



GE 2018 fourth quarter performance

Financial results & Company highlights

January 31, 2019

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 included in the GE earnings supplemental information package posted to the investor relations section of our website at www.ge.com.

Our financial services business is operated by GE Capital Global Holdings LLC (GECGH). In this document, we refer to 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.

Summary

CEO Observations

Business strengths:

- **Aviation:** Strong financial performance & operational execution
- **Healthcare:** Solid performance; valuable franchise
- **Significant liquidity:** \$30B+ GE Industrial & GE Capital cash; \$40B in available funding lines; in process of separating 3 businesses, which will generate \$30B+ of cash sources

Opportunities for improvement:

- **Leverage:** Too high; committed to de-leveraging Industrial & Capital balance sheets
- **Power:** Secular/cyclical challenges; ongoing profit & cash pressures from Alstom; better operational execution
- **Running the business:** sharper operational execution, stronger customer focus, fewer priorities



Taking Action

De-leveraging the balance sheet:

- Reduced dividend (~\$4B/year), accelerated BHGE sell down (~\$4B), modified Transportation deal (~\$2B)
- Signed or completed ~\$20B Industrial dispositions in 2018
- Completed ~\$15B GE Capital asset sales & other actions in 2018
- Agreed in principle with the U.S. DOJ to settle FIRREA investigation of WMC for \$1.5B

Strengthening the businesses:

- Delaying Power and Renewables HQs
- Focusing our GE Digital business on the core
- New leaders, including in Gas Power, Global Growth Organization, HR, IR
- Appointed Paula Rosput Reynolds to GE's Board
- Announced intention to conduct auditor tender process

4Q'18 performance

(\$ in billions – except EPS)

	<u>4Q'18</u>	<u>y/y</u>	<u>y/y (org.)</u>	<u>Adjusted EPS walk</u>	
Orders	\$34.1	(1)%	4%		<u>4Q'18</u>
Revenues	33.3	5%		GAAP Continuing EPS	\$0.08
- GE Industrial	31.2	2%	8%	Less: Gains/unrealized mark-to-market	0.06
- GE Capital	2.5	60%		Less: Goodwill impairments	(0.02)
Adj. GE Industrial profit ^{-a)}	2.3	(16)%	(10)%	Less: Restructuring & other	(0.07)
Adj. GE Industrial profit margin ^{-a)}	7.5%	(1.5)pts	(1.5)pts	Less: Non-op. benefit costs	(0.05)
GAAP Net EPS	0.07	F		Less: US tax reform enactment	<u>(0.01)</u>
GAAP Continuing EPS	0.08	F		Adjusted EPS ^{-a)}	\$0.17
Adjusted EPS ^{-a)}	0.17	(60)%		Restructuring & other includes \$(0.5)B after-tax restructuring expense & \$(0.1)B tax impact from Healthcare separation	



(a - Excludes interest & other financial charges, non-operating benefit costs, gains (losses), goodwill impairments, and restructuring & other

Industrial free cash flows

(\$ in billions)

	<u>4Q'18</u>	<u>y/y</u>	<u>2018</u>	<u>y/y</u>
Net earnings (loss) ^{-a)}	\$0.9	\$5.5	\$(20.7)	\$(18.5)
Goodwill impairments	0.2	(0.1)	22.1	21.0
Depreciation & amort.	1.3	(0.1)	6.0	1.0
Working capital	2.3	(1.4)	0.0	(2.8)
Contract assets	0.9	(0.2)	(0.1)	1.8
Other CFOA ^{-b)}	0.9	(4.7)	1.1	(2.9)
Gross capex	(1.0)	0.2	(3.6)	1.0
Less: BHGE FCF ^{-c)}	0.8	1.2	0.8	1.8
Plus: BHGE dividend	0.1	(0.0)	0.5	0.2
Adj. GE Industrial FCF ^{-d)}	\$4.9	\$(1.9)	\$4.5	\$(1.0)

