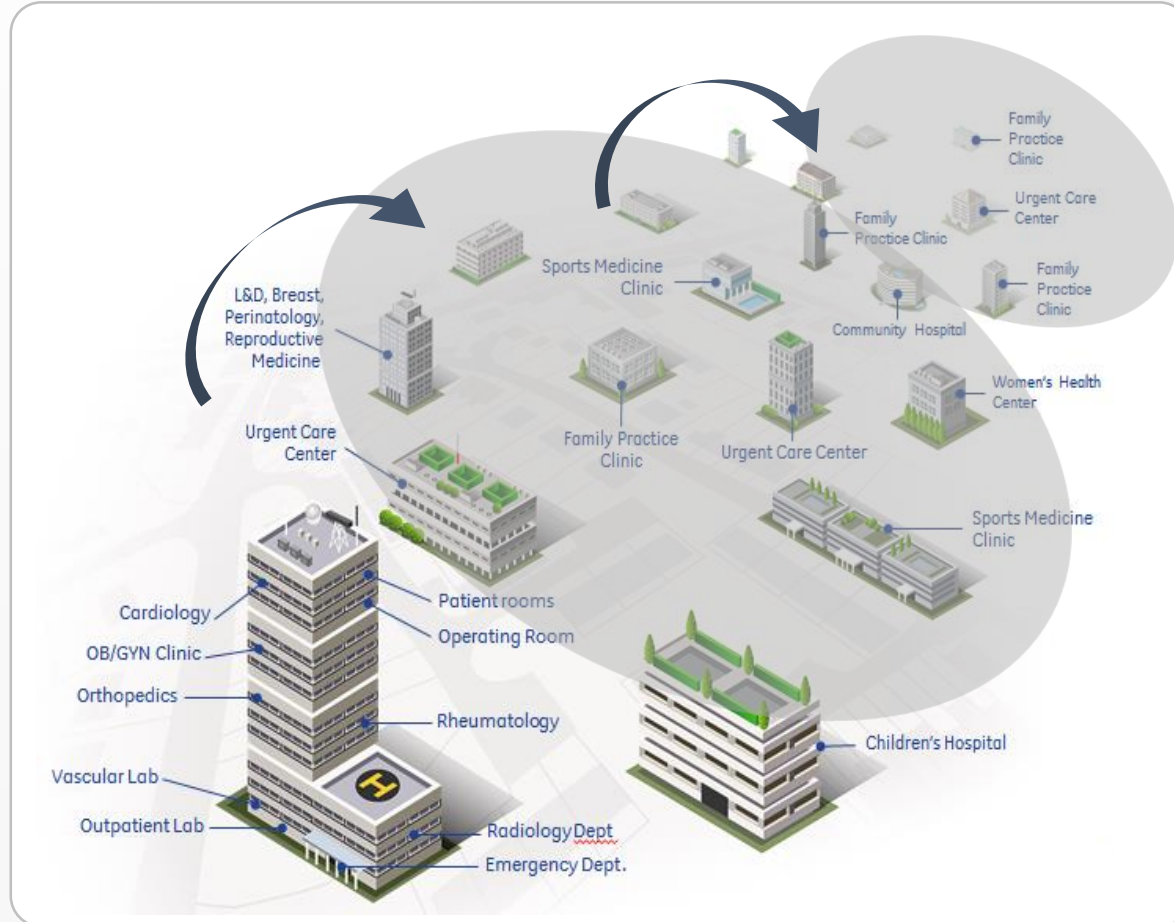
Image quality



High technology segmented to new users & new applications

# Ultrasound entering new markets for GEHC

## Moving out of hospital to clinics



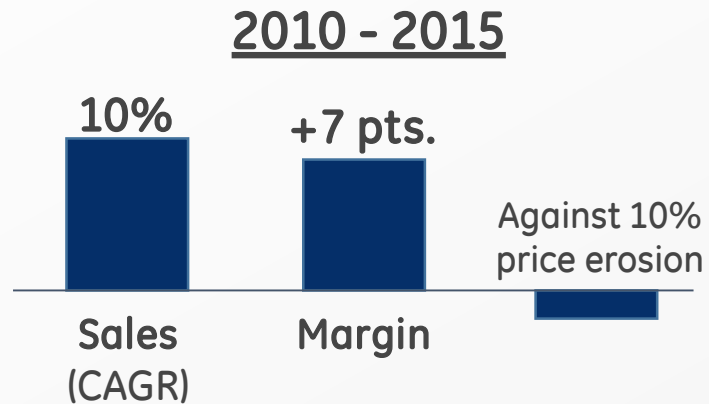
## Improving quality, cost, mobility...



## Expanding use in all geographies...



# Ultrasound growing gross margins...



## Driving margin accretion

Golden rule: Annual NPI's & cost out on every product release, extensive use of cost catalog

- ✓ FastWorks principles guide NPI's
- ✓ Sourcing ... input cost
- ✓ Value engineering & design
- ✓ Quality & reliability forefront

NPI refresh... Price uplift

10% cost out... Every product, every year

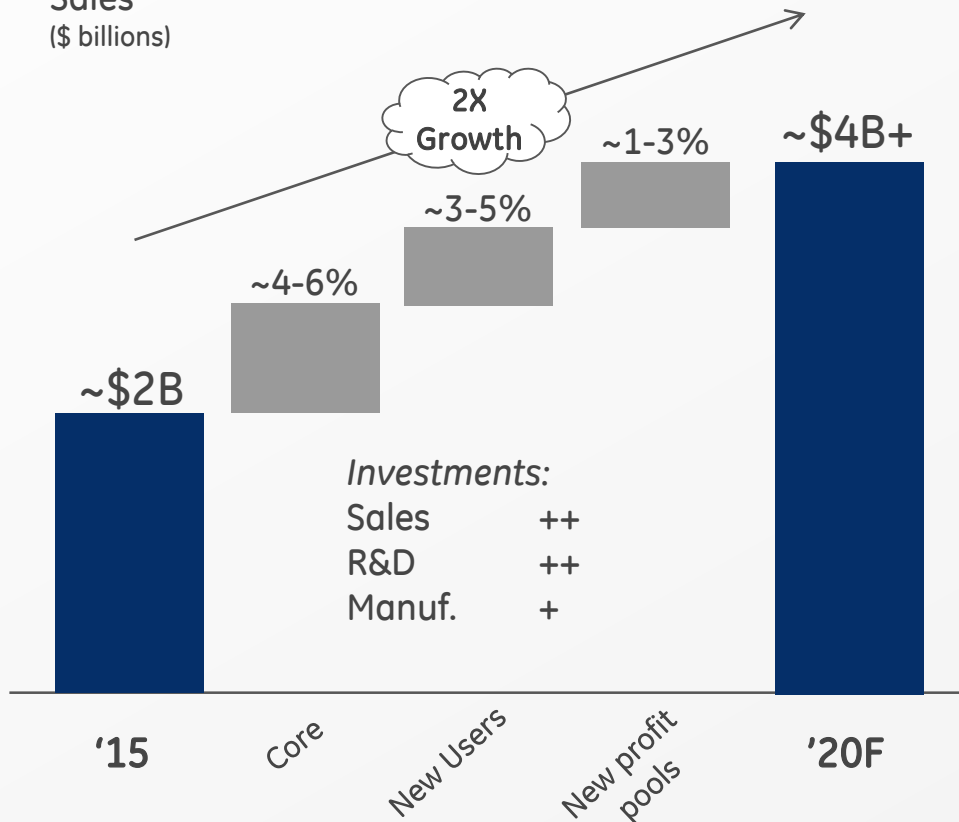


Culture drives margin accretion → Template for Imaging business

# GE Ultrasound growth

## Financials

Sales  
(\$ billions)



## Key drivers of growth



### Core

General imaging, women's health, cardiac



### New Users

Clinic, point of care, services



### New profit pools

Primary care, distributed health, guidance



Driving ~2X growth by 2020

# Mobile monitoring

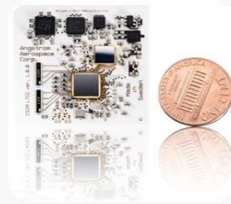
## The problem



### Customer issues

- Too many wires
- Risk of infection
- Periodic measurement
- Reactionary
- Reduce cost of care

