

# GENERAL ELECTRIC NYSE-GE

RECENT PRICE **27.48<sup>G</sup>**

P/E RATIO **16.1** (Trailing: 15.1; Median: 15.0)

RELATIVE P/E RATIO **0.83**

DIV'D YLD **3.5%**

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)

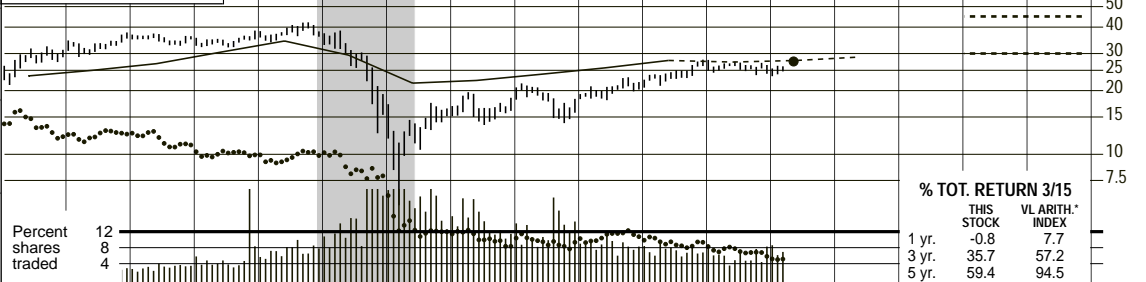
High: 37.8 37.3 38.5 42.2 38.5 17.5 19.7 21.7 23.2 28.1 27.9 26.3  
 Low: 28.9 32.7 32.1 33.9 12.6 5.7 13.8 14.0 18.0 20.7 23.7 23.4

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

**2018-20 PROJECTIONS**  
 Price Gain Ann'l Total  
 High 45 (+65%) 16%  
 Low 30 (+10%) 6%

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

**Institutional Decisions**  
 202014 302014 402014  
 to Buy 866 848 925  
 to Sell 818 838 846  
 Hld's(000)535386054076585496474



1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	© VALUE LINE PUB. LLC	18-20
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	14.76	15.15	15.35	Revenues per sh	18.10
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	2.60	2.65	2.75	"Cash Flow" per sh	3.65
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	1.65	1.70	1.80	Earnings per sh <sup>B</sup>	2.60
.49	.57	.64	.73	.77	.82	.91	1.03	1.15	1.24	.61	.46	.61	.70	.79	.88	.92	1.00	Div'ds Decl'd per sh <sup>C</sup>	1.40
.21	.26	.29	.24	.97	1.24	1.38	1.62	1.79	1.52	.81	.92	1.20	1.45	1.34	1.35	1.40	1.45	Cap'l Spending per sh	1.60
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	12.73	13.75	14.75	Book Value per sh <sup>D</sup>	17.70
9854.5	9932.0	9925.9	9969.9	10063	10586	10484	10277	9987.6	10537	10663	10615	10573	10406	10061	10064	10050	10050	Common Shs Outst'g <sup>E</sup>	10000
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	15.7	Bold figures are Value Line estimates		Avg Ann'l P/E Ratio	15.0
2.05	2.61	1.58	1.13	1.03	1.08	1.09	.93	.91	.94	.87	.92	.87	.85	.83	.82			Relative P/E Ratio	.94
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%	3.4%			Avg Ann'l Div'd Yield	3.7%

**CAPITAL STRUCTURE as of 12/31/14**  
 Total Debt \$272.2 bill. Due in 5 Yrs \$170.0 bill.  
 LT Debt \$200.4 bill. LT Interest \$11.0 bill.

Leases, Uncapitalized \$900 mill.  
 Pension Assets-12/14 \$60.7 bill.  
 Obligation \$86.3 bill.

