GE reports 4Q loss of $9.8 bn on insurance, tax charges

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General Electric reported a $9.8 billion fourth-quarter loss Wednesday due to hefty charges linked to its insurance business and US tax reform.

The big quarterly loss, which also pushed annual results into the red, comes as recently installed chief executive John Flannery tries to steer the industrial heavyweight out of a slump amid weakness in some key industrial businesses. The company reported fourth-quarter profits of $3.5 billion in the previous year.

Revenues in the fourth quarter were $31.4 billion, down five percent from the year-ago period.

A major weak spot has been GE's power business amid tepid demand for gas turbines as renewable energy has taken more capacity globally. GE has warned investors to expect another "tough" year for power in 2018.

The problems in power have been offset somewhat by strength in other divisions, with aviation and healthcare both strong in the fourth quarter, GE said.

Flannery announced a major restructuring initiative in November and followed up with 12,000 job cuts in the power unit in December. He has stressed the company is open to significant changes, including divestitures or even a breakup.

"Our results this quarter demonstrate some of the early progress we are seeing from our key initiatives," Flannery said.

"The team is focused on operational execution, capital allocation and deep cost reduction to position us for continued improvement in 2018."

In terms of the charges responsible for the quarterly loss, GE had previously announced it would take a $6.2 billion charge after a review of actuarial assumptions led it to add more reserves.

Adding to that, GE announced $3.5 billion in charges associated with US tax reform, the biggest piece of which was connected to provisions on deferred taxes.

GE projected adjusted earnings per share of $1.00 to $1.07 in 2018, compared with $1.00 per share expected by analysts.

Shares rose 1.5 percent in pre-market trading to $17.15.