## GE innovations



Miniaturization  
& wireless  
(GRC)



Cloud &  
analytics  
(Predix™)



Sensors &  
monitors  
(GRC)

### GE value-add

- Miniaturization & sensor technology
- Real-time monitoring in Cloud leveraging Predix™ analytics... secure, robust
- Proactive, linked to clinical care apps

## Solutions



- \$800MM monitoring business, growing double-digit
- Leveraging GE store to lead key industry trend
- High margins, accretive to business





# Growth in emerging markets



# Delivering value in healthcare

## Significant unmet need

### Inadequate access...

- >75% population is rural
- Beds concentrated in urban areas

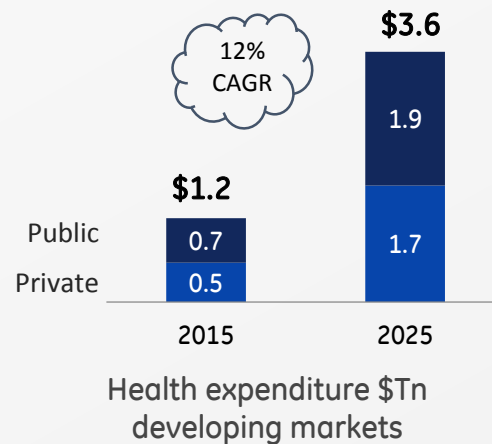
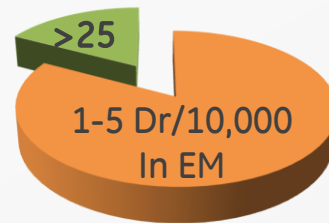
### Uneven quality of care...

- Infant/maternal mortality rates: 2-3X DM
- 80% CVD deaths are in EM's
- Late stage detection drives cost, mortality

### Limited, but rising capacity to pay...

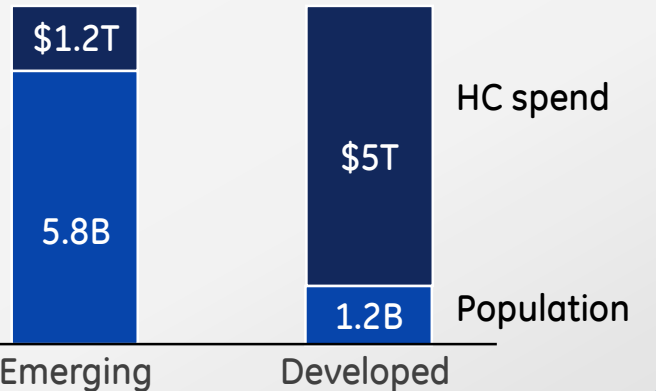
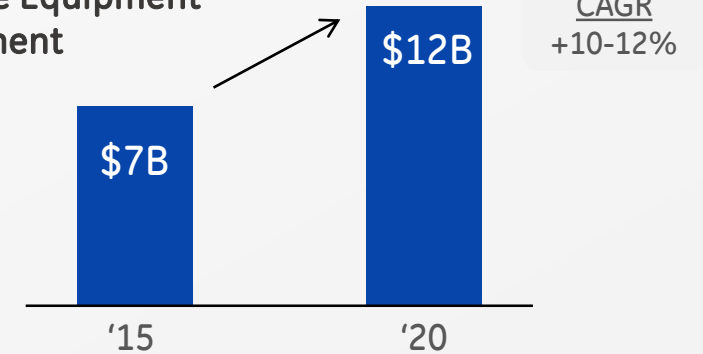
- Gross national income: 5.8B avg <\$13K
- High out-of-pocket: 35-60% of spend
- Growing middle class

EM's have 1/6<sup>th</sup>  
# of doctors/capita



## Robust existing market

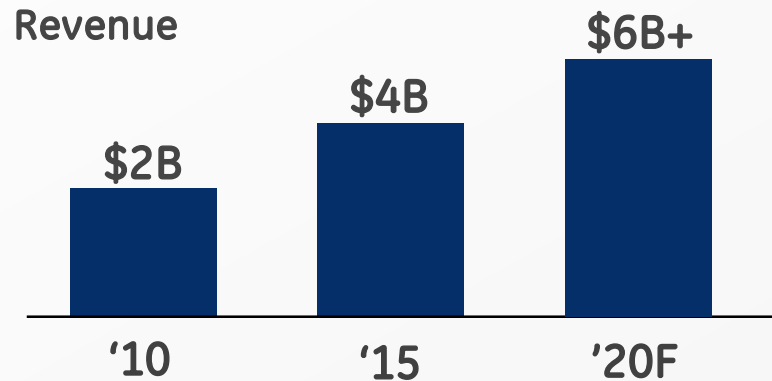
### Value Equipment Segment



Global market for affordable products... with substantial long-term growth

# Established a capable emerging markets foundation

## Delivering growth



- ✓ >30 EM products launched
- ✓ Accretive gross margin rate
- ✓ Attracting new buyers

## Driving disruptive, affordable innovation

- ✓ Product design → Affordable technology
  - FastWorks... rapid & iterative
  - Ground up vs. “de-feature”
  - >30% cost out minimum
- ✓ Localization: Product, production, service



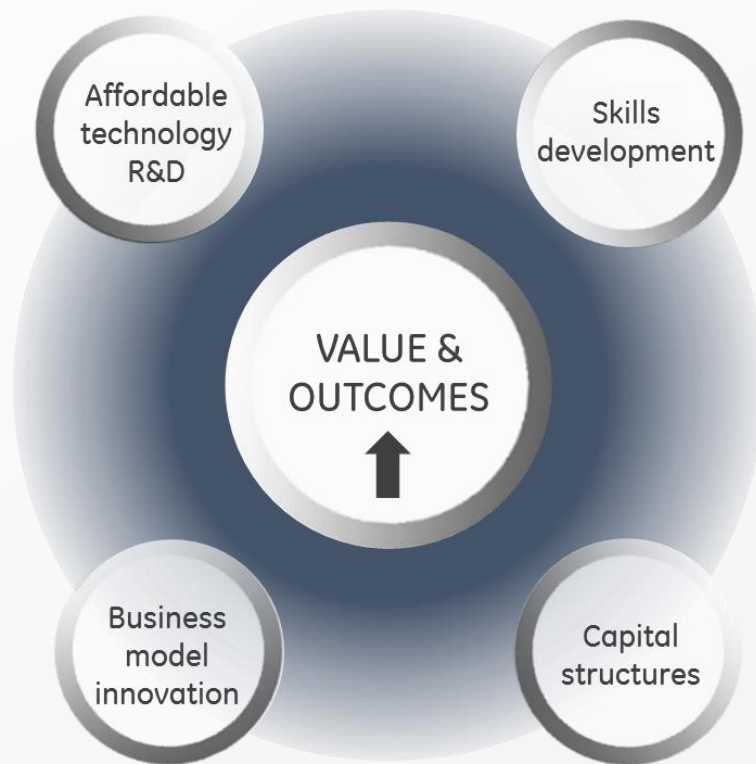
4x More affordable  
2x Smaller footprint  
Simple UI → Intuitive & easy



Proven profitable growth

# Now expanding our breadth to capture more value

## What are customers asking for?



## How GE is responding

**Focusing:** Dedicated emerging markets investments

**Building:** GE core technologies & Predix™

**Scaling:** Increased investments in portfolio & go-to-market

**Skilling:** Building education business, target 100K students

**Outcome-based business models:** Turnkey with financing

**Connecting:** Using GE's GGO + new care areas

### Care area focus



Primary care



Mother & child



Cardiovascular



Cancer



Unique business model for emerging markets

# A unique position & great source of growth

## Recent wins



### Kenya

10 year managed service contract

~\$200MM

Equipment/  
Service

IT  
Equipment  
Services  
Training Center



Solution

Financing  
Training  
Service & IT



### Oncology Network

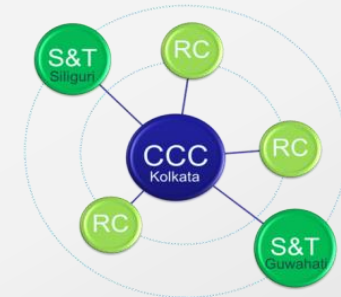
Partner with new cancer care network in India

