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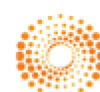

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PRESENTATION

Operator

Good day, ladies and gentlemen, and welcome to the General Electric Fourth Quarter 2019 Earnings Conference Call. (Operator Instructions) My name is Brandon, and I'll be your conference coordinator today. (Operator Instructions) As a reminder, this conference is being recorded.

I would now like to turn the program over to your host for today's conference, Steve Winoker, Vice President of Investor Communications. Please proceed.

Steven Eric Winoker ***General Electric Company - VP of Investor Communications***

Thanks, Brandon. Good morning, and welcome to GE's Fourth Quarter 2019 Earnings Call. I'm joined by our Chairman and CEO, Larry Culp; and CFO, Jamie Miller.

Before we start, I'd like to remind you that the press release and presentation are available on our website. Note that some of the statements we're making are forward-looking and are based on our best view of the world and our businesses as we see them today. As described in our SEC filings and on our website, those elements can change as the world changes. Please note that we will hold an investor call on Wednesday, March 4 to provide more detail on our 2020 outlook.

With that, I'll hand the call over to Larry.

H. Lawrence Culp ***General Electric Company - Chairman & CEO***

Steve, thanks. Good morning, everyone, and thank you for joining us. I'll begin with an overview on our performance and progress on our execution against our strategic priorities. Jamie will cover the financials in more detail and then we'll turn to our expectations for 2020.

Starting on Slide 2. You'll find a snapshot of our fourth quarter and full year results. Overall, the fourth quarter marked a strong close to the year as we met or exceeded our financial targets in 2019. Orders were down 3% organically in the quarter as positive growth in Aviation and Healthcare was more than offset by declines in Power and Renewables. Notably, Aviation's double-digit orders growth was driven by our newly formed Aeroderivatives JV between GE Power and Baker Hughes following deconsolidation. Excluding that JV, Aviation's orders were up 1%. For the year, total company orders closed up 1% organically.

We ended 2019 with backlog of $405 billion, up 15% year-on-year. This comprises equipment of $79 billion, up 2%; and services of $326 billion, up 19%, representing approximately 80% of our backlog. We delivered Industrial segment organic revenue growth of 4.6% in the quarter and 5.5% for the full year with all segments posting positive growth. Our service businesses, which represent about half of our

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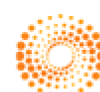

Industrial revenue in the quarter and the year, continue to be a differentiator with our customers and a key driver of profitability.

Our adjusted Industrial profit margin expanded 410 basis points and 390 basis points organically in the quarter driven by Aviation and Power. For the year, margins expanded 60 basis points and 10 basis points organically driven by Power and Healthcare with Aviation margins closing above 20%. We generated Industrial free cash flow of $3.9 billion in the quarter and $2.3 billion for the full year. This came in ahead of our most recent outlook as Power outperformed expectations and we saw continued strength in Aviation.

As I reflect on the year, we've come a long way since my initial visits as CEO with each of the businesses in late 2018. Aviation and Healthcare are clearly exceptional franchises, delivering profitable growth for the year with runway to go.

In Aviation, the business was able to grow free cash flow versus prior year despite the $1.4 billion of cash headwind from the Boeing 737 MAX grounding. At Healthcare, we operate at the center of precision health. As Kieran and team outlined for many of you in December, growth has and will continue to be driven by innovative solutions and our digital capabilities, resulting in products such as the Revolution Maxima CT scanner, which we launched at RSNA.

At Power, we're proud of our progress in stabilizing gas power, but we have more to do. In Power Portfolio, while there were puts and takes, we gained better line of sight into these businesses. For example, Power Conversion showed signs of operational improvement this year, such as better on-time delivery at their facility in Brazil.

In Renewables, our full year results were more mixed. Reflecting on each of the businesses here, in Onshore Wind and LM, earnings and cash trends improved through 2019 as we delivered on a steep ramp to meet customer demand. In Offshore Wind, we're still in investment mode as we build our global presence and prepare to launch the Haliade-X next year, the world's largest wind turbine.

The focus in both Grid Solutions and Hydro is simply on the turnaround. We're working through complex projects, improving our underwriting framework and focusing on daily execution in both our factories and in our field service organization as well as taking cost reduction measures. Last week, I was in Paris for operating reviews with each of these businesses. And this reinforced my conviction that we can and will improve our performance in Renewables.

And in GE Capital, we delivered positive earnings driven by better operations, tax and gains as we continue to simplify the GE Capital portfolio. So while 2019 was year 1 in our multiyear transformation, I'm encouraged by the evidence of momentum I see across GE.

Stepping back from the quarter, we made substantial progress on our priorities in 2019 as outlined on Slide 3. First, on improving our financial position, we moved with speed on a number of deleveraging actions, which set us up to achieve our deleveraging targets in 2020. At Industrial, we reduced net debt by $7 billion, ending the year at a net debt-to-EBITDA ratio of 4.2%, down from 4.8% a year ago. We used the proceeds from our Wabtec and Baker Hughes sales to pay down debt, including a $5 billion debt tender.

In 2020, we expect to close BioPharma for about $20 billion of net proceeds and achieve our leverage target of less than 2.5x. At Capital, we reduced debt by $7 billion, ending 2019 with a debt-to-equity ratio of 3.9, down from 5.7 in 2018. We expect to close 2020 below our leverage target of less than 4x. We also completed approximately $12 billion of asset reductions this year, bringing our 2-year total to $27 billion, which surpasses our $25 billion target. Our deleveraging progress will allow us to focus more of our time and energy executing on our other priority, which is strengthening our businesses.

It's no secret that Power has been our focus over the last year. And across the board, we are improving execution. In Gas Power, we're building backlog with lower risk as evidenced by 0 turnkey projects booked in the fourth quarter. We're underwriting the business financials with more conservative commercial assumptions with our 2020 equipment plan now 100% in backlog. And we're rightsizing the business for today's market through a reduction in fixed costs by 15% in the quarter and 10% in the year versus 2018. But to be clear, we're still on a multiyear journey at Gas Power to deliver a more reliable contribution to GE Industrial's overall performance.

As I've shared with you before, even our best businesses can be stronger, including Healthcare, where we see opportunity to drive faster Healthcare Systems growth post the BioPharma sale. This year, Healthcare Systems grew revenue 1% organically, and we expect low to

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mid-single-digit growth going forward. We'll do this through targeted increases in R&D and prioritizing programs with the highest returns as well as better execution on our safety, quality, delivery and cost reduction efforts. For example, during my recent visit to Buc, France, where we produce our Senographe Pristina mammography machines, I met with our teams using lean principles, such as value stream mapping and daily management, to improve both our supply chain and our commercial performance.

