

Steve Winoker, VP of IR, General Electric: Wow, that was a great highlights reel, really enjoyed that, Kieran. Hi all, I'm Steve Winoker, leading Investor Relations for GE and I'm joined by Kieran Murphy, who is CEO of GE Healthcare and has been a leader at GE for about 12 years. Recall, GE Healthcare is roughly a \$17 billion business, earning mid-teens margins within GE. Kieran, again, helpful video to share some of the highlights of what you and the team have been up to in GE Healthcare over the last 12 months. And since our last Healthcare update, which was at the RSNA trade show a year ago, let's spend some time talking about everything that's happened. Certainly, a lot has changed since December of 2019, and I don't think any of us could have envisaged what 2020 was going to become. So maybe start by speaking to your experiences through the last months leading a global med-tech innovator through a pandemic.

Kieran Murphy, CEO, GE Healthcare: Thank you very much, Steve. Can I say it feels like it's been a long year? I think since March we've been flat out, frankly, trying to manufacture all of the things that were required for COVID-19. You know, it started in China, obviously, and then made its way through Europe and the U.S. and, of course, we had to follow that trend and we started innovating in China, we diverted a lot of product to China, and that's where we invented products that you saw in the video, like CT in a box, which was a great innovation designed to separate the tech operator from the patient for safety reasons. And it just provided instant capacity in the car park of the hospital. And it was fantastic. And we've done that now across the world, in fact. And so, I think in addition to that, look, we did a lot of things to try and run the business better to make sure that we met our commitments for investors. And we just were sensible in conserving cash and in conserving our resources and keeping our employees safe, of course, which was critical in this environment.

Steve Winoker, VP of IR, General Electric: Well, how is COVID-19 really impacting the future of healthcare? Are there any trends that we're seeing that are here to stay?

Kieran Murphy, CEO, GE Healthcare: Well, what's quite interesting in all of the industry interviews I was involved in, as you can expect, I've done a lot of panels as we've gone through the year. Most of them are about telehealth and how radiologists and how physicians generally had to adapt so quickly to telehealth. And, you know, one of the CEOs of hospital groups made the comment, we've made eight years progress here in two months. And that just shows the adaptability of the system. As I said at the time, necessity is the mother of invention. And all of us actually on our shoulders, to the wheel to ensure that we rolled out AI that was useful in this environment and other digital tools that were useful. And clearly, of course, we had to ensure that we had 9,000 field engineers, for example, mobilized around the world so that we could keep hospitals up and running and, you know, and

ensure we continue to deliver quality and uptime and all the parts that they require. So, I'm really very proud of the team, Steve, in terms of the way people went to work every day and behaved extremely sensibly and safely so that we kept the machine running quite successfully. And we'll talk more about the results in a few minutes. But we've had a pretty good year on the back of that.

Steve Winoker, VP of IR, General Electric: You know, it's interesting, Kieran, a number of investors have really said to me, isn't this just a question of trends that were already ongoing that, you know, they might have taken two, three, four years to come in to maybe scale? And it's just has accelerated that. I mean, do you see it that way?

Kieran Murphy, CEO, GE Healthcare: I do. But of course, it also I think it brought some innovations to the fore. So as I start to think about the technologies that we deploy to improve workflow in this environment, workflow became so important because you wanted to minimize that time with patient and absolutely maximize the time that carers had to pay attention to clinical care as opposed to managing administration and workflow. And I think that that's kind of the team that we were running this year at RSNA, this concept of being intelligently efficient, which is really looking to how can we take the drudgery out of this? How can we smooth workflows and bring advanced technology and analytics to a space so that we can make better clinical decisions and really and speed up the pace of diagnosis, which, of course, is critical in this environment.

Steve Winoker, VP of IR, General Electric: Right, and it sounds like really a critical part of the development of the future trend of healthcare to drive more productivity that allows them more efficient and if we can bring innovation that drives that.

Kieran Murphy, CEO, GE Healthcare: We generally regard this as a multi-trillion-dollar waste problem, Steve. So I always think of with a business like GE Healthcare because of our scale, the amount of install base we have around the world and the breadth of our offering, we're really tackling that trillion dollar plus waste problem in the healthcare industry and that's why I like to talk about us being at the center of an ecosystem striving for precision because that really drives us. Its better critical care but has to be with more capacity and better productivity.