~\$100MM

Equipment  
Service  
IT



Partners  
Financing  
Business  
Development

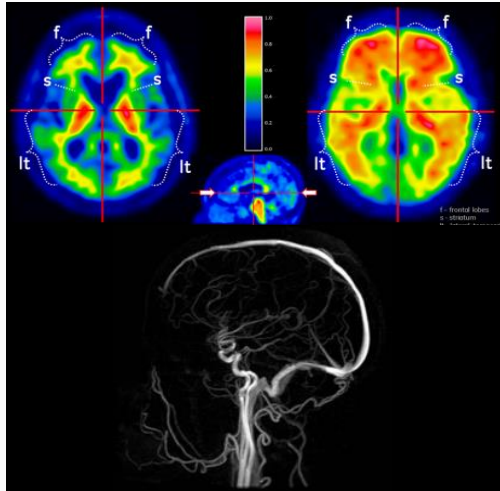


Significant wins already ... strong pipeline

# Life Sciences

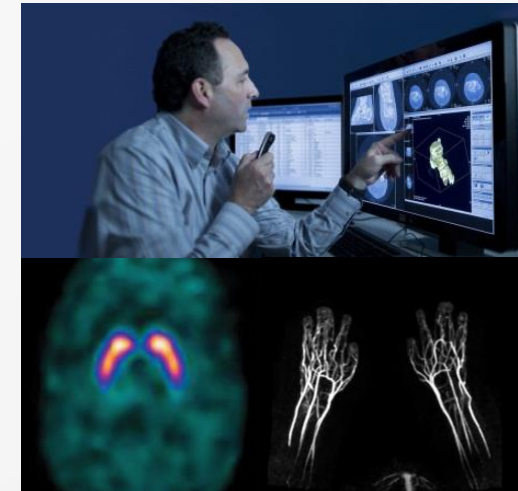


# A leading Life Sciences business



In 2015...

- 62 million patients diagnosed using GE contrast media... two patients every second!
- Manufactured 2.9 million radio pharmaceutical doses



- 8 new monoclonal antibodies approved by FDA ... all 8 use GE technologies
- 7 of top 10 human medicines were biologics... all 7 use our products



**\$4B revenue... 11,000 employees... a leading business**

# A broad Life Sciences portfolio

## Research



Research and Applied Markets

- Research instruments
- Consumables
- Cell therapy tools



## Bioprocessing



Biopharmaceutical manufacturing

- Cell culture media
- Filtration systems
- Chromatography



A Leading player

## Diagnostics



Contrast media, SPECT & PET imaging

- Contrast Media
- SPECT imaging
- PET imaging agents



A Leading player



'07



'12



'15

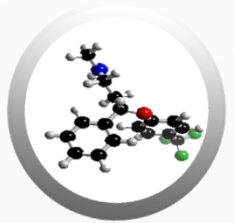


Leveraging best of GE Store: GRC + GGO footprint + Predix™



# Traditional medicines, biopharmaceuticals and vaccines

## Traditional medicine



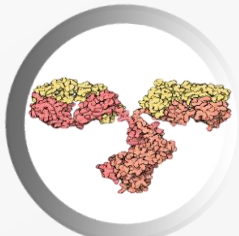
Prozac  
<50 atoms

Simple manufacturing

## Biopharmaceuticals & vaccines



Insulin  
100's atoms



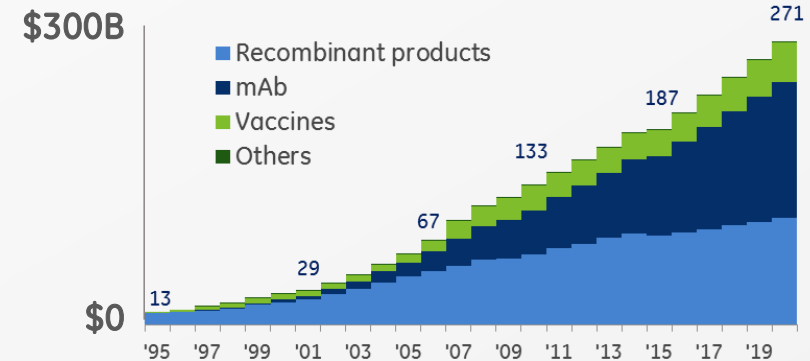
Monoclonal antibody  
>10,000 atoms



Flu vaccine  
>100,000 atoms

Complex manufacturing

## Global biopharma revenue



## Leading biopharmaceuticals



Cancer MAb \$20B



Insulin \$15B



Clotting factors \$7B



RA \$15B



EPO \$9B



Interferon \$9B



# Biopharmaceutical manufacturing

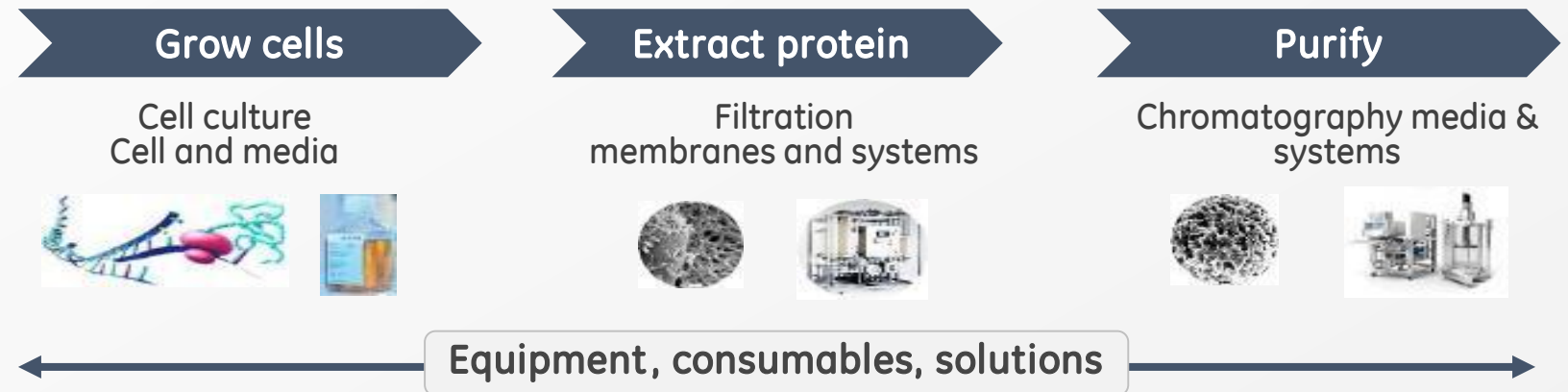


Traditional: Fixed stainless steel

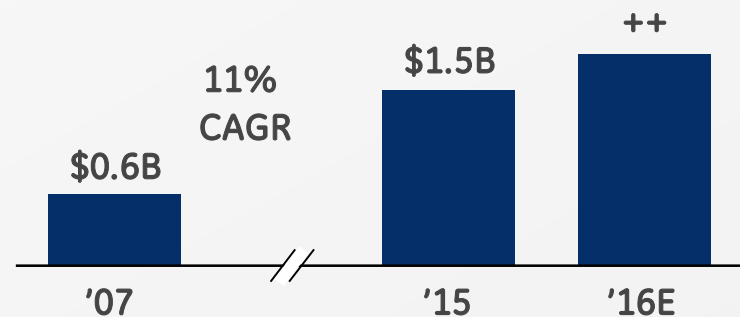


Today/Future: Flexible, single-use

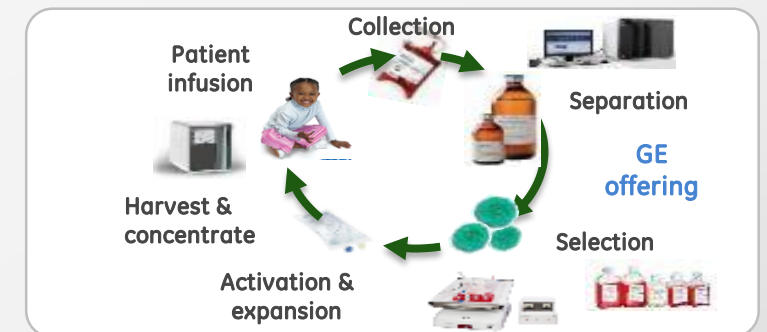
## Investing along the value chain



## Bioprocess sales growth



## Next steps: cell therapy



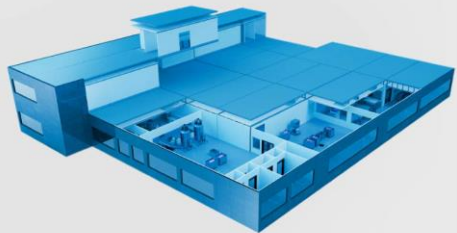
A great GE business... hardware, software, services