Investing in restructuring has also been an important effort in 2019, especially across Power, Renewables and corporate, as we reorient our cost structure for the future and move the center of gravity to our operating businesses. While cash and expense were lower than our original outlook this year due to a mix of timing, attrition and better execution, our expected cost savings remain on track. At corporate, for example, our core functional costs were down 8% in the year. This was a result of our actions to shrink costs as people, processes and accountability are moved to the segments. The team made solid progress on headcount reduction with roughly 2,500 people this year, resulting in real corporate cost savings. While we're not finished with restructuring, better margins and returns will also be the result of improved underwriting discipline, stronger execution in both the factory and the field, shifting our business mix more towards services and launching accretive new products.

This year, much of our substantial progress was in areas less visible to those of you on the outside of GE. This starts with how we run the company on a daily basis. We're in the early days of a lean transformation. Developing leaders capable of identifying and solving problems alike, establishing standard work and embracing our values of candor, transparency and humility. Our strategic conversations are being woven throughout the year in an ongoing sequence of operations, talent and budget reviews. This type of rigor and prioritization is changing how we work.

As I travel to our businesses, I see real momentum building, which is only partially evident in the numbers we're sharing with you today. For example, earlier this month, David Joyce and I were in Ohio at our Aviation component service center, which repairs complex parts used to service our customers' engines, witnessing lean principles firsthand. The results were impressive, a 14-day improvement in our turnaround time that will positively impact customers and our bottom line. Moreover, we were so impressed by the operators there, motivated, passionate, expert at using lean tools to improve their daily work, I'm excited to go back.

So in summary, I'm heartened by our progress in 2019. And I do believe we enter the new year with momentum. There's still plenty of work to do, but we're changing the way we work together with a firm eye on delivering better results and ultimately a stronger culture. I just want to take a moment to thank all of those on the GE team listening for their grit, the resilience and clear sense of ownership as we've driven the change we have over the last year. I'm looking forward to more.

And with that, I'll turn it over to Jamie.

Jamie S. Miller ***General Electric Company - Senior VP & CFO***

Thanks, Larry. Starting with the fourth quarter summary. Orders were $24.9 billion, down 3% organically, with growth in Aviation, largely from Aero orders as well as Healthcare, offset by declines in Power and Renewables. Equipment orders were down 10% organically while services were up 6% organically.

Consolidated revenue was $26.2 billion, down 1% in the quarter. Industrial segment revenue was up 4.6% organically with equipment revenue up 7% and services revenue up 2% and organic growth in all segments. The biggest drivers of growth were: Aviation equipment and services; Renewables equipment driven by Onshore Wind; and Power Services. For the year, Industrial segment revenue was up 5.5% organically.

Adjusted Industrial profit margins were 11.3% in the quarter, up 410 basis points reported. The majority of margin accretion was driven by better operational rigor and the non-repeat of about $800 million of charges we took in Gas Power last year and higher volume in Aviation services. All segments other than Renewables expanded margins in the quarter. For the year, we saw significant margin expansion in Power and Healthcare but declines in Renewables and Aviation.

Fourth quarter net EPS was $0.06, continuing EPS was $0.07 and adjusted EPS was $0.21. Walking from continuing EPS, we had $0.08 from gains in our remaining stake in Baker Hughes, which we measure at fair value each quarter. On restructuring and other items, we

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incurred $0.03 of charges related to restructuring and M&A costs across our segments, principally in Power.

Next, we incurred a $0.07 charge for deal taxes related to the BioPharma transaction based on preparatory internal restructuring ahead of the expected close in the first quarter. Nonoperating pension and other benefit plans were $0.10 in the quarter, which includes about $600 million of additional expense this quarter associated with the pension freeze we announced in October. Excluding these items, adjusted EPS was $0.21 in the fourth quarter.

Moving to cash. We generated Industrial free cash flow of $3.9 billion for the quarter, $800 million lower than prior year. Income, depreciation and amortization totaled $1.5 billion, down $200 million net of goodwill impairments versus prior year. Working capital was positive $1.6 billion, similar to last quarter. Accounts receivable was a usage of cash driven by the impact of the MAX grounding and reductions in long-term receivables and other factoring program levels.

The MAX grounding was a negative $400 million working capital cash flow impact in the quarter. All other working capital accounts were a source of cash driven by lower inventory from higher seasonal volume and cash collections on new orders and project milestones. The supply chain finance transition was a usage of cash in the quarter as anticipated but less than originally planned. For the year, we completed negotiations with over 80% of the large suppliers and anticipate completing the transition in 2020 with results better than our original outlook.

Contract assets were a source of cash of $400 million, in part driven by billings from a CSA contract termination and cash received on converting a customer to a CSA contract at Aviation. Other CFOA was $1.1 billion, which includes restructuring cash usage, accrued discount and allowance payments in Aviation and noncash items offset in net income. We also spent about $700 million in gross CapEx driven by Aviation.

For the year, Industrial free cash flow was $2.3 billion, down $2 billion versus prior year. The most significant driver of the decrease was in working capital due to the MAX grounding and the reduction in certain receivable monetization programs. While there were many puts and takes, the $2.3 billion was ahead of our expectations due to strong performance in Power, which carried forward from the first half, largely driven by collections at Gas and Steam Power and partially the timing of project disbursements, lower restructuring of about $800 million driven by the items Larry mentioned earlier, lower impact from the supply chain finance transition and Aviation performance, where strong cash collections in services, including a fourth quarter parts distribution deal for a legacy engine program, and timing on discount and allowance payments helped more than offset the $1.4 billion headwind from the MAX grounding.

Moving to liquidity on Slide 6. We ended the fourth quarter with $17.6 billion of Industrial cash, up approximately $1 billion sequentially, largely driven by positive free cash flow of $3.9 billion. This was offset partially by the $2.5 billion equity contribution to GE Capital as planned and the $1 billion intercompany loan repayment, where we have about $12 billion left to go in 2020. In line with our ongoing goal to reduce our reliance on short-term funding, average short-term funding was $4.3 billion this quarter, down from $10.4 billion in the fourth quarter of 2018. And peak intra-quarter short-term funding was $4.7 billion, down from $14.8 billion last year. Overall, our liquidity position remains strong with over $17 billion in Industrial cash and we continue to have access to $35 billion in bank lines. And this will step down in 2020 as we complete the BioPharma transaction and take other deleveraging actions.

Next, on leverage on Slide 7. We're improving our financial position and reducing our leverage. As Larry shared, we reduced net debt by $7 billion, ending the year with leverage of 4.2x, down from 4.8x at year-end 2018. This was achieved through the $5 billion debt tender and the $1.5 billion intercompany loan repayment from GE to GE Capital and a higher cash balance at year-end. We expect to achieve our Industrial leverage goal of less than 2.5x net debt-to-EBITDA in 2020.