Pfd. Stock None

Pfd. Div'd None

Common Stock 10,064,909,484 shares  
 MARKET CAP: \$277 billion (Large Cap)

CURRENT POSITION	2012	2013	12/31/14
(\$MILL.)			
Cash Assets	125866	132536	138115
Receivables	287489	272442	257148
Inventory (LIFO)	15374	17325	17689
Other	--	--	--
Current Assets	428729	422303	412952
Accts Payable	15675	16471	16338
Debt Due	101392	77890	71789
Other	27752	82087	27536
Current Liab.	144819	176448	115663

ANNUAL RATES	Past 10 Yrs.	Past 5 Yrs.	Est'd '11-'13 to '18-'20
change (per sh)			
Revenues	1.0%	-3.5%	3.5%
"Cash Flow"	1.5%	-4.0%	6.0%
Earnings	--	-5.5%	8.5%
Dividends	--	-9.5%	11.0%
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	
2012	35182	36501	36349	39327	147359
2013	34815	35123	35725	40382	146045
2014	34178	36233	36174	42004	148589
2015	34200	36400	37400	44400	152400
2016	34700	37000	37800	44700	154200

Cal-endar	EARNINGS PER SHARE <sup>B</sup>				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2012	.34	.38	.36	.44	1.52
2013	.39	.36	.36	.53	1.64
2014	.33	.39	.38	.56	1.65
2015	.30	.40	.45	.55	1.70
2016	.35	.40	.45	.60	1.80

Cal-endar	QUARTERLY DIVIDENDS PAID C				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2011	.14	.14	.15	.15	.58
2012	.17	.17	.17	.17	.68
2013	.19	.19	.19	.19	.76
2014	.22	.22	.22	.22	.88
2015	.23	.23			

**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 (in the process of being sold) to medical imaging, business and consumer financing, and industrial products, it competes for customers

**General Electric shares appear to have gotten the spark that everyone was waiting for.** The company has announced it will begin the process of returning about \$90 billion to its shareholders over the next few years via the sale of its banking business GE Capital. Last year, this process began with the spin off of credit card company Synchrony Financial, and now the plan is being sped up by the sale of much of GE Capital's real estate portfolio to private equity firm Blackstone and Wells Fargo bank. The hedgepodge of holdings includes factories, commercial loans, and apartment complexes. In sum, the price tag equates to \$26.5 billion. Investors applauded the news and appear to be particularly enthused about the sped up nature of the proceedings; CEO Jeff Immelt has said that now 90% of earnings will come from industrials by 2018. A goal of 75% had already been set for 2016. GE generated 58% of its bottom line from these businesses in 2014. Subscribers should note we will not be altering our forward-looking numbers until this deal is completed, as per Value Line policy. **Growth will likely be slow but steady**

**in the next couple of years.** Currency exchanges and low oil/gas prices should take a bite out of near-term results. Industrial organic revenue gains will be around 5%, whereas only a few months ago estimates had climbed to the 7%-9% range. Annual earnings will probably only rise by a nickel and a dime in 2015 and 2016, respectively. However, by 2018-2020, we look for this pace to hasten, buoyed by the significantly lower investments needed to support the unwinding of the finance arm. **Chatter about the departure of the company's CEO is premature, in our view.** A handful of financial Web sites reported that Jeff Immelt could be retiring in the next year-plus. We disagree, as the portfolio flux and GE Capital sales would surely seem to be items that the current CEO would want to preside over.

**This neutrally ranked blue chip does have investment appeal.** Long-term appreciation potential is slightly above average. Still, the top selling point at this time is the income component, which is yielding around 3.5% of late and should rise once the industrial focus is cemented.

Erik M. Manning

April 17, 2015

(A) Operating margin includes all expenses except interest, depr., and taxes. (B) Diluted EPS. Excludes nonrecurring/discontinued items: '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 eggs. report due mid-July. (C) Divs. paid late January, April, July, and October. ■ DRIP available.

(D) Includes intangibles. In '14: \$98.0 billion, \$9.74/share. (E) In millions, adjusted for split. (F) Revenues may not sum, as reported. (G) Price as of 9:30 A.M. EDT on 4/10/15.

Company's Financial Strength	B++
Stock's Price Stability	80
Price Growth Persistence	15
Earnings Predictability	70

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