# GE's innovative solutions for biopharma

## KUBio™ modular facility

- First KUBio built: Wuhan, China
- Begins operation June 2016

New global  
pharma  
customer



## With FlexFactory™ single-use manufacturing

- Low execution risk
- ~50% capital cost
- ~80% less water & energy
- ~75% less CO<sub>2</sub>
- 12 month project timeline
- Equivalent operating cost of a conventional facility



Designed in ... recurring GE revenues



# Life Sciences... Inorganic performance

## Amersham + Bolt-Ons

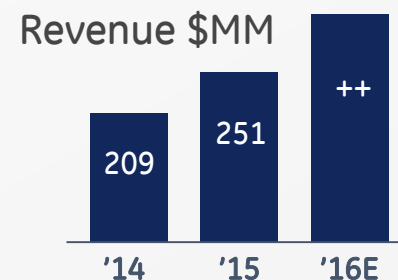
Investing to build wing-to-wing bio processing capability ... best in industry

Year	Company	Price(\$MM)	Multiple
2004	Amersham	\$10,500	17.2x
2006	Biacore	\$390	15.1x
2007	Wave	<\$100	10.7x
2008	Whatman	\$702	12.4x
2012	Xcellerex	<\$100	20.8x
2014	HyClone	\$1,060	14.5x

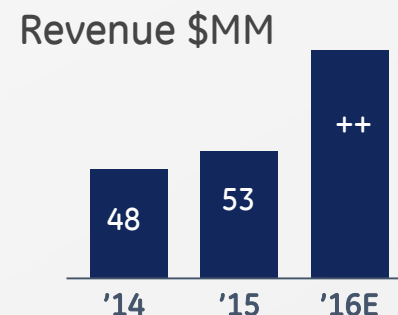
## Strategy/execution

- ✓ Building out end-to-end solutions capability
- ✓ Disciplined on strategic fit
- ✓ Rigorous integration and execution

## Performance



- ✓ Key consumable in workflow
- ✓ Accelerated growth from 14% to 22%
- ✓ Returns ahead of deal model
- ✓ GE brand valued by customers

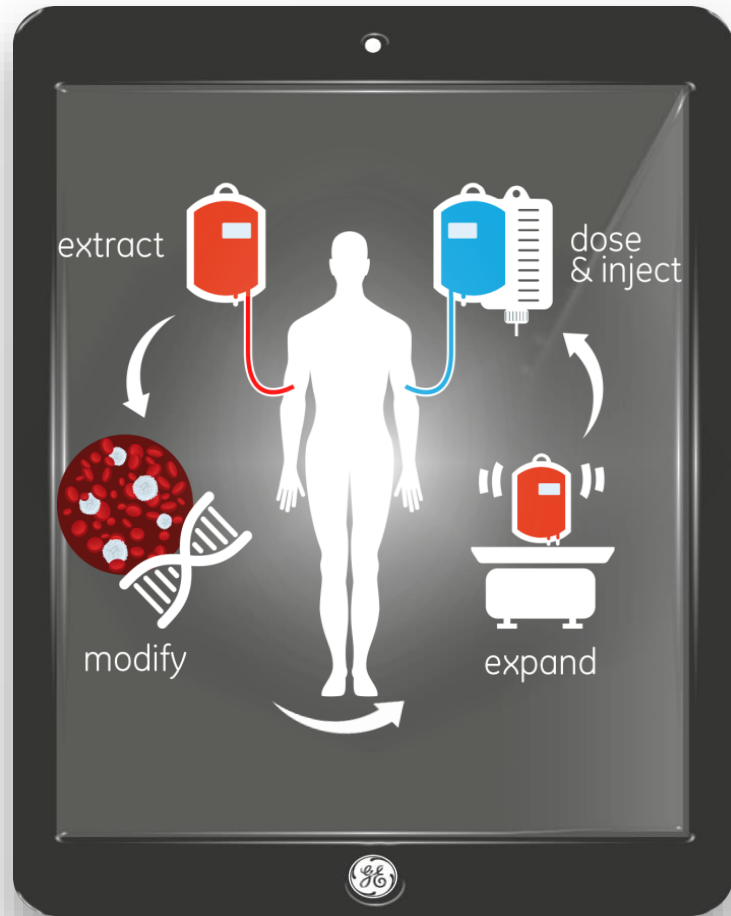


- ✓ Acquired technology critical to KUBio & FlexFactory success
- ✓ Returns 20%+
- ✓ \$150MM+ backlog
- ✓ GE brand accelerating growth



**Bolt-on acquisitions delivering growth and returns**

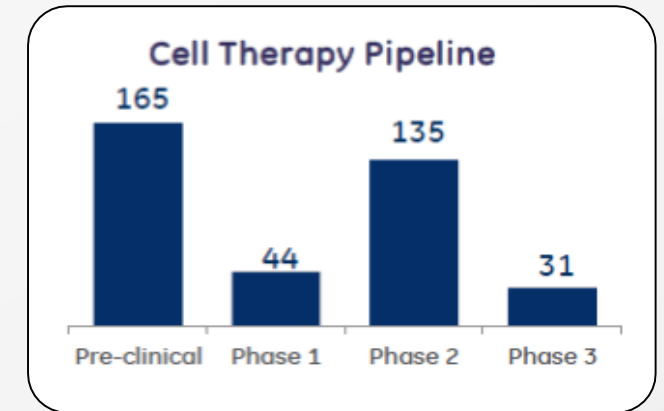
# Betting on long-term growth in cell therapies



**\$2B cancer immunotherapy segment ...  
Extension of GE's bioprocess expertise**

## Industry at an inflection point

- 375 active programs
- 7 companies with \$17B market cap focused on CAR-T



## GE positioned to solve industry challenges

- Scale up/scale out
- Process optimization
- Standardization & industrialization

