



GE 2018 second quarter performance

Financial results & Company highlights

July 20, 2018

CAUTION CONCERNING FORWARD-LOOKING STATEMENTS:

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

NON-GAAP FINANCIAL MEASURES:

In this document, we sometimes use information derived from consolidated financial data but not presented in our financial statements prepared in accordance with U.S. generally accepted accounting principles (GAAP). Certain of these data are considered "non-GAAP financial measures" under the U.S. Securities and Exchange Commission rules. These non-GAAP financial measures supplement our GAAP disclosures and should not be considered an alternative to the GAAP measure. The reasons we use these non-GAAP financial measures and the reconciliations to their most directly comparable GAAP financial measures are posted to the investor relations section of our website at www.ge.com. We use non-GAAP financial measures including the following.

- Adjusted earnings and EPS, which is earnings from continuing operations excluding non-operating benefit costs, gains, restructuring & other items and enactment of tax reform.
- Adjusted effective tax rate, which is the GE Industrial effective tax rate excluding the impacts from non-operating benefit costs, gains, restructuring & other items and enactment of tax reform.
- Industrial segment organic revenue, which is the sum of revenue from all of our industrial segments less the effects of acquisitions/dispositions and currency exchange.
- Adjusted Industrial free cash flows, which is GE's cash flow from operating activities excluding cash received or used from GE Capital dividends, deal taxes, and GE Principal Pension Plan funding, and including investments in property, plant and equipment and additions to internal use software; this metric is reported with BHGE on a dividend basis.

General Electric Capital Corporation (GECC) was merged into GE in 2015 and our financial services business is now operated by GE Capital Global Holdings LLC (GECGH). In this document, we refer to GECC and GECGH as "GE Capital". We refer to the industrial businesses of the Company including GE Capital on an equity basis as "GE". "GE (ex-GE Capital)" and /or "Industrial" refer to GE excluding GE Capital.

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

2Q'18 overview

Company update

- Executing on strategic plan to deliver shareholder value
 - Creating standalone Healthcare company over 12-18 months; BHGE separation over 2-3 years
 - Substantially complete on \$20B+ of dispositions ... closed Industrial Solutions & Value Based Care; announced Transportation & Distributed Power transactions
 - Materially shrinking GE Capital balance sheet ... reducing assets by \$25B
 - Executing on structural cost out ... \$1.1B^{a)} year-to-date; additional \$500MM+ actions at Corporate through 2020
 - Moving to decentralized model with business units as center of gravity

Business summary

- Adjusted EPS \$.19 with strong performance in Aviation, Healthcare, & Corporate partly offset by lower Power, Renewables, & Capital earnings
- Adjusted Industrial free cash flows \$0.3B, \$(0.1)B vs. 2Q'17
- Orders +11% reported and +1% organically ... strength in Aviation offset by soft Power market
- Organic revenue (6)% impacted by Power market, Oil & Gas recovery & Transportation; growth in Aviation & Healthcare
- Organic margins (80) bps., +40 bps. for the first half
- 1H performance in line with expectations ... adjusted EPS \$.35, flat and adjusted Industrial FCF \$(1.4)B, +\$1.0B

Quarter in line with expectations



Orders & industry highlights

(\$ in billions)

Orders \$31.1B, +11%, +1% organically

	Equipment		Services	
	\$	V%	\$	V%
Power	\$3.4	(29)%	\$4.0	(22)%
Renewable Energy	1.2	(34)	0.6	94
Oil & Gas	2.5	85	3.5	102
Aviation	4.5	62	5.0	9
Healthcare	3.1	7	2.2	6
Transportation	0.5	110	0.6	13
Lighting	0.3	(26)	0.0	(62)
Total	\$15.4	10%	\$15.7	12%
Organic		1%		1%

- Equipment +10%, +1% organically ... Aviation strength on higher GENx & LEAP orders, N.A. loco orders, & Healthcare +7%; Power (29)% with orders for 7 gas turbines & 3 aeros; Renewables timing
- Services +12%, +1% organically ... continued strength in Aviation with spares rate +23%; Renewables repower orders; Power (22)% on lower services volume



Industry highlights

Power

- 1st half trends continue to indicate gas power market < 30 GW in 2018
- Deals continue to be delayed

Aviation

- Broad strength continues: RPKs +6.8% and freight +5.3% through May^{a)}
- Farnborough wins \$22.6B

Healthcare

- Broad global growth led by the U.S. & China, modest growth in Europe
- Strength in Bioprocess continues

