

# GE Home & Business Solutions

## Oppenheimer Industrials Conference

Charlene Begley

President & CEO, GE Home & Business Solutions

May 16, 2012

### Caution Concerning 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,” or “will.” Forward-looking statements by their nature address matters that are, to different degrees, uncertain. For us, particular uncertainties that could cause our actual results to be materially different than those expressed in our forward-looking statements include: current economic and financial conditions, including volatility in interest and exchange rates, commodity and equity prices and the value of financial assets; potential market disruptions or other impacts arising in the United States or Europe from developments in the European sovereign debt situation; the impact of conditions in the financial and credit markets on the availability and cost of General Electric Capital Corporation’s (GECC) funding and on our ability to reduce GECC’s asset levels as planned; the impact of conditions in the housing market and unemployment rates on the level of commercial and consumer credit defaults; changes in Japanese consumer behavior that may affect our estimates of liability for excess interest refund claims (Grey Zone); 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 flow and earnings and other conditions which may affect our ability to pay our quarterly dividend at the planned level; our plan to resume GECC dividends, which is subject to Federal Reserve review; our ability to convert customer wins (which represent pre-order commitments) into orders; the level of demand and financial performance of the major industries we serve, including, without limitation, air and rail transportation, energy generation, real estate and healthcare; the impact of regulation and regulatory, investigative and legal proceedings and legal compliance risks, including the impact of financial services regulation; strategic actions, including acquisitions, joint ventures and dispositions and our success in completing announced transactions and integrating acquired businesses; the impact of potential information technology or data security breaches; and numerous other matters of national, regional and global scale, including those of a political, economic, business and competitive nature. These 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 may also contain 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 (ex. GECC)” and/or “Industrial” refer to GE excluding Financial Services.”



imagination at work

# Home & Business Solutions in 2011

(\$ in billions)

## Appliances

HQ: Louisville, KY  
\$5.0B revenues  
~10k employees

- Mission 1 product launches
- World class manufacturing
- ~1300 US jobs created



## Lighting

HQ: East Cleveland, OH  
\$2.8B revenues  
~15k employees

- Commercial transformation
- World class operations
- Green solutions w/ LED



## IP

HQ: Charlottesville, VA  
\$0.8B revenues  
~3k employees

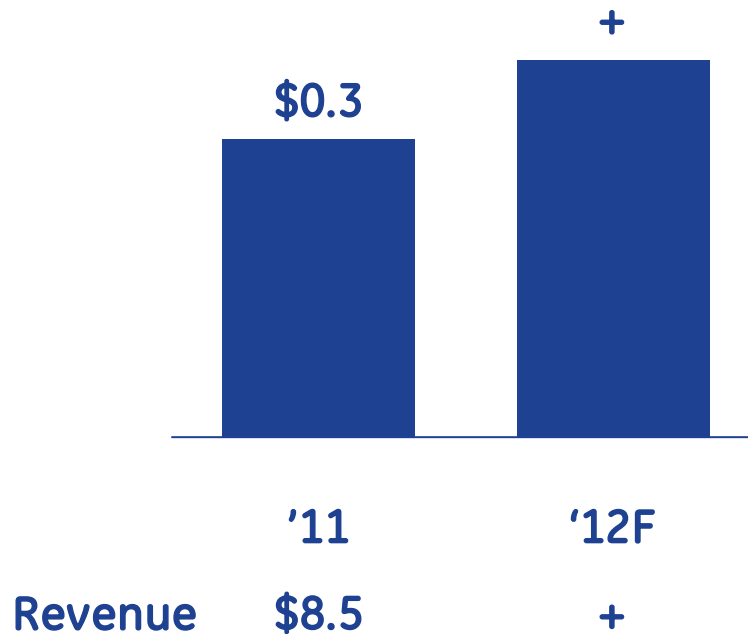
- Software
- Automation Systems
- Embedded Systems



# H&BS 2012 strategy

(\$ in billions)

## Segment profit



## Operating strategy

- Lead in Technology
  - Mission 1
  - LED Solutions
  - Proficy Software Suite
- World Class Lean Manufacturing
- Sustain pricing ahead of inflation