4Q'18

- Positive working capital driven by inventory liquidations & strong progress collections in Renewables
- Contract assets flow driven by services billings in Aviation as traffic growth remains strong

2018

- \$4.5B adjusted FCF largely from income, better payables performance, and Renewables progress offset by Power drag, lower factoring penetration, and \$2.7B of capex (ex-BHGE)



(a - Aggregates the following: Net earnings (loss), (earnings) loss from discontinued operations, (earnings) loss from GE Capital continuing operations; excludes 2017 common dividends from GE Capital
 (b - Aggregates the following: Losses (gains) on sales of business interests, principal pension plans (net), other post retirement benefit plans (net), income taxes (net), and all other operating activities; excludes deal taxes and GE Pension Plan contributions
 (c - BHGE FCF on a gross capex basis; 2017 figures include 2H BHGE FCF only
 (d - Excludes deal taxes & GE Pension Plan contributions; BHGE on a dividend basis

Liquidity

(\$ in billions)

GE cash balance walk

(ex. BHGE)

Beginning balance 4Q'17	\$11.8
Adjusted GE Industrial FCF ^{-a)}	4.5
GE common dividends	(4.2)
Business dispositions ^{-b)}	5.9
Loan from GE Capital for pension funding	6.0
Pension funding	(6.0)
Alstom joint ventures	(3.1)
BHGE secondary + buybacks	4.4
Other	(2.5)
Ending balance 4Q'18	\$16.8

4Q'18 liquidity metrics

Peak intra-quarter CP/revolver usage	\$14.8B
Available bank lines	\$40B
Credit rating	BBB+



(a - Excludes deal taxes & GE Pension Plan funding; BHGE on a dividend basis
(b - Includes deal taxes)

Financial policy

(\$ in billions)

