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GE - Q3 2013 General Electric Co. Earnings Conference Call

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OVERVIEW:

GE reported 3Q13 revenue from continuing operations of $35.7b and operating earnings of $3.7b or $0.36 per share.

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PRESENTATION

Operator

Good day, ladies and gentlemen, and welcome to the General Electric third-quarter 2013 earnings conference call. At this time all participants are in a listen-only mode. My name is Shikwana and I will be your conference coordinator today. (Operator Instructions) As a reminder, this conference is being recorded.

I would now like to turn the program over to your host for today's conference, Trevor Schauenberg, Vice President of Investor Communications. Please proceed, sir.

Trevor Schauenberg - ***General Electric Company - VP Corporate Investor Communications***

Thank you, Shikwana. Good morning and welcome, everyone. We are pleased to host today's third-quarter webcast.

Regarding the materials for this webcast, we issued the press release as well as the presentation slides at 6.30 this morning, which is something new for us. Slides are available for download or printing on our website at www.GE.com/investor.

As always, elements of this presentation are forward-looking or based on our best view of the world and our businesses as we see them today. Those elements can change as the world changes. Please interpret them in that light.

For today's webcast we have our Chairman and CEO, Jeff Immelt, and our Senior Vice President and CFO, Jeff Bornstein. Now I would like to turn it over to our Chairman and CEO, Jeff Immelt.

Jeff Immelt - ***General Electric Company - Chairman, CEO***

Great, Trevor. Thanks and good morning, everyone. Look, GE had a good third quarter in an improving environment. Our orders grew 19% with great balance.

Our growth markets were up 22%. The US was up 18% and Europe up 17%.

Earnings per share was up 18%, ex-unusual items. Industrial earnings were up 11% with six of seven segments growing, four by double digits.

Capital continues to execute on our strategic objectives. Earnings were up 13%, while our financial position continued to strengthen. We had $0.04 of uncovered charges in the quarter and no Industrial gains.

Operations were very strong. Margins grew by 120 basis points behind strong value gap performance and simplification. Our Industrial cost-out reached $1 billion through the third quarter, and we're significantly ahead of our plan.

CFOA is up 5% operationally. This includes a $3.9 billion dividend from GE Capital year-to-date.

We've returned about $14 billion to investors year-to-date, well on our way to our $18 billion goal. And at the same time we continue to invest in strategic acquisitions like Avio and Lufkin. So overall, this was a good quarter for the GE team.

Orders were a highlight for the quarter. Overall growth was up 19% with strength in equipment and services.

Every business grew, and backlog reached $229 billion. Equipment orders grew 32% with strength across the board, and orders price was flat.

The orders profile is very encouraging. Services was up 5% with real strength in Power Gen Services and Aviation commercial spares.

Total orders in the US and Europe were both robust, and seven growth regions had double-digit orders growth. These include Australia, Canada, Middle East, North Africa, Turkey up 17%, Africa up 18%, Russia up 51%, China up 18%, and ASEAN up 100%.

Power & Water had a solid orders performance with growth of 19%. And note, this number did not include any orders from Algeria. Those will be booked in the fourth quarter and in 2014.

Orders growth in backlog supports business expansion in the fourth quarter and through 2014.

We are making progress on our strategic growth initiatives. Growth market revenues were up 13% with six of nine regions up double digits. This remains a key strength for the Company due to our geographic diversity and strong share position.

Services grew by 7% with margins up 60 basis points. Aviation spare shipments grew by 25%.

Last week we had our second Minds + Machines summit where we announced 14 new service offerings in analytics and software. Our Industrial Internet orders should exceed $500 million for the year.

We continue to drive our technical advantage. We announced an 8-gigawatt heavy-duty gas turbine win in Algeria. We will launch 50 Healthcare NPIs for the year, and we are gaining share.

The LEAP engine is ahead of schedule, and the GE9X recorded first order and is well positioned for the Boeing 777 launch. We have the only locomotive to meet the Tier 4 standard, and we continue to launch new Appliance products with strong acceptance in retail and contract channels.

So with a strong backlog and good growth initiatives, I think we are well positioned for solid organic growth in the fourth quarter and 2014.

On margins, look, we are encouraged about our progress. GE's margins grew by 120 basis points in the quarter and are up 40 basis points year-to-date. Five of seven businesses grew margins in the quarter, and all are flat or up for the year, excluding the impact of acquisitions.

Our results are programmatic and sustainable. Our value gap is positive, $660 million year-to-date, and will continue to grow.

We have achieved our $1 billion simplification goal in only three quarters, and we will drive substantial upside for the year. And there will be no Industrial gains in this quarter.

Power & Water had a solid quarter with improved mix, strong value gap, and good simplification efforts. And they should sustain this momentum into the fourth quarter.

So we are on track to achieve our 70 basis points goal. Our results in service margins, value gap, and simplification are accelerating.

All businesses should have positive margin growth in fourth quarter. And we still have a slight hedge in our plan.

On cash we had a solid quarter for cash. Our Industrial CFOA has grown by 5% year-to-date, ex- the NBCU deal-related taxes which show up in CFOA.

We are still targeting to receive up to $6.5 billion of GE Capital dividends paid to the parent. We remain on track to achieve our $14 billion to $17 billion CFOA goal for the year.

We have significantly higher revenues in the fourth quarter than third quarter, driving higher CFOA by year-end. And our balance sheet remains extremely strong, with $87 billion of consolidated cash.

Our capital allocation remains disciplined and balanced. Year-to-date we have return $13.9 billion to investors in dividends and buyback.

Meanwhile, we have invested $8.6 billion in acquisitions that will improve our long-term growth rate. We are on track to return $18 billion to investors in 2013.

And now over to Jeff to review operations.

Jeff Bornstein *- General Electric Company - SVP, CFO*

Thanks, Jeff. I will start with third-quarter total results. Revenue from continuing operations of $35.7 billion was down 1% from last year.

Industrial sales of $25.3 billion was up 2%, driven principally by Oil & Gas and Aviation, partly offset by Power & Water as you can see on the right side of the page. GE Capital revenues were down 5% to $10.7 billion on much lower investment.

Operating earnings of $3.7 billion were down 3%, and operating earnings per share were flat at $0.36. That includes $0.02 for the Avio acquisition charges and $0.02 of restructuring in the quarter.

We also no longer have earnings from the NBCU JV, which was $0.02 in the third quarter of 2012. I will cover these items on the next page.

Continuing EPS of $0.32 includes the impact of non-operating pension, and net earnings per share includes discontinued operations, which I will also cover on the next page.

