

# GE 2012 fourth quarter performance

## January 18, 2013

### – Financial results & Company highlights

#### 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 (GE Money Japan); pending and future mortgage securitization claims and litigation 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 flow and earnings and other conditions which may affect our ability to pay our quarterly dividend at the planned level; GECC’s ability to pay dividends to GE at the planned level; our ability to convert 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

# 4Q'12 overview

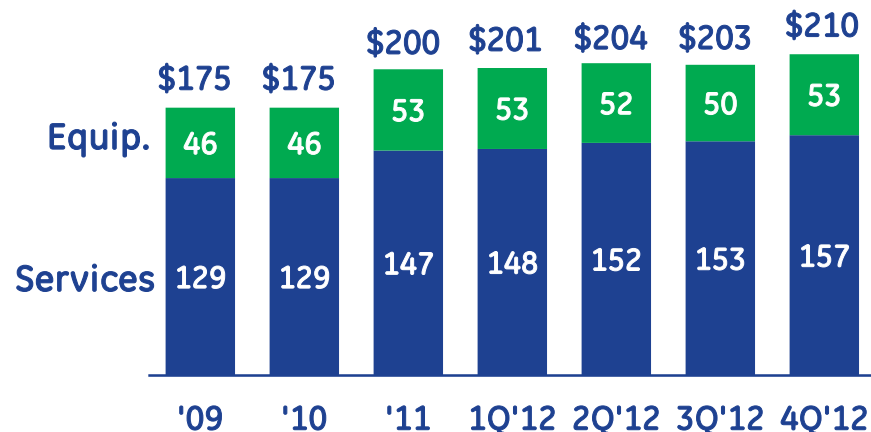
- ✓ Strong 4Q execution
  - Developed markets remain uncertain ... prepared for a variety of outcomes
  - Emerging markets opportunities ... growth in China & resource-rich countries
- ✓ Solid top line performance ... total company revenue +4%, Industrial segments +4%
  - Infrastructure orders up 2%; +7% excluding Wind & FX
  - Total year Industrial segments organic revenue +8%, GE Capital revenue (6)%
- ✓ Strong earnings results ... operating EPS +13%
  - Industrial segments +12% ... all segments growing, 5/7 up double-digits
  - GE Capital earnings +9% ... 4Q ending ENI balance \$419B
  - Strong 2012 segment performance ... Industrial +10%, GE Capital +12%
- ✓ Executing on operational priorities
  - 4Q Industrial margins 17.3%, +120 bps.
  - Total year Industrial margins 15.1%, +30 bps.
  - Total GE CFOA of \$7.2B for the quarter & \$17.8B total year, +48%
- ✓ Continued execution of balanced capital allocation plan
  - \$2.1B buyback in 4Q ... \$5.2B for total year
  - Announced 12% dividend increase in December
  - \$12.4B returned to investors in 2012
  - High-return, bolt-on acquisitions ... announced Avio

# 4Q'12 orders \$28.5B, +2%

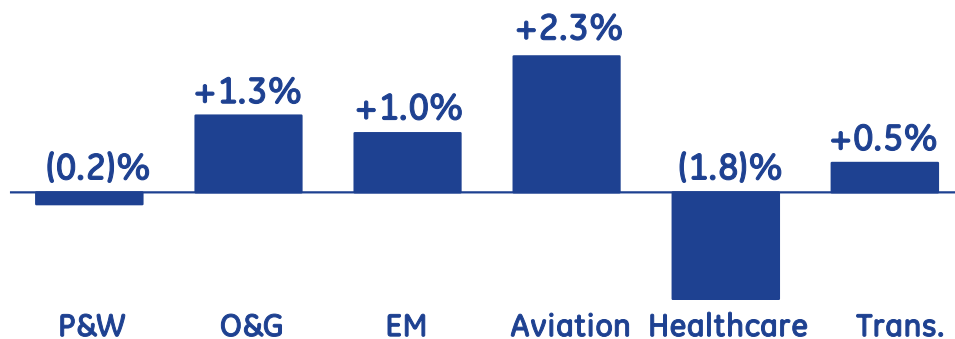
(\$ in billions)