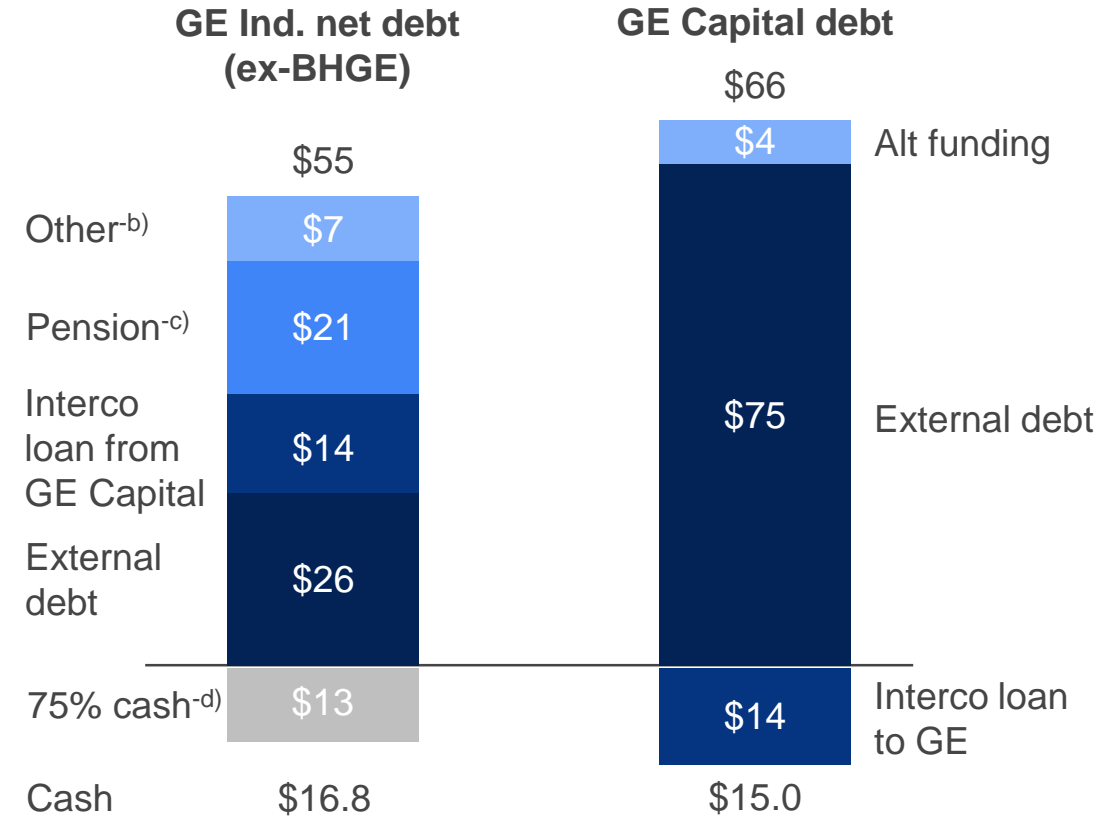
Targeted goals

Sustainable credit rating in single A range

Industrial net debt/EBITDA <2.5x^{a)}

Dividend payout in line with peers over time

Debt (as of 12/31/18)



\$50B sources:

- \$18B Healthcare debt/pension transfer
- \$30B+ BHGE, Transportation, and up to <50% of Healthcare



(a - Non-GAAP measure

(b - 50% of preferred stock and operating leases

(c - GE Pension Plan, GE Supplementary Pension Plan, Other Pension Plans, and Principal retiree benefit plans, after tax

(d - 75% of \$16.8B ending GE (ex-BHGE) cash balance

Segments

(\$ in billions)

	<u>Power</u>		<u>Renewable Energy</u>		
<u>4Q'18</u>	<u>\$</u>	<u>y/y</u>	<u>4Q'18</u>	<u>\$</u>	<u>y/y</u>
Orders	\$7.9	(19)%	Orders	\$3.9	19%
Revenues	\$6.8	(25)%	Revenues	\$3.4	28%
Segment profit	\$(0.9)	U	Segment profit	\$0.1	(51)%
Segment profit %	(12.9)%	U	Segment profit %	2.0%	(3.3) pts.
	<u>Aviation</u>		<u>Healthcare</u>		
<u>4Q'18</u>	<u>\$</u>	<u>y/y</u>	<u>4Q'18</u>	<u>\$</u>	<u>y/y</u>
Orders	\$8.8	12%	Orders	\$5.8	(2)%
Revenues	\$8.5	21%	Revenues	\$5.4	2%
Segment profit	\$1.7	24%	Segment profit	\$1.2	2%
Segment profit %	20.4%	0.6 pts.	Segment profit %	21.8%	0.1 pts.



Segments

(\$ in billions)

<u>Oil & Gas</u>			<u>Lighting</u>		
<u>4Q'18</u>	<u>\$</u>	<u>y/y</u>	<u>4Q'18</u>	<u>\$</u>	<u>y/y</u>
Orders	\$6.9	21%	Orders	\$0.3	(16)%
Revenues	\$6.2	8%	Revenues	\$0.5	(16)%
Adj. Segment profit ^{-a)}	\$0.4	60%	Segment profit	\$-	F
Adj. Segment profit % ^{-a)}	6.3%	2.0 pts.	Segment profit %	4.0%	6.8 pts.
<u>Transportation</u>			<u>Capital</u>		
<u>4Q'18</u>	<u>\$</u>	<u>y/y</u>	<u>4Q'18</u>	<u>\$</u>	<u>y/y</u>
Orders	\$1.1	(48)%	Revenues	\$2.5	60%
Revenues	\$1.2	24%	Continuing earnings	\$(0.1)	99%
Segment profit	\$0.2	(16)%	Adj. continuing ^{-b)}	\$-	(96)%
Segment profit %	16.1%	(7.7) pts.	Assets	\$123.9	\$(4.6) <small>sequential variance</small>



(a - Oil & Gas segment profit \$320MM in 2018 & segment profit % of 5.1% including restructuring & other charges; for 2017, segment profit of \$(165)MM & segment profit % of (2.9)% including restructuring & other charges
 (b - Excluding tax reform adjustment