We also announced comprehensive U.S. pension actions, which will reduce our net debt by $5 billion to $6 billion when completed. As you may recall, as of the third quarter, we were estimating a potential increase to our global pension deficit of approximately $5 billion. Ultimately, this deficit increased by only $900 million versus the prior year. Year-over-year, the key drivers were pressured from the lower discount rate, largely offset by higher year-end asset returns and the completion of the pension freeze and lump sum offerings.

We have substantial sources to delever and derisk our balance sheet. To date, we have received $9 billion of proceeds from our Wabtec

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and Baker Hughes sales, we are on track to close BioPharma in the first quarter. And we'll continue to sell down our remaining stake in Baker Hughes in an orderly fashion. Post the BioPharma close, we will execute on the previously announced 2020 deleveraging actions that you see on the right. We'll contribute $4 billion to $5 billion to our U.S. pension, which we expect will meet the estimated minimum ERISA funding requirements through at least 2022. We will also repay the remaining intercompany loan of $12 billion from GE to GE Capital, which will be used to pay down 2020 GE Capital debt maturities. Finally, we will repay approximately $1 billion of maturing Industrial debt.

As we've previously said, while our Industrial leverage target will be less than 2.5x net debt to EBITDA, we also evaluate other measures, including gross debt to EBITDA. And we will ultimately size our deleveraging actions across a range of measures to ensure we are operating the company with a strong balance sheet. We will evaluate additional potential actions based on their deleveraging impact, economics, risk mitigation and our target capital structure while also monitoring key risks. Over 2019 and 2020, we expect that our total cash deleveraging actions will be in the range of $30 billion.

Next, on Power. For the quarter, orders of $4.5 billion were down 28% organically. Power Portfolio orders were down 55% organically, largely driven by the non-repeat of a large steam equipment order in fourth quarter '18. Gas Power orders were down 8% organically, [equipment orders] (added by company after the call) down 49% organically, largely driven by the non-repeat of a large turnkey order in fourth quarter of '18.

We booked 3.7 gigawatts of orders for 22 gas turbines, including 3 HA units and 1 Aeroderivative unit. Gas Power services orders were up 12% organically with transactional and contractual services up on higher volume as well as commercial and utilization improvement while upgrades were down. This was the strongest quarter of services growth in 2019. Backlog closed at $85 billion, down 2% sequentially and flat versus prior year. Gas Power, representing $71 billion of segment backlog, was up 3%.

Revenue of $5.4 billion was up 5% organically, with Gas Power revenue up 9% and Power Portfolio revenue down 4%. Gas Power shipped 21 gas turbines, including 5 H units and 3 Aeroderivative units versus 22 turbines in the fourth quarter of '18, which included 3 H units and 8 Aeroderivative units. We helped our customers achieve commercial operation on over 20 units this quarter, which translates to almost 4.5 gigawatts of new power added to the grid. Gas Power services revenue was up driven by transactional and contractual revenues, which were up on a robust fall outage season and improved commercial performance. Upgrades were down, in line with our guidance on continued market dynamics.

Operating profit was $302 million, up $1.1 billion, and reported segment margin was 5.6%, an increase of more than 2,000 basis points. This was largely driven by better operational rigor and stronger processes at Gas Power as we did not incur charges related to projects, product and fleet utilization that we experienced in the fourth quarter of 2018 as well as we had improved volume. We also continue to reduce Gas Power fixed costs, which were down 15% versus the prior year. For the year, organic revenue was down 1% and reflecting a decline in Power Portfolio. Reported segment margin was 2.1% and free cash flow was negative $1.5 billion. While we have more to do, the team has laid a stable foundation by baselining the business to new market realities and driving operational improvements.

Next, on Renewable Energy. Orders of $4.7 billion were down 10% organically due to the non-repeat of large deals at Hydro and Grid Solutions. Equipment orders were down 7% and services orders were down 22% organically. Onshore Wind orders were flat as international strength offset a decline in North America. And notably, new order pricing in Onshore Wind continues to stabilize.

Overall, backlog of $28 billion was flat sequentially and up 16% year-over-year. Revenue of $4.7 billion was up 4% organically, mainly driven by Onshore volume. Total equipment revenue was up [13%] (corrected by company after the call) organically as Onshore Wind marked record deliveries in the quarter of 1,553 total turbines and repower kits with roughly 2/3 of these in the U.S. while services revenue was down 22% organically.

Operating profit of negative $197 million was down $176 million and reported segment margin was negative 4.1%, a contraction of 360 basis points. Positive volume was more than offset by headwinds from project execution, particularly in grid, pricing, tariffs and increased R&D investment. Importantly, Onshore was profitable for the third consecutive quarter and full year.

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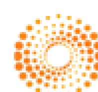

Looking at the full year. Organic revenue was up 11%, reported segment margin was negative 4.3% and free cash flow was negative $1 billion. Renewables free cash flow was impacted by lower earnings, offset by progress collections, which were less of a headwind in 2019 than we expected. We anticipate that progress collections will be a headwind in 2020 as we execute on heavy PTC delivery volume that exceeds inbound collections. As Larry noted, Renewables is a key operational focus for the team.

At Aviation, orders of $10.7 billion were up 23% organically with equipment orders up 40% organically. This was primarily driven by the Aeroderivatives JV. Total orders, excluding Aeroderivatives, were up 1% organically as commercial engine orders were down 33% due to LEAP orders, down 63%, while services orders were up 12%. Backlog grew to $273 billion, up 8% sequentially and up 22% versus prior year primarily driven by long-term service agreements. Revenue of $8.9 billion was up 7% organically. Equipment revenue was up 13% organically, driven by sales of 420 LEAP-1A and -1B units, up 41 from last year, partially offset by CFM units down 74%. We shipped 675 units this quarter, down 11% from prior year.

Services revenues were up 3% organically due to commercial services also up 3%, reflecting higher external shop visits and a more favorable mix of shop visits. Total military sales were up 13% organically with 227 engine unit shipments up 32% with growth in development programs. Operating profit of $2.1 billion was up 19% organically on improved volume, price and net productivity, offset by negative mix. Reported segment margin of 23% expanded 260 basis points versus the prior year driven by commercial aftermarket strength. As in prior quarters, this was partially offset by the CFM to LEAP transition, which was a 60 basis point drag, and the Passport engine shipments, which were a 70 basis point drag in the quarter. For the year, organic revenue was up 9%, segment margin was [20.7%] (corrected by company after the call) and free cash flow was $4.4 billion.

