

GE Growth in China, India & SEA

Steve Schneider
President & CEO,
GE Asia
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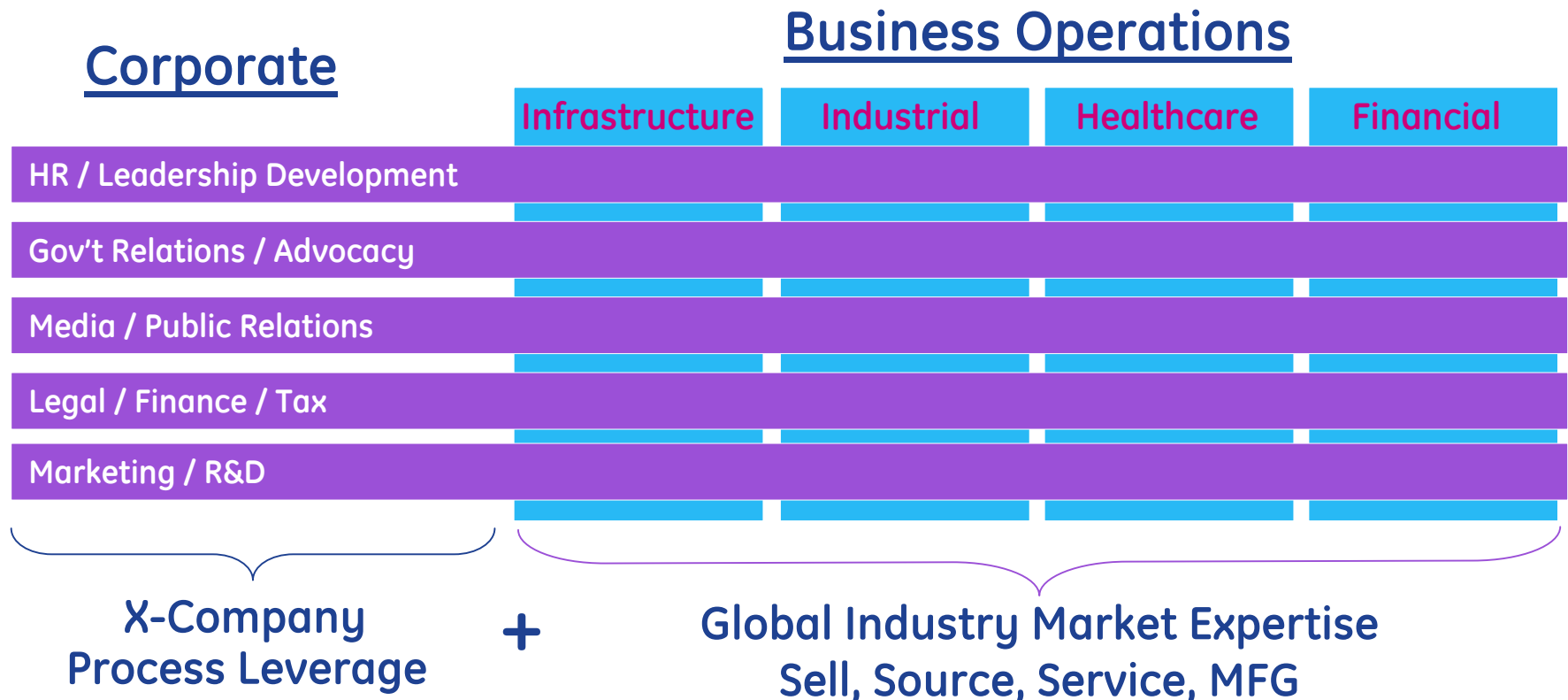
Topics for Discussion

- GE's Approach to Emerging Markets
- Progress & Plans for China, India & SEA

Growth Process...Developing Markets



Company to Emerging Country Approach



Initial Phase

- Initiate Government, Marketing, Human Resources, Legal Process, etc...
- Corp. Resources Initiate and Support Businesses with X-Company Processes

Future Phase

- Business "Self Sufficiency"...Investing in Capability
- Corporate Support and People...Transfers to Business

