

GE 2017 third quarter performance

Financial results & Company highlights
October 20, 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.

Summary of company review

- 1 Exhaustive review ... driving sweeping change ... more to come
 - 2 Strong franchises ... clear ways to improve performance ... “self help”
 - Power challenging
 - Broad strength in multiple segments
 - 3 Simplify and focus portfolio
 - 4 GE: Platform for value creation
- Culture
 - Team
 - Board
 - Analytics
 - Metrics
 - Capital Allocation
 - Process
 - Accountability
 - Compensation
 - Substantial opportunity to grow cash earnings and margins
 - Targeting \$2B+ cost out ... small Corporate + right-size businesses for market
 - Disciplined capital allocation – R&D, P&E, working capital
 - Targeting \$20B+ of exits in 1-2 years
 - Management bandwidth
 - Markets/ competitive position
 - Potential further optionality in other assets
 - Focused portfolio optimized for cash & performance
 - Leadership franchises ... technology & scale
 - Digital & Additive drive upside

“Back to basics” + portfolio strength/optionality



3Q'17 overview

- ✓ Industrial operating + Verticals EPS \$.29, (9)%
- ✓ Orders +11%, flat organically ... strength in most segments offset by Power
- ✓ Industrial segment revenue (1)% organically ... ex. Power & Oil & Gas +2%
- ✓ Industrial op profit (7)% driven by Power & Oil & Gas ... other segments +23%
- ✓ Industrial margins (220) bps. driven by Power & O&G... other segments +250 bps.
- ✓ Cost out ahead of plan ... \$500MM in the quarter and \$1.2B year-to-date
- ✓ Industrial CFOA^(a) \$1.7B ... \$2.1B with Oil & Gas on a BHGE dividend basis

Good quarter for most segments ... Power and Oil & Gas headwinds



3Q'17 top line performance

(\$ in billions)

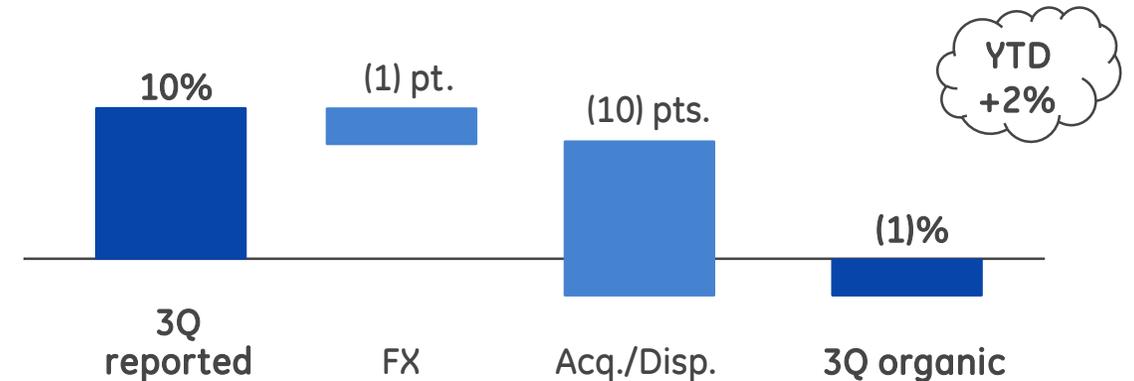
Orders \$29.8B, +11%

	Equipment		Services	
	\$	V%	\$	V%
Power	\$3.9	(32)%	\$4.4	1%
Renewable Energy	2.2	(6)	0.7	22
Oil & Gas	2.3	F	3.4	F
Aviation	2.2	8	4.6	13
Healthcare	3.1	8	2.0	3
Transportation	0.2	F	0.8	44
Lighting	0.2	(37)	0.0	F
Total	\$13.9	-%	\$15.9	22%
Organic		(10)%		10%

- ✓ Equipment (10)% organically driven by decline in Power on lower gas and steam orders offset by improving Oil & Gas, Aviation, Transportation, and Healthcare
- ✓ Services +10% organically with broad-based strength
- ✓ Digital orders +50% with 20%+ growth in Power, Transportation, Oil & Gas, and Renewables
- ✓ Backlog \$328B, +\$1B versus 2Q driven by services



