

# GE 2016 first quarter performance

Financial results & Company highlights  
April 22, 2016



## 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.
- GE Industrial & Verticals revenues, which is revenue 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.
- Capital ending net investment (ENI), excluding liquidity, which is a measure we use to measure the size of our Capital segment.
- GE Capital Tier 1 Common ratio estimate is a ratio of equity to total risk-weighted assets .

General Electric Capital Corporation (GECC) has been merged into GE 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. Our financial services segment previously referred to as GE Capital is now referred to as 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.

**Imagination at work.**

# 1Q'16 overview

## Environment

- ✓ Slow growth and volatile environment
- ✓ GE Capital exit execution ... filed for SIFI de-designation on March 31<sup>st</sup>

### GE executing well:

- ✓ Industrial operating + Verticals<sup>-a)</sup> EPS \$.21, +5%; Industrial segments include \$(.02) total FX impact
- ✓ Industrial margins<sup>-b)</sup> +30 bps. ex. Alstom
- ✓ Diversified portfolio offsetting a challenging Oil & Gas market
- ✓ CFOA \$7.9B ... \$7.5B Capital dividend
- ✓ Segment digital orders \$1.2B, +29%

<u>Industrial</u>	<u>Reported</u>	<u>Organic</u>
Orders	1%	(7)%
Segment revenue	6%	(1)%
Segment op profit	(7)%	(4)%
Industrial op profit <sup>-b)</sup>	(3)%	0%

## Execution versus goals

### 2016 Goals

### 1Q'16

Grow Industrial profit <sup>-b)</sup>	(3)%	flat organic
Organic revenue growth (2-4%)	(1)%	
Margin expansion ex. Alstom	+30 bps.	
Alstom EPS ~\$.05	\$(.01)	

### Disciplined/balanced capital allocation

CFOA \$30-32B <sup>-c)</sup>	\$7.9B
Capital dividend ~\$18B <sup>-d)</sup>	\$7.5B
FCF + disp. \$28-31B	\$7.1B
Cash to investors ~\$26B	\$8.3B

Portfolio actions \$166B Capital deals signed  
SIFI de-designation filed  
Appliances targeting 2Q close<sup>-d)</sup>  
GE Asset Management signed

**Framework on track**



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

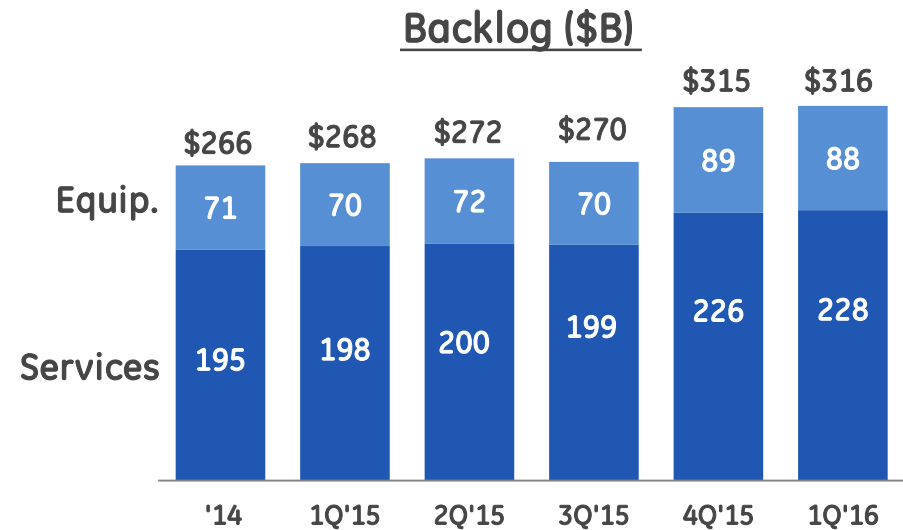
(b- Excluding gains and restructuring & other items

