

General Electric reports loss amid weakness in aviation

July 29 2020



Weakness in aviation weighed on General Electric's results, contributing to a bigger-than-expected loss

General Electric reported a bigger-than-expected loss Wednesday, due in part to sagging sales from its aviation business in the wake of the

coronavirus outbreak.

The company's loss was \$2.2 billion in the [second quarter](#), compared with a loss of \$61 million in the year-ago period.

Revenues tumbled 24 percent to \$17.8 billion.

As with so many other companies, the coronavirus and shutdowns to contain the virus was the driving factor behind 2020 results.

GE suffered a 44 percent fall in revenues in its aviation business, where orders for plane engines have been derailed due to the downturn in [commercial aviation](#) that threatens major carriers.

The company also took a one-time accounting charge of \$608 million in light of weakened expectations for aviation and customer credit risk. Aviation had been one of GE's stronger division prior to the coronavirus outbreak.

GE's healthcare [business](#) has played a role in the COVID-19 response through the production of ventilators to treat the illness. However, healthcare profits also fell on much lower revenues in the quarter due to weak demand for products less correlated to COVID-19.

"We're working through a still-difficult COVID-19 environment, and while it's still too early to predict the trajectory for the recovery of commercial [aviation](#), we continue to plan for a prolonged return to prior levels of activity," said Chief Executive Lawrence Culp.

"Still, based on what we see today and the actions we've taken, sequential improvement in earnings and cash in the second half of the year is achievable."

Shares rose 1.7 percent to \$7.02 in pre-market trading.

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