

# GE Capital Aviation Services

2015 Paris Air Show

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June 16, 2015



## Forward-Looking Statements:

This document contains "forward-looking statements" – that is, statements related to future, not past, events. In this context, forward-looking statements often address our expected future business and financial performance and financial condition, and often contain words such as "expect," "anticipate," "intend," "plan," "believe," "seek," "see," "will," "would," or "target." Forward-looking statements by their nature address matters that are, to different degrees, uncertain, such as statements about our announced plan to reduce the size of our financial services businesses, including expected cash and non-cash charges associated with this plan; expected income; earnings per share; revenues; organic growth; margins; cost structure; restructuring charges; cash flows; return on capital; capital expenditures, capital allocation or capital structure; dividends; and the split between Industrial and GE Capital earnings. For us, particular uncertainties that could cause our actual results to be materially different than those expressed in our forward-looking statements include: obtaining (or the timing of obtaining) any required regulatory reviews or approvals or any other consents or approvals associated with our announced plan to reduce the size of our financial services businesses; our ability to complete incremental asset sales as part of this plan in a timely manner (or at all) and at the prices we have assumed; changes in law, economic and financial conditions, including interest and exchange rate volatility, commodity and equity prices and the value of financial assets, including the impact of these conditions on our ability to sell or the value of incremental assets to be sold as part of this plan as well as other aspects of this plan; the impact of conditions in the financial and credit markets on the availability and cost of GECC's funding, and GECC's exposure to counterparties; the impact of conditions in the housing market and unemployment rates on the level of commercial and consumer credit defaults; pending and future mortgage loan repurchase claims and other litigation claims in connection with WMC, which may affect our estimates of liability, including possible loss estimates; our ability to maintain our current credit rating and the impact on our funding costs and competitive position if we do not do so; the adequacy of our cash flows and earnings and other conditions which may affect our ability to pay our quarterly dividend at the planned level or to repurchase shares at planned levels; GECC's ability to pay dividends to GE at the planned level, which may be affected by GECC's cash flows and earnings, financial services regulation and oversight, and other factors; our ability to convert pre-order commitments/wins into orders; the price we realize on orders since commitments/wins are stated at list prices; customer actions or developments such as early aircraft retirements or reduced energy demand and other factors that may affect the level of demand and financial performance of the major industries and customers we serve; the effectiveness of our risk management framework; the impact of regulation and regulatory, investigative and legal proceedings and legal compliance risks, including the impact of financial services regulation and litigation; adverse market conditions, timing of and ability to obtain required bank regulatory approvals, or other factors relating to us or Synchrony Financial that could prevent us from completing the Synchrony Financial split-off as planned; our capital allocation plans, as such plans may change including with respect to the timing and size of share repurchases, acquisitions, joint ventures, dispositions and other strategic actions; our success in completing, including obtaining regulatory approvals and the specifics of any approvals for announced transactions, such as the proposed transactions and alliances with Alstom, Appliances and Real Estate, and our ability to realize anticipated earnings and savings; our success in integrating acquired businesses and operating joint ventures; the impact of potential information technology or data security breaches; and the other factors that are described in "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2014. These or other uncertainties may cause our actual future results to be materially different than those expressed in our forward-looking statements. We do not undertake to update our forward-looking statements.

This document includes certain forward-looking projected financial information that is based on current estimates and forecasts. Actual results could differ materially.

This document also contains non-GAAP financial information. Management uses this information in its internal analysis of results and believes that this information may be informative to investors in gauging the quality of our financial performance, identifying trends in our results and providing meaningful period-to-period comparisons. For a reconciliation of non-GAAP measures presented in this document, see the accompanying supplemental information posted to the investor relations section of our website at [www.ge.com](http://www.ge.com).

In this document, "GE" refers to the Industrial businesses of the Company including GECC on an equity basis. GE Capital or GECC refers to the financial services businesses of the company. "GE (ex-GECC)" and/or "Industrial" refer to GE excluding Financial Services."

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.

# GECAS overview

## 1. Established franchise

- GE 48 years in aviation finance
- Large asset base/fleet
- Broad products/global distribution
- New agencies e.g. helicopters
- Top tier funding/conservative policies
- Veteran organization

## 2. Solid collateral/critical industry

- Airlines**
- Cyclical business
  - Broad credit spectrum but...
- Aircraft**
- Portable assets
  - Long-lived equipment
- Air transport**
- Key infrastructure for an economy
  - Huge emerging global consumer base



## 3. Consistent earnings



## 4. Core vertical

- ✓ Industry leader
- ✓ ~\$1B annual net income
- ✓ Solid ROE/cash flows
- ✓ Aviation domain expertise
- ✓ GE customer solutions



# Broad products

## Fleet



Narrowbodies



Widebodies



Freighters



Regional jets Turboprops

## Financing



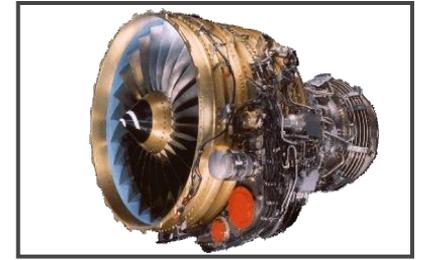
Structured finance



Secured debt



Capital markets



Spare engine leases

## Services



Used airframe parts



Airport/airline consulting

## Adjacencies



Helicopters  
(Milestone Aviation Group)



Business jets  
(GE Business Aviation)

Ship debt  
(GE Marine)



# Global distribution



- ✓ 24 offices covering 75+ countries
- ✓ 11 locations serving emerging markets
- ✓ Local access/knowledge & co-located with GE