As Jeff said, CFOA year-to-date was $7.8 billion with solid Industrial performance, and $2 billion of GE Capital dividends were paid in the quarter. The GE tax rate in the quarter was 20% and the GE Capital tax rate was zero.

GE Capital continued to have benefits associated with loss recapture in real estate and tax-efficient asset reductions. In the second quarter, we said that we expected GE Capital tax rate to be in the midsingle digits for the year, but that could be lower depending upon IRS resolutions that could happen in the fourth quarter, as well as expected dispositions in the fourth quarter which could impact tax rates.

On the right side of the page, segment results were positive. Industrial segment profit was up 11%, with six of seven Industrial segments improving.

GE Capital also had a positive quarter, growing earnings 13% versus 2012. I will cover all the segments in more details on the following pages.

So for one-time items, in total we had $0.04 of charges in the quarter, $0.02 related to Avio as we discussed in September. Avio had a number of pre-existing contractual arrangements with GE Aviation, and US GAAP requires us to record the fair value impact of effectively settling those pre-existing contracts.

We also had an inventory fair value adjustment in the quarter. These resulted in a $0.02 charge. Going forward, we will benefit from the efficiencies that Avio has achieved over time.

We also had $0.02 of restructuring and other charges as we continue to take actions to reduce our cost structure. This was $0.01 higher than we had originally planned for the third quarter, as we continue to identify attractive projects that will lower our structural costs and rationalize our footprint.

On the right side of the page, we included a walk from recorded to adjusted operating results. In the third-quarter 2012 we earned $0.36, which included $0.02 of income related to NBC. In the third quarter of this year we earned $0.36; but, as discussed, that included $0.02 of the Avio-related charges and $0.02 of restructuring. If you adjust for those items, operating EPS is $0.40 in the third quarter of 2013 versus $0.34 in the third quarter of 2012, up 18%.

For discontinued operations we had an $82 million after-tax impact in the quarter driven by GE Money Japan. We booked $79 million of additional reserves to reflect ongoing claims related to Gray Zone.

We ended the quarter with $527 million in total reserves. There were really no material change in WMC in the quarter, with a very slight reserve adjustment.

On the bottom of the page is a summary of our operating EPS and the Industrial NBC gain and restructuring. With $0.02 in restructuring charges in the third quarter, that brings our year-to-date to a net zero impact between the first-quarter gains and year-to-date restructuring.

So with that I will begin covering our business results, and we will start with Power & Water. Orders of $5.9 billion were up 19%. European orders were up 9%, led by renewables and water. However, PGS was down 18%.

Equipment orders were 37% higher at $3 billion. Thermal orders were $886 million, down 15%.

The business had orders for 27 heavy-duty gas turbines in the quarter versus 29 a year ago. Renewable orders were strong, up over 100% to $1.2 billion with continuing strength in the US.

Distributed Power was also strong, with orders of $700 million, up 62%, driven by Aero demand. Service orders were up 4% to $2.9 billion; up 7% excluding Europe. Despite continuing European softness, PGS orders were up 8% to $1.8 billion, and we booked 15 Advanced Gas Path upgrades versus four a year ago.

Overall, orders pricing was down 80 basis points driven by equipment down 2.9%; partially offset by services, up 1.4%. Thermal OPI was down 1.4% and Wind was down 1.2%.

Revenue of $6.5 billion was down 10% driven by lower volume.

Equipment revenue was down 13% on lower Gas and Wind volume. We shipped 22 gas turbines versus 35 in the third quarter of 2012, and we shipped 407 fewer wind turbines, down 40%. This is partially offset by Distributed Power strength, up 44%, with 76 unit deliveries versus 48 a year ago.

Service revenue of $2.8 billion was down 5% driven by PGS down 6%. Higher AGP volume was offset by lower new unit spares.

Segment profit of $1.289 billion was up 9% in the quarter. The improvement was driven by positive value gap and Distributed Power strength and better cost performance. SG&A was down 10% in the quarter and margins improved 330 basis points.

Oil & Gas orders were $4.4 billion, up 4%. Equipment orders were $2.3 billion, up 3%.

We saw strong Turbomachinery orders growth, up 17%, led by a large midstream LNG order in Russia, and Lufkin orders of $243 million, partially offset by Subsea down 41%. Subsea orders tend to be very lumpy and are up 17% over the last 12 months.

Service orders grew 6% in the quarter. Drilling and surface was up 21%, subsea up 27%, partially offset by Measurement & Control down 8%. Total backlog was up 35% versus prior year, and orders pricing was down 20 basis points, with year-to-date remaining positive and up 70 basis points.

Revenue of $4.3 billion was up 18%, up 9% ex-acquisitions. Equipment was up 19%, driven by Subsea up 16% and Drilling and Surface up 13%, offset by Measurement and Control down 3% in the quarter. Measurement and Control was a disappointment in the quarter as we saw continued softness in the market.

Service revenues grew 18% with strength in global services, up 13%; Subsea up 43%; and Drilling and Surface up 23%.

Segment profit of $519 million was up 11%. That is up 7% ex-acquisitions, primarily driven by higher volume and a strong value gap.

Margins were down 90 basis points on a reported basis; down 30 basis points excluding the impact of Lufkin in the quarter. This is lower than expected, primarily driven by a softer Measurement and Control market, and there were some project delays.

So with that we will talk about Aviation and Healthcare. First, Aviation.

Aviation had another really strong quarter. Orders of $7.8 billion were up 51%, with equipment orders up 92%.

Commercial engine orders were $3.8 billion, up 4 times, led by $1.6 billion of CFM orders, up 9 times, including $1.4 billion of LEAP orders. GE90 orders were $1.2 billion, also up 4 times.

Military orders continued their expected weakness, down 30%.

Service orders of $2.7 billion were up 9%. Commercial service orders were up 15%.

The average daily order rate for commercial spares was $24 million, up 9% in the quarter. Our fleet utilization year-to-date is up 3.1%, and overhauls in the quarter were up 23%.

Military service orders fell 6% as flight hours continue to decline and destocking continues across the military.

Orders pricing in the quarter was up 1.9% with improvements in both equipment and service. Revenue of $5.4 billion was up 12%, up 10% excluding Avio.

Equipment revenue was 10% higher. We shipped 273 military engines, up 12%. We also shipped 559 commercial engines in the quarter, up 8%, including 26 GEnx engines.

Service revenues were 14% higher, driven by strong spare parts sales of $25.9 million a day, which was up 25%. Military service revenue was down 17%.

Segment profit of $1.1 billion was up 18% driven by strong volume and value gap, with sales price up 3%. Margin rates improved 100 basis points versus last year, and were up 70 basis points excluding Avio.