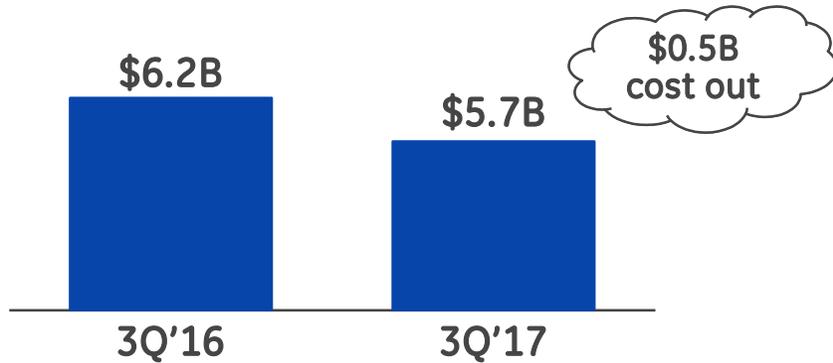
Revenue (Industrial segments)



- ✓ Equipment (9)% organic with fewer units shipped driven by gas turbines, aeros, commercial engines and locomotives
- ✓ Services +8% organic driven primarily by strong Renewables repower activity, 21% Aviation spares rate growth and Transportation parts
- ✓ 3Q YTD +2% organic with Power +4%, Renewables +8%, Aviation +5% and Healthcare +4%
- ✓ Acquisition impact (10) pts. primarily driven by Baker Hughes

Industrial cost and margins

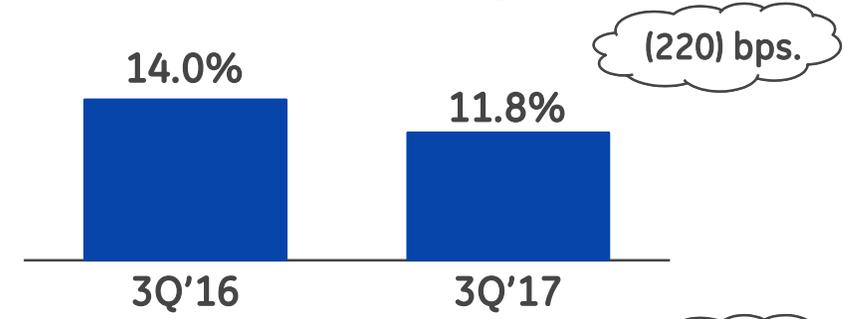
Structural cost^{-a)}



- ✓ \$1.2B structural cost out year-to-date, with strong performance in the segments (\$0.9B) and Corporate (\$0.3B)
- ✓ \$0.5B cost out in 3Q driven by restructuring benefits and other cost out, partially offset by Digital spend and wage inflation

Margin performance

Industrial op profit margins^{-b)}



- | Segment | 3Q'16 (%) | 3Q'17 (%) | Change (bps) |
|---------|-----------|-----------|--------------|
| Ex. O&G | 14.3% | 13.4% | (90) |
- ✓ Margin pressure driven by Power (700) bps. and Oil & Gas (760) bps.
 - ✓ All other segments expanding margins ... combined +250 bps. including Corporate

Executing well on structural cost out ... expect more in 2018



(a)- Excludes non-operating pension, gains and restructuring & other; excludes impact from business development actions

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

Cash

(\$ in billions)

CFOA summary

	3Q'17	V\$	3Q'17 YTD	V\$
GE CFOA	\$0.5	\$(7.1)	\$4.1	\$(14.3)
Less: Capital dividend	-	(5.1)	4.0	(12.0)
Less: DT & pension	(1.3)	(0.9)	(1.5)	(0.5)
Industrial CFOA ^(a)	\$1.7	\$(1.2)	\$1.6	\$(1.8)
Less: O&G 3Q CFOA	(0.2)		(0.2)	
Plus: BHGE dividend	0.1		0.1	
Adj. Industrial CFOA ^(a)	\$2.1	\$(0.8)	\$1.9	\$(1.4)