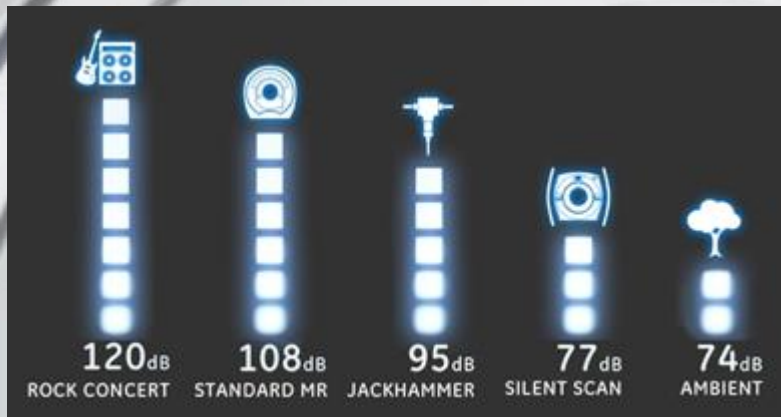


**Establishing GE as an Industry Leader**

# Imaging

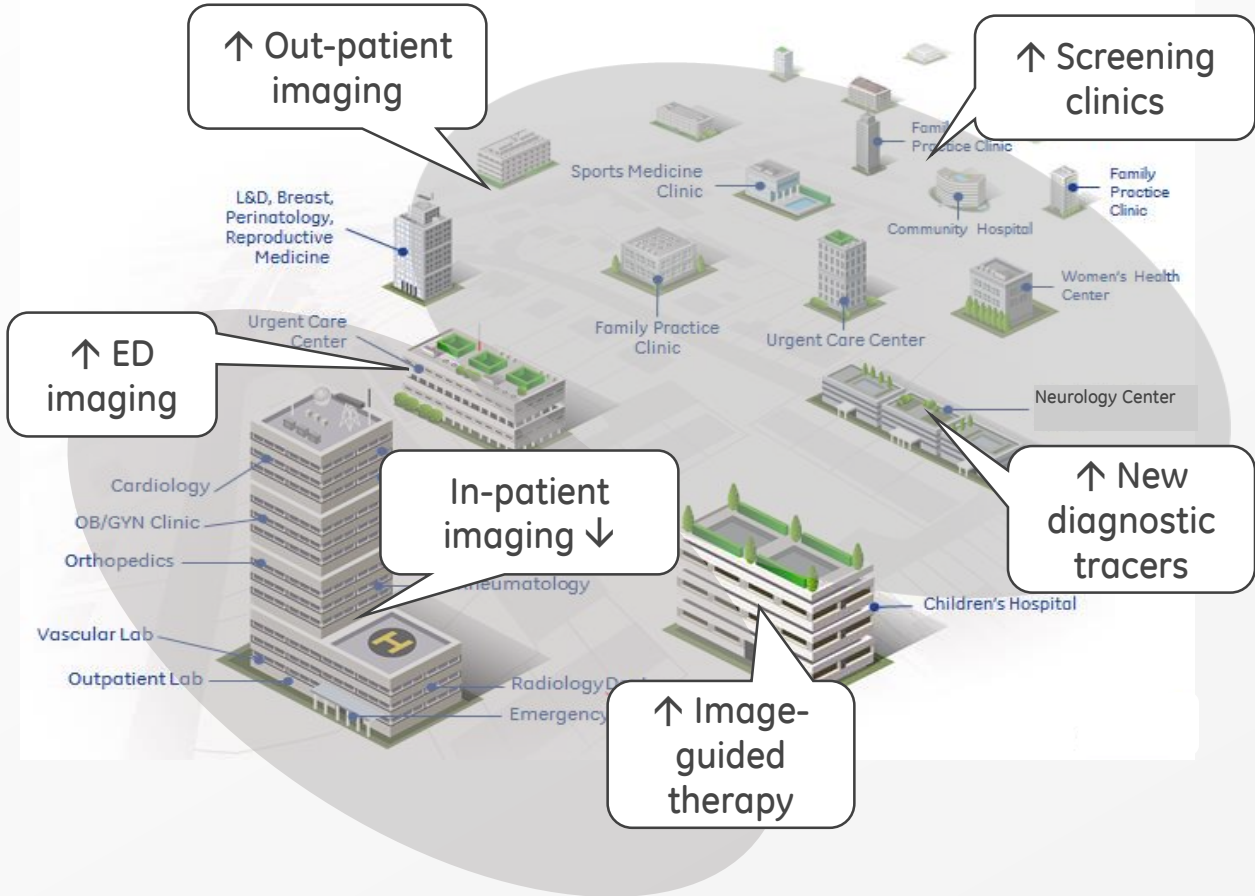


## SILENT MR



# Imaging opportunity in a value-based world

## Shifting beyond in-patient imaging...



## Developed... ↑ IB Aging + ↓ Cost + ↓ Footprint

Old IB



New sockets



++ Connected  
↑ Data  
↑ Speed  
↓ Dose

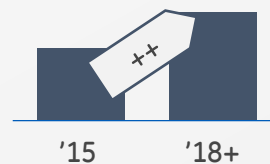


Outcomes

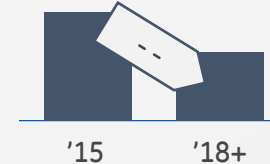
↑ Quality  
↑ Revenue  
↓ Cost

## Developing... Large need for build-out

IB/Head



\$/Unit



Value Segment



SVCT India



Matching portfolio with evolving market needs

# Imaging

## A true GE business

High-tech



- ✓ Advanced RF, MEMS, Digital PET Detector...“Only GE”

Service

Revenues



Service

Eqpt

- ✓ 50% revenues from service
- ✓ High tech sensors & service technologies

Digital



- ✓ Imaging analytics
- ✓ Digital services
- ✓ Large IB connected

GE Store

GRC, GE Health Cloud, San Ramon, GE Services Technologies



## The path forward

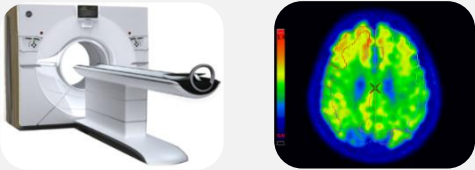
	<u>Today</u>	<u>Future</u>
1 Technology	+	+
2 Distribution	+	+
3 Cost out	-	↑
4 Service	=	↗
5 Digital & Solutions	+	+

Grow \$8B franchise



# 1 Technical leadership for outcomes

## 1 Clinical value for improved outcomes



- Wide-coverage cardiac CT
- 1<sup>st</sup> portable 4D fetal u/sound
- 1<sup>st</sup> high field MR
- 100 yrs of XRay
- 1<sup>st</sup> silent MR exam on head
- Highly sensitive PET/CT exam
- Cardiac exams in one beat

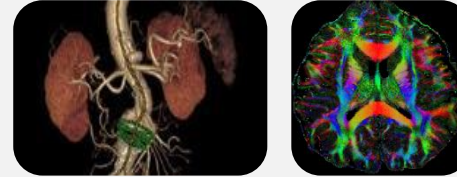


## 2 Value for growth & life cycle economics

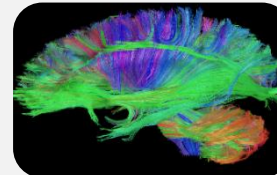


- Superslice Revo ACT
- Life extension upgrades
  - Explorer Lift MR
  - SenoClaire 3D Mammo
- Long-life "vital organs"
- 1<sup>st</sup> pocket-sized ultrasound
- Design for Service ↑

## 3 Advanced applications cloud and analytics



- Only HC industry specific Cloud
- Low dose imaging
- Award-winning connectivity
- Cardiac motion freeze
- 4D flow visualization
- CT+Vascular fusion for planning & guidance



## Built on GE store value

- Advanced algorithms
- Efficient materials
- Modeling & simulation
- Robotics
- Predix™ Cloud
- Design to Value



## 2 Distribution leadership

### World-class salesforce

#### SCALE

- ✓ GE's largest distribution ... 10K
- ✓ Large distributor network ... 2,500
- ✓ Local presence in >100 countries



#### COMPETITIVE

- ✓ Highly specialized
- ✓ Strong relationships

### Winning & efficient distribution

- Talent
  - Solutions ↑
- Training
  - Outcomes ↑
- Digital
  - SFDC & mobile
  - Customer experience
- Coverage
  - Direct/indirect mix
  - Acct mgmt/ specialist mix
- Speed & Focus
  - Incentives
  - Empowered & strong support



Distribution is a competitive advantage... Driving share gain

# 3 Product margin expansion ... cost cataloging

## Roadmap

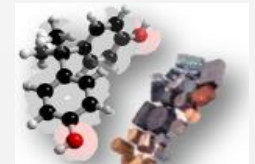
- 1 **Design**
  - Design for lower cost
  - Disruptive innovation
- 2 **Sourcing**
  - Optimize supply base
  - Value vs cost benchmark
- 3 **Supply Chain**
  - Brilliant factories
  - Logistics efficiency
- 4 **GE Store**
  - Advanced electronics
  - Cost productivity lab

## Driving cost out

<u>Product redesign</u>	<u>Target</u>	<u>Lead</u>
X-ray product A	-22%	Eglinton Manner
MICT product B	-20%	Barber
MR product C	-16%	Stahre