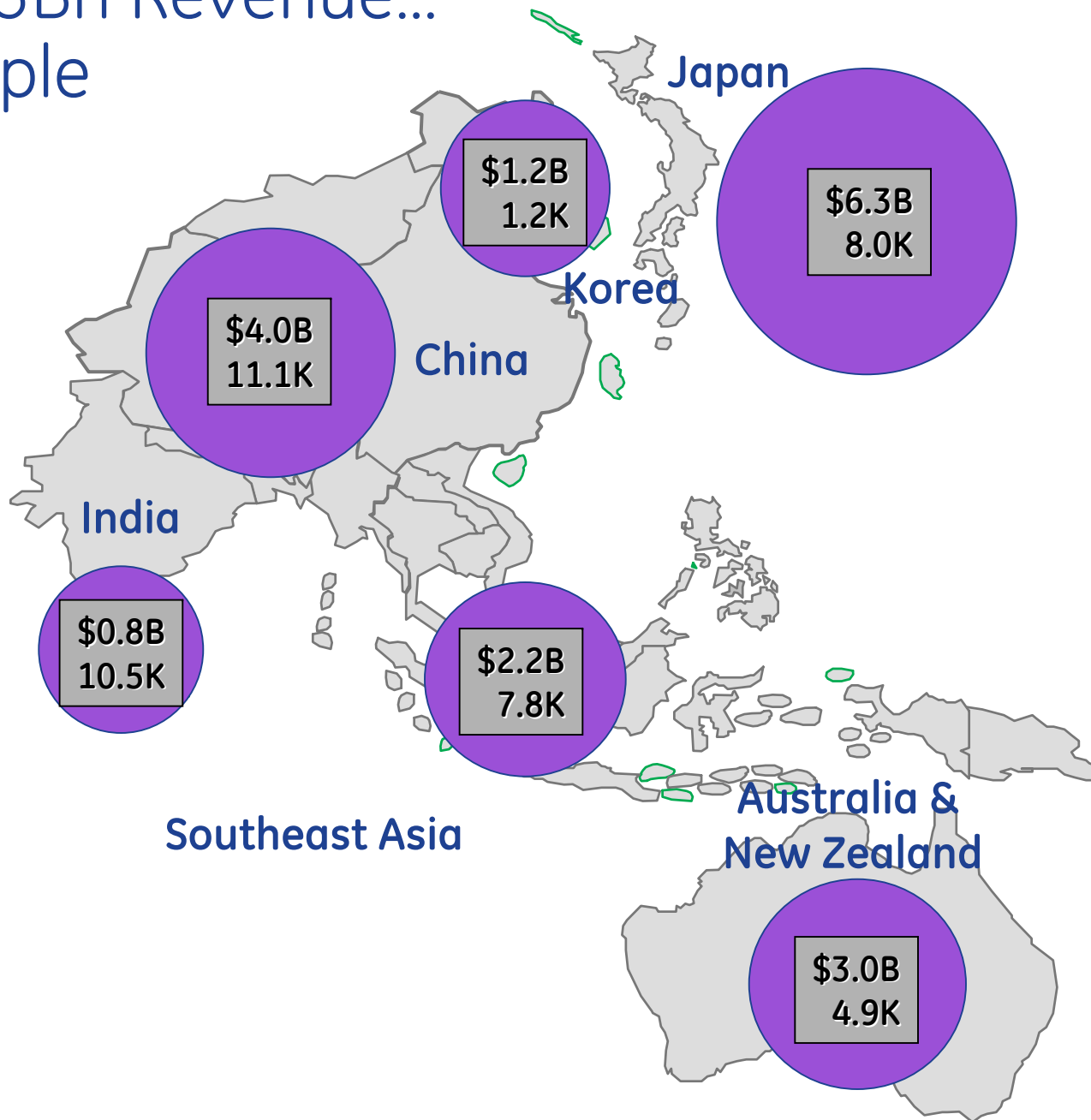


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Focused on Growth, Compliance and People

GE in Asia

2004: \$17.5Bn Revenue...
43,500 People



\$'04 Revenue
Employees

Vision for Asia...Addressing the Challenges

Growth

- \$ 17.5 Bn → \$33 Bn ('04 -'08) ... organic & inorganic
- Redeploy resources to Growth Regions...China, India & SEA
- Cross-Asia Leadership Team ... “One GE approach”

Compliance

- Asia Compliance Council & Session D Process
- One Back Room / Legal Entity ...simplification & controllership
- Global CAS + country auditor resources

People

- Leadership pipeline ... attraction, development and retention
- China Learning Center ... for Asia with satellite centers
- Commercial Expansion... ECLP to India, SEA, ANZ & Korea

Translate “One GE in China” Playbook... to Build “GE in Asia”



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GE in China...