(c- Deal taxes are excluded from CFOA and included in dispositions

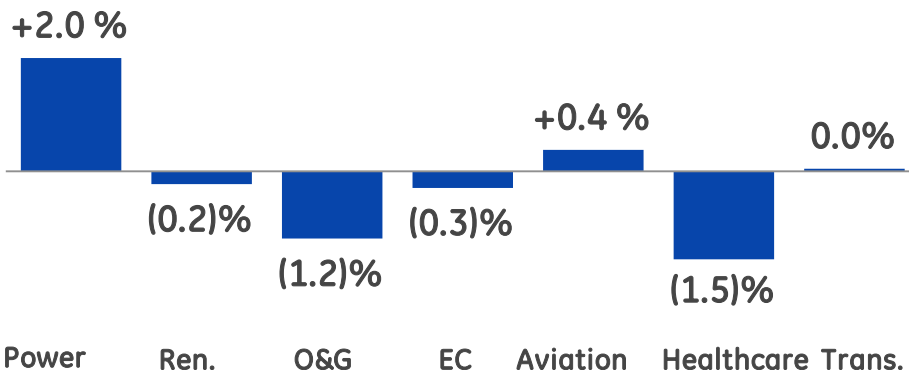
(d- Subject to regulatory approval

# 1Q'16 orders \$23.5B, 1% ... (7)% organic

	Equipment		Services	
	\$	V%	\$	V%
Power	\$1.8	F	\$3.8	53%
Ren. Energy	1.8	F	0.2	80
Oil & Gas	0.7	(70)	1.8	(19)
Energy Conn.	2.0	37	0.6	3
Aviation	2.6	(35)	4.0	13
Healthcare	2.4	3	1.9	(1)
Transportation	0.1	(89)	0.6	(18)
<b>Total</b>	<b>\$11.0</b>	<b>(8)%</b>	<b>\$12.4</b>	<b>12%</b>
<b>Organic</b>		<b>(18)%</b>		<b>4%</b>



## Core orders price 0.0%

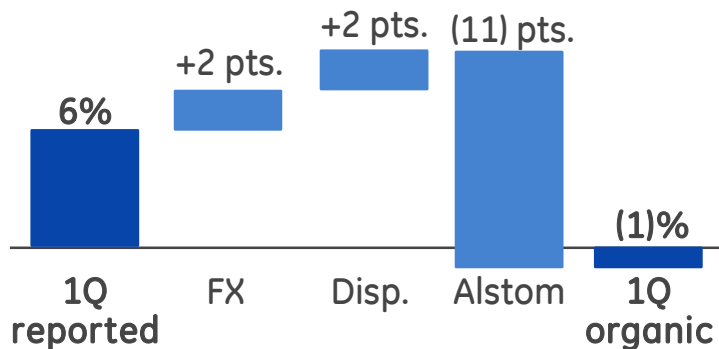


## Highlights

- ✓ Equipment orders (8)% driven by Oil & Gas market & Aviation 1Q'15 comparisons; strong orders in Power driven by the H turbine, Renewable Energy +94% ex. Alstom, Healthcare +6% organically
- ✓ Service orders +12%, +4% organically ... Power Services +17% ex. Alstom, Aviation +13%
- ✓ Alstom orders: Power \$1.5B, Renewable Energy \$0.2B, Grid Solutions \$1.2B
- ✓ Double-digit HCS U.S. equipment orders ... monitoring +20%, ultrasound +16%, CT +26%

# Industrial segment execution

## Revenue growth



- + 1Q volume impacted by gas turbine profile; 1Q'15 Power organic growth was 21%
- + No change to 2-4% organic estimate for the year

## GE Store is a competitive advantage ...

(2016E organic revenue growth)