Growing in tough environment

# Appliances

# Market environment

- U.S. housing market remains tough ... behavior change to buy when breaks
- Contract segment strengthening ... Multi-Family permits +21%
- Revenue +8% in 1Q with core industry down (10)% ... share +3 pts
- NPI spend +25% ... refreshing products ... 4 key NPI launches in '12

# Hybrid water heater

- Most energy efficient 50-gallon electric water heater
- Saves \$325 per year
- 65 gallon first hour delivery
- Quieter ~ 7 dBA noise reduction
- Easier installation ... requires 9" less headroom



# Bottom freezer

- Hands free auto fill
- Hot water dispenser
- Advanced filtration
- Unique product design
- Twin chill for freshness
- Showcase LED lighting





# Mission One launches in 2<sup>nd</sup> half

Best in class capacity & industry 1<sup>st</sup> features



Industry leading wash performance & appearance



Delivering leadership products to end-consumer



# Connected home



## Common communication platform

- Remote control, alerts/notifications, analytics
- Foundation for product differentiation
- Strong link to home services business
- Launching with Mission 1 products

### Convenience Thermostat Control



### Diagnostics Water Filter Alert



### Energy Vacation Mode



# Lighting

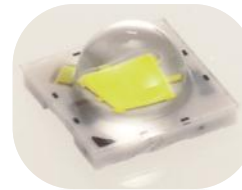
# GE Lighting ... technology shift

## Incandescent








- Filament based
- Inefficient (60 watts)
- One-year life
- Ownership cost/yr = \$6.80
- Thomas Edison → 1879