# Core aircraft environment



## ✓ Aircraft supply increasing

- Record manufacturer production, new entrants
- Lessor slots/rolloff, large low cost carrier orders, airline used exits

## ✓ Aircraft demand steady

- Emerging markets driven by rising GDP per capita, south-to-south trade/tourism, fragmentation
- Developed markets driven by macros/replacements, but more consolidation/productivity
- Record industry profits, lower fuel prices, high load factors
- Key factors to monitor – fuel vs. fares, forex, geopolitical, airport infrastructure, staffing, Asian low cost/Middle East carriers seeking share, capacity management/mergers/alliances

## ✓ Significant financing liquidity

- Asian leasing entrants, traditional players growing
- EU/Asian/local banks, bond markets, Exim/ECA's all active

## ✓ Tech shifts, mature kit supply

- NEO/MAX on narrowbodies, 787/777X/A350 on widebodies
- New slots, cultural biases/image, debt availability, maintenance/regulatory impact used market
- Some large carriers taking used kit as cost-effective bridge lift



# Key initiatives

## Core aircraft environment

- ✓ Aircraft supply increasing
- ✓ Aircraft demand steady
- ✓ Significant financing liquidity
- ✓ Tech shifts, mature kit supply



## Core strategy

- 1 Pursue disciplined volume & new order placements
- 2 Drive emerging markets growth
- 3 Find select developed market opportunities
- 4 Place new technology orders
- 5 Implement "last of line" 737NG/A320ceo strategy
- 6 Manage life cycle of existing fleet
- 7 Provide GE customer solutions

## Adjacency plans

- 8 Grow Milestone Aviation Group
- 9 Build secured marine debt capabilities



**9 actions key to sustaining/growing the franchise**



# Key initiatives

## 1 Pursue disciplined volume & new order placements

- Differentiators - underwriting/asset management, low execution risk, speed
- Products beyond leasing - debt, capital markets, engines, rollovers/partouts



A320 sale/leasebacks, slots



777 slots, sales



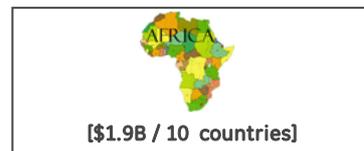
Debt, PLB's, PDP's, partouts

## 2 Drive emerging markets growth

- ~\$26B assets committed - Asia (\$13B), ME/Africa/CIS (\$9B)
- >75% of new order placements, volume, asset sales



Broad China strategy



Build out Africa



Low cost/leisure segments



### 3 Find select developed market opportunities

- Lower cost used kit on long lease terms, low cost carriers, engines/partouts



777 slots/sales, engines, used A330's



Lower cost used kit, partouts



Low cost carriers

### 4 Place new technology orders



A320 Neo



737 MAX



787

### 5 Implement "last of line" 737NG/A320Neo strategy

- Proactively sell aircraft for gains or seek longer lease terms
- Taper NB purchases & replace with new tech WB's



Existing/new lessors



Pooled sales



787/A350 sale/leasebacks



## 6 Manage life cycle of existing fleet

- Experienced moving from 737 stage 2 to classics to NG, Max next up
- Can handle aircraft from factory new to end-of-life

### Pax (<~15 yrs)



- Pax leases via global network
- Sell aircraft via capital markets: individual investors or pooled vehicles

### Cargo (>~15 yrs)



- Substantial conversion expertise
- Leverage global network, tap replacement demand

### Part outs (~20+ yrs)



- Leading airframe parts distributor
- Rent or sell engines including parts



# 7 Provide GE customer solutions

## ✓ New order NB placements



## ✓ Early relationships



## ✓ WB, cargo, RJ placements



## ✓ Customer financing/fleet rollovers



## ✓ Mature placements → “keep them flying”



## ✓ Spare engine financing



## 8 Grow Milestone Aviation Group

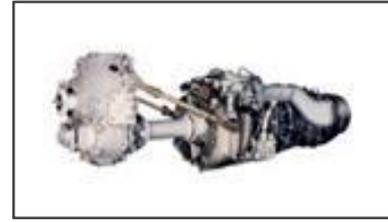
- Leading helicopter lessor purchased in 2/15, management team ex-Net Jets
- Services oil and gas ~75%, medical/search and rescue/mining sectors ~25%



AW189



S-92



GE CT7 engine



Global Express

### Current portfolio

- ✓ Mission critical applications
- ✓ O&G largely major oil producing platforms vs. exploration
- ✓ Helicopter rents small portion of O&G platform expense
- ✓ O&G soft, but other sectors solid (e.g., recent UK SAR contract)

### Growth plans

- Continue to build O&G presence
- Target non-O&G industries (e.g., medical)
- Expand newer geographies (e.g., Asia, Mid East)
- Focus on more government contracts
- Work ageing fleet rollovers
- Leverage GECAS global network to co-locate staff
- Leverage GECAS engine leasing/PK debt products
- Work with GE industrial units/GGO
- Develop Milestone Business Jet Financing & Advisory for GE products



## 9 Build secured marine debt capabilities

- \$700B+ global market, values near cyclical lows, EU ship banks dormant/exiting
- Develop PK Marine Finance & Advisory effort, debt only focus
- Use GECAS' PK lending platform & support new GE Marine effort



Product & chemical tankers



Offshore vessels



Dry bulk carriers



Gas carrier

### GECAS highlights

- ✓ Core vertical
- ✓ Market leader
- ✓ Solid collateral/critical industry
- ✓ Consistent earner/~\$1B NI/solid ROE
- ✓ Deep domain/GE customer solutions
- ✓ Disciplined in volume
- ✓ Emerging markets growth
- ✓ Managing tech shifts
- ✓ Leader in helicopters
- ✓ Building marine/biz jets