### "+" or better

Power  
Renewables  
Aviation  
Healthcare

### "-"

Oil & Gas  
Transportation

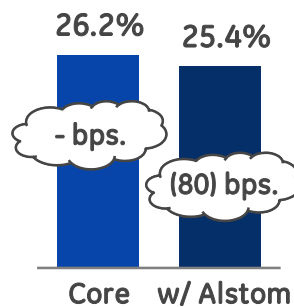
2016 organic revenue +2-4%



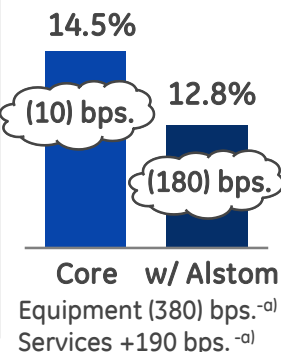
(a- Excluding Alstom

(b- Industrial includes Corporate, excluding gains and restructuring

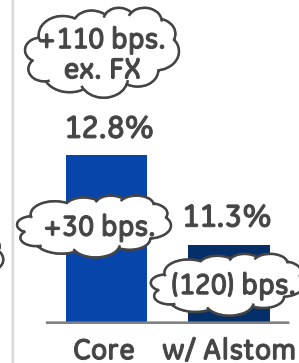
## Segment gross margins



## Segment OP margins



## Industrial<sup>(b)</sup> OP margins



## Segment OP margins

Mix  
Value gap (price/inflation)  
Cost productivity  
Gross Margins<sup>(a)</sup>  
Simplification (SG&A)  
Base inflation/other  
Op Profit Margins<sup>(a)</sup>  
Alstom  
Op Profit Margins

## 1Q

0.3 pts.  
0.1  
(0.4)  
- pts.  
0.2  
(0.3)  
(0.1) pts.  
(1.7)  
(1.8) pts.

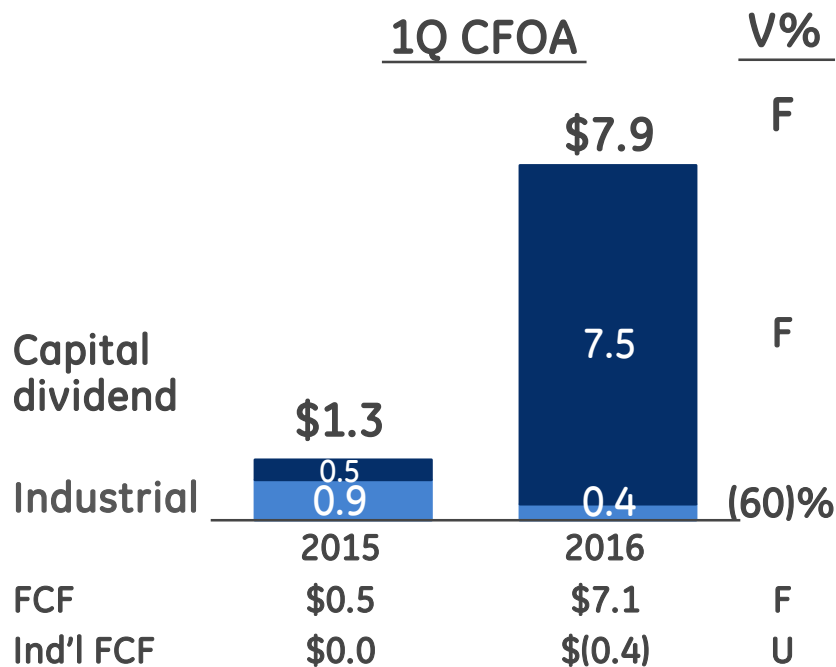
+80 bps. ex. FX

+60 bps. ex. FX

Will fund \$.25 of restructuring & other items in 2016

# Generating cash

(\$ in billions)



- ✓ 1Q Industrial cash flow \$0.4B, (60)% as expected ... impacted by Alstom \$(0.4) and working capital build for 2H shipments
- ✓ Received \$7.5B Capital dividend ... filed for SIFI de-designation on March 31<sup>st</sup>

## GE cash balance walk

	<u>Total</u>
Beginning balance 1/1/16	\$10.4
CFOA	7.9
Dividends	(2.2)
P&E	(0.8)
Acquisitions	-
Buyback	(6.1)
Change in debt/FX/other	0.2
<b>March 2016</b>	<b>\$9.3</b>

**\$8B cash returned to investors ... \$6B in buyback & \$2B in dividends**



# The value of GE

## Value of diversified portfolio

+ Businesses expected to perform better than December outlook

Aviation +/++

Healthcare +/++

Renewables ++

Power ++

- Expecting a tougher Oil & Gas market

Revenue ~(15)-(20)%

Op profit ~(30)%

✓ Will continue to restructure and win in the marketplace

No change to 2016 EPS framework



## Alstom performance

- \$3B orders ... strength in Power \$1.5B with services \$1B; Grid \$1.2B; Renewables \$0.2B
- \$2.8B revenue ... Power \$1.4B, Renewables \$0.3B, Grid \$1.1B
- Segment operating profit \$(20)MM ... impacted by purchase accounting & FX
- Corporate \$(183)MM ... investment in synergies, purchase accounting
- Synergy benefits ~\$100MM ... will ramp up throughout the year
- 1Q EPS of \$(.01) in line with expectations