### Optimize

✓ Cabling... 10% deflation



### Logistics efficiency

✓ Mode optimization... 10% cost ↓



### Cost productivity lab

✓ Integrated electronics... 30% cost ↓



Focused cross-functional team... incentives aligned... cost catalogue for each product

# 4 Services margin expansion

## Strong foundation



- Large connected installed base
- Distributed & experienced workforce
- Global parts & repair network



## Digitization



Service Digital Thread



Digital Twin



## Increase connectivity/remote



- +Build on strong base focus on emerging
- +Cross region acceleration
- +Connectivity up  $\uparrow$ 2-3pts/yr

## Transform service delivery



- +Broad engineer X-training
- +Call Center  $\rightarrow$  Support Center
- +Digitally optimized dispatch
- +Driving 2% annual productivity

## Predictive & proactive






- +Expanded real-time monitoring
- +More sensors ... more data ... more analytics
- +Remote fix capabilities

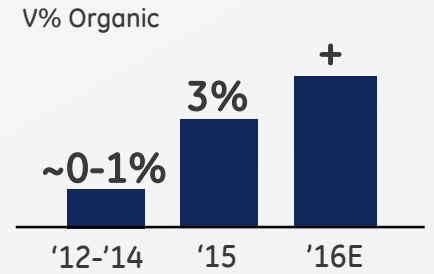


Improving customer experience & expanding margins +200 bps

# Service growth acceleration

<p><b>1</b> Grow the core "Asset level"</p>	<p><b>2</b> Expand with digital "Department focus"</p>	<p><b>3</b> Extend radiology sol. "Across enterprise"</p>
 <ul style="list-style-type: none"> <li>• Serve/Optimize the IB</li> <li>• Expand in growth markets             <ul style="list-style-type: none"> <li>- Premier delivery capabilities</li> </ul> </li> <li>• Grow life cycle offerings             <ul style="list-style-type: none"> <li>- Upgrades &amp; applications</li> </ul> </li> </ul>	 <ul style="list-style-type: none"> <li>• Outcomes driven analytics</li> <li>• Mining IB machine data</li> <li>• Cloud based offerings             <ul style="list-style-type: none"> <li>- GE Health Cloud</li> <li>- SaaS models</li> </ul> </li> </ul>	 <ul style="list-style-type: none"> <li>• Solving Enterprise Challenges             <ul style="list-style-type: none"> <li>- Quantify target outcomes</li> <li>- Architect solutions</li> </ul> </li> <li>• Multi-year risk sharing agreements</li> </ul>
<p>↑ Service coverage Zero unplanned down time</p>	<p>+ Incremental productivity for imaging department</p>	<p>+++ Operational savings ↑ tech utilization, ↑ patient capacity</p>

## Service revenue




## Built on GE store

- Predix™ & Analytics
- Global footprint
- Financing solutions




# 5 Digital services delivering customer outcomes


### Productivity analytics



Machine utilization data



Analytics to optimize throughput

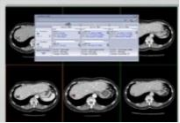


Asset tracking

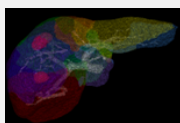
↓ Scan times and ↑ throughput  
↑ Fleet asset utilization

Exam slots / year ↑  
\$ revenue / year ↑  
\$ revenue / year ↑


### Clinical analytics



Disease Quantification



Automated Analysis Tools



Decision Support

↓ Read time and ↑ capacity  
Treatment guidance tools  
Faster, better informed decisions

Radiology reading capacity ↑  
\$ revenue / year ↑

Analytics as a service



Renewals ↑  
Price ↑  
User base ↑



**Strong growth ... 20%+ 2016 - 2018**



Digital growth

# Portfolio designed for the next phase of healthcare IT



## Broad portfolio of solutions...

### Clinical optimization

Enterprise imaging      Clinical analytics  
Advanced visualization      Operational analytics  
Precision medicine

### Care system optimization

Care pathway optimization      Population health management  
Financial management      Digital health monitoring  
Workforce management      GE Healthcare Partners

## ...addresses key needs for health systems

### Make machines smarter

→ utilize big data and cloud analytics for actionable clinical insights

### Guide optimal treatment

→ utilize deep clinical domain to properly apply insight to caregiver workflow

### Close the gap to value

→ ensure our software solutions help improve quality and reduce costs

**Data, insight and action capabilities required to drive better outcomes**





# GE Health Cloud

The first industry-specific cloud built on top of Predix™



- ✓ Consistent user experience
- ✓ Analytics services
- ✓ Data management
- ✓ Interoperability
- ✓ Deployment & service models
- ✓ Industry compliant
- ✓ Security & privacy

**Being designed to manage volume, velocity & complex 3-D medical imaging data within a secure, HIPAA-compliant cloud environment**



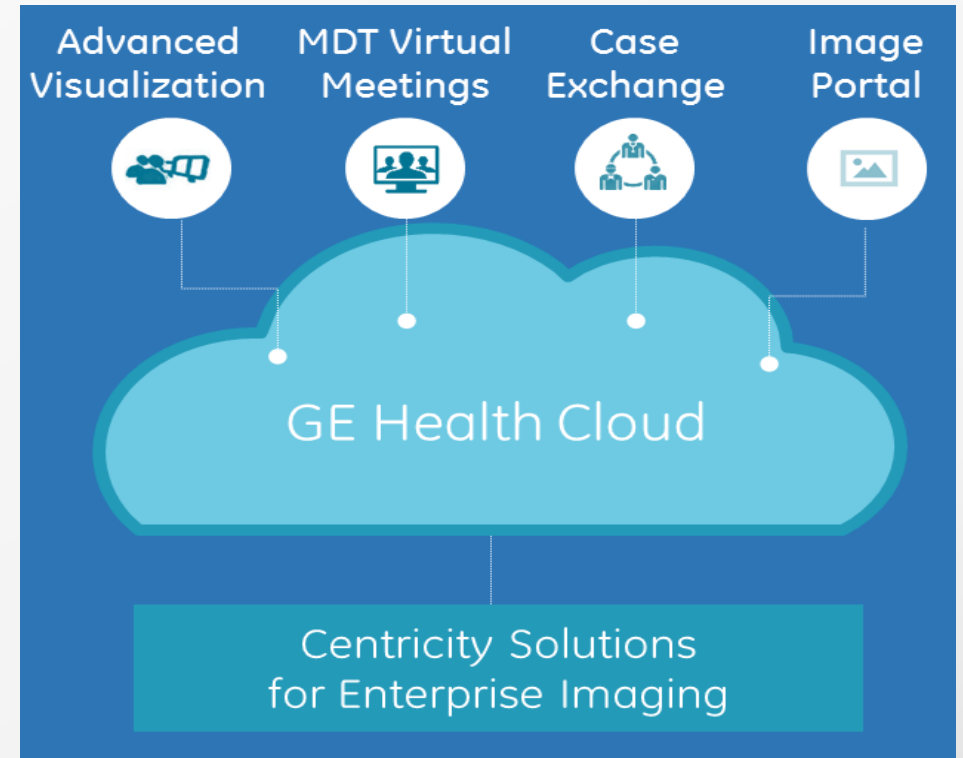
# GE Health Cloud is a differentiator for large enterprise wins

## East Midlands Radiology Consortium (EMRAD)

- 6MM patient population across diverse regions
- 2.5MM exams/year... 50K clinicians... 7 NHS trusts
- Severe radiology resource constraints → led to outsourcing significant # of exams/year

## Contract details

- \$40MM contract over 10 years
- ~90% GE HCIT apps + ~10% GE Health Cloud apps
- New cloud apps (collaboration, image sharing) complement HCIT archiving & workflow solutions
- Termed “Vanguard innovation project”... NHS will use EMRAD as model for follow-on trusts
- Scheduled to go live in 2H’16