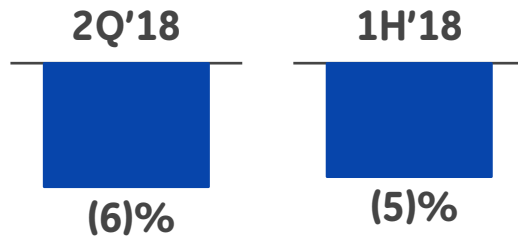
Renewable Energy

- Strong global demand for onshore wind; pricing challenging but moderating

Industrial revenues, margins and costs

Organic revenues

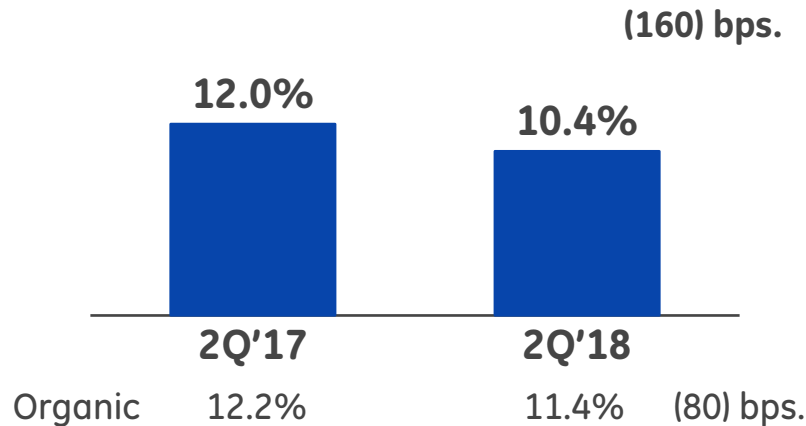
Industrial segments



- 2Q reported revenues +4%, organic (6)% ... difference driven by BHI & FX
- 2Q organic by segment: Renewables (31%), Power (18%), Transportation (13%), Oil & Gas (12%), Healthcare +4%, Aviation +13%

Margin performance

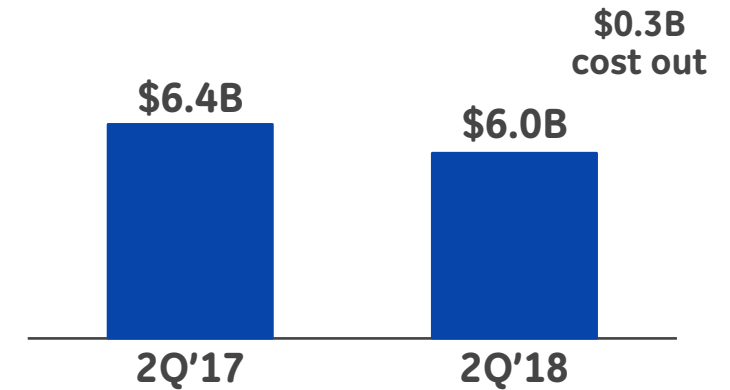
Industrial profit margins^{-a)}



- Margin contraction driven by Power & Aviation partly offset by Healthcare & Corporate ... segment margins (180) bps.
- Aviation margins (110) bps. on higher LEAP shipments, expect TY margins up
- 1H margins (60) bps., organic +40 bps.

Structural costs^{-b)}

Industrial



- \$1.1B industrial structural cost out year-to-date driven by Power, Oil & Gas, and Corporate
- \$0.4B of SG&A cost out in GE Capital year-to-date



(a)- Excludes gains/losses and restructuring & other

(b)- Excludes gains and restructuring & other; excludes impact of acquisitions & dispositions and FX; BHGE on proforma basis

2Q'18 consolidated results

(\$ in billions – except EPS)

	<u>2Q'18</u>	<u>V%</u>
Revenues	\$30.1	3%
– Industrial	27.7	4
– Capital	2.4	(1)
Adjusted EPS ^{-a)}	.19	(10)
Continuing EPS	.08	(33)
Net EPS	.07	(30)
Adj. Industrial FCF ^{-b)}	\$0.3	\$(0.1)
	<u>2Q'18</u>	<u>2Q'17</u>
Consolidated tax rate	41%	(3)
– GE (ex. Capital)	39	12
– Capital	U	F
Adj. Industrial tax rate ^{-a)}	18%	22%

(\$ in millions)