Steve Winoker, VP of IR, General Electric: Right so actually removing waste which is the heart of lean in any case, internally and externally. Right? So that's interesting, Kieran, you're talking about driving an intelligence-based health system, maybe dive even further into that and how we're leading in the space at GE Healthcare and also some of the, maybe if you could dive into some of the most exciting

new product innovations you're announcing this week at RSNA, I think investors would like to hear about that.

Kieran Murphy, CEO, GE Healthcare: Well, I think it was two years ago, Steve, we introduced our investors to Edison and we've really continued to advance the Edison ecosystem. And if, as I think about Edison, we're really trying to develop an ecosystem here so that we can deploy applications on the device at the edge and in the cloud. And so, you see a mix of that as you do your virtual tour of RSNA this year, but some of the things that stand out here are really quite extraordinary. We have something on our MR equipment called AIR Recon DL which is the first FDA of deep learning imagery, construction technology. And what that means is you get a really much better image, but in a third of the scan time. And so, you imagine the productivity that that delivers. And it's a game changer. And then Revolution Apex on our CT technology, which is deep learning, imagery, construction again. And on the Ultrasound business, we are really quite excited. We've launched a new Logiq e10 product and Voluson SWIFT into our women's health ultrasound, where we have a very strong market position and we were able to build with Voluson SWIFT all of the images that you would expect to see in that obstetrics and gynecology environment, and we've built them all into the machine and applied AI, which again can reduce cycle time by up to 45%. So, you see a theme here, which is, you know, better quality diagnosis in less time, improve workflow, better productivity. And that really gets at some of the deepest problems in healthcare, which is cost and efficiency. And then I think the clinical standpoint, we introduced people last year to Clinical Care Suite, which was for identifying collapsed lung. We have updated that this time to identify misplaced endotracheal tubes. And so, you can imagine to placement in the with all of what we're going through right now, COVID-19 is absolutely critical because a misplaced shoe is a very high risk for the patient. And so, the AI in critical care suite 2.0 identifies those problems, and that's the benefit of Edison. We can continue to build these applications, put them on the platform and distribute them globally. It's very exciting.

Steve Winoker, VP of IR, General Electric: Moving on, Kieran, you recently announced the acquisition of Prismatic Sensors. That's a first acquisition for both GE Healthcare and GE in a long time. They're a leader in deep silicone detector technology for photon counting CT, I think, is this big news for the industry and GE?

Kieran Murphy, CEO, GE Healthcare: Well, look, it's big news for us. It's big news for the industry. This is a game changer in terms of being able to do a really high-quality CT scanning and being able to see things that we wouldn't have seen before in scans. I had a great conversation last week with the inventor and in his mind at the outset of this was being able to detect cancer earlier and being

able to do a lot more imaging in children without being exposed to radiation dose. So, it's now all of that has to go through more clinical trials and so on, but it's a game changer in terms of quality of images, it is like moving from black and white TV to high resolution color.

Steve Winoker, VP of IR, General Electric: So, we're a good player to scale. What you're describing is differentiated technology as an acquisition.

Kieran Murphy, CEO, GE Healthcare: Absolutely. And of course, with more and more information, you need better data and analytics. So, it also plays into our digital technology story.

Steve Winoker, VP of IR, General Electric: So that that also raises a broader question that I know I've had heard from a number of investors, and that is, given all the challenges GE has been experiencing in recent years, how significant is the loss of balance sheet back and capability for M&A? How important is that been for the future growth of GE Healthcare?

Kieran Murphy, CEO, GE Healthcare: Look, I think, first of all, you know as well as I do, we are in far better situation now than we were a year ago. We've closed the BioPharma deal, and I think we're now in a position where we look all the time at getting the right deal at the right price. I think Prismatic is a great example of the way I love to do deals. If I think about my last 10 years in GE, we bought a lot of businesses at an early stage, we increased our stake, we proved the technology, and then we buy the business and know I like that way of investing it. It's lower risk and can bring really exciting technology into the business. And I think we are very much focused right now on ensuring we create as much headroom as possible for doing that through margin expansion, better cash flow generation. And also, you know, we've done a lot to grow R&D investment and growing the business organically.