The Country



Official Name:

People's Republic of China

Form of Government:

One-party rule by the Chinese Communist Party

Heads of State:

Hu Jintao (President)

Wen Jiabao (Premier)

Area:

- 9,561,000 sq km

Language:

- Mandarin...7+ main dialects

Regions and Administrations

- 4 special municipalities
- 22 provinces
- 2 special admin. regions
 - (HK & Macao)
 - Taiwan province

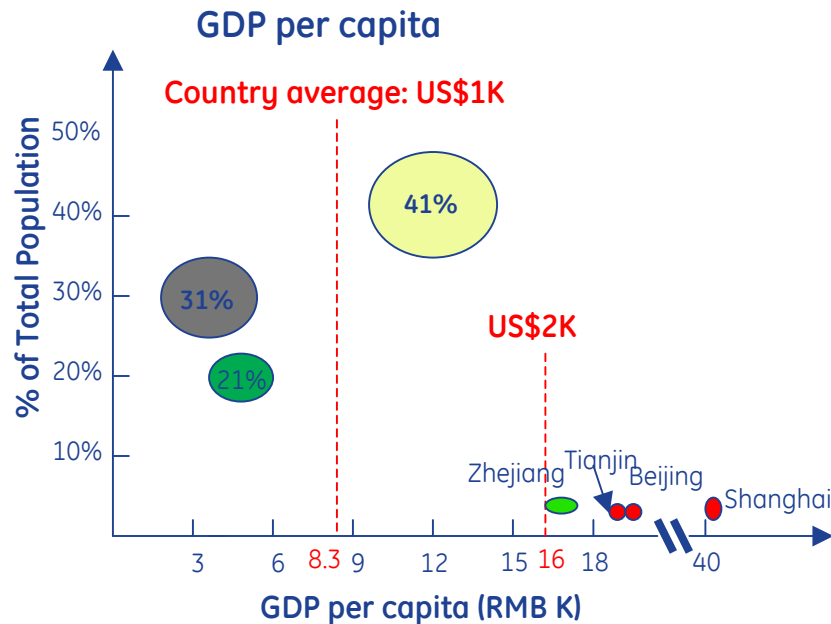
Population:

1.3 billion

Major cities & population

- Chongqing 31 MM
- Beijing (capital) 14 MM
- Shanghai 13 MM
- Chengdu 10 MM
- Tianjin 10 MM

Challenge: Regional Variation... GDP and Per Capita Income



52% of Population...Under	US\$ 1K
41% of Population...Btwn	US\$ 1-2 K
7% of Population...over	US\$ 7K+

64% of GDP comes from the
East & South

Nanjing Road...Puxi, Shanghai

In the late 1980s



Today!!



Financial District... Pudong, Shanghai



Late 1980's

Now



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The Opportunity Macro And GE's Progress to Date

Major Sector Investments..2001-2010

Sector		Investment Focus
<u>Energy</u>	<u>396</u>	
Electrical Power	335	• Increase Capacity: 352 GW by 2010
Oil & Gas	61	• Develop Power Grid
		• West to East Gas Pipeline
<u>Water</u>	<u>66</u>	
Water Supply	30	• Develop 600 Billion tons of water supply
Waste Water Treatment	36	• Urban sewage treatment rate over 70%
<u>Transportation</u>	<u>343</u>	
Urban Rails	108	• 2,555km Urban Rail Development
Airports	12	• 80+ New Airports
Highways	101	• 600,000km Highways
Express Railways (+160km/hr)	84	• 19 new express railways
Electrified Railways	38	• 3,000km (New) and 7,000km (Retrofitted)
<u>Beijing Olympics 2008</u>	<u>37</u>	• Stadiums & other facilities
<u>Expo Shanghai 2010</u>	<u>33</u>	• Venues, city infrastructure & facilities
Total	\$875 Bn	

What China might look like in 2020!

