

# GENERAL ELECTRIC NYSE-GE

RECENT PRICE **26.37**

P/E RATIO **15.5** (Trailing: 16.7 Median: 15.0)

RELATIVE P/E RATIO **0.82**

DIV'D YLD **3.3%**

VALUE LINE

**TIMELINESS** 3 Lowered 4/18/14  
**SAFETY** 3 Lowered 3/13/09  
**TECHNICAL** 3 Lowered 2/21/14  
**BETA** 1.15 (1.00 = Market)

High: 32.4 37.8 37.3 38.5 42.2 38.5 17.5 19.7 21.7 23.2 28.1 27.9  
 Low: 21.3 28.9 32.7 32.1 33.9 12.6 5.7 13.8 14.0 18.0 20.7 24.3

**LEGENDS**  
 — 10.5 x "Cash Flow" p sh  
 ... Relative Price Strength  
 Options: Yes  
 Shaded area indicates recession

**2017-19 PROJECTIONS**  
 Price 50 30  
 Gain (+90%)  
 Ann'l Total Return 20%  
 High Low 30 8%

**Insider Decisions**  
 A S O N D J F M A  
 to Buy 0 0 0 1 0 3 0 1 0  
 Options 0 0 0 0 0 0 0 0 0  
 to Sell 0 0 0 2 0 0 0 0 0

**Institutional Decisions**  
 302013 402013 102014  
 to Buy 801 891 910  
 to Sell 743 814 832  
 Hld's (000) 55362355113085366395

Percent shares traded  
 12  
 8  
 4

1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	© VALUE LINE PUB. LLC	17-19
10.24	11.33	13.07	12.69	13.21	13.33	14.44	14.28	15.90	17.30	17.32	14.70	14.15	13.93	14.16	14.52	14.85	14.95	Revenues per sh	18.00
1.54	1.77	2.06	2.14	2.12	2.24	2.38	2.56	2.90	3.28	2.81	2.07	2.13	2.28	2.44	2.65	2.70	2.85	"Cash Flow" per sh	3.80
.93	1.07	1.29	1.41	1.51	1.55	1.61	1.72	1.99	2.20	1.78	1.03	1.15	1.31	1.52	1.64	1.70	1.85	Earnings per sh <sup>B</sup>	2.70
.42	.49	.57	.64	.73	.77	.82	.91	1.03	1.15	1.24	.61	.46	.61	.70	.79	.88	1.00	Div'ds Decl'd per sh <sup>C</sup>	1.40
.21	.21	.26	.29	.24	.97	1.24	1.38	1.62	1.79	1.52	.81	.92	1.20	1.45	1.34	1.30	1.40	Cap'l Spending per sh	1.65
3.96	4.32	5.08	5.52	6.39	7.87	10.47	10.43	10.93	11.57	9.93	11.00	11.20	11.01	11.82	12.98	13.80	14.60	Book Value per sh <sup>D</sup>	17.10
9813.9	9854.5	9932.0	9925.9	9969.9	10063	10586	10484	10277	9987.6	10537	10663	10615	10573	10406	10061	10000	10000	Common Shs Outst'g <sup>E</sup>	10000
30.3	35.9	40.1	30.8	20.7	18.1	20.5	20.5	17.3	17.2	15.7	13.0	14.4	13.9	13.3	14.7	<b>Bold figures are Value Line estimates</b>		Avg Ann'l P/E Ratio	15.0
1.58	2.05	2.61	1.58	1.13	1.03	1.08	1.09	.93	.91	.94	.87	.92	.87	.85	.83			Relative P/E Ratio	.94
1.5%	1.3%	1.1%	1.5%	2.3%	2.7%	2.5%	2.6%	3.0%	3.0%	4.4%	4.6%	2.8%	3.4%	3.5%	3.3%			Avg Ann'l Div'd Yield	3.5%

**CAPITAL STRUCTURE as of 3/31/14**  
 Total Debt \$325.8 bill. Due in 5 Yrs \$160.0 bill.  
 LT Debt \$249.7 bill. LT Interest \$14.0 bill.

Leases, Uncapitalized \$854 mill.  
 Pension Assets-12/13 \$59.4 bill.  
 Obligation \$71.6 bill.

Pfd. Stock None  
 Pfd. Div'd None

Common Stock 10,027,765,000 shares  
 MARKET CAP: \$265 billion (Large Cap)

CURRENT POSITION	2012	2013	3/31/14
Cash Assets	125866	132536	132712
Receivables	287489	272442	266989
Inventory (LIFO)	15374	17325	18881
Other	--	--	--
Current Assets	428729	422303	418582
Accts Payable	15675	16471	17206
Debt Due	101392	77890	76121
Other	27752	82087	28632
Current Liab.	144819	176448	121959

ANNUAL RATES	Past 10 Yrs.	Past 5 Yrs.	Est'd '11-'13
change (per sh)			
Revenues	1.0%	-3.5%	4.0%
"Cash Flow"	1.5%	-4.0%	7.5%
Earnings	--	-5.5%	11.0%
Dividends	--	-9.5%	12.0%
Book Value	6.0%	2.0%	6.0%

Cal-endar	QUARTERLY REVENUES (\$ mill.) <sup>F</sup>	Full Year
	Mar.31 Jun.30 Sep.30 Dec.31	
2011	35938 36199 36043 39120	147300
2012	35182 36501 36349 39327	147359
2013	34815 35123 35725 40382	146045
2014	34178 36322 36800 41300	148600
2015	34400 36500 37000 41600	149500