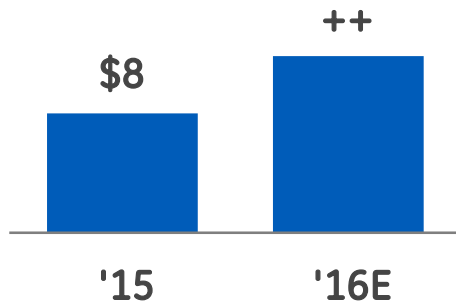
On track for ~\$.05 EPS for the year

# Gas Power Systems overview

(\$ in billions)

## Key metrics

Revenue



Equip. backlog \$8 ++

## Market update

- H-Class fastest growing segment
- North America & Asia strong
- Middle East & Africa mixed
- ↑ Argentina & Mexico opportunities

## Business imperatives

- 1 Utility/Industrial ... heavy-duty gas**
    - + Performance ... HA output & efficiency
    - = Execution ... 8X factory output vs. '15
  - 2 Fast Power ... Aero engines**
    - + Speed ... Power to grid in ~3 months
    - = Timing ... "lumpy" demand
  - 3 Extended Scope ... Alstom synergy**
    - + Technology ... Steam tail performance
    - = Convertibility ... '16 orders = '17 revenue
- 115+ heavy-duty shipments ... 1H ~40, 2H ~75**

Delivering better customer outcomes & shareholder value





# HA platform launch on-track

## 2016 Program overview

- ✓ ~24 unit shipments
- ✓ ~\$2B revenue
- ✓ TY margin positive
- ✓ Margin dilutive vs. '15
- ✓ 2 models fully validated

## Orders backlog

**35**

Gas turbines

**16**

Steam turbines

**39**

Generators

**17**

HRSGs



## Differentiated technology



- Record output: 432MW simple cycle & 603MW plant



- Flawless validation: zero fault testing (7HA.02)

## World-class execution



- Fulfillment on-track: 4 shipments with 20+ to go



- Integrated solutions ... GE/Alstom power island



# Driving product cost-out

## Make vs. buy: 3D Airfoils

Latest HA designs vertically integrated 3D technology

From **5-57%** insourced

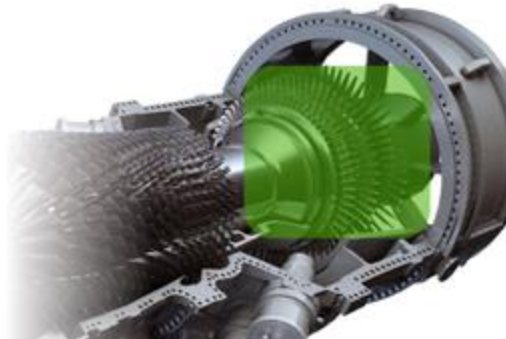


Increased capability drives **\$12MM+** annual cost out

## Design: Rotor Material

High-temp materials technology for F-Class fleet (GE + Alstom)

**70%** less expensive material



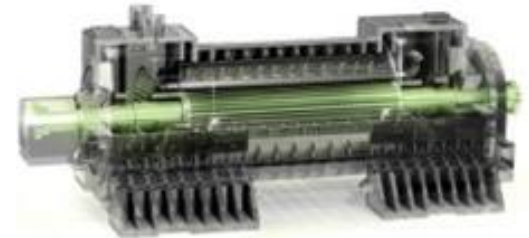
**\$300-900K** per unit savings + services