3Q Industrial cash dynamics

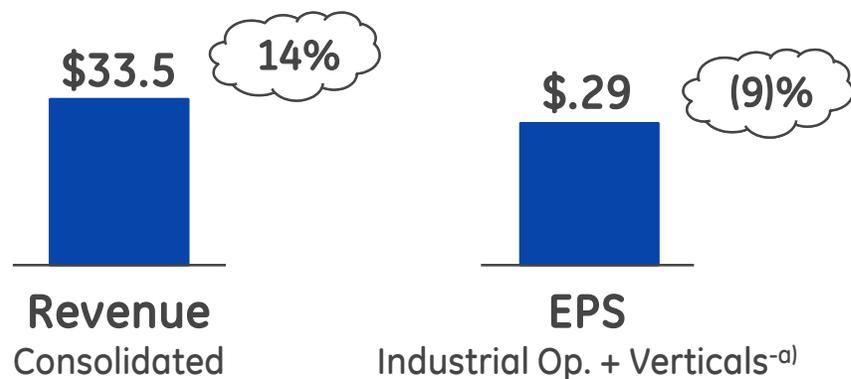
- ✓ 3Q CFOA \$1.7B ex. deal taxes & pension ... \$2.1B with Oil & Gas on a BHGE dividend basis; no GE Capital dividend
- ✓ Working capital \$(1.3)B ... inventory \$(0.8)B, AR \$(0.2)B, progress collections \$(0.2)B, payables flat
- ✓ Contract assets \$(0.8)B ... CSAs \$(0.5)B, \$(0.3)B equipment deferred growth
- ✓ Other operating cash flow \$1.3B driven by non-cash expenses and a \$0.5B correction between investing & operating cash flows for the first half
- ✓ 3Q CFOA \$(1.2)B versus prior year with working capital \$(1.2)B and contract assets \$(0.7)B partially offset by other operating cash flows
- ✓ Ending cash balance \$12.8B including BHGE \$4.8B

Power cash performance below expectations ... rest of segments in line



3Q'17 consolidated results

(\$ in billions – except EPS)



- ✓ Revenue \$33.5B, 14% with Industrial \$31.1B, 17%, Capital \$2.4B, (8)% ... Industrial Segments organic revenue (1)%, +2% year-to-date
- ✓ EPS ... Industrial + Verticals \$.29, (9)%, operating \$.26, (4)%, continuing \$.22, (4)%, net \$.21, (5)%
- ✓ GE tax rate (4)% vs. 11% in 3Q'16

(\$ in millions)

	Revenue		Op profit	
	\$	V%	\$	V%
Power	\$8,679	(4)%	\$611	(51)%
Renewable Energy	2,905	5	257	27
Oil & Gas ^{-b)}	5,365	81	231	(35)
Aviation	6,816	8	1,680	12
Healthcare	4,724	5	820	14
Transportation	1,074	(14)	276	(11)
Lighting	483	(16)	23	F
Industrial Segments	\$30,046	10%	\$3,897	(10)%
Corporate ^{-c)}	(869)	1	(396)	26
Industrial ^{-c)}	\$29,177	10%	\$3,501	(7)%
Capital Verticals ^{-a)}	\$2,386	(4)%	\$299	(36)%

<u>Industrial + Verticals EPS</u>	<u>3Q'17</u>	<u>V%</u>
Industrial operating	\$.26	(4)%
Capital Verticals ^{-a)}	.03	(40)%
Industrial + Verticals EPS	\$.29	(9)%



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

(b- Oil & Gas segment operating profit including restructuring & other charges was \$(36)MM

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

3Q'17 Industrial other items

	<u>EPS</u>	
Restructuring & other items	\$(.08)	<ul style="list-style-type: none"> • \$(0.8)B pre-tax, \$(0.5)B after-tax at Corporate • \$(0.3)B pre-tax, \$(0.2)B after-tax in Oil & Gas segment
Power Conversion goodwill impairment	\$(.11)	<ul style="list-style-type: none"> • \$(0.9)B pre-tax, \$(0.9)B after-tax at Corporate
Power plant impairment	\$(.02)	<ul style="list-style-type: none"> • \$(0.3)B pre-tax, \$(0.2)B after-tax at Corporate
Water disposition gain	\$.21	<ul style="list-style-type: none"> • \$1.9B pre-tax, \$1.9B after-tax at Corporate
	<u>\$-</u>	