Cal-endar	EARNINGS PER SHARE <sup>B</sup>	Full Year
	Mar.31 Jun.30 Sep.30 Dec.31	
2011	.31 .33 .30 .37	1.31
2012	.34 .38 .36 .44	1.52
2013	.39 .36 .36 .53	1.64
2014	.33 .39 .42 .56	1.70
2015	.36 .43 .46 .60	1.85

Cal-endar	QUARTERLY DIVIDENDS PAID <sup>C</sup>	Full Year
	Mar.31 Jun.30 Sep.30 Dec.31	
2010	.10 .10 .10 .12	.42
2011	.14 .14 .15 .15	.58
2012	.17 .17 .17 .17	.68
2013	.19 .19 .19 .19	.76
2014	.22 .22	

152866	149702	163391	172738	182515	156783	150211	147300	147359	146045	148600	149500	Revenues (\$mill)	180000
26.8%	30.6%	32.5%	35.1%	31.1%	25.4%	26.8%	30.3%	27.7%	26.5%	27.0%	28.0%	Operating Margin <sup>A</sup>	30.5%
8385.0	8538.0	9158.0	10278	11492	10636	10013	9185.0	9346.0	9762.0	9700	10000	Depreciation (\$mill)	11100
16819	18275	20666	22468	18089	11434	12623	14880	16065	16882	17200	18500	Net Profit (\$mill)	27000
17.9%	17.4%	16.1%	15.5%	5.5%	--	7.4%	27.4%	14.4%	8.5%	15.0%	25.0%	Income Tax Rate	25.0%
11.0%	12.2%	12.6%	13.0%	9.9%	7.3%	8.4%	10.1%	10.9%	11.6%	11.6%	12.4%	Net Profit Margin	15.0%
287826	184959	235281	244405	254715	316579	314972	272131	283910	245855	253000	255000	Working Cap'l (\$mill)	306000
212670	212281	260804	319015	330067	338215	360681	315832	312668	251789	248000	241000	Long-Term Debt (\$mill)	230000
110821	109354	112314	115559	104665	117291	118936	116438	123026	130566	138000	146000	Share (\$mill) <sup>D</sup>	171000
6.3%	7.1%	6.7%	6.4%	5.6%	4.6%	3.9%	4.8%	4.8%	5.6%	5.5%	5.5%	Return on Total Cap'l	8.0%
15.2%	16.7%	18.4%	19.4%	17.3%	9.7%	10.6%	12.8%	13.1%	12.9%	12.5%	12.5%	Return on Shr. Equity	16.0%
7.7%	8.2%	9.1%	9.5%	5.4%	2.1%	6.6%	7.2%	7.2%	6.9%	7.0%	7.0%	Retained to Com Eq	8.0%
49%	51%	50%	51%	69%	79%	38%	43%	45%	46%	51%	54%	All Div'ds to Net Prof	52%

**BUSINESS:** General Electric Company is one of the largest & most diversified technology and financial services companies in the world. With products ranging from aircraft engines, power generation, oil and gas production equip., and household appliances to medical imaging, business and consumer financing, and industrial products, it serves customers in more than 100 countries. 2013

**General Electric is acquiring the Power and Grid businesses of French train and turbine maker Alstom.** Despite fierce opposition from the French government and a two-month tug of war between the three sides, GE said it will likely close on the complex \$16.9 billion (\$13.5 billion enterprise value and \$3.4 billion of net cash) deal early next year. Once the transaction is completed, GE and Alstom would form three joint ventures — Grid, Renewables, and Global Nuclear & French Steam. The cumulative cash investment by Alstom in the joint ventures would be about \$3.5 billion, while GE's total net cash outlay for the transaction is \$10 billion. In addition to the joint ventures, GE has agreed to sell its Signaling business to Alstom for \$825 million and to enter into multiple collaboration agreements. GE's management team is targeting \$1.2 billion annually in synergies and expense savings, and the U.S. conglomerate expects the deal to add to the bottom line from the get-go. **We like the deal.** The numerous alliances between the companies are a slight drag, but we agree that the acquisition will im-

mediately bolster GE's earnings potential. It also furthers the conglomerate's shift toward industrial businesses and significantly broadens the portfolio of product and service offerings.

**Meanwhile, GE got off to a slow start this year, but ought to bounce back in the coming quarters.** Both sales and operating earnings were down in the opening period, but the company managed to report strong growth in most of its key markets, including power & water, aviation, oil & gas, and financial services. This helped to offset volatility in other arenas, such as appliances, healthcare, and mining. Looking ahead, we like the conglomerate's chances of bouncing back in the second half, thanks to new business wins, increased backlog, etc., and we are maintaining our full-year share-earnings estimate of \$1.70.

**This blue chip is a solid choice for most accounts.** The above-average dividend yield and good long-term capital appreciation potential are the main draws, though GE stock is more volatile than most of its Dow-30 counterparts.

Erik M. Manning July 18, 2014

(A) Operating margin includes all expenses except interest, depreciation, and taxes.	(B) Diluted EPS. Excludes nonrecurring and/or discontinued items: '00, 24c; '01, 4c; '02, 10c; '05, (18c); '06, 1c; '07, (3c); '08, (6c); '09, (2c); '10, (9c); '11, (7c). Quarterly EPS may not sum due to rounding. Next earnings report due mid-October. (C) Divs. historically paid late January, April, July, and October. ■ DRIP available.	(D) Includes intangibles. In '13: \$92.0 billion, \$9.14/share. (E) In millions, adjusted for split. (F) Revenues may not sum, as reported.	Company's Financial Strength B++ Stock's Price Stability 70 Price Growth Persistence 10 Earnings Predictability 70
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