

GE 2017 second quarter performance

Financial results & Company highlights
July 21, 2017



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.

- Operating earnings and EPS, which is earnings from continuing operations excluding non-service-related pension costs of our principal pension plans.
- GE Industrial operating & Verticals earnings and EPS, which is operating earnings of our industrial businesses and the GE Capital businesses that we expect to retain.
- 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.
- Industrial segment organic operating profit, which is the sum of segment profit from all of our industrial segments less the effects of acquisitions/dispositions and currency exchange.
- Industrial cash flows from operating activities (Industrial CFOA), which is GE's cash flow from operating activities excluding dividends received from GE Capital.

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.

Imagination at work.

2Q'17 overview

Environment

- ✓ Slow growth in volatile environment
- ✓ Challenges continue in resource sector

GE performance:

- ✓ Industrial operating + Verticals^{-a)} EPS \$2.8
- ✓ Industrial segment organic revenue growth +2% ... YTD +4%
- ✓ Industrial op profit margins +10 bps. ... YTD +70 bps.
- ✓ Structural cost out \$0.6B ... YTD \$0.7B
- ✓ CFOA \$3.5B^{-c)} ... \$1.5B^{-c)} Industrial CFOA + \$2.0B GE Capital dividend ... YTD \$3.9B^{-c)}

<u>Industrial</u>	<u>Reported</u>	<u>Organic</u>
Orders	6%	5%
Segment revenue	(2)%	2%
Segment op profit	(4)%	(1)%
Industrial op profit ^{-b)}	(1)%	4%

Execution versus goals

<u>2017 Goals</u>	<u>YTD</u>
Grow Industrial op profit ^{-b)}	4%
Industrial op profit \$17.2B	\$6.8B
Organic revenue growth 3-5%	4%
Margin expansion ~100 bps.	70 bps.
Structural cost out \$1B	\$0.7B

Disciplined/balanced capital allocation

Industrial CFOA ^{-c)} \$12-14B	\$(0.2)B
Capital dividends \$6-7B	\$4.0B
FCF + dispositions ^{-c)} \$16-20B	\$2.3B
Cash to investors \$19-21B	\$7.8B

Portfolio actions

- ✓ Baker Hughes transaction closed July 3
- ✓ Water deal^{-d)} on track for 3Q close
- ✓ Industrial Solutions process ongoing
- ✓ LM a positive for the wind business



(a- Verticals include businesses expected to be retained including allocated corporate costs

(b- Excludes non-operating pension, gains and restructuring & other

(c- Deal taxes are excluded from CFOA and included in dispositions; GE pension plan funding excluded from CFOA but included in FCF + dispositions

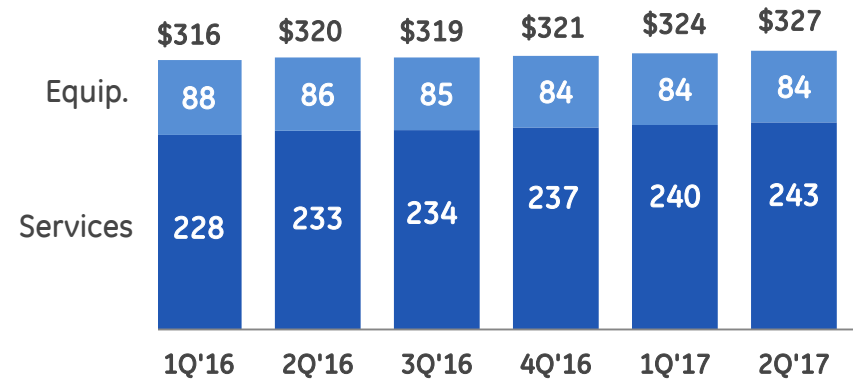
(d- Subject to customary closing conditions, including approval by regulators

2Q'17 orders \$28.3B, 6% ... 5% organic

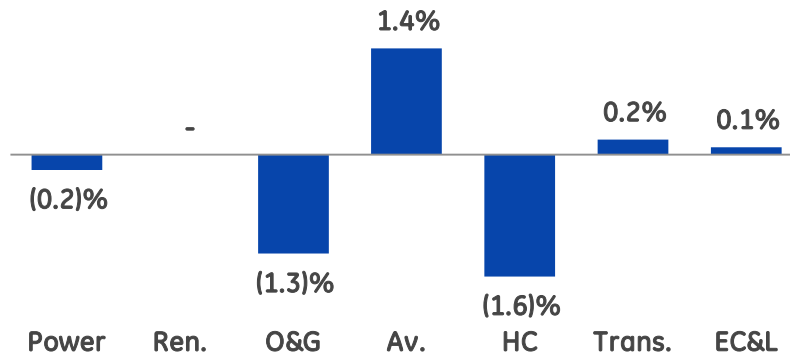
(\$ in billions)