Market Drivers...

- | | |
|-------------|--|
| GDP: | ➤ #2/#3... \$5 Trillion Economy |
| Population | ➤ ~500 Million Middleclass |
| WTO: | ➤ Full Implementation by 2008 |
| Olympics: | ➤ Beijing 2008... \$37 Billion |
| World Expo: | ➤ Shanghai 2010... \$33 Billion |
| Autos: | ➤ #1/#2 Market...16+ Million Cars |
| Energy | ➤ #1 Growth Market... 900 GW |
| Aircraft: | ➤ 4x 2004... 2500 Aircraft... 175 Airports |
| Water: | ➤ 3X the US requirement |

Structural Challenges that need to be dealt with...

- | | |
|---------------------|--|
| ➤ Energy / Water | ➤ Resources and Environment |
| ➤ Healthcare | ➤ Aging Population... 2017: 140 MM over 65 |
| ➤ Financial & Legal | ➤ Unemployment... 100+ Million now! |

Transitioning... Low-Cost MFG to Global Marketer

Investing in Technology,
Sourcing and Leadership Development

China Technology and Learning Center

China Technology Center: GRC



China Technology Center

The Mission:

Recruit top talent and leverage China's R&D base and Expertise. To build world class capability and establish COE's in Materials, Electronics and Manufacturing Technology.

People

- 900 Employees now
- 1000 employees by end of 2005

Facilities

- 37 labs

Technology Focus

- Materials
- Electronics
- Manufacturing Technology

Co-Located Businesses

- Global Research Center
- Advanced Materials
- Consumer & Industrial
- Energy
- Infrastructure
- Transportation
- Consumer Finance