Just as a note, Avio helped margins and Lufkin was a hurt on margins in the quarter. So overall, acquisitions were about a 10 basis points drag in the quarter on segment margins.

Next is Healthcare. Orders in Healthcare of $4.7 billion were up 2%. Equipment orders were up 6% to $2.7 billion.

Developed markets were up 1%, driven by strong US equipment orders, up 8%. Europe was flat. Japan was down 24%, down 6% excluding the effect of FX. Emerging markets were up 14%, driven by China up 33%, Latin America up 28%, partially offset by Asia-Pacific, down 16%.

Just a little bit on modality. HCS was up 5%; MR was up 13%; CT down 8%; and Ultrasound was very strong, up 14%. Life Sciences was up 10% and diagnostic guidance up 5%. So pretty good strength across the modalities.

Service orders of $1.9 billion were down 4%. Revenue of $4.3 billion was flat, driven by growth markets up 5%, led by China up 13%, offset by developed markets down 2%. Both the US and Europe were up 2%, offset by Japan.

Segment profit of $665 million was higher by 7% as cost productivity from our restructuring efforts more than offset lower price. Margin rates expanded in the quarter 110 basis points.

Moving on to Transportation, orders of $1.6 billion were up 34%. Equipment orders were up 65%, driven by a large North American locomotive order for 275 units deliverable in 2014. And mining really continues to be soft.

Service orders were 8% higher, driven by solid growth in locomotive services, partly offset by very weak demand for mining parts. Revenues of $1.4 billion were flat year-over-year.

The strong service growth of 17% was offset by equipment revenue, down 14%. Locomotive shipments were approximately flat with the third quarter, deliveries of 147 compared to 146 a year ago.

Operating profit of $306 million was up 15% with margins better by 300 basis points. The improvement was principally driven by positive value gap and services growth.

Energy Management. Orders of $2 billion were up 16% with strength in Power Conversion up 19%, Digital Energy up 23%, and Intelligent Platforms up 16%. Backlog of $4.6 billion is up 29% versus prior year.

Despite the order strength, operations were disappointing in the third quarter. Revenues were down 3%, driven by Digital Energy down 27% on weak meter demand and some project execution.

As a result op profit was down 57% to $18 million. Positive value gap was more than offset by the negative volume leverage.

Home & Business Solutions had a very strong quarter, driven by Appliances. Housing starts were up 19%, with single-family better by 16%, multifamily up 27%.

Revenues of $2.1 billion were higher by 7%, led by an 11% increase in Appliances, partly offset with a 1% decrease in Lighting. Segment profit of $77 million was up 28%, but Appliances op profit was up 73% driven by positive value gap and productivity, partly offset by Lighting. Margins improved 60 basis points in the quarter.

Next I will cover GE Capital. GE Capital revenue was $10.7 billion, down 5%, driven by lower assets. Assets were down 7% or $40 billion year-over-year.

Net income of $1.9 billion was up 13% from prior year, primarily driven by lower losses, better portfolio performance, and higher tax benefits which more than offset lower assets and gains. We ended the quarter with $385 billion of ending net investment, down $39 billion from last year and down $7 billion sequentially.

Our net interest margin increased 22 basis points versus third quarter of 2012 to 5% and was flat with the second quarter. Volume was up 6% in the quarter, with new business ROI over 2%.

And our Tier 1 common on a Basel I basis improved to 11.3%, driven by a reduction in assets. And that is after paying $2 billion of dividends in the quarter.

On the right side of the page, asset quality trends continued to be strong, with delinquency rates stable to improving across the portfolio. In addition, non-earning assets totaled $6.4 billion, down $1.9 billion versus third quarter of 2012.

We have substantially completed all our debt issuance for 2013 at $32 billion, and we have reduced our CP balance of $33 billion ahead of the plan to bring down CP by $35 billion by year-end. Liquidity was very strong, ending the quarter at $76 billion, up $7 billion from the second quarter.

Now to walk through segment performance, CLL, the Commercial Lending and Leasing business, ended the third quarter with $170 billion of assets, down 5% from last year, driven by a reduction of non-core assets of $5 billion as well as $4 billion in our core book, primarily from asset sales, including the Fleet Canada or franchise real estate transactions we've spoken about.

[On book] core volume in Americas was up, was 2% higher than third quarter 2012. And new business returns remain attractive at about 2% returns on investment, despite continued excess liquidity in the market.

Earnings of $479 million were down 15% driven by lower assets and impairments in our corporate aircraft portfolio in the Americas business. Asset quality was stable.

Consumer segment ended the quarter with $136 billion of assets, flat with last year. Net income of $889 million was up 19%, primarily driven by lower loss as a result of not repeating the reserve modeling changes that we implemented last year in this quarter and in the first quarter of this year. Lower losses were partially offset by no repeat of the $80 million gain on a partial sale of our interest in the Thai Bank in the third quarter of 2012.

The U.S. Retail business earned $665 million in the third quarter, up 50% from last year, again largely driven by not repeating the reserving change and on strong asset growth of 11% in the quarter. Our core European business earned $111 million in the quarter.

The Real Estate team had another very solid quarter. Assets ended the quarter at $40 billion, down 28%, but down $2 billion sequentially. The equity book is down 27% from a year ago to $16 billion.

Net income of $464 million was up more than 2 times versus 2012. That was driven by lower losses in marks as well as impairments -- as well as higher tax benefits.

The business sold 77 properties with a book value of $2.1 billion for about $100 million of gains in the quarter. That is down slightly year-over-year.

The business originated $1.8 billion of debt volume in the quarter with an average ROI of 2.3%. And asset quality continues to improve, with 30-day delinquencies at 141 basis points, 68 basis points lower sequentially.

In the verticals GECAS earned $173 million. That is down 31%, driven by higher impairments as part of our annual impairment review.

The impairments were $55 million higher in 2013 at $190 million. The impairments were principally driven by valuations on cargo aircraft, specifically MD-11s.

Overall, the portfolio is in great shape, with only 10 MD-11 freighters remaining in our fleet, with a value of about $150 million. And we ended the quarter with zero delinquency and no aircraft on the ground.

EFS earnings were up 14% to $150 million, driven by higher operating income.

So overall GE Capital continues to perform well. Its results were in line with our strategy.

And as we look ahead to the fourth quarter in terms of runway, I expect the business to earn around $2 billion, plus or minus, in line with the third quarter and adjusting for impairments in GECAS which should not repeat and some tax benefits.

We are currently working on a number of transactions in the fourth quarter, most notably the sale of our remaining interest in BAY, the Thai Bank, and the IPO of our Swiss consumer business. At this point we expect that any benefits from these transactions we will largely offset with continued portfolio repositioning, but they could impact the tax rate in the quarter and the year.