Looking at Healthcare. We finished in line with what we shared with you at our Investor Day in December. Orders of $5.9 billion were up 3% organically, equipment orders were up 4% and services were up 2% organically. On a product line basis, Healthcare Systems orders were up 1% organically driven by growth in Life Care Solutions, services and Ultrasound, partially offset by Imaging, largely due to market dynamics in China. In the U.S. and Canada, Healthcare Systems was up 1% organically, boosted by solid growth in Imaging and Ultrasound. Life Sciences orders were up 10% organically.

Backlog was $18.5 billion, up 2% sequentially and up 6% versus prior year. Revenue of $5.4 billion was up 1% organically. Healthcare Systems revenue was flat organically with equipment down, offset by services growth. Operating profit of $1.2 billion was flat organically and reported segment margin was 21.9%, up 10 basis points. This was driven by volume and cost productivity, offset by tariffs, price and program investments. For the year, organic revenue was up 3% with Healthcare Systems up 1%. Segment margin was 19.5% and free cash flow was $2.5 billion.

On GE Capital, continuing operations generated net income of $69 million, up $27 million versus the prior year, excluding the prior year tax reform impact of $128 million. The favorability was driven by lower marks and impairments and interest expense partially offset by lower gains, tax benefits and operations. For the year, continuing operations generated adjusted net income of $139 million, up $455 million versus the prior year, excluding the impact of tax reform and the insurance annual premium deficiency test.

Capital ended the quarter with $102 billion of assets, excluding liquidity, down $7 billion sequentially, primarily driven by lower GECAS, WCS and EFS assets. GECAS completed the sale of substantially all of the PK AirFinance business, and we expect the remaining assets of that to be sold in the first half of 2020. Capital completed asset reductions of approximately $8 billion in the quarter for a total of $12 billion in 2019. Including the $15 billion in 2018, we exceeded the $25 billion asset reduction target previously communicated. In addition, WMC concluded its Chapter 11 case in the quarter. And as of year-end, GE Capital has no further liabilities to WMC.

Capital finished the quarter with $19 billion of liquidity, which was up $8 billion sequentially, primarily driven by disposition proceeds of $7 billion and the capital infusion of $2.5 billion, partially offset by debt maturities of $2 billion. We remain focused on derisking GE Capital, including improving its leverage profile.

Capital's debt at year-end was $59 billion, down by $1 billion sequentially, primarily driven by debt maturities, partially offset by the intercompany loan repayment of $1.5 billion. We ended 2019 with the capital debt-to-equity ratio at 3.9x. With the anticipated repayment of the intercompany loan, this ratio will increase throughout 2020, but we expect to end 2020 at less than 4x.

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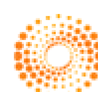

Discontinued operations generated a net loss of $63 million, up $29 million versus the prior year, driven by WMC, DOJ and other litigation reserves in 2018. As we look to 2020, insurance will complete its annual statutory cash flow test in the first quarter, and we also expect lower earnings from GE Capital, primarily driven by lower asset sale gains, a smaller earning asset base and other nonrecurring items. But we still expect Capital to breakeven by 2021.

Moving to Corporate. Adjusted operating costs were $600 million in the quarter, up versus prior year due to higher intercompany profit eliminations and increased remedial costs relating to existing environmental, health and safety matters. For the year, adjusted operating costs were $1.7 billion, up $400 million versus the prior year, largely led by the same drivers as well as the non-repeat of intangible asset sales. This was in line with our revised Corporate outlook from the previous quarter. Importantly, our core functional costs were down 8% in the year as we move the center of gravity from corporate to the businesses.

And with that, I'll turn it back over to Larry.

H. Lawrence Culp *General Electric Company - Chairman & CEO*

Jamie, thanks. Before I move to our outlook, I'd like to take a moment to acknowledge our CFO transition announcement since our last earnings call and recognize Jamie's significant contributions to GE during her tenure.

She has been a trusted partner through an unprecedented period of change, including my own transition into the CEO role and your complete refresh of GE's Board, portfolio moves to make GE a more focused industrial company and foundational shifts in our culture to drive greater rigor and transparency. She has been instrumental in setting and spearheading our deleveraging plan. And she will leave GE in a place where we are set to achieve those deleveraging targets in 2020. I appreciate not only her many contributions across the organization but also her personal support and partnership. On behalf of all of us, thank you, Jamie.

From where I sit today, I'm excited and confident in our efforts to build a stronger and more focused GE. We are planning to provide you a detailed 2020 outlook by segment on our March 4 investor call. But today, I'll share our expectations for the total company.

So moving to Slide 10. You'll find our targets on the [left-hand] (corrected by company after the call) side. We're expecting organic growth in the low single-digit range for Industrial; organic expansion of up to 75 basis points for Industrial operating margins; $0.50 to $0.60 for adjusted EPS; and a range of $2 billion to $4 billion for our Industrial free cash flow.

There are a number of key assumptions underpinning our plan again this year. First is the lost cash and earnings from dispositions, most notably BioPharma and Baker Hughes. Our outlook assumes that the BioPharma sale closes in the first quarter and a reduction of Baker Hughes dividends, in line with the orderly sale of our remaining stake. For reference, in 2019 for the full year, BioPharma generated approximately $1.3 billion in cash and $1.5 billion in profit while Baker Hughes dividends represented approximately $350 million of cash flow.

Second is that our plan is dependent on the 737 MAX's return to service, which we are planning for mid-2020, in line with Boeing's commentary. That said, the situation remains fluid. Looking across the segments, Renewables is the key operational focus for us in 2020 as we continue to deliver the Onshore Wind ramp, invest in Offshore and turn around both Grid and Hydro. This journey to improve earnings and cash at Renewables will take time.

We are expecting continued improvement in Power, continued strength in Healthcare and Aviation and lower Capital earnings compared to 2019. And at each business, we are enhancing operational rigor and cost management, which includes continued restructuring while nonoperational headwinds continue to diminish. In summary, our results will be a byproduct of delivering on our commitments day in and day out in the environment in which we operate. Despite areas of volatility in aggregate, we have a positive trajectory in 2020.

Moving to Slide 11, where we've outlined our priorities for the year: first, solidifying our financial position, building on the actions we took in 2019 to achieve our leverage targets; second, continuing to strengthen our businesses over the near to medium term, critical to this will be operating differently as our lean transformation gains traction; and third, driving long-term profitable growth, which I'm confident

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the GE team can deliver through innovative and efficient technologies and our global network. Combined, these strengths help us build upon our valuable installed base that keeps us close to our customers, helping to solve their most important problems.

And with that, let's take your questions. Steve?