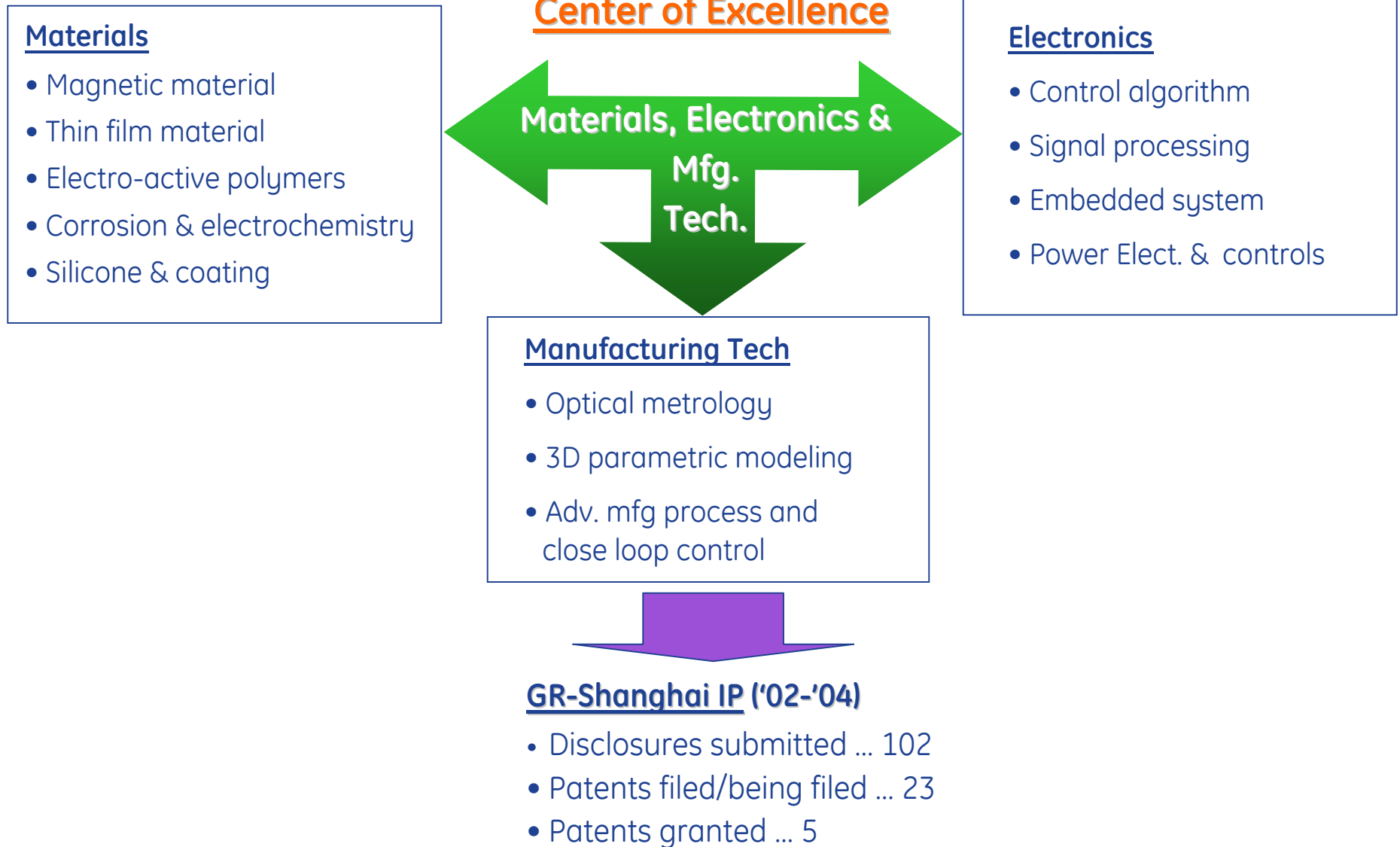
GE China Learning Center

Focused on R&D, Sourcing, Customer and People Development



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Global Research - Shanghai



China / Asia Learning Center

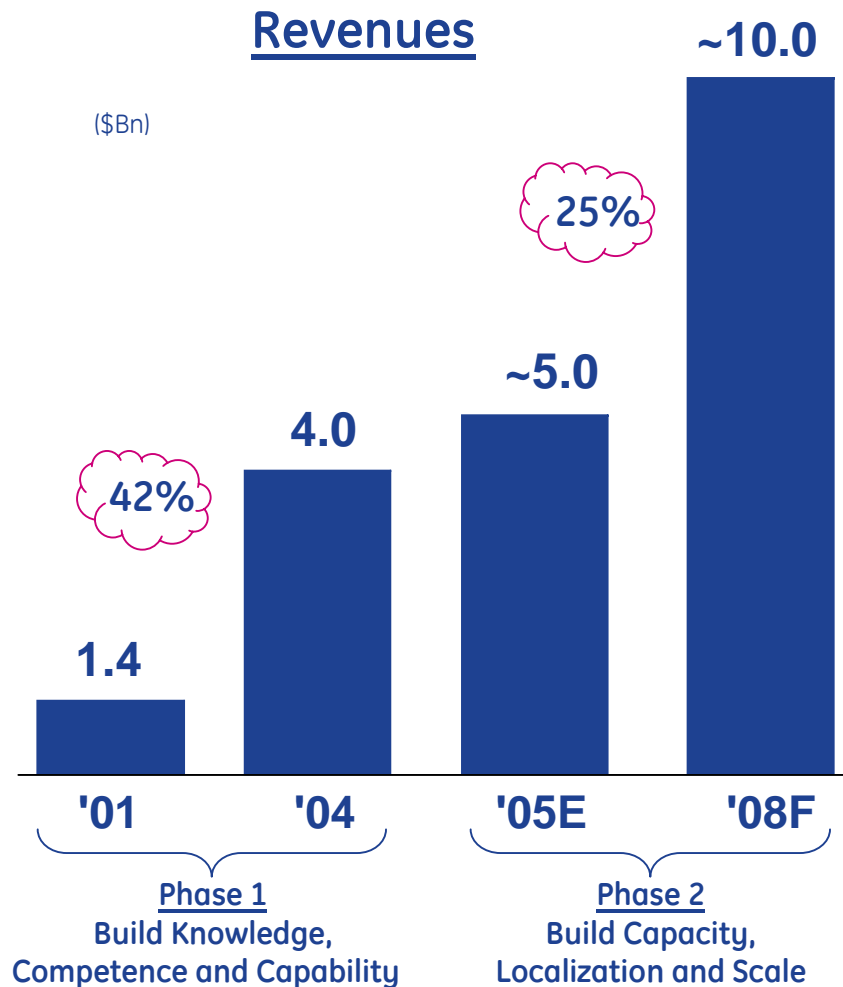


“One GE” in China with “One Growth Process”



Focused on Capability and Capacity...
a Self-Sufficient, Local Feeling and Highly Respected GE in China

China Growth: 2x 2005 to \$10 Bn by 2008...