With that, let me turn it back to Jeff.

Jeff Immelt - ***General Electric Company - Chairman, CEO***

Great, Jeff. Thanks. We really have no material changes to the 2013 operating objective framework. Our Industrial earnings will expand by double digits in the second half, and we are on track for solid growth in the year.

We have no change to our expectations in GE Capital. We continue to originate business at high returns while repositioning our capital portfolio, and earnings growth remains solid in GE Capital.

Corporate costs reflect our Avio adjustment that Jeff described earlier. And we continue to see good opportunity for restructuring and hope to position these efforts to continue. Cash from revenues remain on track.

We should see earnings growth accelerate in the fourth quarter with more volume and lower cost. And with the large backlog and improving margins we feel good about 2014.

We will have several communication sessions with investors in the fourth quarter. In November, Keith and Jeff will update our portfolio and business strategy at GE Capital and give you a sense for our long-term goals and simplification across the Company. In December I will give you a strategic update for GE and our outlook for 2014; so we look forward to those sessions.

In summary, we are making progress on our investor objectives for the year. Our Industrial earnings grew by double digits in third quarter and we expect a stronger fourth quarter. Strength is broad-based, and we expect Power & Water to be a key contributor going forward in the fourth quarter and into 2014.

We grew margins by 120 basis points in the quarter, and we expect to hit 70 basis points for the year. In the event we have any gains in the fourth quarter, we expect them to be applied to restructuring.

GE Capital continues to strengthen and we are on track for up to $6.5 billion of cash to be returned to the parent. We expect organic growth of at least 5% in the fourth quarter for the Industrial segments, and we have solid momentum in growth markets, services, and NPI. And we had more favorable comparisons in Power & Water.

So we are on track, and we are on track to return substantial cash to investors this year. So the team executed well in the quarter, and with the strong backlog and expanding margins, investors should be confident in GE's future.

So, Trevor, with that, let's turn it over to you and take some questions.

Trevor Schauenberg - ***General Electric Company - VP Corporate Investor Communications***

Great. Thanks, Jeff. I know there is another earnings call coming up, so Shikwana, let's open the phone lines.

QUESTION AND ANSWER

Operator

(Operator Instructions) John Inch, Deutsche Bank.

John Inch - ***Deutsche Bank - Analyst***

Good morning, everyone. So, the fact that we did $100 million more restructuring this quarter, do you anticipate more restructuring in the fourth quarter? I realize, Jeff, you just said if there were gains you would offset that that.

But how does that pertain to your plan? And how are you thinking about the restructuring opportunity?

Jeff Immelt - ***General Electric Company - Chairman, CEO***

Well, maybe -- why don't I start, and then Jeff, turn it to you. But I -- we continue to have good opportunities for restructuring throughout the Company, and I would expect us to do some in the fourth quarter. But again, I think if we have gains we expect those to be offset with restructuring.

John Inch - ***Deutsche Bank - Analyst***

Okay.

Jeff Bornstein - ***General Electric Company - SVP, CFO***

I don't have a lot to add to that. I think that is right. I think the more we get deeper into the simplification effort, we just see increasing numbers of opportunities to take costs out of the Company and make the Company faster and more customer-centric.

So I think we will do restructuring in the fourth quarter. And as Jeff said, more likely than not we will reflect the gains in the quarter we expect as well.

John Inch - ***Deutsche Bank - Analyst***

And Jeff Bornstein, you have been at this for a little bit of time now. As you said, are you finding more opportunity? Or is it still a little early in the process before you would care to comment? In terms of (multiple speakers) cost out, sorry.

Jeff Bornstein - ***General Electric Company - SVP, CFO***

Yes. I would say around the simplification effort, I think every day we identify more opportunities to do what we do smarter. More shared services; a smaller manufacturing footprint; rationalizing capacity; executing our functions in a more consolidated way.

So I would say the list is growing with time, and we are in the early innings of the simplification effort in this Company. So I am quite emboldened with what we can accomplish over the next few years.

John Inch - ***Deutsche Bank - Analyst***

And just -- I want to go back to the fourth quarter. I mean, you guys had great results this quarter. It still is a pretty big V though in terms of -- and I think the delta is really expectations around Power shipments.

Is that really still on track? It just looks like it's a very high contributor to the quarter versus even historical years, although you did put up the big margins this quarter.

Just -- is there anything you can say to us about the fourth quarter? I don't know, progress to date or what you are seeing or anything like that.

Jeff Bornstein - ***General Electric Company - SVP, CFO***

Well, I think Power was obviously a big contributor in the third quarter. We are ahead a little bit on aeroderivatives, and the fourth-quarter ramp for Power & Water I think we feel very good about. When we think about units for the fourth quarter, the large units, gas turbines, etc., most of that is in backlog, better than 95% of it.

So I think we feel very good about how we feel Power is moving into the fourth quarter. And we have derisked the fourth quarter a little bit with the outperformance here in the third quarter.

Jeff Immelt - ***General Electric Company - Chairman, CEO***

You know, John, so we have got -- I think you start at 40, not 36; so you go from 40 and march from there. We typically get a lot more revenue in Q4 than Q3. It is typical for us to get 300 basis points on margin Q4 versus Q3.

And Power & Water is very back-end loaded, as we have always said. So you've got a bunch of stuff that really I think -- a little bit better in GE Capital; I think you've got a lot of stuff that says we are kind of ready for a very strong fourth quarter.

John Inch - ***Deutsche Bank - Analyst***

Perfect. Thanks very much.

Operator

Scott Davis, Barclays.

Scott Davis - ***Barclays Capital - Analyst***

Hi, good morning, everybody. Wanted to get a sense, when I look at the results. One of the things that really stands out to me was the Power & Water orders, particularly excluding Algeria. I mean, up 37%.

I mean, I really wasn't aware that anybody in the world was buying a gas turbine right now or distributed power for that matter. So can you give us a little granularity, help us understand where geographically these orders are coming from, and just a little help here?

Jeff Bornstein *- General Electric Company - SVP, CFO*

Yes. So when you look at orders in the quarter geographically for -- we will start with gas turbines. In the resource-rich regions, we were 18 units in the quarter versus 22, so down 4 there.

Middle East we were down 10 units from 11 to 21. A little bit better in Asia; we were flat, 5 units versus 5 units year-over-year.

Most of the order strength really for Power & Water has been around our aeroderivatives units have been very strong, and our wind units have been incredibly strong. So in the third quarter we had 477 orders in the developed markets on wind. That is up 390 units, and that explains most of the strength around wind; and the balance is really aero.