	Equipment		Services	
	\$	V%	\$	V%
Power & Water	\$3.5	(26)%	\$3.6	(3)%
O&G	3.1	31	2.4	4
Energy Mgmt.	1.6	15	0.6	5
Aviation	4.8	13	2.7	1
Healthcare	3.4	7	2.0	(1)
Transportation	0.6	20	0.7	(3)
<b>Total</b>	<b>\$16.7</b>	<b>3%</b>	<b>\$11.8</b>	<b>-%</b>

## Backlog (\$B)



## Orders price profile +0.5%



## Highlights

- ✓ Total +7% excluding Wind & FX
- ✓ Equipment book-to-bill 1.2, ex. Wind 1.3
- ✓ Total equipment +11% excluding Wind
- ✓ Backlog growth led by Oil & Gas & Aviation
- ✓ Growth regions +12%

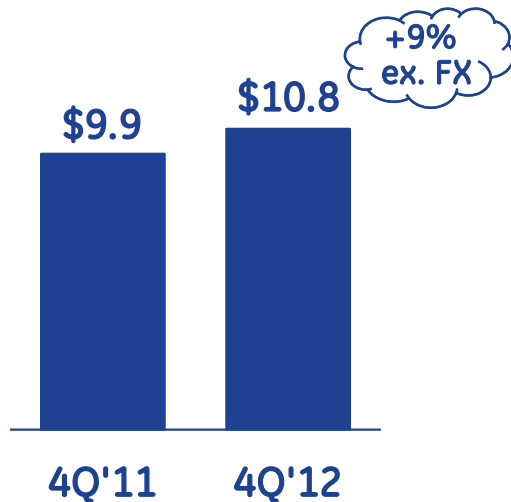
- ✓ Strong equipment orders growth in 5/6 businesses
- ✓ Record high GE backlog at \$210B

# Growth dynamics

(\$ in billions)

## Growth markets

### Industrial segment revenue



- ✓ Strength in Aviation, Healthcare, Transportation & Oil & Gas
- ✓ Revenue +11% for '12
- ✓ 6/9 regions up double-digits total year '12 ... Russia +23%, ANZ +22%, LA +22%, China +19%

## Services

### Revenue



- ✓ Continued growth in Power & Water, Aviation & Transportation
- ✓ Margins up 190 bps.
- ✓ Strong backlog ... \$157B

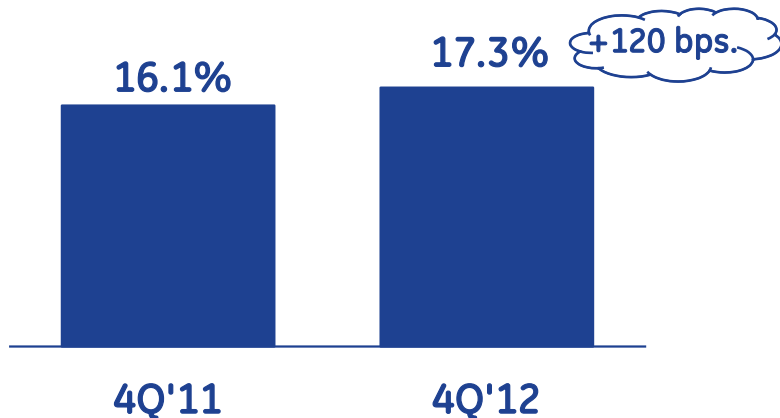
## Technical progress

- + 9 Industrial Internet applications launched ... 20 more in '13
- + 1,000<sup>th</sup> 2.5MW turbine installed at Europe's largest wind farm
- + \$1.7B CFM LEAP Boeing MAX orders; \$800MM GENx
- + Discovery IGS 730 ... first of its kind laser-guided interventional system
- + Distributed Power (Aero + Jenbacher + Waukesha) grew by 19% in '12
- + Durathon battery integrated into new mining equipment
- + TALERIS JV with Accenture ... intelligent operations for commercial aviation