**\$30MM+** lower cost on 2017 volume

## In Source: Generators

Utilize existing Alstom air-cooled technology

**50%** more GE volume

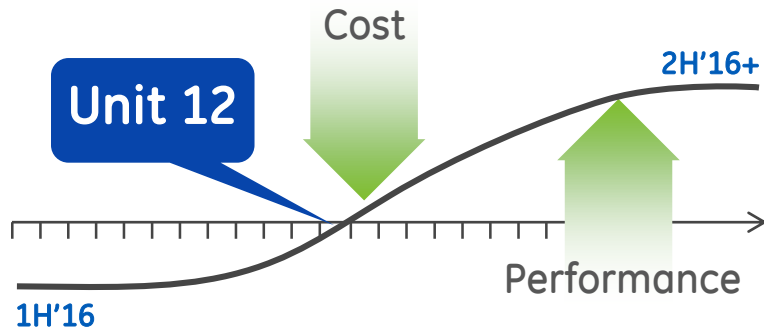


**\$25MM+** margin from cost out & capacity utilization

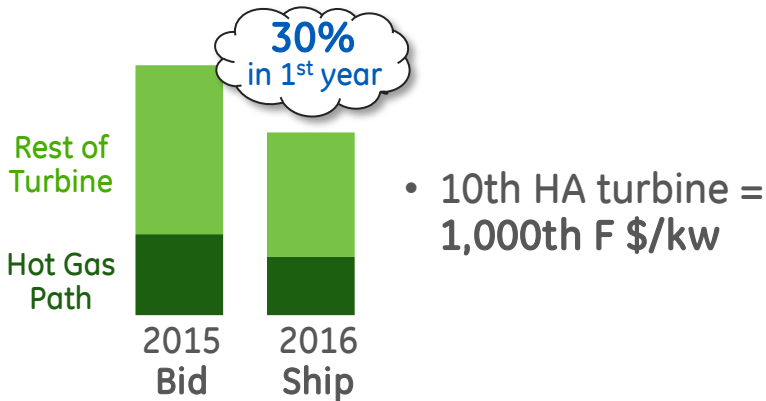


# Delivering accelerated HA returns

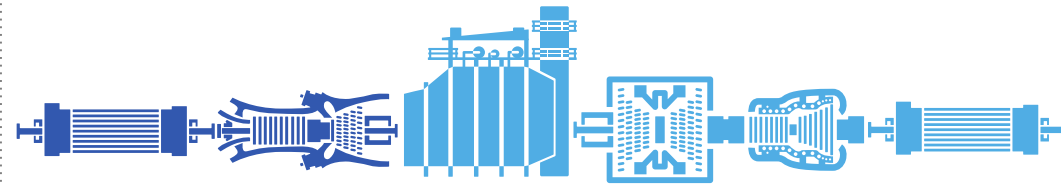
## 2016 Margin profile



## Cost-out actions



## Expanded scope opportunity



A

**TVA**

2014

20% scope

2 GT/GEN

**\$178/kw**

A + B



**PSEG**

2016

60% scope

1 GT/1 GEN  
1 ST/1 HRSG

+0.3 pt efficiency = \$5MM value

Order \$/kw

**\$389/kw**

↑2.2x

Delivering higher \$ value @ same MW sold



# Integrated digital ecosystem



## e-Design Models

- Enables digital twin
- Lower cycle time



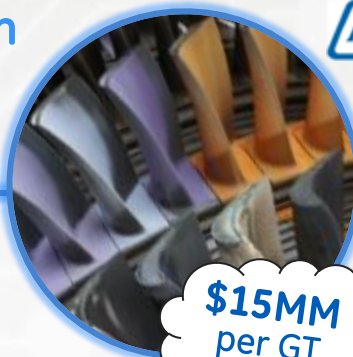
**\$12MM**  
per GT

## Advanced Manufacturing

- New design spaces
- Tighter tolerances

## Design Validation

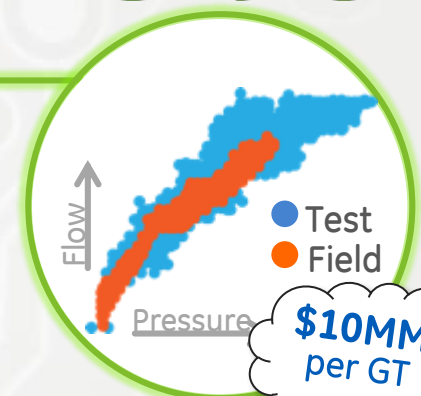
- Innovation speed
- ↑ Reliability



**\$15MM**  
per GT

## Robust testing

- 7,000+ data streams
- >500 TBs of data



## Performance Mapping

- Services upgrades
- Higher plant output

Continuous innovation delivering differentiated performance ... \$35MM+ per GT



# 1Q'16 consolidated results

(\$ in billions – except EPS)