	<u>1Q</u>	<u>2Q</u>	<u>3Q</u>	<u>3QYTD</u>
Restr. & other	\$(.08)	\$(.06)	\$(.08)	\$(.22)
Impairments	-	-	(.13)	(.13)
Gains	-	-	.21	.21
Total	<u>\$(.08)</u>	<u>\$(.06)</u>	<u>\$-</u>	<u>\$(.14)</u>



Segments

(\$ in millions)

Power

<u>3Q'17</u>	<u>\$</u>	<u>V%</u>
Revenues	\$8,679	(4)%
Segment profit	\$611	(51)%
Op profit %	7.0%	(7.0) pts.

Renewable Energy

<u>3Q'17</u>	<u>\$</u>	<u>V%</u>
Revenues	\$2,905	5%
Segment profit	\$257	27%
Op profit %	8.8%	1.5 pts.

Aviation

<u>3Q'17</u>	<u>\$</u>	<u>V%</u>
Revenues	\$6,816	8%
Segment profit	\$1,680	12%
Op profit %	24.6%	0.9 pts.

Healthcare

<u>3Q'17</u>	<u>\$</u>	<u>V%</u>
Revenues	\$4,724	5%
Segment profit	\$820	14%
Op profit %	17.4%	1.4 pts.



Segments

(\$ in millions)

	<u>Oil & Gas</u>		
<u>3Q'17</u>	<u>\$</u>	<u>V%</u>	<u>V%</u> Legacy O&G
Revenues	\$5,365	81%	(5)%
Segment profit ^{-a)}	\$231	(35)%	(69)%
Op profit % ^{-a)}	4.3%	(7.6)pts.	(8.0)pts.

	<u>Lighting</u>	
<u>3Q'17</u>	<u>\$</u>	<u>V%</u>
Revenues	\$483	(16)%
Segment profit	\$23	F
Op profit %	4.8%	7.4 pts.

	<u>GE Capital</u>	
<u>3Q'17 net income</u>	<u>\$</u>	<u>V%</u>
Verticals	\$299	(36)%
Other Continuing	(275)	38%
Capital	\$24	(8)%
Discontinued ops.	(105)	(2)%
GE Capital	\$(81)	(4)%

	<u>Transportation</u>	
<u>3Q'17</u>	<u>\$</u>	<u>V%</u>
Revenues	\$1,074	(14)%
Segment profit	\$276	(11)%
Op profit %	25.7%	1.0 pts.



(a)- Oil & Gas segment operating profit including restructuring & other charges was \$(36)MM

Miller transition process

Focus areas

- Company review
- Cash, cost, & operating rigor
- Simplified metrics & reporting
- 2018 financial framework

Key 4Q items

(estimates)

Operating results

- Power ... ongoing business challenges
- Aviation ... 450-500 LEAP shipments for the year
- Oil & Gas/Transportation ... continued market challenges
- Healthcare ... growth in line with 3Q YTD performance
- GE Capital ... insurance reserves + tax benefits (other continuing)
- GE tax rate ... TY ETR low single-digits

Restructuring & other charges

- Restructuring & other charges ~\$(.10)
- Held-for-sale charges based on portfolio review

Gains ... Industrial Solutions disposition^{a)} to 2018

Industrial CFOA ... expect ~\$7B for total year with BHGE on dividend basis



2017 estimated financial outlook

Earnings

\$1.05-1.10



Industrial operating
+ Verticals EPS

EPS range excludes:

- Potential 4Q insurance reserve adjustment
- Held-for-sale charges on potential dispositions

CFOA

~\$7B



Industrial CFOA^(a)
(BHGE dividend basis)

- GE Capital dividends \$4B year-to-date ... 2H dividend decision deferred
- Significant improvement in 2018 ... structural items + cost out, working capital, capex

Update on company strategy and 2018 framework on November 13th