Jeff Immelt *- General Electric Company - Chairman, CEO*

I would say, Scott, if you look at Q4, we expect Power & Water orders to be at the high end of the range of what we talked about. So my hunch is that the orders will be closer to the 115 than the 100.

And a lot of that is Middle East. So we will book some of the Algerian orders in Q4. We have got some big orders in Saudi, some nice orders in Russia, a couple in Africa, a couple in Brazil.

And on the aeroderivative market we are seeing pretty good growth in places like Canada, Middle East. So you've just got to be -- I think it is -- the GGO and the investment we have made in emerging markets I think has really helped us collect the orders.

Scott Davis *- Barclays Capital - Analyst*

Okay. That's very helpful. Lastly, guys, I mean there's -- Jeff, the big theme of the year really for your communications has been simplification. You put a couple sentences on that in the annual report last year, and you were able to sell the other half of NBCU, which I think helps a lot.

But we haven't seen a lot of other portfolio actions. What is holding you back?

The Wall Street Journal reported that there is chatter around spinning off the credit card business, but we haven't seen any announcements there. Is this stuff all just being vetted at present, and we are likely to see some announcements in the next couple months? Or is there -- maybe you can just help us understand what's (multiple speakers)?

Jeff Immelt *- General Electric Company - Chairman, CEO*

You know, Scott, these things always take a little bit of time, but we are still planning staged exits of the value-maximizing platforms of GE Capital. We have got a big meeting set November 15 with Keith and Jeff; I think there will be more clarity at that time on the Capital side.

And we continue -- and the rest of the Company continue to look at ways to make the Company more streamlined and more effective. But you are going to see those in good time.

I think we just want to be thorough in our planning, and you will get a lot more details soon.

Scott Davis *- Barclays Capital - Analyst*

Okay. Very helpful. Thanks, guys, and congrats on the margin line.

Jeff Immelt - ***General Electric Company - Chairman, CEO***

Great, thanks. Thanks, Scott.

Operator

Nigel Coe, Morgan Stanley.

Nigel Coe - ***Morgan Stanley - Analyst***

Yes, thanks. Good morning. Just going back to Power & Water, that was obviously the big driver of upside this quarter; and congratulations on the margins there.

But $100 million of EBIT growth year-over-year with sales down $700 million, I understand price gap was a big benefit as well as simplification. But just want to confirm that -- with service down 5%, that is a negative mix, and big volume deleverage on Gas and Wind. I just want to confirm that 3Q was a good run rate for 4Q and beyond.

Jeff Immelt - ***General Electric Company - Chairman, CEO***

Well, Nigel, what I would say is, I would say the third quarter was slightly better than even what I had thought. Just by a little bit, but a little bit better.

We had better mix. So when you have more aeroderivatives and less Wind, that is a mix adder.

And that we've got the simplification efforts, what Jeff said, with margins -- or with value gap and with SG&A down 10%, that really -- it is a much leaner organization.

And then when you look at Q4 you are going to get kind of a bow wave of more Wind business, aeroderivatives are still pretty strong; heavy-duty gas turbines are still pretty strong. And I think what you're going to see in Q4 is revenue growth, op profit growth, and margin growth.

So what you are going to see in Q4 in Power & Water I think is pretty typical of what you're going to see, I think, going forward in the business into 2014.

Nigel Coe - ***Morgan Stanley - Analyst***

Okay, understood. And just, obviously you broke apart the old Energy business into I guess two and a half segments, Power & Water, Energy Management, and (inaudible) Oil & Gas. Are we seeing the benefit of that simplification through here? Or is it more the restructuring actions that you've taken year-to-date?

Jeff Immelt - ***General Electric Company - Chairman, CEO***

Well, gosh, I would say, Nigel, as we took out the [layer] we got hundreds of millions of dollars of benefits as we did that. So I think that was just a starting point.

And then inside each business -- look, we are committed to getting SG&A as a percentage of revenue down to a world-class, best-in-class level; and we are on our way. We made good progress, but we are not where we want to be yet.

So you are seeing some of that benefits for sure show up in the businesses. But we have got a ways to go yet.

Nigel Coe - ***Morgan Stanley - Analyst***

Okay. Just finally, going back to the Jeff Bornstein's comments on BAY. If that creeps into 4Q, obviously the intention is to offset that with restructuring. That could be a pretty meaningful gain.

So I am just wondering, do you have [portfolio] opportunities already set to absorb that kind of gain? And maybe any [current] in terms of the focus areas from here for that kind of restructuring action?

Jeff Bornstein *- General Electric Company - SVP, CFO*

Yes, I mean we are constantly in flight on value maximizing and the Redbook and GE Capital, non-core book that we have talked about. So the gain could be sizable; we expect that it will be quite profitable for us.

And we are working a list of items to position the portfolio for how we want to take it forward. So I think the team has got a pipeline of stuff they are working.

Nigel Coe *- Morgan Stanley - Analyst*

Understood. Thank you very much.

Jeff Immelt *- General Electric Company - Chairman, CEO*

Nigel, the point Jeff made earlier -- I think on both, I mean we still have to see how the Swiss IPO goes and BAY, but we could have gains in both those.

Nigel Coe *- Morgan Stanley - Analyst*

Yes, okay. Great, thanks.

Operator

Julian Mitchell, Credit Suisse.

Julian Mitchell *- Credit Suisse - Analyst*

Hi, thank you. So just on the margin performance again, the overall Industrial margin was up, as you say, 120 bps. Services was up 60. So that means equivalent was up 160, 170 bps off flat revenues.

When you are thinking about the mix going forwards or, well, the mix in your equipment backlog today and what that means for revenue going forwards, do you think that kind of equipment margin growth is sustainable? Because obviously you will have a lot of mix hit coming into that equipment margin from Wind and so on in the next six months.

Jeff Bornstein *- General Electric Company - SVP, CFO*

Yes, I think what I would say right now is that we are running ahead of the game on value gap. We are through three-quarters of the year; we're almost $700 million of value gap. We expect that to continue, to accelerate into the fourth quarter.

On simplification and restructuring, Jeff talked about the fact that we're at the $1 billion goal through the third quarter. We expect that to continue and accelerate into fourth quarter.

So I think on the cost side of the equation we have got enough levers that we are working very dramatically to deal with the fact that we are going to have more equipment shipments as we move into the fourth quarter. And I think those cost opportunities are going to accelerate into 2014.

Julian Mitchell - ***Credit Suisse - Analyst***

Got it. Thanks. Then within Oil & Gas, 18% revenue growth, much more subdued profit growth, and obviously the margins were down. I guess, what is behind the confidence that the margins in Oil & Gas year-on-year will be up in Q4? Because you had a pretty good margin in Q4 last year, and you are coming off a Q3 where the margin was down year-on-year.