**Continuing to deliver growth in volatile markets**

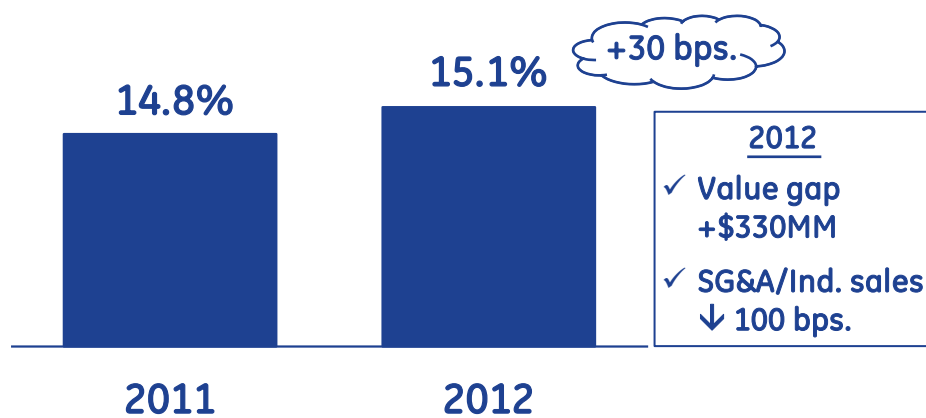
# Operating profit margins

## Fourth quarter



	4Q OP %	V pts.
Power & Water	22.8%	0.8 pts.
Oil & Gas	14.3	0.4
Energy Mgmt.	3.3	0.9
Aviation	19.0	1.7
Healthcare	19.7	1.2
Transportation	18.5	3.1
H&BS	5.6	2.9

## Total year



2012  
 ✓ Value gap +\$330MM  
 ✓ SG&A/Ind. sales ↓ 100 bps.

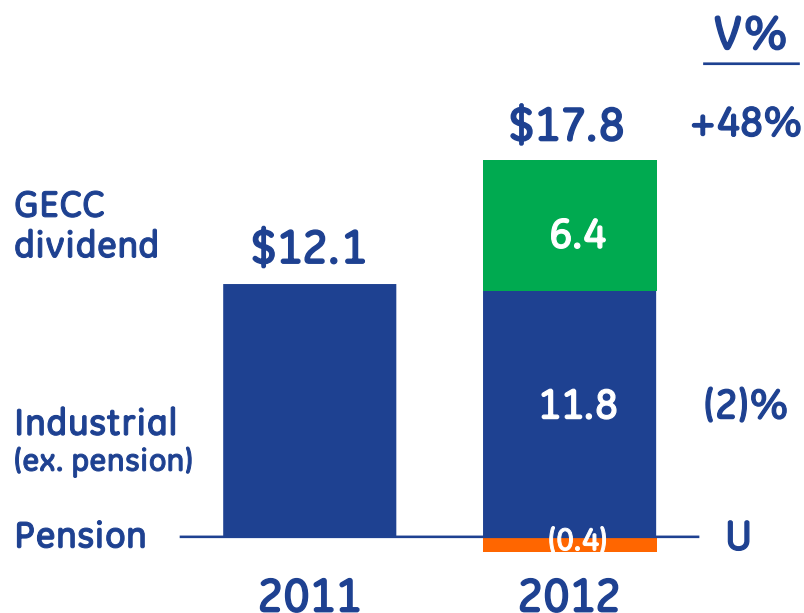
Dynamics	'12	'13
Mix/product cost	-	=
Value gap	+	+
R&D	+	=
Simplification	+	++
Services	+	++

✓ Margins +30 bps. TY ... strong expansion across Industrial businesses  
 ✓ On track for 70+ bps. margin improvement in 2013

# Generating cash

(\$ in billions)

## 4Q YTD CFOA



- ✓ Strong Industrial CFOA of \$6.2B in 4Q, +12%
- ✓ Continuing investment for organic growth