	<u>Revenues</u>		<u>Profit</u>	
	<u>\$</u>	<u>V%</u>	<u>\$</u>	<u>V%</u>
Power	\$7,579	(19)%	\$421	(58)%
Renewables	1,653	(29)	82	(48)
Oil & Gas ^{-c)}	5,554	85	222	85
Aviation	7,519	13	1,475	7
Healthcare	4,978	6	926	12
Transportation	942	(13)	155	(15)
Lighting	431	(9)	24	41
Industrial Segments	\$28,657	4%	\$3,306	(10)%
Corporate ^{-d)}	(982)	(5)	(389)	6
Industrial ^{-d)}	\$27,675	4%	\$2,917	(11)%
Capital	\$2,429	(1)%	\$(207)	(20)%

<u>Adjusted EPS</u>	<u>2Q'18</u>	<u>V%</u>
Adj. Industrial	\$.21	(9)%
GE Capital	(.02)	-%
Adjusted EPS	\$.19	(10)%



(a- Excludes non-operating benefit costs, gains/losses and restructuring & other and enactment of U.S. tax reform
(b- Excludes deal taxes & GE Pension Plan funding; BHGE on a dividend basis

(c- Oil & Gas segment profit \$73MM including restructuring & other charges
(d- Excludes gains and restructuring & other

2Q'18 EPS walk

<u>Adjusted EPS</u>	<u>2Q'18</u>	<u>Dynamics</u>
Net EPS	\$.07	<ul style="list-style-type: none"> • Gains at Corporate of \$0.3B pre-tax, \$0.2B after-tax ... principally Industrial Solutions
Less: Discontinued operations	(.01)	
Continuing EPS	\$.08	<ul style="list-style-type: none"> • Restructuring & other items of \$(0.6)B after-tax at Corporate including \$(0.2)B tax charges related to the preparation to separate GE Healthcare; additional \$(0.1)B after-tax restructuring in Oil & Gas segment • Favorable unrealized mark-to-market impact on Pivotal equity investment of \$0.2B after-tax • Non-operating pension & benefit costs \$(0.5)B after-tax
Less: Gains	.02	
Less: Restructuring & other	(.08)	
Less: Pivotal mark-to-market	.02	
Less: Non-op. benefit costs	(.06)	
Adjusted EPS	\$.19	

Closed Industrial Solutions transaction & executing on restructuring actions



Free cash flows

(\$ in millions)

Free cash flow (FCF) summary

	<u>2Q'18</u>	<u>V\$</u>	<u>1H'18</u>	<u>V\$</u>
Industrial FCF (including deal taxes & pension)	\$(611)	\$(712)	\$(2,596)	51
Less: deal taxes & pension	(651)	(383)	(938)	(670)
Industrial FCF	\$40	\$(329)	\$(1,658)	\$721
Less: BHGE FCF ^(a)	(92)	(92)	18	18
Plus: BHGE dividend	125	125	253	253
Adj. Industrial FCF^(b)	\$258	\$(111)	\$(1,423)	\$956

2Q'18 dynamics

- Overall performance in line with expectations
- Free cash flow drivers:
 - Income + depreciation & amortization \$2.2B
 - Working capital \$(0.9)B: \$(0.9)B progress collections reduction driven by lower orders in Power
 - Contract assets \$(0.5)B: higher deferred inventory build \$(0.4)B, CSA growth \$(0.3)B, equipment \$0.2B
 - Gross capex \$(0.8)B
- Funded \$0.6B principal pension in 2Q, \$0.9B in 1H
- GE received \$0.4B in distributions from BHGE (\$0.1B dividend and \$0.3B buyback)

Expect total year free cash flow ~\$6B



(a- BHGE FCF on a gross capex basis

(b- Excludes deal taxes & GE Pension Plan funding; BHGE on a dividend basis

Cash

(\$ in billions)

<u>GE cash balance walk</u>	<u>GE Reported</u>	<u>GE (ex. BHGE)</u>
Beginning balance 4Q'17	\$18.8	\$11.8
Adjusted Industrial FCF <small>(ex. deal taxes & pension, BHGE dividend basis)</small>	(1.7)	(1.4)
GE dividends	(2.1)	(2.1)
Business dispositions <small>(incl. deal taxes)</small>	2.4	2.3
Other Investing/Arcam	(1.1)	(1.1)
Debt	0.1	0.8
Other	(2.6)	(1.3)
Ending balance 2Q'18	\$13.8	\$8.9

1H'18 dynamics (ex BHGE)