**Create clinical collaboration network to provide timely radiology care**



# GE Healthcare vision for big data analytics

## Predix™ platform

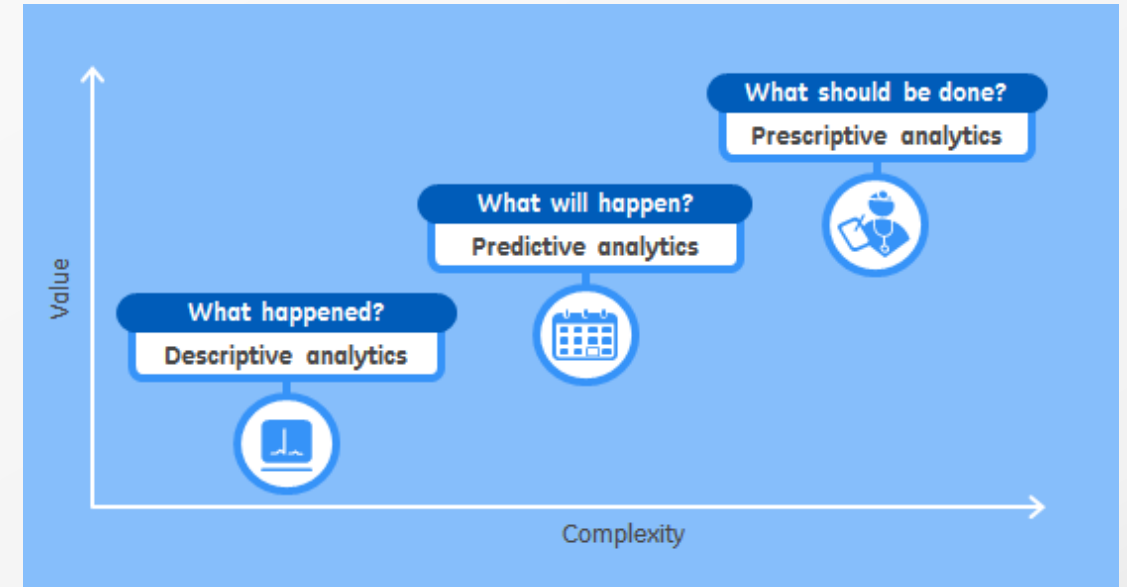
- Security & privacy certifications
- Scalable framework for big data & analytics

## GE Health Cloud services

- Data sets for clinical, financial, operational, life sciences
- Built-in analytics, collaboration, image manipulation & dashboard creation

## Commercial plans

- 80% of apps from 3rd-party developers
- Outcomes-driven consulting model



**Transforming portfolio over time to cloud-enabled analytics and workflows... clear customer migration path**



# Supply chain



# Supply chain ... global scale, local presence

**US, UK,  
Netherlands**  
Nuclear imaging  
media production  
... 24 hours from  
cyclotron to  
patient

**70 factories in 22 countries;  
40% in emerging markets ... 60% by 2018**  
"Vital organs" in 5 key hubs / local assembly distributed

**500 equipment deliveries/day ... 250,000  
devices/day**

**600 products ... 100,000 sku's**

**6,000 suppliers across the globe**

**US and China**  
36,000 miles of  
superconducting  
wire goes in 1000  
MR machines  
each year

**US, Europe,  
China, Korea,  
India**  
35,000 Ultrasound  
machines / year 2  
week lead time

**Ireland, China,  
Norway**  
60 million units of  
contrast media ...  
one dose every 2  
seconds



# Supply chain... technical capability and low cost

## Sourced parts



- \$8B spend... enabled by GE commodity pricing
- Regional... low cost

Lowest price



## Component manufacturing



- Unique manufacturing technology producing "crown jewels" at scale
- Global... US, Europe, Japan, China, India

Product capability @ lowest cost

## Vertical integration



- Global manufacturing footprint... low cost
- Localized value stream
- Quality and regulatory expertise

Optimized value stream

## Chemical processes

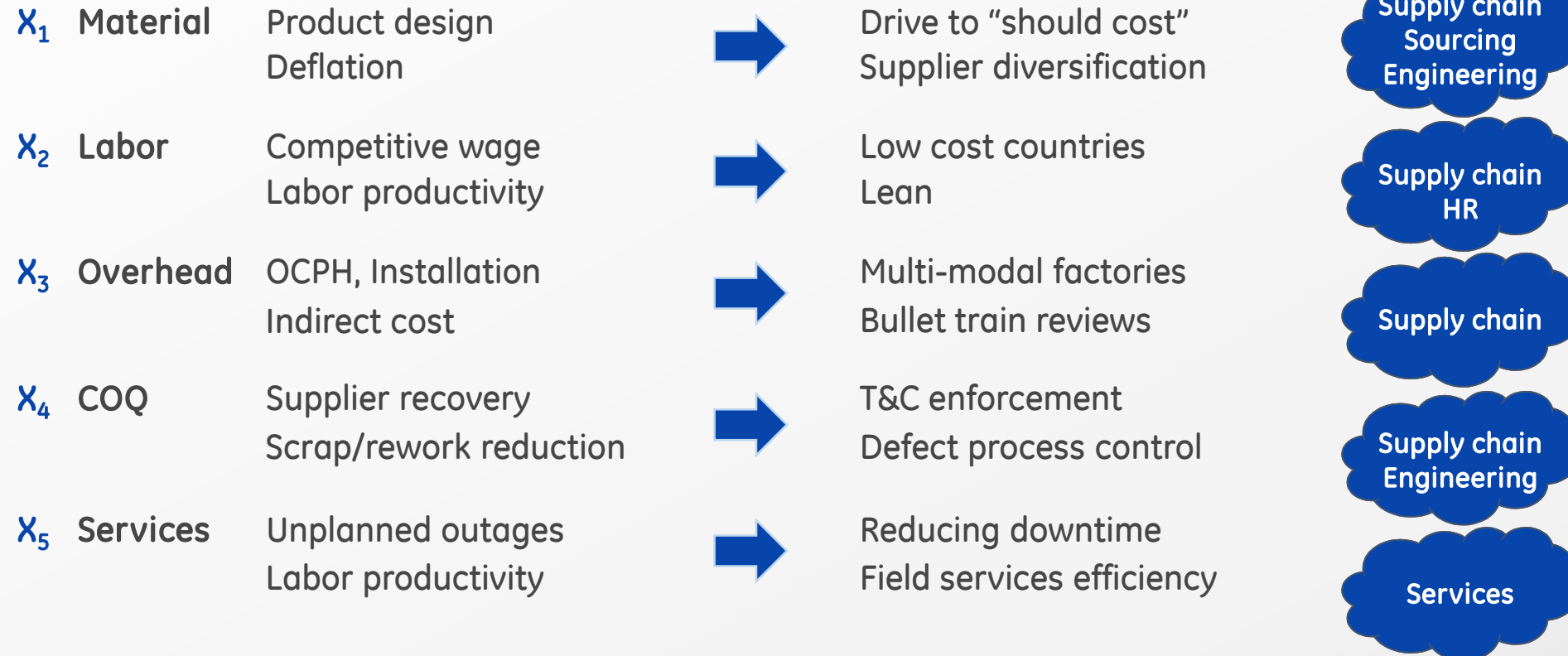


- Contrast agents scale... lowest cost
- Pharma growth capability & capacity

Scale ↑  
Cost ↓

# How we're attacking gross margins across GE...

## Y = Product/service costs

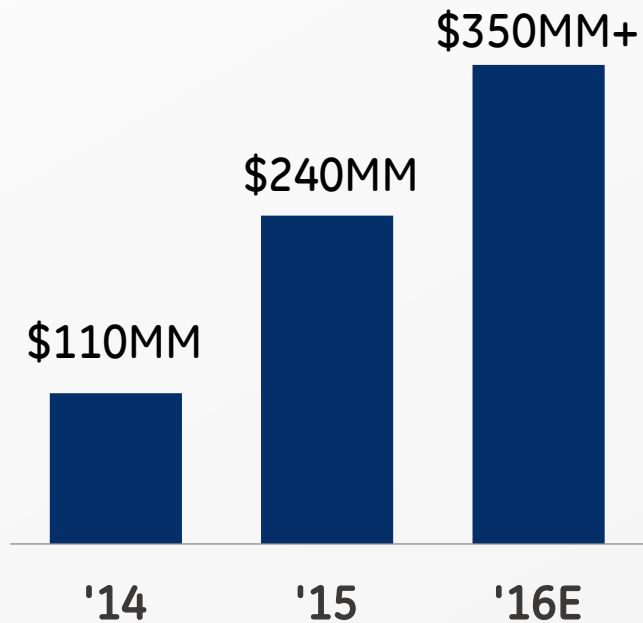


1) Multi- functional... 2) 100% of costs allocated to owner & tracked... 3) Incentives