## GE cash balance walk

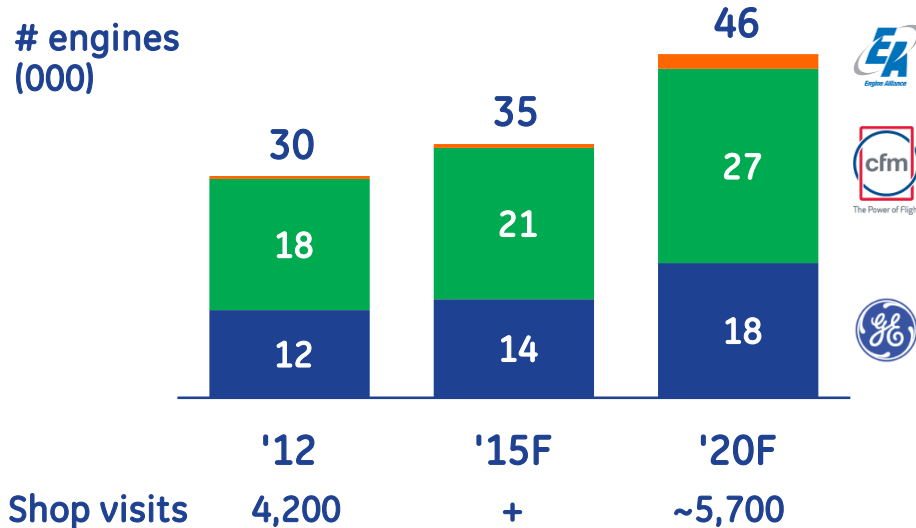
Consolidated cash \$77B

	<u>Total</u>
Beginning balance 1/1/12	\$8.4
CFOA	17.8
Dividends	(7.2)
P&E	(3.9)
Acquisitions	(1.5)
Buyback	(5.2)
Change in debt/FX/other	7.1
<b>December 2012</b>	<b>\$15.5</b>

**Industrial CFOA & GECC dividend supporting balanced capital allocation**

# Aviation supply chain enhancement

## Aviation in-service fleet outlook



- 1 Executing differentiated technology
  - ✓ Product efficiency through materials ... e.g., CMC, meltless titanium
  - ✓ Making breakthrough technologies cost effective ... advanced manufacturing
- 2 Expanding margin
  - ✓ Lean & advanced manufacturing
  - ✓ Partnerships ... Parker Fuel Nozzle JV, SeaCast JV, FADEC Alliance



- ✓ Announced deal to buy Avio aerospace businesses, ~\$4.3B deal at ~8.5X estimated EBITDA
- ✓ Supplies engine components & improves supply chain
- ✓ Complementary technology
  - Low-pressure turbine systems
  - Accessory gearboxes
  - Power transmissions
- ✓ \$200MM synergies over five years ... relatively low execution risk
- ✓ Opportunity to expand beyond Aviation industry ... marine, power, industrial



**Target closing in 2H'13**

# 4Q'12 consolidated results

(\$ in billions – except EPS)

(\$ in millions)

## Continuing operations

	4Q'12			Revenues		Segment profit	
	\$	V%		\$	V%	\$	V%
Revenues	\$39.3	4%					
– Industrial sales	27.3	2	Power & Water	\$7,652	2%	\$1,747	5%
– Capital revenue	11.8	2	Oil & Gas	4,548	11	649	14
Operating earnings	4.7	13	Energy Mgmt.	1,934	(1)	64	36
Operating EPS	0.44	13	Aviation	5,467	11	1,039	22
Continuing EPS	0.41	11	Healthcare	5,183	–	1,021	7
Net EPS	0.38	9	Transportation	1,364	(7)	252	12
CFOA YTD	17.8	48	H&BS	2,068	2	115	F
– Industrial CFOA YTD	11.4	(5)	Industrial	28,216	4	4,887	12
	<u>4Q'12</u>	<u>4Q'11</u>	GE Capital	11,770	2	1,808	9
Tax rate	16%	10%		<u>\$39,986</u>	<u>3%</u>	<u>\$6,695</u>	<u>11%</u>
– GE (ex. GECC)	21	15					
– GECC	6	4					

Memo: includes NBCU pretax profit of \$368MM

**Strong segment results**



# 4Q'12 other items

## EPS impact

## Category

One-time benefits

\$.01

✓ Aviation & Healthcare dispositions

One-time costs

(.02)

✓ Restructuring & other costs

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Discontinued operations

(.03)