Steve Winoker, VP of IR, General Electric: Ok, well, that that makes a lot of sense. Let's on that note, shift gears to the financials. Ok, so a year ago, you laid out a financial framework for near-to-mid-term performance. And let's revisit that. Can you talk to us about how you're progressing on this range of financials? Let's start with the organic top line growth. At the time, we talked about low-to-mid single digits. Clearly, there's been some lift from COVID-19 demand in parts of the portfolio. It's pressures elsewhere, Healthcare Systems, HCS, PDx, Pharmaceutical Diagnostics. How do you think about, how does that look really for 2020? And then looking ahead, 2021 plus?

Kieran Murphy, CEO, GE Healthcare: Look, you're absolutely right, Steve. I think in 2020, where we're in that low single digit organic revenue type range, we did get some COVID-related demand this

year from ventilators, monitors and CT and x-ray. But of course, there was a huge pressure on all of the business that related to elective procedures. And so, we lost out on PDx sales, MR and Ultrasound as well, and PDx and Ultrasound are high margin business for us. So, I think, you know, as we get to the end of the of this 2020, by the way, I think we'll close out a strong year here. What we are seeing is scan rates and the number of scans per device being quite strong across the world. And we're seeing PDx volumes return here in Q4. So, I think we're in a situation we enter '21 with quite a strong backlog. And so, I see a market stabilizing. But I also have to order a little bit of caution because there is still a lot of pandemic kicking around. So, we I think we have to be somewhat guarded in the way we think about market growth, but we're not changing our guidance and still very much in that frame of low-to- mid single digit sort of growth rate. And certainly, our margin expansion profile is pretty much as we would have pointed out last year as well. But I have to say that in 2020, we have done pretty well from a margin standpoint.

Steve Winoker, VP of IR, General Electric: So, and we'll talk about margins in a second. I just want to come back to that point, which is you mentioned the pandemic kicking around a little bit. And, you know, we're certainly seeing recent global outbreaks that are quite significant in Europe, in the US now. They may drive some impact. How are you thinking about that or how are you dealing with that, that possibility?

Kieran Murphy, CEO, GE Healthcare: I would say, look, overall, we're seeing a return to somewhat more stable markets, higher scan rates. Hospitals, don't forget, are getting more and more resilient in terms of the way they're setting up capacity to eat into the pent-up demand in oncology and cardiology, for example. And we are seeing strengthening financial position in a lot of the health care systems. So, I would say we have a good underpinning for maintaining our general view in the market that this is low-to-mid single digit growth, softer market. And as I think about the spread of our product range, we have a really strong service business. And of course, that provides a lot of stability and flow business and of course, what we are seeing in areas like our LCS business, which was vents and monitors and so on, you know, that carries on and will carry on to some extent and 2021. Naturally, we delivered some extraordinary volumes of things like ventilators last year, which won't repeat. But as I said before, we see PDx and Ultrasound recovering quite nicely. And those are all better margin business.

Steve Winoker, VP of IR, General Electric: That's great. So, moving onto margin, let's talk about margin, organic margin expansion. Last year we talked about 25 to 75 basis points per year on average. I think we've seen nearly 100 basis points third quarter year to date. And as much as I'm

sure that's partly good planning, we'd like to also make sure investors would like to know what it looks like for the total year and where you see this over time, you know. How do you think about a ceiling here or high teens? A ceiling.

Kieran Murphy, CEO, GE Healthcare: So first of all, for the full year and say, look, Steve, we're going to stick to our 100 basis points of margin expansion and we'll see that for the whole year for sure, which is above our initial guide. Now, some of that, of course, is we've accelerated cost out, we've reduced a lot of discretionary cost, we've reduced a lot of G&A cost. We've sort of really tried to lean out spans and layers of management. But we've also had to cope with, by the way, some big upward swings in cost. We had to charter aircraft to go and ferry in components and we had to use those charter aircraft to ship out products because, of course, commercial flights weren't available and we didn't have the time to put some of those on the ocean, which we might have done in normal years. So we offset those headwinds and we made great progress through, I think, being quite diligent on discretionary cost. I think a 2021 look, we are sticking with our outlook, again, of 25 to 75 basis points of margin growth. But at the same time, we are taking up our R&D investment. We are getting the structural cost that we got out in 2020 will follow into 2021. So I think we really quite well set up here to kind of spring into '21 with a better cost position, some great NPIs and an increased R&D spend that's going to get us into a really positive cycle of innovation and being able to launch products that are highly relevant for our customers.

Steve Winoker, VP of IR, General Electric: You know, it's interesting, Kieran, because a lot of investors often posed the question. I know I've been an analyst audience or two where it's always how do you trade off revenue growth and margin expansion? And I think I'll put that to you. How do you think about that?

