



# GE Investor Update

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**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](http://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](http://www.ge.com/investor) and our corporate blog at [www.gereports.com](http://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.

# Today's messages

- **We have strong franchises**
  - Improve: cash, metrics, cost, capital allocation
  - Power is fixable ... 1-2 years
- **2018+ framework ... set for cash + earnings growth**
  - 2018: adjusted EPS \$1.00-1.07<sup>a)</sup>, free cash flow \$6-7B<sup>b)</sup>
- **Capital allocation focused on total shareholder return**
  - Reducing annual dividend to \$.48 per share
- **Simplify + concentrate on GE of the future**
  - End-market strength, GE competitive advantages, premium results/valuation
  - Exit \$20B+ of assets ... + optionality in BHGE

**Strong franchises ... Focus ... Execute**

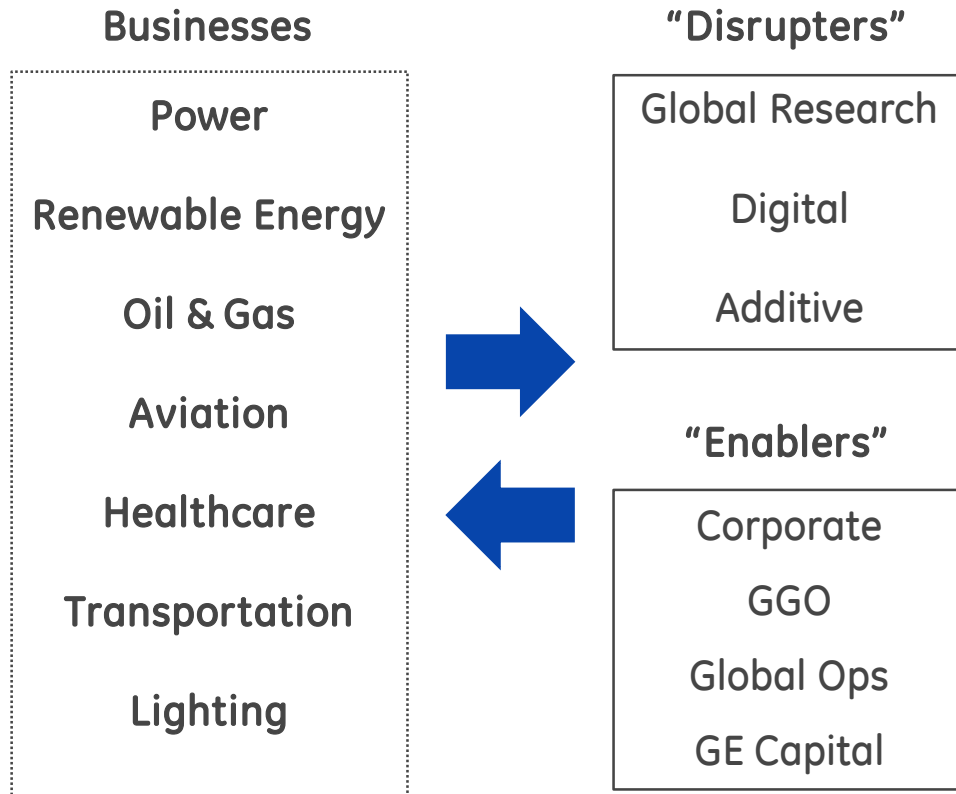


(a)- Adjusted EPS represents continuing EPS ex. gains, restructuring, and non-operating pension

(b)- Industrial FCF = Industrial CFOA ex. deal taxes less gross P&E additions & capitalized software; excludes GE principal pension plan funding

# Business review

## Deep business & Corporate reviews



## Key imperatives

- Granular diagnostic of each GE business
  - Sources of competitive advantage
  - Industry / end-market dynamics
  - Financial profile
  - Value creation opportunity
- Engage employees at all levels ... "boots on the ground" insight
- Feedback from customers & investors
- Determine what makes a "GE" business
  - Financial, operational, strategic characteristics
  - Pressure test GRC, GGO, Digital, Additive, Corporate
  - Businesses in the middle need to prove themselves
- Develop a vision for GE of the future and deliver maximum value for shareholders

Rigorous, in-depth review of all aspects of the company



# Conclusions from company review

“Hardware”

- 1 Fundamentally **strong set of businesses** ... execution is key
- 2 **Portfolio** ... focus on cash generation and returns
- 3 **Capital allocation** discipline ... managing for total shareholder return
- 4 **Refocus Digital on core** capabilities

“Software”

- 5 **Board** changes in process, aligned to GE going forward
- 6 **New leadership team** will position the company for the future
- 7 **Metrics & culture** shift ... candor, rigor, accountability, cash generation
- 8 **Compensation program** that aligns management with investors



# Path to value creation

## 2019F dynamics

- |          |   |  |
|----------|---|--|
| <b>1</b> | <b>Organic revenue growth</b>               | <ul style="list-style-type: none"><li>• Power stabilizes ... services flow, equipment flat</li><li>• Aviation trends continue ... LEAP ramp</li><li>• Healthcare growth continues</li><li>• Transportation starts to rebound</li><li>• Renewables growth (PTC)</li></ul> |
| <b>2</b> | <b>Industrial margin expansion</b>          | <ul style="list-style-type: none"><li>• Structural cost out \$500MM+</li><li>• Volume growth</li><li>• Product cost productivity</li><li>• LEAP continues down cost curve</li></ul>  |
| <b>3</b> | <b>Industrial free cash flow conversion</b> | <ul style="list-style-type: none"><li>• Higher earnings</li><li>• Less restructuring outflows</li><li>• Working capital improvements</li><li>• Lower drag from contract assets</li><li>• P&amp;E spend &lt;1x reinvestment ratio</li></ul>                               |



## Long-term value creation

- ✓ Target 2-4% organic growth, 50+ bps. margin expansion, FCF conversion 90-100%
- ✓ Disciplined capital allocation ... grow dividend as part of balanced capital allocation process
- ✓ Consistent execution + simpler portfolio

# GE of the Future

**Focused Portfolio of Industrial Businesses:**  
Smaller, Simpler, Best-in-Class, Essential for Modern Life



**Power the World**



**Transport People Safely**



**Save Lives**

**Built-for-the-Future Capabilities**

Additive

Digital

R&D

Culture

Industrial domain experience  
+ digital expertise

Global Scale

Reinvigorate culture built on  
125 years of reinvention

**Focused end markets + Competitive strengths = Investor performance**