✓ GE Money Japan  
– Claims continue to trend down but reduction slower than expected

# Industrial segments

(\$ in millions)

## Power & Water

<u>4Q'12</u>	<u>\$</u>	<u>V%</u>
Revenues	\$7,652	2%
Segment profit	\$1,747	5%

### 4Q dynamics

- \$7.2B orders ... Thermal (48)% & Renewables (47)% offset by strong Distributed Power +37% & Power Generation Services +7%
- Power Generation Services revenue +8% with strong margin accretion
- Segment profit +5% ... margins ↑ 80 bps. driven by cost productivity & deflation, +300 bps. ex. Wind

## Oil & Gas

<u>4Q'12</u>	<u>\$</u>	<u>V%</u>
Revenues	\$4,548	11%
Segment profit	\$649	14%

### 4Q dynamics

- \$5.6B orders, +18% ... equipment +31% driven by Subsea +2X, services +4% ... backlog +\$2.6B vs. prior year
- Revenues ... all businesses growing ... Subsea +17%, Turbomachinery +16%
- Segment profit +14% ... strong volume & value gap execution

- ✓ **Power & Water ... strong services performance & execution**
- ✓ **Oil & Gas ... continued revenue & earnings growth**

# Industrial segments

(\$ in millions)

## Aviation

<u>4Q'12</u>	<u>\$</u>	<u>V%</u>
Revenues	\$5,467	11%
Segment profit	\$1,039	22%

### 4Q dynamics

- \$7.4B orders, +8% ... equipment 13%, services 1% ... backlog \$102B
- Revenues ... equipment 19%, service 3% ... unit volume +12%
- Segment profit +22% ... value gap & base cost actions

## Healthcare

<u>4Q'12</u>	<u>\$</u>	<u>V%</u>
Revenues	\$5,183	-
Segment profit	\$1,021	7%

### 4Q dynamics

- \$5.4B orders, +4% ... equipment +7%, service (1)%, growth regions +16% ... equipment backlog \$4.5B
- Revenues ... Europe (10)%, U.S. (1)%, growth regions +13%
- Segment profit rate +1.2 pts. driven by deal gain & productivity partially offset by price & negative FX

- ✓ Aviation ... solid revenue & earnings growth
- ✓ Healthcare ... growing backlog

# Industrial segments

(\$ in millions)

## Transportation

<u>4Q'12</u>	<u>\$</u>	<u>V%</u>
Revenues	\$1,364	(7)%
Segment profit	\$252	12%

## 4Q dynamics

- \$1.3B orders ... equipment +20%, services (3)%
- Revenues ... equipment (26)%; services +26%
- Segment profit +12% ... positive value gap & services strength

## Energy Management

<u>4Q'12</u>	<u>\$</u>	<u>V%</u>
Revenues	\$1,934	(1)%
Segment profit	\$64	36%

## 4Q dynamics

- \$2.2B orders, equipment +15% driven by strong marine performance, services +5%
- Revenues ... equipment flat, service (2)%
- Segment profit +36% ... pricing & material deflation; op. profit +60 bps. for total year

## Home & Business Solutions

<u>4Q'12</u>	<u>\$</u>	<u>V%</u>
Revenues	\$2,068	2%
Segment profit	\$115	~2X

## 4Q dynamics

- Revenues ... Appliances +6% driven by NPI success, Lighting (4)%
- Op. profit growth ~2X ... limited Appliances promotions
- International lighting markets stabilizing ... global LED revenues up 36%