Steven Eric Winoker ***General Electric Company - VP of Investor Communications***

Thanks, Larry. (Operator Instructions) Brandon, please open the line.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) And from Bank of America, we have Andrew Obin.

Andrew Burris Obin ***BofA Merrill Lynch, Research Division - MD***

Yes. I just want to start out by expressing my thanks to Jamie, and best wishes going forward.

Jamie S. Miller ***General Electric Company - Senior VP & CFO***

Thank you.

H. Lawrence Culp ***General Electric Company - Chairman & CEO***

You're a class act, Andrew.

Andrew Burris Obin ***BofA Merrill Lynch, Research Division - MD***

So a couple of questions, so I'll just ask both of them together. So the first one is Airbus has publicly indicated that they are making sizable adjustments in payables in 2020. And we understand engines is one of the biggest components. So how much, if any of this, is baked into your 2020 forecast? And the follow-up question is dynamic in Power Services improving, nice to see. But what are you doing differently exactly? So these are my two questions.

H. Lawrence Culp ***General Electric Company - Chairman & CEO***

Andrew, as you know, well, we have an excellent relationship with Airbus. I was with them just last week, in fact. The guide today relative to Aviation is, one, we want by design to keep it at a higher level. As you can imagine, the primary puts and takes here are really going to be in and around the timing and the assumptions with respect to MAX. But I think on balance, we have work to do with our friends at Airbus, work we're committed to. And we'll provide more of an update in March.

Jamie S. Miller ***General Electric Company - Senior VP & CFO***

Yes. And Andrew, as it relates to Airbus, I can't comment on their aviation payables. What I can tell you, we talked on the third quarter call about the impact of some of our timing of payment of discount and allowances back to the airframers. And across the board, across multiple of our programs, there are puts and takes. But we do see, on that front, some -- we saw tailwinds in 2019. We do see some headwinds in 2020. And that's baked into how we're thinking about 2020.

H. Lawrence Culp ***General Electric Company - Chairman & CEO***

Andrew, your second question, if I heard it correctly, was about Power Services?

Andrew Burris Obin ***BofA Merrill Lynch, Research Division - MD***

Correct.

H. Lawrence Culp ***General Electric Company - Chairman & CEO***

Yes. I would say we're doing a number of things. Clearly, within Gas Power, what we see is just better commercial execution in and around the way we are coordinating with our customers there, both their outage schedule and our other CSA obligations. I would say on the transactional side, what you see the team doing -- or what I saw the team do through the course of the year is just better, more regular call patterns, contacts, forward planning with our customers so that we are in front of the opportunities to sell into their installed

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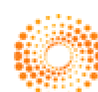

base to the extent possible.

That commercial work is really coupled with what we're doing operationally to improve lead times, to improve on-time deliveries so that we not only are well positioned to deliver on time and within budget scheduled outages, but that we have a better quick response capability. So I think as we look at the fourth quarter numbers, it's good to see the uptick that we did. I think if you look at the year on balance, clearly suggests there's more work to do. And I think the team is fully committed to doing that and continuing the exit momentum here through 2020.

Operator

From Wolfe Research, we have Nigel Coe.

Nigel Edward Coe ***Wolfe Research, LLC - MD & Senior Research Analyst***

I do want to echo Andrew's comments. Thanks, Jamie, good luck. You'll be missed by us. I'm not sure you'll miss us, but good luck.

Jamie S. Miller ***General Electric Company - Senior VP & CFO***

Thanks, Nigel.

Nigel Edward Coe ***Wolfe Research, LLC - MD & Senior Research Analyst***

I do want to touch on Aviation. Just first of all, obviously the EBIT performance this quarter was very impressive. I think it's a record quarterly performance. Anything unusual to factor in there or to think about? But more importantly, how do we think about the boundaries around the MAX grounding? If production is grounded through the year-end, how do we think about the earnings and free cash impact at GE?

H. Lawrence Culp ***General Electric Company - Chairman & CEO***

Yes. Nigel, let me -- let us take those in reverse order. You're exactly right in terms of the strong performance. And I would argue the strong performance for the full year that we saw in Aviation despite the MAX headwinds. But as we look forward, I think we're looking at a more complex situation in and around the MAX. Clearly, priority one here is safety. I think our friends at Boeing have been crystal clear, we're going to take the FAA's lead here and we're trying to support both Boeing and the FAA to the fullest extent possible. I think that if you look back, before we look forward, clearly we were building engines, we were delivering to Boeing at normal rates through 2019. We're going to see our shipment rates fall roughly half the '19 rate in '20. Clearly, it's going to be a bit of a gap here as a result relative to deliveries. And in turn, that drives some of the variability that you see in the guide. I think from an operating perspective, what we're really dealing with are 3 things, right? We're going to have a lower build profile, which in turn will challenge us on the cost side. We need to make sure that we are adjusting our cost structure accordingly but also taking the long view because this will be a temporary lull as Boeing has indicated. And we will be ramping presumably later in the year. So we want to make sure that not only our teams, but our supply chains are prepared to rebound.

With the midyear return to service, we know we're going to see fewer spare engine deliveries. Folks were ramping through the back half of last year in preparation for a return to service, there'll be a bit of a lull there as well that will put a little bit of mix pressure on us, obviously. And I think we'll continue to see fewer new orders, which are a nice source of cash for us, at least until midyear. But if that midyear return of services is realized, clearly we're going to resume deliveries. And that will be a positive from a cash perspective in terms of just the AR that will come in, clearly a bit of an offset relative to process -- or progress liquidations. So a number of moving pieces here. We're going to manage through this as we always do. But it's not simply the setup that we saw last year, where we're building, shipping, delivering and seeing the receivables build, many more moving pieces as we look ahead to 2020.

Jamie S. Miller ***General Electric Company - Senior VP & CFO***

And Nigel, with respect to your second question on Aviation EBITDA quarter-over-quarter, we saw strength in our aftermarket businesses at Aviation, so stronger profitability there year-over-year. We also benefited from the installed spares mix we had in the quarter. We had some variable cost productivity. And all of that was somewhat offset by higher R&D and a little bit higher SG&A.

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Operator

From RBC Capital Markets, we have Deane Dray.

Deane Michael Dray ***RBC Capital Markets, Research Division - MD of Multi-Industry & Electrical Equipment***

And my congratulations and goodbye to Jamie as well.

Jamie S. Miller ***General Electric Company - Senior VP & CFO***

Thank you, Deane.