	Equipment		Services	
	\$	V%	\$	V%
Power	\$3.1	(1)%	\$4.6	(1)%
Ren. Energy	1.8	12%	0.3	(33)%
Oil & Gas	1.4	50%	1.8	(6)%
Aviation	2.8	11%	4.5	15%
Healthcare	3.0	3%	2.0	2%
Transportation	0.2	97%	0.6	7%
EC & Lighting	2.2	1%	0.7	1%
Total	\$14.1	9%	\$14.2	4%
Organic		6%		4%

Backlog (\$B)



Orders price (0.1)%



Highlights

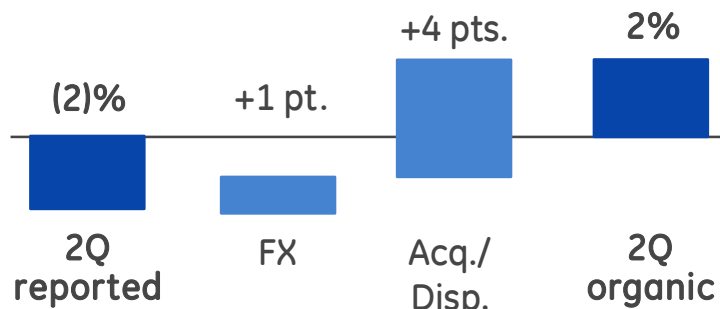
- ✓ Equipment +9% with broad-based strength; Power (1)% on lower Steam orders
- ✓ Services +4% with strength in Aviation partly offset by lower Renewables and O&G
- ✓ Regional dynamics ... growth markets +5%, Europe +35%, U.S. (1)% on lower Wind volume
- ✓ Digital orders +39% driven by Power, O&G, and Renewables ... Meridium & ServiceMax 2x



Industrial execution

Revenue growth

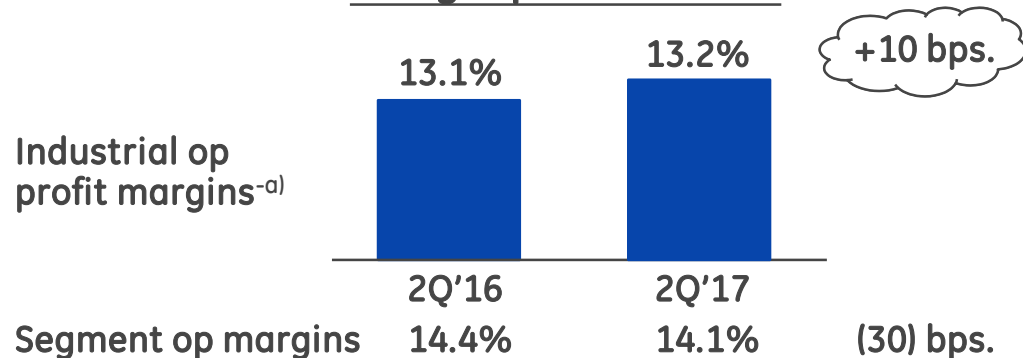
(Industrial segments)



Growth highlights

- ✓ 2Q organic revenue +2%; 1H organic growth +4%
 - + Global revenue +7% ... growth markets +4%
 - + Services revenue +8% organic; equipment revenue (3)% organic
 - + NPI strength ... LEAP, HA turbine, Wind 2x/3x MW units
 - + Digital revenue growth +12%

Margin performance



Op margins

	2Q
Mix	(0.2) pts.
Value gap (price/inflation)	(0.4)
Cost productivity	0.1
Base inflation/other	<u>0.2</u>
Segment op margins	(0.3) pts.
Corporate cost productivity	<u>0.4</u>
Industrial op margins	0.1 pts.