Kieran Murphy, CEO, GE Healthcare: Look, I think we want to ensure, first of all, that we have an appropriate level of R&D spend and that we need to be able to do both these things. We have a big initiative, as you know, to really expand our lean and our lean processes across the business. And what we've demonstrated in 2020 is that we are able to go after waste in the business. We we're able to get out more cash, get out more cost by applying these lean techniques. And we have many examples from factories and offices around the business where we've we have managed to really do more with less so improve processes. And I think that's been a really interesting lesson I mentioned before, what we're doing in platforming, and I'm really excited about that, especially in the environment we're in now where we're trying to bring a platform of analytics. And if the more we can

have a common hardware platform and an easy way of deploying software platform, this really makes for a much more compelling investment situation.

Steve Winoker, VP of IR, General Electric: Kieran, can you think of a recent lean, either lean action workout experience anecdote, something to give and make it a little bit more real for investors of what's real in your eyes?

Kieran Murphy, CEO, GE Healthcare: So in order to provide continuity, I've spoken before about the what we did at our factory down in Florence, in South Carolina, where we all of us as a management team, immersed ourselves for a week working on lean techniques with the team on the ground there. And what was really quite extraordinary this year is seeing how that translated into better inventory totals, less work in progress, less inventory right across the system, implementing Kanban, more pull, and that has delivered better cash flow. And I think that's the that's the essence of what we're seeing with lean when we apply these techniques and we got everybody involved as a team on the ground, it actually it delivers a great result.

Steve Winoker, VP of IR, General Electric: So, Kieran, we just talked about organic growth. We talked about margin before we get into cash flow. Are there any variables or what are the key variables that you're looking at that could really matter to us and by definition, to investors near-term?

Kieran Murphy, CEO, GE Healthcare: Well, look, I think the key this all has to be driven by demand and it has to be driven by demand in the right areas. And that's why I mentioned before, what we're looking at, as you know, what are the signals to us? The signals to us are number of scans from machine, the consumption of our PDx contrast agents, because fundamentally we think that's what will drive the strength and balance sheet in our hospitals. So, we watch things like hospital capex spending. How much capital do they have to deploy? And so these are open conversations we have with our customers all the time to ensure that we're having a sensible conversation about what makes sense for our customers in this environment.

Steve Winoker, VP of IR, General Electric: So, ok, onto our most important financial metric at GE free cash flow and free cash flow dollar growth. We spoke at RSNA last year, again, about 85% to 95%, roughly conversion with free cash flow dollars growing in line with profits. So, while you're talking through the financials, can you address how you're thinking about this? Maybe also R&D, how it plays into this? You're confident, confidence in this conversion being the right level and we'll go from there.

Kieran Murphy, CEO, GE Healthcare: So, look for 2020, I'm happy to say we're kind of ahead of our framework as well. We see conversion north of 100% and, you know, we've had real improvement in working capital. I think our payables are up. We've reduced our DSO, we've improved billing and collection, and we've improved the linearity in our business, which is kind of been our goal for quite a long time. And that linearity, of course, naturally leads to better billing, better collections. And so, I think this year we're really very pleased with the way that has performed. And look, I think for 2021 and beyond. We're still in that 85 to 95 percent. We think that's about the standard for the industry. And, you know, we're we need to make investments to keep up with in capital expenditure to ensure that we keep up with demand and businesses like PDx. But notwithstanding that, we use lean to ensure that we're deploying that capital efficiently. And also, of course, we are reducing the complexity of our supply chain and we deploy capital to ensure we make sure we invest in facilities so that, you know, there was one example recently where we were consolidating two facilities into one in the Milwaukee area. And so that's typical of opportunities. We look at how we can deploy capital sensibly to drive efficiency and get the operating margin expansion. But 85 to 95 percent framework is consistent for the future.

Steve Winoker, VP of IR, General Electric: Understood. And you talked about margin expansion. You talked about better free cash flow for 2020. This means you're also talking about changes in how you're doing business, how you're running the business as well. Maybe just talk about a few of these things commercially, organizationally. Tell us a little bit about what's going on in Healthcare that's allowing you to deliver these kinds of numbers this year.