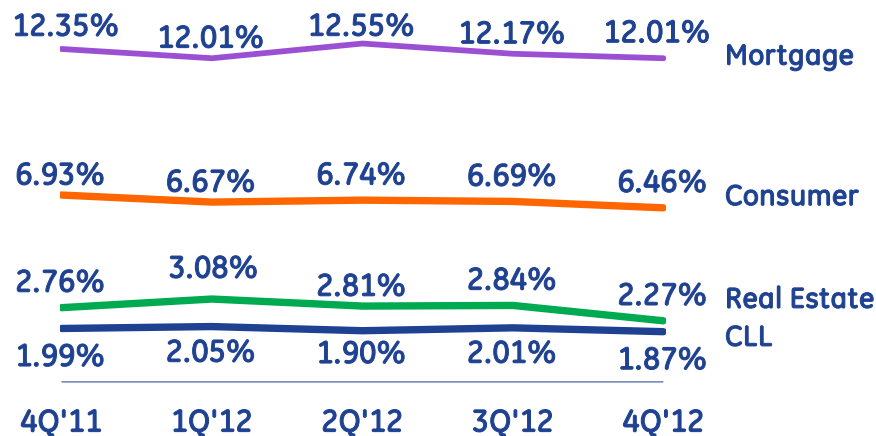
# GE Capital

(\$ in millions)

<u>4Q'12</u>	<u>\$</u>	<u>V%</u>
Revenues	\$11,770	2%
Pretax earnings	1,949	11
Net income	1,808	9
ENI (ex. cash)	419B	(6)
Net interest margin	4.9%	49 bps.
Tier 1 common ratio	10.2%	25 bps.

	<u>Assets (\$B)</u>		<u>Segment profit (\$MM)</u>	
	<u>\$</u>	<u>V%</u>	<u>\$</u>	<u>V%</u>
CLL	\$182	(6)%	\$544	(30)%
Consumer	139	Flat	755	22
Real Estate	46	(24)	309	F
GECAS	49	1	343	9
EFS	19	5	107	(3)

## 30+ delinquency %



## 4Q dynamics

- Volume +11%, new business ROIs ~3%
- Real Estate turnaround continues, up \$0.5B VPY ... unrealized loss reduced to \$1.1B
- CLL \$(0.2B) VPY driven by lower assets & non-repeat of '11 tax audit resolution
- ENI reduction plans on track, down \$26B VPY
- Reserve coverage 1.8%, asset quality stable

**\$1.0B of dividends paid to parent ... \$6.4B YTD**

# 2012 investor commitments

## 2012 performance

- 1 Strong Industrial segment growth
  - ✓ Operating profit +10%
  - ✓ Organic revenue +8%
- 2 Margin enhancement begins
  - ✓ +120 bps. margin expansion in 4Q
  - ✓ +30 bps. margin expansion total year
  - ✓ Positioned for 100 bps. 2012-2013
- 3 Getting cash from GE Capital
  - ✓ \$6.4B dividends paid to parent
- 4 Making GE Capital smaller
  - ✓ Ending net investment \$419B
  - ✓ CRE assets down \$15B
- 5 Balanced capital allocation
  - ✓ \$7.2B GE dividends
  - ✓ \$5.2B buyback
  - ✓ \$4.3B Avio announcement

# 2013 operating framework

<u>Operating earnings</u>	<u>2013F</u>	<u>2013 drivers</u>
Industrial	++	<ul style="list-style-type: none"> <li>✓ Solid top-line growth in this environment</li> <li>✓ Margin expansion</li> </ul>
GE Capital	=/+	<ul style="list-style-type: none"> <li>✓ Mid-market growth ... originations at high returns</li> <li>✓ Continued portfolio rebalancing; lower ENI</li> </ul>
Corporate	=/-	<ul style="list-style-type: none"> <li>✓ Planning for ~\$3B ... reflects cost run rate of ~\$2.4B ... ~\$0.3B of GECC preferred dividend ... ~\$0.3B of restructuring &gt; gains</li> </ul>
<b>Total operating earnings</b>	<b>+ / ++</b>	
CFOA	\$17-20B	<ul style="list-style-type: none"> <li>✓ Industrial CFOA &amp; GE Capital dividends</li> </ul>
Total revenues	0-5%	<ul style="list-style-type: none"> <li>✓ Industrial organic +2-6%, Wind impact ~(3) pts.</li> <li>✓ Capital revenues 0-(5)%</li> </ul>

- ✓ **Double-digit earnings growth for GE Industrial segments**
- ✓ **Significant cash returned to parent from GE Capital**
- ✓ **On track for 70 bps.+ margin expansion**
- ✓ **Planning for +2-6% Industrial segment organic revenues (+5-9% ex. Wind)**
- ✓ **Planning to return ~\$12B+ cash to shareholders**