Jeff Bornstein - ***General Electric Company - SVP, CFO***

Again, I would say we did have some execution issues in the third quarter, getting the backlog out and getting it out at the cost structure it was supposed to go out. We expect that we are going to improve on that in the fourth quarter.

We have got a volume lift in the fourth quarter versus the third quarter. We expect with all the cost actions and the value gap we have created in the business over the first three quarters, we expect to get some leverage on that in the fourth quarter.

So I think we feel pretty good about the fact that we will grow margin rates in the fourth quarter in Oil & Gas. They will not grow to the levels we thought they would for the year, and that is really mostly about the M&C business.

We came into the year thinking the business was going to grow something like 16%; we're low single digits. And that is a real mix challenge for us. But we are trying to get it done with better execution in the shop and better execution on the cost structure.

Julian Mitchell - ***Credit Suisse - Analyst***

Got it. Thanks. And lastly very quickly, just US, your gas turbine aftermarket business. Gas-fired Power Gen consumption is down 9% or 10% year-to-date. What are you thinking about your US gas services business looking out from here?

Jeff Immelt - ***General Electric Company - Chairman, CEO***

The orders were pretty good. We can try to get back to you with that, but --

Jeff Bornstein - ***General Electric Company - SVP, CFO***

Or I could tell you.

Jeff Immelt - ***General Electric Company - Chairman, CEO***

Do you have it, Jeff?

Jeff Bornstein - ***General Electric Company - SVP, CFO***

Yes, just give me one second.

Jeff Immelt - ***General Electric Company - Chairman, CEO***

I would say while Jeff is getting it, the quoting activity in North America is actually higher now in gas turbines than we have seen in a while. So I think we are guardedly optimistic at least on the unit side for 2014.

Julian Mitchell - ***Credit Suisse - Analyst***

Okay.

Jeff Bornstein - ***General Electric Company - SVP, CFO***

I think in the US we have been pretty strong. I think we are up 8% PGS in the US in the third quarter. So there is still some strength in the US.

As we said, Europe was top-down 18% on services related to heavy-duty gas turbine. But sequentially that is a bit of an improvement from where we were in the first and second quarter.

I think really what is driving us here in the third and fourth quarter in North America around PGS growth is our Advanced Gas Path upgrades. We did 15 in the third quarter versus 4 a year ago; we expect to do more than that in the fourth quarter.

And that is very good business for us at very high margins. So I think we see a way forward here around services.

Julian Mitchell - ***Credit Suisse - Analyst***

Great. Thank you.

Operator

Joe Ritchie, Goldman Sachs.

Joe Ritchie - ***Goldman Sachs - Analyst***

Hi, good morning, everyone. I just wanted to tackle this margin question a little differently. As you look at the 4Q you've got to -- in order to hit your 70 basis point target, margins have to expand by about 170 basis points; and the comp is a little bit tougher. Did about 17.3 last year.

So can you help me understand across each of these different Industrial segments which segments you think are going to be above or below that 170 number? And is it going to be disproportionately skewed towards Power & Water getting much better?

Jeff Immelt - ***General Electric Company - Chairman, CEO***

You know, Joe, I can start, and then maybe Jeff kicks in. But I think we see pretty broad-based expansion in Q4. Power & Water expands, but it is not the biggest driver. And we have got every business up a bit; and a couple, maybe three or four businesses up 100 basis points plus. I don't know, Jeff, you want to --?

Jeff Bornstein - ***General Electric Company - SVP, CFO***

Well, let me go back to the framework we said we set for people. We described the businesses in one of three ways. We said the businesses we thought would grow margins for the year better than 70 basis points; those that would grow 0 to 70; and those that we expected to be flat.

I think if we relooked at framework today we would say Oil & Gas is clearly going to grow margins less than 70 basis points; we thought they would do better than that. And Energy Management I would say is on a trend today to grow margins between zero and 70 basis points, not the greater than 70 basis points we thought.

In contrast to that, I think Transportation is going to be much stronger than what we originally said. We originally thought they would be flat, but we think they are going to grow margins pretty substantially for the year.

And then we have a shot here -- we will see how Appliance strength looks in the fourth quarter, but the Appliance business actually may push through the zero to 70 category to better than 70. So I think when you -- and Aviation and Healthcare as well and Power & Water are going to be right about where we said they would be.

So I think those are really the changes, which is better than a zero to 70 improvement, so.

Joe Ritchie *- Goldman Sachs - Analyst*

Okay. No, that is helpful color. I guess a follow-up to that is I know that you booked a big Algeria order and there is some short cycle --

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Jeff Immelt *- General Electric Company - Chairman, CEO*

Joe, Joe, Joe, Joe, Joe, we didn't book the Algeria order in the quarter.

Joe Ritchie *- Goldman Sachs - Analyst*

Right, it is going to book, it is going to come through orders in 4Q. But it is also book and ship on the aeroderivatives. I think there were 26 aeroderivatives that are going to book and ship in 4Q.

My question is based on what you either already have in backlog today or what you know is going into backlog in 4Q. How much more do you have to do to get to the margin targets that you have set out?

Jeff Immelt *- General Electric Company - Chairman, CEO*

I think the Power & Water is almost all in backlog.

Jeff Bornstein *- General Electric Company - SVP, CFO*

Yes, so what I would say is on the unit side, gas turbines, wind turbines, more than 95% of what we will do in the fourth quarter is in backlog today.

Jeff Immelt *- General Electric Company - Chairman, CEO*

Yes.

Jeff Bornstein *- General Electric Company - SVP, CFO*

Our service business runs 50% to 60% backlog, and that is kind of where we sit today. I think within that we have very good line of sight to what we are going to do on the AGPs in the quarter. So I think we are largely in pretty good shape.

We will probably do about 70 Distributed Power units in the quarter and we're in reasonable shape on those too. They tend to be a little bit shorter cycle. So I think we have pretty good visibility.

Joe Ritchie *- Goldman Sachs - Analyst*

Okay, great. Thanks, guys.

Operator

Steven Winoker, Sanford Bernstein.

Steven Winoker - ***Sanford C. Bernstein & Co. - Analyst***

So, two things I would love to dig into. The first one is this pricing versus cost value gap. What was the shipping price index? You know, the industrial price index for shipments overall in the quarter?

Jeff Bornstein - ***General Electric Company - SVP, CFO***

Give me one second, Steve.

Steven Winoker - ***Sanford C. Bernstein & Co. - Analyst***

While you are doing that, my real question here is -- this has been such a tremendous tailwind across the businesses. And as we look out and we look at the sustainability based on the order pricing over time, and I start staring into next year and relative to commodities. The question is -- I know you guys say you feel good about it, but maybe give us a little more confidence about what drives your conviction that you can continue to create a positive value gap there as we look out longer-term past the fourth quarter.