- Adjusted Industrial free cash flow \$(1.4)B year-to-date; GE dividend payments of \$(2.1)B
- \$2.3B of disposition proceeds including \$2.2B from Industrial Solutions in 2Q'18
- Other investing of \$(1.1)B includes \$(0.9)B of Aviation investments in 1Q'18
- Debt includes \$0.9B for 1H U.S. principal pension plan funding
- Other includes \$(0.9)B of U.S. principal pension plan contribution
- Plan to end 2018 with \$15B+ of cash ... 2H flows include adjusted Industrial FCF, disposition proceeds partly offset by GE dividend and exercise of Alstom options ~\$(3)B

Plan to end 2018 with \$15B+ of cash



Segments

(\$ in millions)

	<u>Power</u>	
<u>2Q'18</u>	<u>\$</u>	<u>V%</u>
Revenues	\$7,579	(19)%
Segment profit	\$421	(58)%
Segment profit %	5.6%	(5.0) pts.

	<u>Renewable Energy</u>	
<u>2Q'18</u>	<u>\$</u>	<u>V%</u>
Revenues	\$1,653	(29)%
Segment profit	\$82	(48)%
Segment profit %	5.0%	(1.8) pts.

	<u>Aviation</u>	
<u>2Q'18</u>	<u>\$</u>	<u>V%</u>
Revenues	\$7,519	13%
Segment profit	\$1,475	7%
Segment profit %	19.6%	(1.1) pts.

	<u>Healthcare</u>	
<u>2Q'18</u>	<u>\$</u>	<u>V%</u>
Revenues	\$4,978	6%
Segment profit	\$926	12%
Segment profit %	18.6%	1.0 pts.



Segments

(\$ in millions)

Oil & Gas

<u>2Q'18</u>	<u>\$</u>	<u>V%</u>	<u>V%</u> Organic
Revenues	\$5,554	85%	(12)%
Segment profit ^{-a)}	\$222	85%	(27)%
Segment profit % ^{-a)}	4.0%	- pts.	(0.7)pts.

Transportation

<u>2Q'18</u>	<u>\$</u>	<u>V%</u>
Revenues	\$942	(13)%
Segment profit	\$155	(15)%
Segment profit %	16.5%	(0.5) pts.

Lighting

<u>2Q'18</u>	<u>\$</u>	<u>V%</u>
Revenues	\$431	(9)%
Segment profit	\$24	41%
Segment profit %	5.6%	2.0 pts.

GE Capital

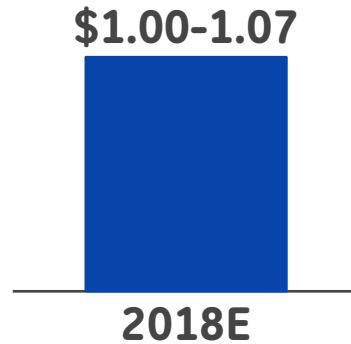
<u>2Q'18</u>	<u>\$</u>	<u>V%</u>
Revenues	\$2,429	(1)%
Continuing net loss	\$(207)	(20)%
Net loss (including disc. ops.)	\$(273)	16%



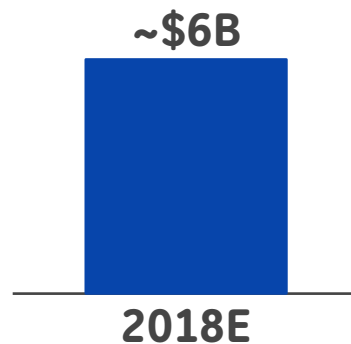
(a- Oil & Gas segment profit \$73MM including restructuring & other charges

2018 financial outlook

Adjusted EPS^{-a)}



Adjusted Industrial FCF^{-b)}



Dynamics

- Continued strength in Aviation, Healthcare, and Corporate; Renewables 2H volume ramp
- 2H market risk in Power, continued operational turnaround
- Good progress on Industrial structural cost^{-c)} with \$1.1B out year-to-date ... \$2B+ for the year
- GE Capital timing of asset sales, excess interest run-off, and tax benefits impact quarterly profile
- Total year free cash flow ~\$6B
 - Power progress collections impacted by lower orders
 - Strength at all other businesses



(a- Excludes non-operating benefit costs, gains/losses and restructuring & other and enactment of U.S. tax reform

(b- Excludes deal taxes & GE Pension Plan funding; BHGE on a dividend basis

(c- Excludes gains and restructuring & other; excludes impact of acquisitions & dispositions and FX; BHGE on proforma basis