Variable cost

- ✓ Negative productivity in 2Q
- ✓ 1-time impacts in Power/O&G
- ✓ Recurring items in Power (services & extended scope mix) and O&G (factory overhead under-absorption)

Structural cost^{-b)}

- ✓ Progress accelerated in 2Q with \$593MM cost out ... 1H cost out \$670MM
- ✓ Segments & Corp. contributing
- ✓ Expect cost out to continue in 2H to achieve \$1B+ for the year

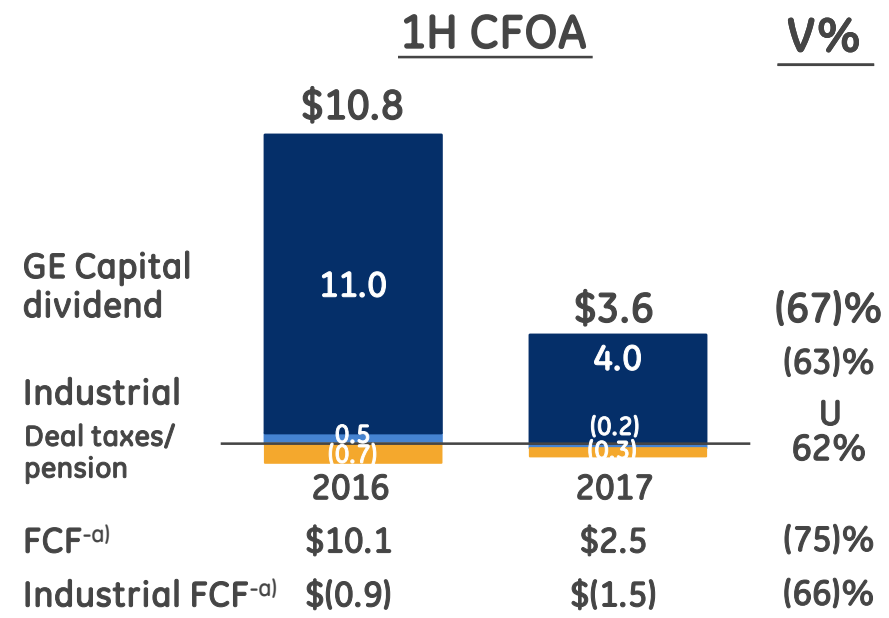


(a)- Excludes non-operating pension, gains and restructuring & other

(b)- Excludes non-operating pension, gains and restructuring & other; excludes impact from BD actions including Appliances, Water, Industrial Solutions, and Baker Hughes

Generating cash

(\$ in billions)



2H'17 outlook

	<u>2H'16</u>	<u>2H'17E</u>	
NI & depr. (ex G/R)	\$7.4	+	Core income
Working capital	5.1	-	'17 more level, '16 PTC
Contract assets	(1.5)	=	Similar to 2H16
Other	0.2	++	Timing: tax, IC
Industrial CFOA^(a)	\$11.1	+	

TY17 Industrial CFOA includes ~\$2B+ of restructuring & other charges cash spend; ~\$0.5B higher than TY16

GE cash balance walk

	<u>Total</u>
Beginning balance 1/1/17	\$10.5
CFOA ex. deal taxes & pension	3.9
Dividends	(4.2)
P&E	(1.4)
Acquisitions	(2.6)
Dispositions incl. deal taxes	0.1
Buyback	(3.6)
Debt	12.7
Other	(1.2)
June 2017	\$14.2

Improved 2Q Industrial CFOA ... expect to accelerate as we move throughout the year



(a- Excluding deal taxes and GE pension plan funding)

2Q'17 consolidated results

(\$ in billions – except EPS)

	<u>2Q'17</u>	<u>V%</u>
Revenues	\$29.6	(12)%
– Industrial ^{a)}	27.1	(12)
– Verticals ^{b)}	2.5	(1)
– Other Capital ^{c)}	(0.1)	U
Industrial + Verticals EPS	.28	(45)
Operating EPS	.19	(51)
Continuing EPS	.15	(58)
Net EPS	.13	(57)
CFOA (ex. deal taxes & pension)	3.5	(2)
– Industrial CFOA	1.5	F
	<u>2Q'17</u>	<u>2Q'16</u>
Consolidated tax rate	1%	12%
– GE (ex. Capital)	13	14
– Capital	F	27

(\$ in millions)