Infrastructure:

Energy

- Gas Turbine BB1/2 Huge Success
- Ecomagination: Wind & Clean Coal

Transportation

- Qinghai Rail... \$280 MM
- Excellent AE Execution

Water

- Re-Distribution, EHS & Olympics

Industrial:

Plastics & Silicones

- Investing in Capacity and Capability

Consumer & Industrial

- ICFC... Mfg, IEC Localization

Security

- Airports, Ports & Olympics

Healthcare:

- ICFC... Value Line Investments
- Local Manufacturing, Service & R&D

Financial Services

- Building Platform for Growth

GE in India...



The Country



Major cities & population

Mumbai	16 MM	Kolkatta	13 MM
New Delhi	13 MM	Chennai	6 MM
Bangalore	6 MM	Hyderabad	6 MM



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Official Name:

Republic of India

Area:

- 3,287,590 sq km

Form of Government:

Democracy

States & Union Territories

- 28 States
- 7 Union Territories

Heads of State:

President,
Dr.APJ Abdul Kalam

Population: 1.1 billion

Prime Minister,
Dr.Manmohan Singh

National Language:

- Hindi and English (Associated)
- 16 official regional languages
- Over 325 languages in all!

Big Themes for India...

- **100 GW Power Shortage...**
 - Plan To Add 10 GW Per Year
 - Electrification Of 125,000 Villages
- **Transportation...**
 - Air Traffic Growing At 25% CAGR
 - 5 New Airlines... 80 New Airports
 - "Open Skies" Policy Expanded
- **Infrastructure...**
 - Water Shortages In 9 States
 - 2010 Commonwealth Games
- **Consumer Boom Key Driven**
 - Durables, Autos & Homes: Key Focus
 - 200MM Middle Class Households
- **Rapid Industrialization & Urbanization...**
 - Driving Real Estate Demand...
 - 30% Year On Year Growth

What India might look like in 2020!

Market Drivers...

GDP	- #4/#5... \$2+ trillion economy.. growing at 6% pa
Population	- 500 MM middle class
Autos	- # 3/#4... Significant expansion underway
Two Wheelers	- #1/#2... over 10MM two wheeler per annum
Consumer Durables	- #3/#4... spurred by consumerism
Energy	- 3X growth... 200+ GW to be added
Aircraft	- 3-4X growth...~600-800 planes
Transportation	- 4X growth in air traffic, 100 new airports... - 6X growth in freight traffic... metro rail in major cities

Structural Challenges that need to be dealt with...