Deane Michael Dray ***RBC Capital Markets, Research Division - MD of Multi-Industry & Electrical Equipment***

Larry, I know we're probably going to cover this on the March 4 call, but just some bigger-picture thoughts on the approach to guidance this year. You had said earlier that you're really not targeting EPS specifically, it's more of an outcome and free cash flow is the target. Just remind us how we might be seeing that in action this year. And do you have a contingency number either implicitly or explicitly as part of this range?

H. Lawrence Culp ***General Electric Company - Chairman & CEO***

Well, Deane, as you indicated at the beginning of that question, we'll get into a lot more detail on the 4th of March. I think all we really wanted to do today, quite frankly, is give everybody our best look at the fourth quarter and the quarter in the context of 2019. We thought that given where we are in preparation for 2020, we could also share earlier this year than we did last year the broad contours of our outlook for the new year. You have that. I think that again MAX is probably the source of the greatest volatility with -- or range within that guidance. Clearly, operationally, I alluded earlier to Renewables being a priority, not that we're done at Power, but I think we've got momentum there with clear work to do at Renewables. But Deane, your point, I think, is spot-on. We're encouraged to look forward here and see a low single-digit top line. With everything going on, we think we have the prospect for good margin expansion. That leads to the EPS range. But make no mistake, this team, the businesses are far more focused on sustainable cash flow generation. And that's, I think, what you see in part in the $2 billion to $4 billion range for next year. I think you see evidence of that in the way that we finished.

But what you don't see in terms of the numbers, what we see in all of our interactions with the businesses, I think it's just a heightened level of discipline upfront when we're talking about new business, not only in terms of price but frankly terms, conditions and scope, everything that can go into making a new order, be it for equipment or service, positive and accretive or not. I think the daily management that we talk about applies in our factories when we're building new equipment in the field, when we are installing that same equipment in the context of projects, let alone what we do in terms of driving service quality and productivity. So when you put all that together in a long-cycle business, there are going to be different ups and downs in the course of any 1 quarter. But again, this team is focused on a much more sustainable, higher level of free cash performance over the long term.

Deane Michael Dray ***RBC Capital Markets, Research Division - MD of Multi-Industry & Electrical Equipment***

Got it. And just as a follow-up, could you expand on the point on Renewables, where you're still in investment mode in wind specifically?

H. Lawrence Culp ***General Electric Company - Chairman & CEO***

Sure. Deane, the way I think about Renewables, 1 segment, but we've got, if you will, 3 different operating priorities in front of us. Our Onshore business clearly is our most mature business. In many respects, it's what drives the segment. We are investing there. But you look at the growth in Onshore Wind last year, a very healthy double-digit level, pleased with that. We need to see that convert more directly in the margins and cash. The investment reference I was making was really with respect to Offshore Wind, right? You've seen some big numbers here in the last 90 days relative to some experts' outlook for Offshore Wind. This is an area where we are an innovator. We think with Haliade-X, we have an opportunity to bring an exciting technology to market in 2021 that will help improve our overall performance. But in the near term, that is a -- that's an earnings and cash drag for us.

The third bit of Renewables again really is the legacy Alstom JVs in Grid and Hydro. We have full year of the JV performance consolidated in '19. That didn't help our reported numbers. We're a little bit behind, I think, where we would like to be in terms of executing on that turnaround, which is why we've put that front and center here in 2020. I'll get into that in more detail if you'd like. But those are the 3 pieces. The investment call-out specifically is in and around Offshore Wind and the Haliade-X program.

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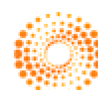

Operator

From JPMorgan, we have Steve Tusa.

Charles Stephen Tusa ***JP Morgan Chase & Co, Research Division - MD***

Congrats on the good cash finish at the end of the year. Can you just give us a little bit of color on progress and what kind of impact that ultimately had for 2019? And then also, the $2.1 billion in corporate expense for free cash flow, that includes the Baker dividend, so it's even higher than that kind of on a core basis. What goes into that number? And then one more, just on kind of the high-level color you guys gave us last March on 2020 and then the 2021 commentary, is that considered to be stale now, given you're going to kind of update that in March? Or how should we think about those kind of -- that kind of high-level guide?

Jamie S. Miller ***General Electric Company - Senior VP & CFO***

Yes, Steve, I'll answer your progress question. But maybe you can repeat your second question. I didn't quite catch that.

Charles Stephen Tusa ***JP Morgan Chase & Co, Research Division - MD***

Yes. Slide 15, the corporate, negative $2.1 billion.

Jamie S. Miller ***General Electric Company - Senior VP & CFO***

Sorry, okay. Yes, okay. Yes. So on progress for the year, progress contributed $1.3 billion in working capital inflows. Renewables and Aviation progress and Power was up over the prior year as well. When you look at Corporate, a couple of big drivers there. One is just higher cash tax payments. The other is higher restructuring in Corporate. And year-over-year, those were the 2 biggest drivers. When you look out, that starts to temper and come back in line with our expense levels.

H. Lawrence Culp ***General Electric Company - Chairman & CEO***

Steve, I think with respect to the guidance, again in 30-some days, we're going to be in front of everybody with an update on how we're thinking about '20 and the future. So I'm not sure how I would characterize that. We can certainly speak to some of the moving pieces in and around the growth and OMX. Again, to the earlier question, we're going to be very focused on free cash and how we step up in 2020. We think we can do that in Aviation, recognizing some of the dynamics at -- in and around the 737 MAX. I would also say I think we know we're going to be challenged in Renewables. And probably we'll see them not improve their free cash performance. Probably we'll see a step-back in 2020. But we'll take you through all the details and give you the freshest, latest consolidated view when we're together in early March.

Operator

From UBS, we have Markus Mittermaier.

Markus Mittermaier ***UBS Investment Bank, Research Division - Co-Head of European Capital Goods Research for EMEA and Executive Director***

And Jamie, thanks also from my side.

Jamie S. Miller ***General Electric Company - Senior VP & CFO***

Thank you.

Markus Mittermaier ***UBS Investment Bank, Research Division - Co-Head of European Capital Goods Research for EMEA and Executive Director***

On the free cash flow guidance, I appreciate that we'd get more details on that on the granularity in March. But just high level, it looks like Power came out significantly better than what we thought maybe 9 months ago. How does that progress in the Power Portfolio, Power Conversion turnaround? Sort of how do you think about that? What's the time line? I think you've taken out significant costs on the Gas Power side. What should we kind of think about as the jumping-off point into 2020 here for Power?

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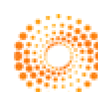

H. Lawrence Culp ***General Electric Company - Chairman & CEO***

Markus, you're exactly right. I mean if we look at where we finished versus where we thought we might be back in March, Power clearly was the major driver of the outperformance, I think Jamie referenced in her prepared remarks a better-than-anticipated supply chain finance transition there. We clearly spent less in restructuring as well. And again, despite the headwind with the MAX, Aviation was able to do a little bit better. You put all that together, I think it suggests better execution more broadly. Again, I'd like to preserve some of the details as we go from '19 to '20 in -- for the March update. But much of what's happening in Gas Power is underway within the Power Portfolio.