(\$ in millions)

	<u>1Q'16</u>	<u>V%</u>		<u>Revenues</u>		<u>Op profit</u>		
				<u>\$</u>	<u>V%</u>	<u>\$</u>	<u>V%</u>	<u>ex. Alstom</u>
Revenues	\$27.8	6%						
– Industrial	25.0	7	Power	\$5,204	13%	\$573	(24)%	(28)%
– Verticals <sup>-a)</sup>	2.6	3	Renewable Energy	1,669	62	83	46	60%
– Other Capital <sup>-b)</sup>	0.2	(21)	Oil & Gas	3,314	(18)	308	(37)	
Industrial + Verticals EPS	.21	5	Energy Connections	2,260	34	(85)	U	U
Operating EPS	.06	F	Aviation	6,262	10	1,524	16	
Continuing EPS	.02	F	Healthcare	4,183	3	631	7	
Net EPS	(.01)	F	Transportation	981	(25)	164	(27)	
CFOA YTD	7.9	F	Appliances & Lighting	1,996	3	115	13	
– Industrial CFOA	0.4	(60)	Industrial Segments	25,869	6/(1) <small>Organic</small>	3,314	(7)/(4) <small>Organic</small>	(6)%
	<u>1Q'16</u>	<u>1Q'15</u>	Corporate <sup>ex. gains/restructuring</sup>	(968)	2	(431)	25	
Consolidated tax rate	(58)%	U	Industrial <sup>ex. gain/restructuring</sup>	\$24,901	7%	\$2,883	(3)/0% <small>Organic</small>	
– GE (ex. GE Capital)	17	23						
– GE Capital	36	U						

<u>Industrial + Verticals EPS</u>	<u>1Q'16</u>	<u>V%</u>	<u>Adj. V%<sup>-c)</sup></u>
Industrial operating	\$ .15	(6)%	5%
Capital Verticals <sup>-a)</sup>	.05	67%	67%
	<u>\$ .21</u>	<u>5%</u>	<u>14%</u>



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

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

(c)- Excluding Industrial gains and restructuring & other items

# 1Q'16 Industrial other items

	<u>EPS</u>	
Restructuring & other items	\$ (.05)	✓ \$(686)MM pre-tax, \$(483)MM after-tax at Corporate including Alstom deal costs & purchase accounting items of \$(164)MM pre-tax
Gains	\$-	✓ \$59MM pre-tax, \$38MM after-tax at Corporate related to the sale of 30 Rock floors

<u>Summary</u>	<u>1Q</u>	<u>2QE</u>	<u>2HE</u>	<u>2016E</u>
Restructuring & other items	\$ (.05)	~\$ (.11)	~\$ (.09)	~\$ (.25)
Gains & settlements <sup>-a)</sup>	<u>\$-</u>	<u>~\$ .20</u>	<u>~\$ .05</u>	<u>~\$ .25</u>
Total	\$ (.05)	~\$ .09	~\$ (.04)	~\$-

Gains = restructuring for the year but quarterly variability in timing



# Industrial segments

(\$ in millions)

## Power

<u>1Q'16</u>	<u>\$</u>	<u>V%</u>	<u>V%</u> ex. Alstom
Revenues	\$5,204	13%	(18)%
Segment profit	\$573	(24)%	(28)%
Op profit %	11.0%	(5.4) pts.	(2.0) pts.

### 1Q dynamics

- \$5.6B orders, +66% ... core equipment +57% driven by GPS +2x with 25 GTs including 6 U.S. HA units; core services +11%
- Revenue ... core equipment (48)% driven by GPS (47)% on 26 less GT shipments; core services +5% driven by Power Services +7%
- Segment profit (28)% excluding Alstom driven by lower gas turbine volume and \$(48) total FX

## Renewable Energy

<u>1Q'16</u>	<u>\$</u>	<u>V%</u>	<u>V%</u> ex. Alstom
Revenues	\$1,669	62%	34%
Segment profit	\$83	46%	60%
Op profit %	5.0%	(0.5) pts.	1.1 pts.