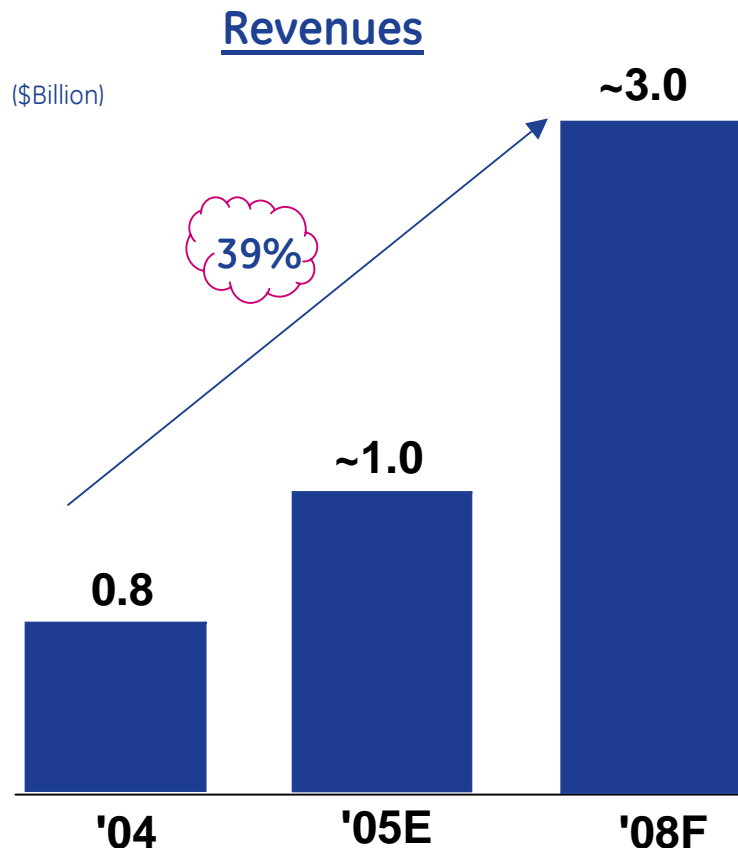
- | | |
|---------------------|---------------------------------|
| ➤ Energy / Water | ➤ Ports, roads, airports, power |
| ➤ Healthcare | ➤ Education |
| ➤ Financial & Legal | ➤ Agricultural reform |



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In Transition... Low-Cost Services to Global Economic Player

India Growth: 4x 2004 to \$3 Bn by 2008



Infrastructure:

Energy

- Shortages and Industrial Expansion
- Reform & Increased Infrastructure

Transportation

- 125 Commercial Planes '05 – '08
- New airports, ports and upgrades

Water

- Desalination & Reverse Osmosis

Industrial

Plastics & Silicones

- Emerging Markets...Auto, Telecom, Rail
- Tooling Investments & Co-Branding

Security

- Ports, Airports and Venues

Financial Services

- Consumer & Real Estate Boom
- \$1 Bn Business By 2008...

South East Asia

The Region



Major cities & population

Jakarta	12 MM	Bangkok	12 MM
Surabaya	13 MM	Kuala L'pur	6 MM
Ho Chi Minh	6 MM	Singapore	4 MM

Indonesia ... democratic ...
\$230B GDP

Thailand ... democratic ...
\$200B GDP

Malaysia ... democratic ...
\$125B GDP

Singapore ... democratic ...
\$100B GDP

Philippines/Vietnam/
Cambodia/Laos/... mixed
gov'ts ... \$100B

Countries

10

Population:

0.5 billion

Affiliation:

Association of SE
Asian countries (ASEAN)

Language/Ethnic/Religious Diversity:

- Each country has 1-4 official languages
- > 1,000 ethnic groups (eg., Javanese, Sudanese, Thai, Malay, Chinese, Indian)
- Muslim, Buddhist, Christian,

Big Themes for SEA...

100 GW Power Shortage...

- Plan To Add 10 GW Per Year
- Significant oil/gas opportunities
- Significant coal reserves good fit for CGCC

Transportation...

- Air Traffic Growing At 20% CAGR
- 5 New Low-Cost Carriers (LCC's) ... 10 New Airports

Infrastructure...

- Water Shortages In Several Countries
- Security awareness extremely high

Consumer Market Growing/Encouraged

- Durables, Autos & Homes
- 100MM Middle Class Households, Growing 10% pa
- Increasing focus on improving healthcare

SE Asia electronic export industry still competitive

- Serving high added value segments, including China

What SEA might look like in 2020!

Market Drivers...