We've got 3 businesses there. Power Conversion is but one, call that roughly $1 billion P&L, where they have really grabbed the organization firmly and are driving cost-out improvements, better quality, better delivery performance, smarter underwriting. In Power Conversion specifically, we saw a really nice uptick in just the as-sold margins in that business. I give Russell Stokes, who's jumped in not only looking after Power Portfolio but Power Conversion specifically as CEO, a lot of credit for the progress that they're making. I think we do think Power again will be better as a segment next year from a cash perspective but still not positive.

Markus Mittermaier ***UBS Investment Bank, Research Division - Co-Head of European Capital Goods Research for EMEA and Executive Director***

Okay, that's very helpful. And then one quick follow-up just for Jamie. You already alluded to the AD&As within Aviation. I think if I remember this right, the tailwind for '19 was about $800 million. Will you expect that this reverses completely in 2020? Or does that spread out over maybe more than a year?

Jamie S. Miller ***General Electric Company - Senior VP & CFO***

Yes. So I mentioned on the third quarter call, $800 million of favorability roughly that we had expected in 2019. When we print the numbers, it was actually $500 million. So we did see some catch-up there more than we expected in the fourth quarter. And we do expect that to reverse fully in 2020 as a headwind.

Operator

From Morgan Stanley, we have Josh Pokrzywinski.

Joshua Charles Pokrzywinski ***Morgan Stanley, Research Division - Equity Analyst***

Just, I guess, first question, Larry, you mentioned on -- within the $4 billion -- or $2 billion to $4 billion range that Aviation is kind of the biggest source of volatility or spread within that. I guess how much of that volatility would you attribute to just timing around the MAX? So maybe the cumulative number over the next couple of years doesn't move around as much, but what you're actually able to capture in 2020 is maybe a bit more volatile.

H. Lawrence Culp ***General Electric Company - Chairman & CEO***

Yes. I think that's well-said, Josh. Again, we don't want to get ahead of the folks at Boeing, who I know are out here shortly. But the first order of business here in 2020 is a safe return to service. Neither Boeing nor GE is going to dictate that schedule, the FAA will. So again, given the build profile, the return to service date, the deliveries thereafter, there are a lot of moving pieces here. And I think we just want to embrace that reality, share with you what we know and acknowledge that even though we're putting out a range, we could be in a number of different places within it, depending on how this plays out over time. But going forward, I think we have real conviction in the LEAP engine. Clearly, Boeing is 1 of 2 major customers for that engine. And I think going forward, that should be a very healthy relationship and a very strong program for us. How that plays out '21 and into the future, we'll see again, we'll defer to our colleagues at Boeing, our customers at Boeing. But at this point, feel like we're very much on the right track.

Jamie S. Miller ***General Electric Company - Senior VP & CFO***

And Josh, I would just add to that, that when you think about some of the factors, Larry mentioned earlier, whether it's unabsorbed overhead or the mix of installs and spares, particularly spares, but also even the timing of the return of the $1.4 billion impact we felt in 2019, as this is now a midyear reentry into service, you should expect that we'll feel more headwinds in the first half and more tailwinds in the second half as production rates really normalize. So maybe that's the other factor to think about.

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H. Lawrence Culp ***General Electric Company - Chairman & CEO***

Yes. But again, Josh -- Josh, I just want to be clear. I think we just have a lot of respect for what's happening at Boeing today under Dave's leadership, right? Clearly, he'll put safety first. Real respect for the primacy of the FAA. Pulling the end on as they did to stop the line takes a lot of guts. I respect that. I think the focus here couldn't be clearer, right, recertification, then a return to service, delivering inventory, then ultimately new production. It is complicated, but I think we see a significant alignment at Boeing and certainly in partnership with us and others in the supply chain. So it is clearly an unfortunate tragedy that occurred, 2 tragedies to be specific. But I think going forward, we'll all hopefully take the lessons here and build a better, stronger industry.

Joshua Charles Pokrzywinski ***Morgan Stanley, Research Division - Equity Analyst***

Understood. Appreciate that. And then just a quick follow-up on the PTC extension that got announced in December. Does that change the shape of the cash profile over the next year or 2 at all or still kind of where we would have been otherwise?

Jamie S. Miller ***General Electric Company - Senior VP & CFO***

I think it's a little hard to say. Certainly, we still expect the same level of high PTC deliveries in the U.S. in 2020, which will be a progress collection drag for us as that liquidates. But the PTC extension should help in terms of incremental new orders and some mitigating progress collections there on the inbound. So we'll have to see a little bit how that market plays out, but we do expect some good news there.

Operator

From Vertical Research, we have Jeff Sprague.

Jeffrey Todd Sprague ***Vertical Research Partners, LLC - Founder & Managing Partner***

Just a couple of items. First, back to the MAX, Larry, not to parse words, but you said your shipments to Boeing will be cut roughly in half. I wonder if you're taking your production down that much. There's been commentary from Arconic and others that it's very difficult to mess with these engine production rates. And then secondly on that, return to service relative to kind of production could be kind of 2 different items also, given the need to induct what's in backlog, et cetera. So if you could just clarify your thinking on both of those, I'd appreciate it.

H. Lawrence Culp ***General Electric Company - Chairman & CEO***

You bet, Jeff. I think what we're going to do is -- and we're in the process of doing is bringing our production levels down, mindful of what's happening at Boeing. But we're not bringing that to 0. We very much, if you will, need to keep the lines wet here as we prepare not only for the return to service but the subsequent ramp. And that's a function of how we're going to manage our own teams and in turn suppliers like Arconic, PCC and the rest. I know there was a comment on somebody's call relative to this dynamic that we were going to be building more spare engines. That is indeed not the case, just to make sure we're all on the same page. We will probably build ahead a little bit as we go through the year to be prepared for whatever ramp late this year, early next year awaits us. We want to make sure we are there in lockstep with Boeing. But we do expect our spare engine deliveries with the 1B to come down this year just as folks see this pause around the return to service schedule.

Jeffrey Todd Sprague ***Vertical Research Partners, LLC - Founder & Managing Partner***

And just unrelated, but this big JV order with Baker, did that come with significant deposits in the quarter? And how does that impact the Aviation cash flow, if at all?

Jamie S. Miller ***General Electric Company - Senior VP & CFO***

It did not. There was no progress on that in the quarter.

Operator

From Barclays, we have Julian Mitchell.