	<u>Revenues</u>		<u>Op profit</u>	
	<u>\$</u>	<u>V%</u>	<u>\$</u>	<u>V%</u>
Power	\$6,969	5%	\$1,031	(10)%
Renewable Energy	2,457	17	160	25
Oil & Gas	3,108	(3)	155	(52)
Aviation	6,532	-	1,492	11
Healthcare	4,700	4	826	6
Transportation	1,071	(14)	203	(26)
EC & Lighting ^{d)}	3,210	(2)	80	F
Industrial Segments	28,047	(2) ^{organic}	3,947	(4) ^{organic}
Corporate ^{e)}	(935)	10	(314)	31
Industrial ^{e)}	\$27,112	(2)%	\$3,633	(1)% ^{4%}



Industrial segment revenue

	<u>Reported</u>	<u>Organic</u>
2Q'17	(2)%	2%
1H'17	(1)%	4%

Industrial op profit^{e)}

	<u>Reported</u>	<u>Organic</u>
2Q'17	(1)%	4%
1H'17	4%	11%



(a)- Includes GE-GE Capital eliminations

(b)- Verticals include businesses expected to be retained including allocated corporate costs

(c)- Other Capital includes HQ run-off & exit-related items

(d)- EC & Lighting segment V% exclude Appliances in 2Q16

(e)- Excludes non-operating pension, gains and restructuring & other

2Q'17 Industrial other items

	<u>EPS</u>	
Restructuring & other items	\$ (.06)	<ul style="list-style-type: none"> ✓ \$(0.7)B pre-tax, \$(0.5)B after-tax at Corporate ✓ Significant restructuring investments in Corporate, Power, Renewables, Healthcare, and Oil & Gas ✓ Restructuring charges \$(0.5)B & BD costs \$(0.2)B

<u>Summary</u>	<u>1Q</u>	<u>2Q</u>	<u>3QE</u>	<u>4QE</u>	<u>2017E</u>
Restructuring & other items	\$ (.08)	\$ (.06)	~\$ (.06)	~\$ (.05)	~\$ (.25)
Gains ^{-a)}	<u>\$ -</u>	<u>\$ -</u>	<u>~\$.22</u>	<u>~\$.03</u>	<u>~\$.25</u>
Total	\$ (.08)	\$ (.06)	~\$.16	~\$ (.02)	~\$ -

2H gains outpace restructuring driven by Water & Industrial Solutions deals



(a- Gains after-tax impacts are based on estimated transactional tax rates

Industrial segments

(\$ in millions)

Power

<u>2Q'17</u>	<u>\$</u>	<u>V%</u>
Revenues	\$6,969	5%
Segment profit	\$1,031	(10)%
Op profit %	14.8%	(2.4) pts.

2Q dynamics

- \$7.7B orders, (1)% ... equipment (1)% with Steam (42)% on tough comparisons offset by Gas Power Systems +26%; services (1)%
- Revenues ... equipment +12% with Gas Power Systems +17% on higher BOP; services +1% with Power Services flat
- Segment profit (10)% on negative mix and lower VCP due to liquidated damages

1H revenue +10%, op profit +7%



Renewable Energy

<u>2Q'17</u>	<u>\$</u>	<u>V%</u>
Revenues	\$2,457	17%
Segment profit	\$160	25%
Op profit %	6.5%	0.4 pts.

2Q dynamics

- \$2.1B orders, +2% ... equipment +12% on better Hydro, Onshore Wind shift from U.S. to international; services (33)% on lower repower
- Revenues ... equipment +8% with Hydro 2x and Onshore Wind +1%; services 2x driven by repower
- Segment profit +25% on higher repower volume partially offset by price... margins +40 bps.

Solid growth; LM Wind closed in 2Q

Industrial segments

(\$ in millions)

Aviation

<u>2Q'17</u>	<u>\$</u>	<u>V%</u>
Revenues	\$6,532	-%
Segment profit	\$1,492	11%
Op profit %	22.8%	2.1 pts.

2Q dynamics

- \$7.3B orders, +14% driven by services +15% on strong Commercial performance; equipment +11% ... \$159B backlog
- Revenues ... services +13% driven by strength in both Comm. & Military; equipment (16)% with CEO (15)% on lower units
- Segment profit +11% on higher services volume & lower base cost ... margins +210 bps.

Another strong quarter



Oil & Gas

<u>2Q'17</u>	<u>\$</u>	<u>V%</u>
Revenues	\$3,108	(3)%
Segment profit	\$155	(52)%
Op profit %	5.0%	(4.9) pts.