Jeff Immelt - ***General Electric Company - Chairman, CEO***

Well, we still -- Steve, we have got to do detailed business plans, I think, for 2014. But we have been running positive OPI on pricing on orders.

I think we expect across most of the businesses that is going to continue. The early reads I have gotten on direct material deflation for next year and material productivity, but direct material deflation for next year is still pretty favorable to us.

So I think this year -- I don't know; last year we were $350 million, something like that on value gap. This year we are at $660 million --

Jeff Bornstein - ***General Electric Company - SVP, CFO***

Just under $700 million through three quarters.

Jeff Immelt - ***General Electric Company - Chairman, CEO***

Just under $700 million on the way to a higher number than that. I think, Steve, we're going to be positive again next year and that will be something I will give you more flavor for in the outlook meeting in December.

Jeff Bornstein - ***General Electric Company - SVP, CFO***

Steve, the selling price index in the quarter was 70 basis points positive.

Steven Winoker - ***Sanford C. Bernstein & Co. - Analyst***

Okay, great. Then another question. When you think about Avio and some of the capital deployment, and I guess the pricing, and the $0.02 charge as you fair market valued the pricing on GAAP, how does that -- did that change your view of the financial metrics for the deal originally? And how do you think about that?

Maybe also broader context on Oil & Gas and some of those, the M&A, that you have now gotten a lot more track record now behind you. How are you thinking about that, Jeff, in terms of performance relative to your original expectations?

Jeff Immelt - ***General Electric Company - Chairman, CEO***

Well let me give Jeff the Avio question, yes.

Jeff Bornstein - ***General Electric Company - SVP, CFO***

What I would say, Steve, on Avio is I think what part of those fair value adjustments tell you is the business was actually more profitable than what we thought we were buying, when we finally got in there to see a lot of the detail. Because of antitrust constraints we couldn't see a lot of detail around parts of their aviation business.

So the adjustments were larger than we expected initially, but they are larger for all the right reasons. Meaning the margins on the parts, particularly GE90, they have gotten a ton of productivity over the last number of years since they have been in the GE90 program. So that will work well with us or for us going forward.

Jeff Immelt - ***General Electric Company - Chairman, CEO***

The Avio was kind of a unique accounting convention given their supplier relationship with us. I think that is all goodness that is going to come back to us. So this is actually, I think, good, helpful.

And on the Oil & Gas stuff, look, we like the places that we are in and the deals we have done. But I think they are two different things.

Steven Winoker - ***Sanford C. Bernstein & Co. - Analyst***

I just was trying to get a sense of the financial metrics also as you look back on the track record for the Oil & Gas deals a couple years ago.

Jeff Immelt - ***General Electric Company - Chairman, CEO***

Look, I think when we do reviews with our Board, if you look at the deals we have done starting in 2011, 2012, and 2013 versus deal case, we are still running ahead on those.

Steven Winoker - ***Sanford C. Bernstein & Co. - Analyst***

Okay. Great. Thank you.

Operator

Deane Dray, Citi Research.

Deane Dray - ***Citigroup - Analyst***

Thank you. Good morning, everyone. Can we go back to get some color on the order pricing on Power & Water equipment coming in negative in the quarter, and also slightly negative in Oil & Gas?

Just put this in context. Is there any change in the competitive environment? Is this an FX impact? Because it does break a streak in some of the positive pricing that you have had.

Jeff Bornstein - ***General Electric Company - SVP, CFO***

Yes, I don't think -- I don't know. As it relates to Power & Water I don't think there is a huge trend change here. I think thermal pricing on units was just under 7% down. I think it is an extraordinarily competitive market globally.

I don't think anything has really changed there. Those dynamics haven't changed.

On Wind it really is a bifurcated world. In the US we have gotten really good pricing with the first six months of the year, and we feel good about where we are going with our US Wind. Internationally it is more competitive around pricing; and Wind in the quarter on OPI was down 130 basis points.

PGS was -- services was better. It was up 1.4% on Thermal.

And then Oil & Gas, we have got two specific dynamics going on. We had a really profitable order that we took in the third quarter of 2012 in the US around an LNG facility that we didn't repeat. And we had the big Russian Yamal order here in this quarter that was not nearly as profitable as that as well.

And that really drove Oil & Gas OPI down in the quarter. We expect Oil & Gas OPI in the fourth quarter to get back to a positive, and we expect it to be positive for the year, on a year-to-date basis.

Deane Dray *- Citigroup - Analyst*

Great. I like that last point you made. Then just thinking about the fourth quarter, Jeff, you said that you are tracking well for solid organic revenue growth. The slide says you are biased towards the low end of the range, but clearly you have got more momentum here.

And I like your comment that you have got a slight hedge in the plan, so more contingency. How has that contingency changed, let's say, versus the first quarter? Because you certainly look like you've got a lot more buffer in hitting these margin targets today versus where we were in the first quarter.

Jeff Immelt *- General Electric Company - Chairman, CEO*

I think, Deane, it is about the same hedge we had at the end of the second quarter. And then for us on the revenue side, basically you have got the whole -- the Company, ex-Power & Water, which has operated pretty well all year, and what you're going to see in fourth quarter is just a more normal run rate for Power & Water.

So that is really -- if you think about the range we had on the page and how I talk about the business going forward, really the only difference is Power & Water. So you're going to see a more normal quarter for Power & Water from a revenue standpoint, and that should carry forward into next year.

Deane Dray *- Citigroup - Analyst*

Great. Thank you.

Operator

Steve Tusa, JPMorgan.

Steve Tusa *- JPMorgan - Analyst*

Hi, good morning. So I think you said 5% Industrial revenue growth as you were exiting the slide deck before Q&A, for the fourth quarter. Is that -- that is organic?

Jeff Immelt *- General Electric Company - Chairman, CEO*

Yes, that is the expectation, around 5% for Q4.

Steve Tusa - ***JPMorgan - Analyst***

Okay. So for the year you guys are going to end up around flat for the year to up 1%, zero to 1% type of thing?

Jeff Immelt - ***General Electric Company - Chairman, CEO***

We think we'll be at the low end of the range in there, Steve.

Steve Tusa - ***JPMorgan - Analyst***

Okay, okay. Then I am just curious as to ultimately there were some moving parts here with the slide you gave in the first quarter on Power & Water. I think it was slide 5, where you guys laid out the first to the second half. And you underperformed a bit in the second quarter on pure profit of $1.1 billion versus $1.3 billion. You had $2.9 billion for the second half.