## LED

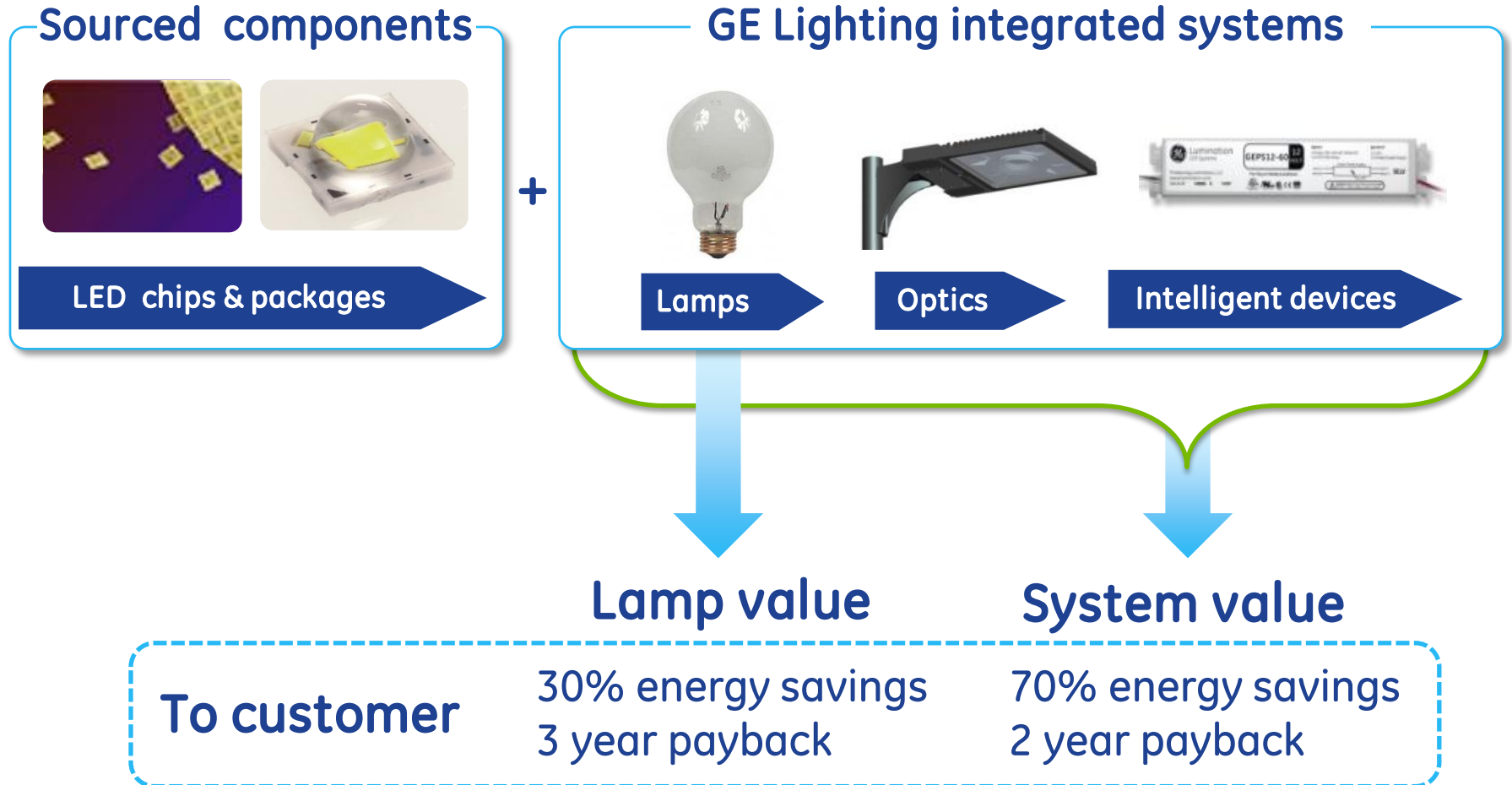


- Semi-conductor chip
- Very efficient (~13 watts)
- 20+ year life
- Ownership cost/yr = \$2.06
- GRC → 1962

# U.S. consumer 100W options 2015

	Legacy	Bridge		Tomorrow
	  <b>Incandescent A-Line</b>	 <b>Halogen</b>	 <b>Spiral® CFL</b>	 <b>LED</b>
<b>Consumer economics:</b>				
Retail price	\$ 0.60	\$1.20	\$3.99	\$30
Life	1 year	1 year	9 Years	46 Years
Ownership cost/yr	\$6.80	\$9.87	\$3.58	\$2.06
<b>Customer dynamics:</b>				
	<ul style="list-style-type: none"> <li>+ Familiarity</li> <li>+ Lowest retail</li> <li>- Energy use</li> </ul>	<ul style="list-style-type: none"> <li>+ Incandescent like</li> <li>+ Lowest retail</li> <li>+ No mercury</li> <li>- Energy use</li> </ul>	<ul style="list-style-type: none"> <li>+ Long life</li> <li>+ Energy savings</li> <li>+ Lowest cost to own</li> <li>- Performance/image</li> <li>- Mercury</li> </ul>	<ul style="list-style-type: none"> <li>+ Longest life</li> <li>+ Energy savings</li> <li>+ No mercury</li> <li>+ More like inc</li> <li>- High initial cost</li> </ul>

# LED: Creating & capturing more value



# GE brewing up savings at Starbucks



## GE Lighting solution

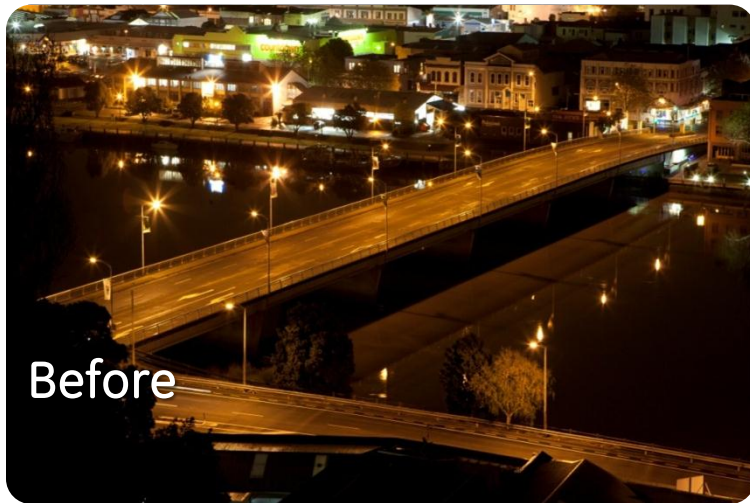
- Delivered 400k LED lamps to 10 Countries
- Trained 100 store designers on LED fundamentals
- Developed new edgelit LED products in two months