2Q dynamics

- \$3.2B orders, +12% driven by Subsea & Drilling +73%, Surface +27%, Digital Solutions +6%, Turbomachinery (3)%
- Revenues ... Surface +9%, Turbomachinery +1%, Digital Solutions (1)%, SS&D (24)%
- Segment profit (52)% driven by lower price & negative VCP due to one-time items and factory overhead under-absorption

Market tough; BHGE deal closed

Industrial segments

(\$ in millions)

Healthcare

<u>2Q'17</u>	<u>\$</u>	<u>V%</u>
Revenues	\$4,700	4%
Segment profit	\$826	6%
Op profit %	17.6%	0.3 pts.

2Q dynamics

- \$5.0B orders, +3% ... +4% organic with U.S. +1%, Europe +2%, and emerging markets +11%
- Revenues +4% with Healthcare Systems +4% and Life Sciences +7% ... organic +5%
- Segment profit +6% driven by volume and cost productivity partially offset by price ... margins +30 bps.

Solid performance

Transportation

<u>2Q'17</u>	<u>\$</u>	<u>V%</u>
Revenues	\$1,071	(14)%
Segment profit	\$203	(26)%
Op profit %	19.0%	(3.0) pts.

2Q dynamics

- \$0.8B orders, +22% with equipment +97% on higher international locomotive orders; services +7%
- Revenues (14)% with equipment (27)% on lower locomotive shipments; services flat
- Segment profit (26)% driven primarily by lower volume ... margins (300) bps.

Market challenges continue



Segments

(\$ in millions)

Energy Connections & Lighting

<u>2Q'17</u>	<u>\$</u>	<u>V%</u>	<u>V%</u> ex. Appliances
Revenues	\$3,210	(27)%	(2)%
Segment profit	\$80	(39)%	F
Op profit %	2.5%	(0.5) pts.	2.0 pts.
<u>Segment profit</u>	<u>2Q'17</u>	<u>2Q'16</u>	<u>V%</u>
Energy Conn.	\$68	\$35	94%
Current & Lighting	\$13	\$(20)	F
Appliances	\$-	\$116	U

- Revenues ... EC flat, +4% organic; Lighting (9)% with Current (2)% and legacy (17)%
- Segment profit ... cost productivity in both businesses driving improvement

Improvement continues

GE Capital

Earnings

Verticals	\$544
Other Continuing	(716)
Capital	\$(172)
Disc. Ops.	(152)
GE Capital	\$(324)

- GE Store: enabled \$3.9B of industrial orders^{a)}
- Other Continuing improved \$335 VPY on lower excess interest expense & HQ opex
- \$2B dividends in 2Q'17 ... \$4B YTD
- \$160B assets (\$124B ex. Liquidity^{b)}) ... down \$23B YTD

Strong Verticals performance



(a- Enabled orders include deals arranged by GE Capital and financed by GE Capital or third parties

(b- Liquidity includes cash & equivalents (including discontinued operations and held for sale balances) and high quality investments

Flannery transition process

- **Business unit reviews**
 - Market, competitive position, growth, margins, cash, returns, etc.
 - GE Store and Corporate
- **“Listening” tour**
 - Investors
 - Customers
 - Employees
 - Government/regulators
- **Key relationship handoffs**
 - Industry “dinners”
 - JRI global trip
- **Targeting mid-November report out**
 - Business assessment
 - Cost out
 - Capital allocation
 - 2018 outlook

Transition process on track



2017 operating framework

- 1** Operating EPS^{-a)} \$1.60-1.70
 - Industrial op profit \$17.2B (ex. gains/restructuring)
 - Organic growth of 3-5%
 - Margin expansion ~100 bps.
 - Structural cost out \$1B
 - Corporate \$1.8-2.0B
 - Alstom EPS ~\$.09-.10
 - Restructuring = gains
 - Tax rate headwind (mid-teens)
- 2** FCF + dispositions \$16-20B
 - CFOA \$18-21B^{-b)}; Capital dividend \$6-7B
 - Pension funding ~\$1.8B^{-b)}
 - Dispositions^{-b)} of ~\$4B; Net P&E of \$3-4B
- 3** Cash returned to investors \$19-21B
 - Dividend of ~\$8B
 - Buyback of ~\$11-13B



(a)- Industrial operating and Vertical EPS

(b)- Deal taxes are excluded from CFOA and included in dispositions; GE pension plan funding excluded from CFOA but included in FCF + dispositions