### 1Q dynamics

- \$2.0B orders, +110% ... core +86% on higher wind units, +335 from prior year driven by higher U.S. volume; Alstom orders \$0.2B
- Revenue ... core +34% driven by higher wind turbine shipments and mix shift to larger MW units
- Segment profit +60% excluding Alstom primarily driven by higher volume

Power impacted by quarterly gas turbine profile; strong Renewables performance



# Industrial segments

(\$ in millions)

## Aviation

<u>1Q'16</u>	<u>\$</u>	<u>V%</u>
Revenues	\$6,262	10%
Segment profit	\$1,524	16%
Op profit %	24.3%	1.1 pts.

### 1Q dynamics

- \$6.6B orders, (12)% ... equipment (35)% on fewer commercial engines; services +13% with spares +2% ... \$153B backlog, +9% VPY
- Revenue ... equipment +2% driven by Military +8% partially offset by Commercial (4)%; services +17%
- Segment profit +16% on higher service volume and cost productivity ... margins +110 bps.

**Strong execution**



## Oil & Gas

<u>1Q'16</u>	<u>\$</u>	<u>V%</u>
Revenues	\$3,314	(18)%
Segment profit	\$308	(37)%
Op profit %	9.3%	(2.8) pts.

### 1Q dynamics

- \$2.4B orders, (44)% with pressure across all segments ... D&S (74)%, TMS (48)%, Surface (37)%, DTS (18)%, Digital Solutions (5)%
- Revenue (18)% ... Surface (41)%, Subsea & Drilling (28)%, TMS (10)%, DS (10)%, DTS +3%
- Segment profit margin (280) bps. as cost-out actions were more than offset by volume decline; total FX headwind of \$(95)MM

**Market pressure continues**



# Industrial segments

(\$ in millions)

## Healthcare

<u>1Q'16</u>	<u>\$</u>	<u>V%</u>
Revenues	\$4,183	3%
Segment profit	\$631	7%
Op profit %	15.1%	0.7 pts.

### 1Q dynamics

- \$4.2B orders, +1%, +5% organically ... U.S. +3%, Europe (3)% and +4% organically, China +11% and +14% organically
- Revenue +3%, +6% organically with HCS +4% and Life Sciences +13%
- Segment profit +7% reported, +10% organic driven by strong volume growth and cost productivity ... margins +70 bps.

## Transportation

<u>1Q'16</u>	<u>\$</u>	<u>V%</u>
Revenues	\$981	(25)%
Segment profit	\$164	(27)%
Op profit %	16.7%	(0.5) pts.

### 1Q dynamics

- \$0.7B orders, (56)% with equipment (89)% driven by locomotives; service orders (3)% organically
- Revenue (25)%, (20)% organically with equipment (41)% on lower locomotive deliveries, services flat organically
- Segment profit (27)% driven by lower locomotive volume

- ✓ Healthcare ... strong volume & cost productivity
- ✓ Transportation ... challenging market



# Industrial segments

(\$ in millions)

## Energy Connections

<u>1Q'16</u>	<u>\$</u>	<u>V%</u>	<u>V%</u> Organic
Revenues	\$2,260	34%	(6)%
Segment profit	\$(85)	U	U
Op profit %	(3.8)%	(5.5) pts.	(4.3) pts.

### 1Q dynamics

- \$2.7B orders, +27% ... Alstom \$1.2B; core (13)% organically with Power Conversion (20)% on softer oil & gas and Industrial Solutions (7)%
- Revenue +34%, (6)% organically with Power Conversion (5)%, Industrial Solutions (7)%
- Segment profit of \$(85)MM with core \$(47)MM driven by lower volume, digital investment, and disposition impacts

## Appliances & Lighting

<u>1Q'16</u>	<u>\$</u>	<u>V%</u>
Revenues	\$1,996	3%
Segment profit	\$115	13%
Op profit %	5.8%	0.5 pts.

### 1Q dynamics

- Appliances revenue +8% ... industry strength and favorable product mix offset by price
- Lighting revenue (9)% with LED +19% and traditional (23)% ... LED 39% of total revenues
- Segment profit +13% driven by strong deflation & cost productivity; margins +50 bps.