Maybe could you just tell us where you're going to be relative to that $2.9 billion for profit for Power & Water?

Jeff Bornstein - ***General Electric Company - SVP, CFO***

Steve, I don't know -- yes, we are not going to -- I don't think we're going to guide on that.

Steve Tusa - ***JPMorgan - Analyst***

I mean you are obviously going to be above it, though, right, I would assume?

Jeff Bornstein - ***General Electric Company - SVP, CFO***

Yes, I don't think I can give you an answer on that. I don't think -- we don't provide guidance. I don't think I can give you that number.

Here is what I would say about third quarter to fourth quarter as the way I would think about it, and Power is a piece of this construct. Is, we will end the third quarter here on an adjusted basis at $0.40 a share.

We typically get a big volume ramp from third quarter to fourth quarter; last year that was $0.08. This year we have got a bigger ramp, volume-wise, going from third quarter to fourth quarter.

We are going to do that with a much better cost structure than what we did last year in third quarter to fourth quarter. More value gap; we're ahead of the curve on SG&A and cost savings. That is going to give us additional incremental, additional volume leverage as we move from third to fourth quarter.

So Power & Water is a piece of that framework. They are a big piece it because they have a very large volume ramp from third to fourth quarter. And I think we feel very good about the construct that we have around that.

And all of that should help us achieve the 70 basis points for the year.

Jeff Immelt - ***General Electric Company - Chairman, CEO***

And I would say, Steve, Power & Water is going to have positive revenue, positive op profit, and positive margins in Q4.

Steve Tusa - ***JPMorgan - Analyst***

Yes, right, right.

Jeff Immelt - ***General Electric Company - Chairman, CEO***

It is going to perform well.

Jeff Bornstein - ***General Electric Company - SVP, CFO***

Steve, the last thing I would add is if you go back the last seven years, five of the last seven years we have grown margins from third to fourth quarter better than 250 basis points. And four of the last seven years we have grown them more than 310 basis points from third quarter to fourth quarter.

Steve Tusa - ***JPMorgan - Analyst***

Yes, clearly. Then just on the Distributed Power stuff, I didn't quite -- again, going back to that slide where you had aero of 100 units; it sounds like you're dramatically outperforming. Was the Distributed Power -- first of all, could you just maybe talk about where the Distributed Power stuff came from this quarter?

And is this a timing issue for this year, or is that pure upside this year relative to what you expected in the fourth quarter? Because I know there was a big bunch of -- big group of Distributed Power stuff coming in the fourth quarter. It seemed to come a bit early.

Jeff Immelt - ***General Electric Company - Chairman, CEO***

Again, Steve, a lot of this stuff -- it is a pretty global business. I would say there is more opportunities in the Middle East and Asia, places like that.

I would say there was some more in the third quarter than what we expected. But I still expect them to have a good, solid growth in Q4 as well.

But I would say we probably at the end of the day had a few more aeroderivatives in Q3 than we originally expected.

Steve Tusa - ***JPMorgan - Analyst***

Okay, okay. Thanks a lot.

Operator

Shannon O'Callaghan, Nomura.

Shannon O'Callaghan - ***Nomura Securities - Analyst***

Morning, guys. Just in terms of the restructuring gains in the fourth quarter, it sounds like you might go ahead and do some restructuring; if you do you will have some gains in Industrial. But as it plays into the 70 basis points the restructuring is in Corporate; the gains are in the segments.

Is that all gravy on top of that? There's none of that baked into getting to the 70?

Jeff Immelt - ***General Electric Company - Chairman, CEO***

So, Shannon, the way that I talked about it today and the way we are planning is the 70 is without gains. So basically the intent is to use the gains we have to do additional restructuring.

Shannon O'Callaghan - ***Nomura Securities - Analyst***

Okay. But, yes, like I said, restructuring (inaudible) a lot. I know there weren't any in the quarter, but there is none in the quarter?

Jeff Immelt - ***General Electric Company - Chairman, CEO***

If we have them, right?

Shannon O'Callaghan - ***Nomura Securities - Analyst***

Yes, okay. Then just on the framework, the high single-digit to low double-digit operating earnings, back at EPG you also used to show that that translated to double digit EPS growth. And now no one is there in terms of consensus.

Is this double-digit part of the equation not on the table anymore? I know it is still says high single-digits, double-digit operating earnings; but it doesn't seem like we are getting there on the EPS basis. Is that off the table at this point?

Jeff Immelt - ***General Electric Company - Chairman, CEO***

I mean -- look, we don't give guidance anymore, okay? So let's start with that. Again, I think you've got some stuff in Avio and stuff in Corporate. But when you look at Industrial and Capital, I actually view those exactly in the same way we have looked at them then when I was at EPG.

Shannon O'Callaghan - ***Nomura Securities - Analyst***

Okay. All right. Thanks, guys.

Trevor Schauenberg - ***General Electric Company - VP Corporate Investor Communications***

Shikwana, we are running up against another earnings call, so why don't we take one more question here?

Operator

Christopher Glynn, Oppenheimer.

Christopher Glynn - ***Oppenheimer & Co. - Analyst***

Hi, thanks for fitting me in. Last year late in the year things got a little variable out there in the economy, customers taking delivery. If we look at your backlog, wondering what the key variables are in terms of how backlog execution could play out.

Just for example, I think from Healthcare orders it would seem we would be seeing positive growth there by now.

Jeff Immelt - ***General Electric Company - Chairman, CEO***

Yes, look, Chris. I would give you a view. I actually think the backlog is pretty firm. I don't think there's commercial issues really.

I think what Jeff talked about like in Oil & Gas is stuff that we could have executed better on. So I kind of -- we are not seeing a lot of -- we are not seeing really any kind of variability in the marketplace in terms of customers pushing back on deliveries.

Christopher Glynn - ***Oppenheimer & Co. - Analyst***

Great, thanks.

Trevor Schauenberg - ***General Electric Company - VP Corporate Investor Communications***

Great. Why don't we wrap up today? Thank you, everyone, for attending. The replay of today's webcast will be available this afternoon on our website. We will be distributing our quarterly supplementals data for GE Capital later this morning.

I have some announcements regarding the upcoming investor events. On Friday, November 15, we will host a GE Capital investor meeting in Norwalk, Connecticut. This meeting will begin at 10 AM. We hope to see you there.

Second, our annual outlook investor meeting with our Chairman will be held in New York City again on Wednesday, December 18. We will send out a little more information closer to that date.

Then finally, our fourth-quarter 2013 earnings webcast will be available on Friday, January 17. As always, we are available today to take your questions. Thank you, everyone.

Operator

Thank you for your participation in today's conference. This concludes the presentation. You may now disconnect and have a great day.