## Customer value

- 88% energy savings
- 1.2 year payback on investment
- Productivity gain from in-house designers

# Winning with LED roadway systems

## Wanganui Bridge, New Zealand



### Benefits

- 50% energy savings
- 80% maintenance savings
- 2-5 year payback on investment
- City beautification & security

### Key wins

Las Vegas, U.S.

Chetumal, Mexico

Baltimore, U.S.

Sydney, Australia

IMPA, (Indiana)

Boston, U.S.



# Marriott story



## GE Lighting solution

- Illuminated 2M sq. feet of garages and parking lots
- Integrated LED systems & GEL controls w/Marriott security cameras
- Advanced 3-D photometric renderings to Marriott engineers

## Customer value

- 70% energy savings
- 2-year payback on investment
- Enhanced safety and security

# Driving the consumer shift

## New packaging



- Modernization: To contemporize GE shelf presence and improve shopping experience
- Focus on key category benefit: brightness
- Delivers consistent GE promise on every package



## Incentives



## Digital – Content Hub



# Intelligent Platforms

# Three primary businesses



## Software and Services

Sophisticated data collection, visualization, and analytic tools delivering operational intelligence to infrastructure and manufacturing industries.



## Control and Communication Systems

Advanced computing, controls and communications for OEM and Process applications.



## Military and Aerospace Embedded Computing

Rugged electronics based upon open systems for defense and aerospace applications.

# Executing across core verticals

## Deep domain expertise in core verticals

### Industrial



- Food & Beverage
- Consumer Goods
- Chemical
- Automotive

### Infrastructure



- Water
- O&G
- Power & Energy
- Transportation
- Metals and Mining

### Mil Aero



- Image Processing
- Electronic systems
- Radar
- Communications



United Water



P&G

PACIFICORP



Seadrill

RioTinto

US Army Corps of Engineers

BAE SYSTEMS



GENERAL DYNAMICS

NORTHROP GRUMMAN



Raytheon

# Operations Management

## Driving manufacturing excellence

**P&G**

- 25<sup>th</sup> on the Fortune 500 list
- Proficy deployed in 91 of 140 plants

Proficy delivers

- Accelerated NPI innovation
- Reduced supply chain inventory ~30%
- \$80MM in annual benefits



# Information Technology



# IT strategic imperatives



## Process Excellence

- GE Advantage ... wing-to-wing process redesign
- Services automation
- Global enablement
- Cloud capacity to enable growth



## Simplification

- GL / ERP consolidation
- Application reductions
- Complex workflow reductions
- One back office



## Collaboration

- Colab employee social network
- Anywhere, anytime, any device
- Mobile apps
- Video platform



## Security + Compliance

- Security framework and compliance
- Software governance
- Data center security standards

# GE Advantage initiative



- Process improvement as a core competency ... improving customer value & GE's competitive advantage
- Tracking 40 projects across GE ... wing-to-wing
- NPI, cycle time, pricing, service excellence, GE Capital deal conversion, simplification, acquisition integration
- Process rigor: lean, six sigma, quality system, customer-value alignment (DVP)

~1,000 dedicated resources

Project Highlights	Revenue	Margin	Cash	Focus
Aviation learning curve		✓	✓	• Accelerate GENx cost reduction timeline
Oil & Gas service excellence	✓	✓		• Optimize planned outages & maximize equipment availability
Healthcare cycle time		✓	✓	• Shorten time to delivery & cash collection
Transportation DVP	✓	✓	✓	• Increase revenue & margins through customer value alignment
Appliances Mission 1	✓	✓		• Lean NPI ... features & cost

# Q&A