- ✓ Energy Connections ... expect better 2Q performance
- ✓ Appliances targeting 2Q close<sup>a)</sup>



# GE Capital

(\$ in millions)

## 1Q'16 performance

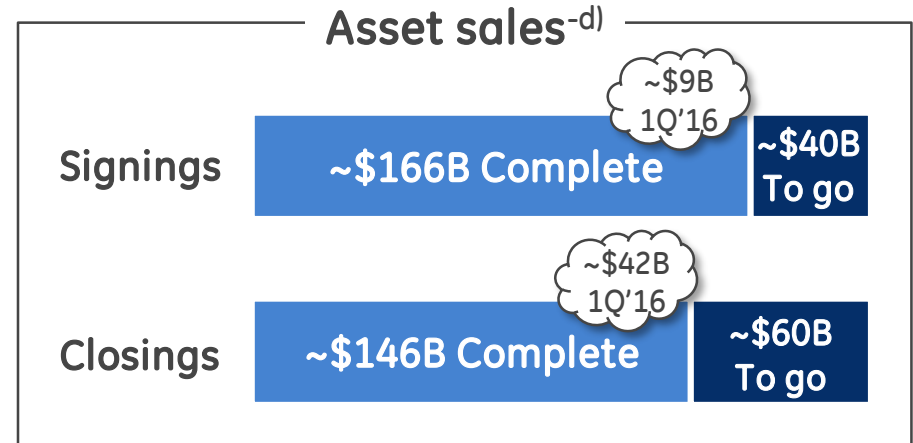
### Earnings

Verticals <sup>-a)</sup>	\$496
Other Continuing	(1,389)
<b>Capital</b>	<b>\$(893)</b>
Disc. Ops.	(308)
<b>GE Capital</b>	<b>\$(1,201)</b>

- \$81B of ENI ex. liq. ... \$127B incl. Disc. Ops.
- \$106B of liquidity<sup>-b)</sup> ... CP constant at \$5B
- Basel 3 T1C<sup>-c)</sup> at 14.5%, flat VPQ after \$7.5B dividend in the quarter

## GE Capital update

### Asset sales<sup>-d)</sup>



- ✓ Other Continuing includes excess interest expense, preferreds, hybrid tender, restructuring, opex
- ✓ Returned \$7.5B of capital in 1Q'16, targeting ~\$18B in 2016 ... on track for \$35B<sup>-e)</sup>
- ✓ Applied for SIFI de-designation on March 31<sup>st</sup>

**Capital transformation ~80% complete ... continuing strong momentum in 2016**



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

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

(c- Basel 3 Tier 1 Common ratio estimated based on U.S. standardized transitional basis

(d- ENI ex liquidity as of 4Q'14

(e- Subject to regulatory approval

Note: Individual amounts are rounded. As a result, the sum of the parts presented may not add to the total

# 2016 operating framework

- |  |                                 |  |
|--|---------------------------------|--|
| <b>1</b> Operating EPS <sup>-a)</sup>  | \$1.45-1.55                     | <ul style="list-style-type: none"><li>• Organic growth of 2-4%</li><li>• Core margin expansion</li><li>• O&amp;G ↓ ~30% offset by Aviation, Healthcare, Renewables, Power</li><li>• Corporate @ \$2.0-2.2B</li><li>• Alstom ~\$.05; Appliances gain ~\$.20<sup>-c)</sup></li><li>• Restructuring = gains</li><li>• Total FX impact ~\$(.02) at today's rates</li></ul> |
| <b>2</b> Free cash flow + dispositions | <del>\$28-31B</del><br>\$29-32B | <ul style="list-style-type: none"><li>• CFOA of \$30-32B<sup>-b)</sup>; ~\$18B Capital dividend<sup>-c)</sup> <b>\$3-4B<sup>-b)</sup></b></li><li>• Dispositions of <del>\$2-3B<sup>-b)</sup></del></li><li>• Net P&amp;E of ~\$4B</li></ul>   |
| <b>3</b> Cash returned to investors    | ~\$26B                          | <ul style="list-style-type: none"><li>• Dividend of ~\$8B</li><li>• Buyback of ~\$18B</li></ul>  |



(a- Industrial + Verticals  
(b- Deal taxes are excluded from CFOA and included in dispositions  
(c- Subject to regulatory approval