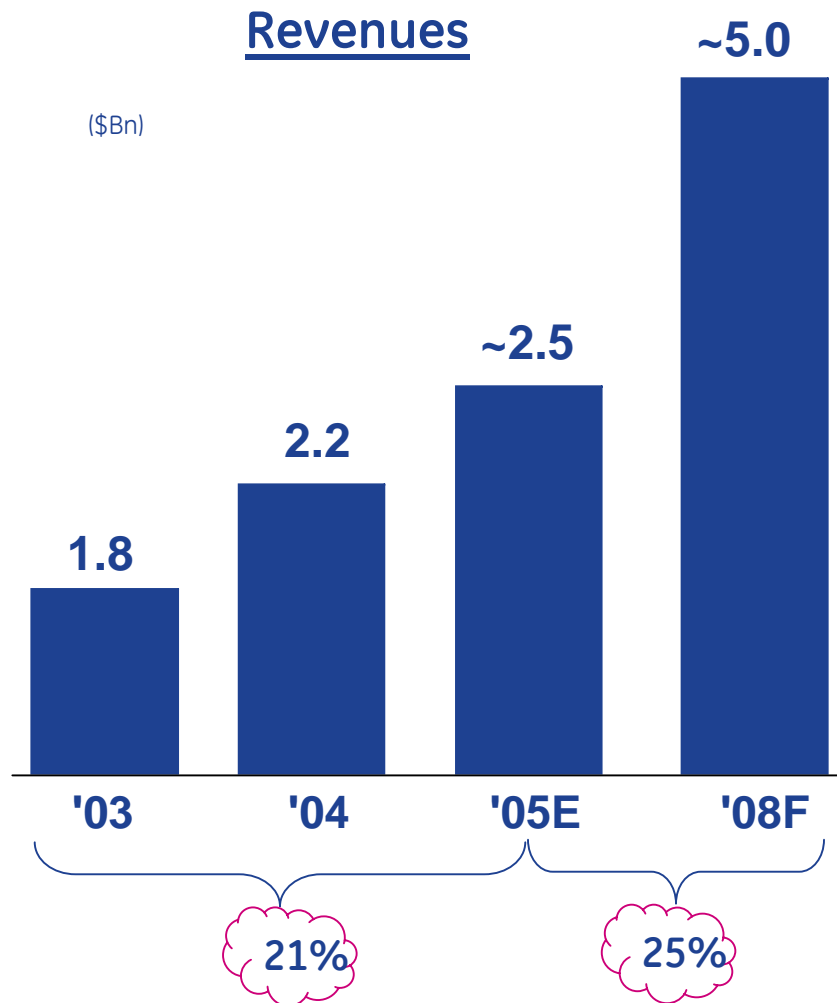
GDP	- \$1.5 trillion economy ... growing at 5-6% pa
Population	- 750 Million...middle class ~ 200 MM
Autos	- Will add 3MM cars a year
Two Wheelers	- >5MM two wheeler per annum
Energy	- 1.5 X global growth...100+ GW to be added
Aircraft	- 3 X global growth...~500 more planes
Transport Infrastructure	- 3 X growth in air traffic, 40 new airports...

Structural Challenges that need to be dealt with...

- Education
- Legal enforcement
- Corporate Governance
- Ports, roads, airports, power, planes
- Financing
- Agricultural reform

In Transition from Low-Cost Mfg to Diversified Economies

SEA Growth: \$5 Billion by 2008...



Infrastructure:

Energy

- Ecomagination: Clean Coal
- New LNG opportunities

Transportation

- Significant replacement programs
- Well-positioned for LCC growth ...

Industrial:

Advanced Materials

- Technology & Application Dev.
- Investing in Capacity and Capability

Water/Security

- Focusing on Shortages/Threats

Healthcare Expansion

- Expanding Commercial Resources

Financial Services

- Building Platforms for Growth
- Consumer Finance Expansion

Our Strategic Growth Imperatives for Asia

-  **1 GE Culture/Reputation...**
 - ✓ Values... Imagine, Build, Solve, Lead
 - ✓ Compliance and Controllershship
 - ✓ Brand... Recognized and Valued
-  **2 Technology/Mfg Growth...**
 - ✓ Build COE Capability
 - ✓ Local NPI's... Fill the Gaps... ICFC
 - ✓ Expand Local Services... Mfg, etc.
-  **3 Commercial Services...**
 - ✓ Drive Direct Model... Resource It
 - ✓ Customer Service, SCM/OTR, etc
 - ✓ Maintenance & Repair... LTA's, CSA's
-  **5 Government / Policy...**
 - ✓ Gov't: Deeper & Broader Relations
 - ✓ Policy: Legal, Labor, Tax, EHS, PR, etc
-  **4 Leadership Development...**
 - ✓ Best Talent Development Globally
 - ✓ "Local" Ldrs... with "Global" Experience



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