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Julian C.H. Mitchell ***Barclays Bank PLC, Research Division - Research Analyst***

Maybe a question on capital for a change. So Jamie, I heard your comments around the leverage level likely rising through this year. You had the $2.5 billion capital infusion in Q4. What are you thinking about further infusions from Industrial to Capital in 2020? And also, any framing you can give for the commentary around lower Capital earnings this year?

Jamie S. Miller ***General Electric Company - Senior VP & CFO***

Yes. So in line with what we've said before, we do still expect to have GE to GE Capital parent support in 2020, though it will be significantly lower than it was in 2019. Think about it as roughly in line with the insurance statutory funding. We look at a lot of different elements in our economic capital framework based on the risk profiles of what we see in our businesses and what's required to be held at our statutory insurance companies. So we do still expect something there. And then with respect to Capital earnings, the biggest couple of things to think about in 2020 are -- we just have a smaller asset base. So we'll have lower earnings off of a smaller asset base. And then secondly, 2019 benefited from asset sale gains, which as we've concluded largely our asset sale program, those just won't repeat as we get into 2020. But as I mentioned before, we still expect Capital to be breakeven by the time we hit 2021.

Operator

From Melius Research, we have Scott Davis.

Scott Reed Davis ***Melius Research LLC - Founding Partner, Chairman, CEO & Research Analyst of Multi-Industry Research***

I'll echo prior comments. Jamie, best of luck to you. I'm sure we'll see you hopefully down the road.

Jamie S. Miller ***General Electric Company - Senior VP & CFO***

Thank you.

Scott Reed Davis ***Melius Research LLC - Founding Partner, Chairman, CEO & Research Analyst of Multi-Industry Research***

In any event, one of the questions I wanted to ask, Larry, is just that is there somewhat of a potential positive impact longer term on your LEAP production lines and just the slowdown allowing you time to lean things out, maybe upgrade tooling, maybe just take another look at processes and just figure out how to get down the cost curve faster? Is that something real or not?

H. Lawrence Culp ***General Electric Company - Chairman & CEO***

Scott, I would submit that it is very real. The team, I think, made real progress in that regard, coming down the cost curve in 2019. But a slower pace here will help us not only tend to some delinquencies that we have elsewhere, past dues that we have elsewhere across Aviation, but I think will also allow us to drive more, better lean principles into all of our production operations, LEAP and elsewhere. But I think more broadly, Scott, what we're most pleased by is again the clarity of the focus, safety first, recertification in concert with the FAA, a safe return to service, delivery of the inventories and then we'll ramp at a slower, lower rate. Just having that clarity goes a long way to help us best serve Boeing and our airline customers. A little bit of a pause here helps. But just that clarity goes a long way as we think about the next couple of years and all that we can and should do with LEAP.

Operator

From Gordon Haskett, we have John Inch.

John George Inch ***Gordon Haskett Research Advisors - MD & Senior Analyst of Multi-Industrials***

You guys run all these numbers. So I'm going to ask -- if the MAX had never been grounded, would your $2.3 billion of free cash flow have been $3.7 billion instead? And if the MAX had been producing and flying normally since Jan 1, '20, what would your $2 billion to $4 billion of 2020 Industrial guidance, what do you think that would have been in terms of the range?

Jamie S. Miller ***General Electric Company - Senior VP & CFO***

So 2019, the $1.4 billion that we've talked about before is the V to our original expectations. So yes, that would have been higher.

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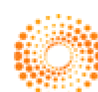

H. Lawrence Culp ***General Electric Company - Chairman & CEO***

And yes, I think with respect to 2020, John, given all the moving pieces we've talked about a couple of times here during Q&A, I think we would probably not want to speculate on what might have been. But I think Jamie gives you a pretty good jumping-off point, right? Just taking the $2.3 billion that we printed, the $1.4 billion that was held off and then the growth that we would have seen there, was there a deduct there relative to maybe an offset in service? Very hard to tell. But I think if you just step back from the MAX, if you look at Aviation for 2020, again I think that the outlook there is probably flat to up from a free cash perspective, mindful of all the moving pieces here in and around MAX. So again, a strong franchise, a number of other non-MAX related efforts with real traction, delivering real results. We'll deal with MAX as it comes. But long term, clearly this is going to be our strongest cash-generating business across the portfolio.

Operator

Our last question is from Citi, we have Andrew Kaplowitz.

Andrew Alec Kaplowitz ***Citigroup Inc, Research Division - MD and U.S. Industrial Sector Head***

Jamie, thanks for all the help.

Jamie S. Miller ***General Electric Company - Senior VP & CFO***

Thank you.

Andrew Alec Kaplowitz ***Citigroup Inc, Research Division - MD and U.S. Industrial Sector Head***

So Larry, at the Healthcare Day in December, you suggested that Healthcare revenue in Q4 could be flat to slightly down. And you came in just about flat. Have you seen any positive inflection in Healthcare Systems, either in the U.S. with some of the delays you were seeing under in China, with the new leadership you have there and as trade issues began to die down? And how does the coronavirus complicate the outlook if at all for your China Healthcare Systems business in 2020?

H. Lawrence Culp ***General Electric Company - Chairman & CEO***

Andy, I would say that it's probably too early to point to anything in these numbers today within Healthcare that suggests Yihao in China and Everett here in the States have had positive impact yet. But in terms of everything I have seen, if you will, behind the curtain, the work they're doing to retool their teams, the commercial intensity and discipline that they're bringing, I'm really optimistic that the commercial execution that has caused us to underperform on a relative basis in '19 is on its way to being remedied, and we should see improvement as we go through the course of the year. I was with the European team just last week in France. That's a strong team as well, in many respects, a more challenging market. But we need to deliver on that, not just talk about it.

With respect to corona -- the coronavirus, obviously we're disheartened and sorry that it's happening. It's a tragedy in its own right. Our priority is on safety clearly of our team really across GE. As you might imagine, our Healthcare team is really in the smack in the middle of this in Wuhan and elsewhere, servicing our equipment, certainly prioritizing new equipment deliveries, particularly to the Wuhan hospitals. We made a significant donation of patient monitors and ultrasound equipment to help the care providers there. So there's a lot going on. And fortunately, we can be part of the solution there in China, but itself, a real tragedy.

Operator

Thank you. And Mr. Winoker, we'll turn it back to you for closing remarks.

Steven Eric Winoker ***General Electric Company - VP of Investor Communications***

Thanks, everybody. Appreciate you taking the time. I know it's a busy earnings day, and look forward to following up afterwards. Take care.

Operator

And ladies and gentlemen, this concludes today's conference. Thank you for joining. You may now disconnect.

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