# Gross margin expansion

Cost ... Productivity/Year  
\$MM



Design for cost

300 dedicated cost out engineers... focus  
Global Research Center Productivity Lab

Logistics

Targeting 30% reduction  
Rates, mode, consolidation

Sourcing

Big data enabling sub tier "should cost"  
30% reduction in single source suppliers

Factory

80% lean certified production lines... 200 → 500  
Brilliant factories... 5 → 60, additive, robotics  
ERPs, Predix™ enabled predictive testing

Install efficiency

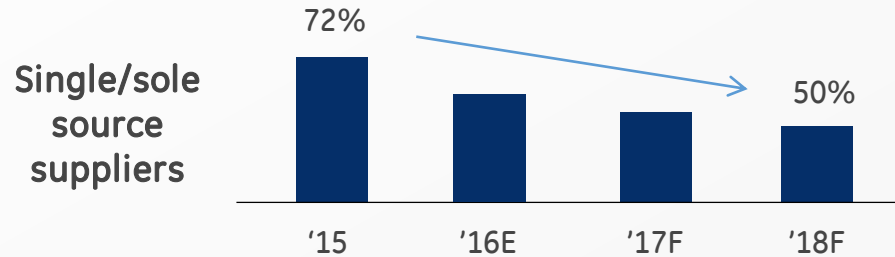
Today: regional installation with varied process  
Future: standardized, digital = remote, lean





# Supply chain... executing cost out

## Competitive sourcing



Super conducting wire... \$50M / year spend... 7% deflation

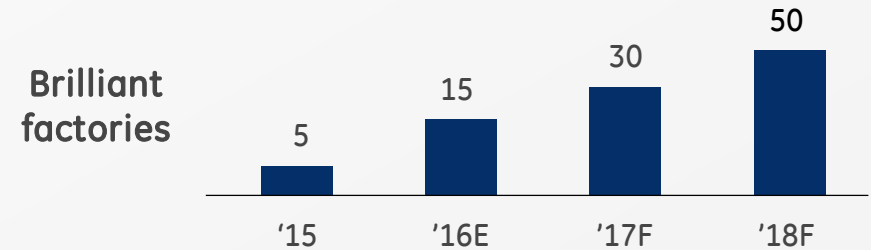


- ✓ Developed new lower cost source for raw material
- ✓ Compete wire buy across global suppliers: US, Europe, Asia
- ✓ Best landed cost for US and China factories

Reducing single source suppliers ... 2X deflation



## Brilliant digital factories



### GE Uppsala chromatography media production



30 tons annual production ... \$800M revenue  
56 base chemistry matrix ... 270 products

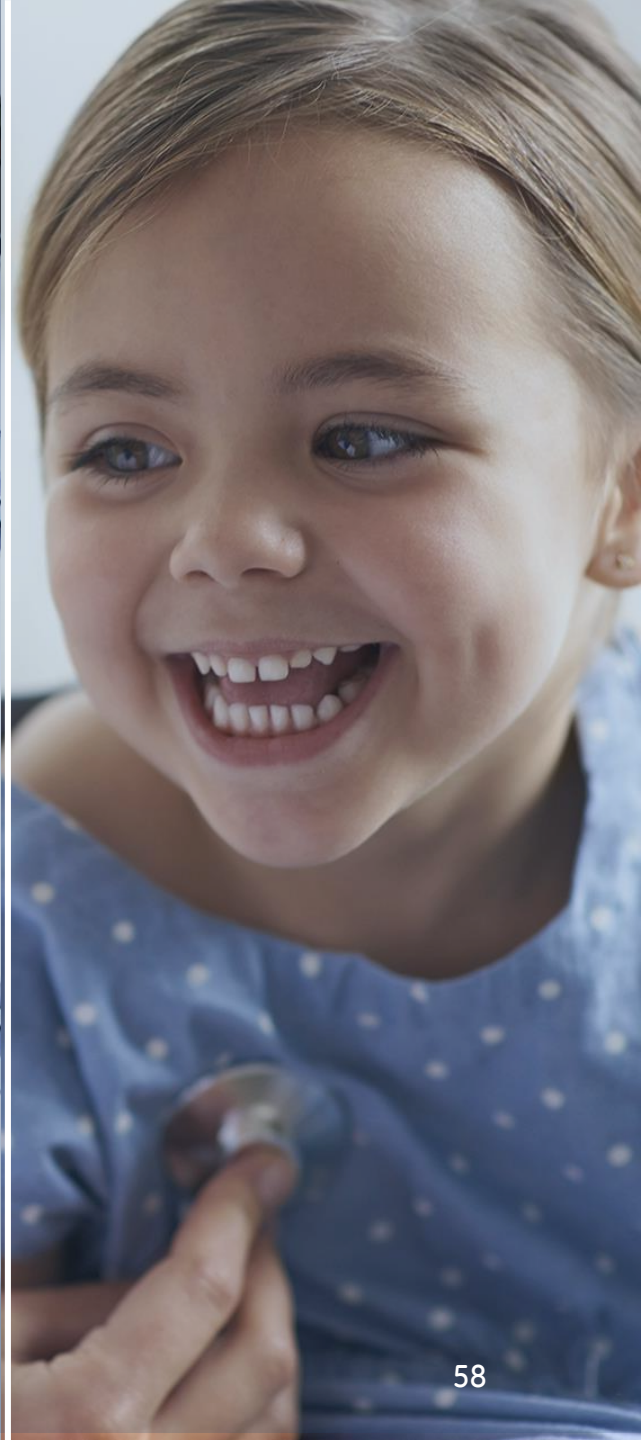
Converted from manual paper based scheduling to analytical based optimized

- ✓ 10% increased output ... \$80M revenue
- ✓ \$120M investment postponed

Next: Supply chain chemistry optimization with Predix™



# Delivering earnings growth



# Leveraging GE Store



## GE → GE Healthcare

- ✓ Technology
- ✓ Predix™, data analytics
- ✓ Services
- ✓ Solutions + Financing

## GE Healthcare → GE

- ✓ “First in” regions
- ✓ Sensors, Imaging, Inspection
- ✓ Cash generation
- ✓ Anchor tenant in EM



# Annual Executive Incentive Plan (AEIP) driving alignment

## AEIP framework

75% Financial/25% Strategic

### Financial goals

Op Profit (\$B)	FCF (\$B)
Margins (%)	Cost Out(\$M)

### Strategic goals

- 1 **Margin expansion**  
Sourcing at scale, brilliant / lean factories, digital services
- 2 **World-class imaging**  
Distributed imaging ... aligned to market needs
- 3 **Leader in market solutions**  
GE as partner of choice to grow access to affordable care
- 4 **Expand Life Sciences**  
Enable next generation of therapies & pharma productivity
- 5 **Digital growth**  
Mobile & cloud-based apps, product & system-wide solutions
- 6 **Cash & capital allocation**  
Rigorous cash mgmt & disciplined capital controls

## Mapped to individual performance



**Commercial:** share, margin, FCF



**Supply chain:** cost out, FCF, cost of quality



**Digital:** digital strategy, Op Profit, margin, FCF



**Imaging:** product margin, Op Profit



**Life Sciences:** sales growth, Op Profit, FCF



**Services:** cost out, FCF, growth



**Mobile Dx/Monitoring:** growth, Op Profit, FCF, margin %



All in for investors

# Summary



- ✓ Franchise business... tech, digital, service
- ✓ Investing for margin expansion
- ✓ GE Store key competitive advantage
- ✓ Digital platform opens new path
- ✓ Disciplined capital allocation
- ✓ Revamped team... AEIP aligned