Kieran Murphy, CEO, GE Healthcare: So, look, our efforts at improving the organizational efficiency and the way we do things is this is an extensive effort and of course, it's ongoing. One is never finished this work. But this year, for example, we change the way we structure our organization in the United States and Canada, where we restructured our organization around our customers to ensure that we can make decisions closer to the customer more quickly, once at the same time ensuring that we're driving great commercial execution vertically and deploying all the sales tools to get the right visibility and winning business at our product level. And then, of course, in China, we continue to invest. This is strong market growth market for us overall. We continue to invest in having great frontline expertise, improve visibility of deals, and that has paid off for us time and again. And then in Europe, we we've actually merged the regions of Europe, Middle East and Africa to form one region. And that drives a lot of productivity, as you can imagine, I think, allows us to leverage expertise across the region and a much better way. You know, I'm really very, very happy about the way that's working out. And then at the product level, we've created something called strategic business units

across our Imaging, Ultrasound and Life Care Solutions business. And again, that's to give more ownership to product leaders so that it goes you know, it's absolutely wing-to-wing ownership all the way from product design to the delivery. And this has been a huge transformation and really quite a change in mindset, which I think is going to deliver better productivity, better quality, better product cost and allows us to do the platforming I described earlier and adoption of digital. So, I'm really quite excited about that. That's work that's ongoing now.

Steve Winoker, VP of IR, General Electric: That's great. It leads me to the next point, which is cost out progress. What cost our progress are you making on products and services? What opportunities do you see across the business in terms of cost and cash?

Kieran Murphy, CEO, GE Healthcare: So, I think on G&A we have really made huge progress this year getting cost out of this sort of office space stuff. I guess we got one percentage point improvement over 2019, which was, you know, really important in the context we were in. We continue to look for better variable cost productivity. And as I mentioned, this year, we had a lot of logistics pressure, we had to offset that in terms of just the productivity at factory level and other discretionary cost. And then I think the other areas are getting factory productivity actually through all of the lean techniques that I described earlier. And what we've seen this year is a much better performance in terms of on time delivery and on time install and that, of course, those products, in fact, service productivity and that service productivity has allowed our engineers to pay a lot more attention to customer needs, which has been really quite encouraging. And so, I'm really happy with the momentum that we've built. We've got structure out of the system and our lean techniques continue to sort of drive efficiency right across the business.

Steve Winoker, VP of IR, General Electric: Kieran, one of the questions that people pose and throw to me is about our level of investment in Healthcare. What would you say to those who suggest that Healthcare has been underinvesting for a number of years?

Kieran Murphy, CEO, GE Healthcare: Well, first of all, we're not underinvesting. And I think if you look at the NPIs we're rolling off at RSNA, it's very impressive show. We are investing heavily in digital, which is what we see as being the future of healthcare. And I think if you look at the scale, Steve, of the teams we deployed across the world this year to answer the call on COVID, not many companies can respond like that. And we have the capacity to invest, as you have seen with our investment in Prismatic. And as I said before, the way we were able to license products for our PDx business,

complete those developments and get those products on the market. So, you know, I feel we're well set up here. I think we're really well positioned, to be honest.

Steve Winoker, VP of IR, General Electric: That's good to hear. So, this has been very helpful, Kieran, to close out, what would you summarize? How would you summarize why you believe Healthcare is positioned to win with customers and for shareholders?

Kieran Murphy, CEO, GE Healthcare: Well, look. We are a business with unrivaled scale. We have an amazing install base in 142 countries across the world with 9,000 service engineers out there servicing customers. I think we've shown 2020 that when we really want to do something, we can do it. And we have an awesome team, actually. Again, I would say this year has just shown the depth and the quality of the people we have to get regulatory approval to do ventilators that we developed put forward onto the market in record time. If you look at the AI and machine learning and deep learning that we are applying to technologies now really at the cutting edge of the market, you know, it's extremely exciting that we're in a position to be able to do that. So, we look with great people, we have great technology, we have absolute big scale. And I think if you look at our framework for investors, we're going to continue to really win in a market here that has solid growth prospects for the future. And we continue to improve margins, we continue to improve our cash flow and we have many ways in which we can improve our business. So, I'm really quite excited about the future.

Steve Winoker, VP of IR, General Electric: Kieran, thank you so much for taking the time with us with investors for the day. Appreciate the insight. Best of luck at RSNA and look forward to seeing these new products hit the market.

Kieran Murphy, CEO, GE Healthcare: Thank you very much, Steve.