GE Digital
Credit Suisse Global Industrials Conference

December 2\textsuperscript{nd}, 2020
Pat Byrne, CEO

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ADDITIONAL INFORMATION ABOUT GE: 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.

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What does digital mean at GE today?

Transform how industry solves its toughest challenges by putting industrial data to work.

Driving business outcomes for our customers and GE.
Forces impacting digital transformations

**INDUSTRY SPECIFIC DISRUPTION**
- Decarbonization
- Digitalization
- Decentralization
- Democratization

Renewables is ~28% of global electricity today, Growing in double digits

**BUSINESS DISRUPTION**
Digital is 3yrs ahead in avg rate of adoption due to COVID-19

**DIGITAL DISRUPTION**
87% of companies think digital will disrupt their industry

**MARKET**

**CUSTOMERS**
- COST REDUCTION
- REGULATORY/COMPLIANCE
- BREAKTHROUGH CUSTOMER EXPERIENCE
- REVENUE GROWTH

**GE**
- INDUSTRIAL DOMAIN EXPERTISE
- SCALABLE SW, HW & CONTROL SYSTEMS
- DEPLOYMENT AT POINT OF IMPACT

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GE Digital business today

**OPERATE**
Better enable customers to operate industrial equipment and systems, delivering higher ROI

**ANALYZE**
Analyze customer and industry data to derive unique, actionable insights

**OPTIMIZE**
Optimize our customers’ assets, operations, and people, improving business outcomes

Operational data fuels analytics
Closed loop control & automation
Analytics drive optimization

4,000+ Employees
1,000+ Engineers
100+ PhDs

21,000+ Customers
300+ Digital Twin Blueprints
5+ Managed Service Centers

Credit Suisse | 12/02/2020
Today’s GE Digital ~$1B in revenue…focus evolved from platform to vertical market solutions

**Grid**

**INDUSTRY FOCUS**
Grid utilities (transmission and distribution) and telecommunications

**PRODUCT FAMILY**
- Transmission Operations (EMS)
- Distribution Operations (DMS)
- Grid Asset Management & Analytics
- Utilities Communications

**Power / O&G**

**INDUSTRY FOCUS**
Customers operating critical, expensive assets at high utilization

**PRODUCT FAMILY**
- Asset Performance Management (APM)
- Operations Performance Management (OPM)
- Predix Essentials

**Manufacturing**

**INDUSTRY FOCUS**
Customers across process, hybrid, and discrete manufacturing; water utilities

**PRODUCT FAMILY**
- Automation software (i.e., HMI/SCADA)
- Manufacturing Execution Systems (MES)
- Historian

**Aviation**

**INDUSTRY FOCUS**
Customers across commercial airlines, lessors, general aviation, and OEMs

**PRODUCT FAMILY**
- Flight Analytics
- Asset Records
- Services & Partners
Putting digital to work in the energy transition

**Customer**

- **Xcel Energy**
  - Improve profitability and flexibility with predictive analytics and process automation to optimize equipment reliability and O&M efficiency

- **FPL**
  - Managing up to 100% renewables penetration while maintaining transmission stability

- **Entergy**
  - Safe secure management of the distribution network as distributed resource penetration continues to drive complexity

**Problem**

- Improve profitability and flexibility with predictive analytics and process automation to optimize equipment reliability and O&M efficiency
- Managing up to 100% renewables penetration while maintaining transmission stability
- Safe secure management of the distribution network as distributed resource penetration continues to drive complexity

**Solution**

- **GE Asset Performance Management (APM) software**
- **GE Advanced Energy Management System (AEMS)**
- **GE Advanced Distribution Management System (ADMS)**

**Ranks**

- **Ranked Leader** by Verdantix
- **Ranked #1** by Navigant
Driving profitable growth

~$1B Software business

**Financial outlook**

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<th>2019</th>
<th>2020</th>
<th>2021</th>
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<tbody>
<tr>
<td>Revenue</td>
<td>~$1B</td>
<td>~$1B</td>
<td>+MSD</td>
</tr>
<tr>
<td>Profit margin</td>
<td>Negative</td>
<td>Improving</td>
<td>Around break-even</td>
</tr>
<tr>
<td>Free cash flow*</td>
<td>Negative</td>
<td>Improving</td>
<td>Around break-even</td>
</tr>
</tbody>
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* Non-GAAP Financial Measure

GE Digital financial results included in GE Corporate

**Dynamics**

- Lean management operating system driving sustainable productivity
- Improvements in all businesses in operating profit driven by improved labor utilization and organization optimization
- Free cash flow improvements driven by increased profitability & focus on collections
- ~40% recurring revenue and improving
- Targeting +MSD organic revenue growth from industrial data driven offerings
- Prioritizing investments around "problems worth solving"
Digital at GE | Renewable Energy impact of digital services today

1. **TRANSACTIONAL GROWTH**
   - Digital products enable transactional parts and repair revenue across service businesses
   - **Solutions**: Self-Perform Package; Hydro RM&D; Cyber Services

2. **INCREASED PRODUCTIVITY**
   - Using Lean practices to map out digital solutions to the highest cost drivers
   - **Opportunities**: Advanced detection, M&D automation, field transformation, fleet updates

3. **RISK REDUCTION**
   - Maximizing performance of our fleet while standardizing contractual reporting process
   - **Objectives**: Standardize reporting; cross-fleet daily resolution through data quality and latency improvements, performance insights to proactively drive field actions
Renewable Energy impact of digital tomorrow

Lean
Reduce Waste & Create Business Value With Data

+ Digital
Use Data in Analysis, Digital Counter Measures & Standard Work

= Improved Margins
Reduced Backlog, Warranty, Inventory Costs

Problem Statement
Use Frequent, Accurate, AI-Assisted Digital Inspections to Reduce Wind Turbine Blade Failures by detecting problems earlier | Earlier detection and repair reduces Warranty and Services cost as well as catastrophic Blade Failures

Lean + Digital for safer, cost-effective service delivery
Key takeaways

• Digital is driving **business outcomes** for our customers and GE

• GE Digital is a **leading industrial software business** with ~$1B in revenues

• Digital technologies will accelerate the energy transition by optimizing asset productivity, enabling more renewables, and transforming the grid

• Progress across GE Digital: **growth, profit margin, free cash flow*** 

• Lean + digital is accelerating GE’s transformation

* Non-GAAP Financial Measure
Pat Byrne
CEO, GE Digital

Pat Byrne is the Chief Executive Officer for GE Digital, leading the company’s strategy to focus GE on the IIoT opportunities for GE’s core businesses, while continuing to support and grow its existing digital portfolio. He also serves as VP, Lean Transformation for GE. With a background that spans more than three decades of deep domain expertise in technology and strategic business development, Pat has considerable experience running businesses and collaborating across businesses within large organizations.

Pat joined GE from Fortive, where he most recently served as Senior Vice President, leading their Product Realization business. Prior to Fortive, Pat was the Vice President of Strategy and Chief Technology Officer for Danaher’s test and measurement segment, where he drove strategic market development, business development and M&A. Pat also served as President of Tektronix, a leading worldwide provider of measurement solutions, and President and CEO of Intermec Technologies and Agilent’s electronic measurement group. Pat began his career at Hewlett-Packard, holding various leadership roles in R&D, technology development, marketing, quality and general management. Throughout his career, Pat has served as a member of the board of directors for multiple publicly-traded companies, including Micron Technology, the global leader in memory solutions.

Pat holds a B.S. in Electrical Engineering from the University of California, Berkeley, and an M.S. in Electrical Engineering from Stanford University.

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