

# TheStreet Quant Ratings

## GENERAL ELECTRIC CO

BUY						HOLD			SELL								RATING SINCE	03/19/2020
A+	A	A-	B+	B	B-	C+	C	C-	D+	D	D-	E+	E	E-	F			
Annual Dividend Rate \$0.04						Annual Dividend Yield 0.58%			Beta 0.97			Market Capitalization \$59.3 Billion			52-Week Range \$5.48-\$13.26			

Sector: **Conglomerates** | Industry Group: **Industrial Conglomerates**

### GE BUSINESS DESCRIPTION

General Electric Company operates as a high-tech industrial company in the United States, Europe, Asia, the Americas, the Middle East, and Africa. It operates through Power, Renewable Energy, Aviation, Healthcare, and Capital segments.

### STOCK PERFORMANCE (%)

	3 Mo.	1 Yr.	3 Yr (Ann)
Price Change	-37.69	-27.57	-36.45

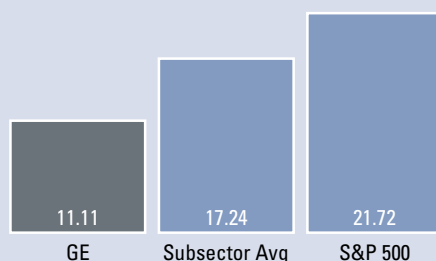
### GROWTH (%)

	Last Qtr	12 Mo.	3 Yr CAGR
Revenues	-7.56	2.30	-7.65
Net Income	72.72	86.56	NA
EPS	620.00	125.63	-14.91

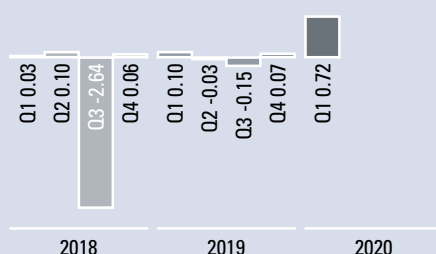
### RETURN ON EQUITY (%)

	GE	Subsector Avg	S&P 500
Q1 2020	15.21	32.30	15.47
Q1 2019	-59.09	36.01	15.83
Q1 2018	-15.13	22.47	13.34

### P/E COMPARISON



### EPS ANALYSIS' (\$)

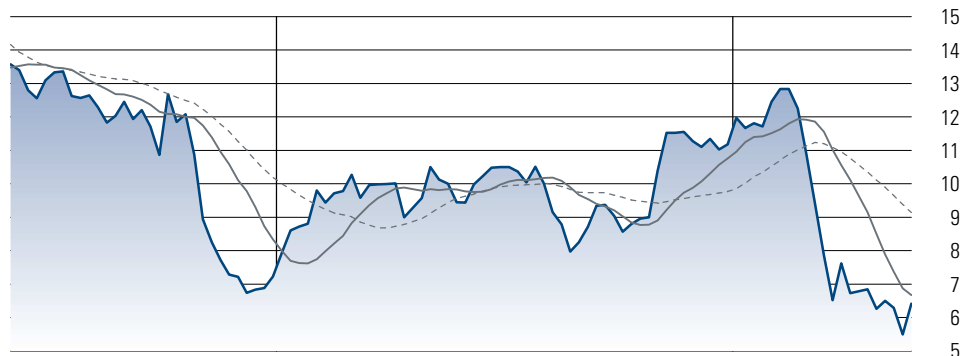


NA = not available NM = not meaningful

1 Compustat fiscal year convention is used for all fundamental data items.

Weekly Price: (US\$) | SMA (50) — SMA (100) ---

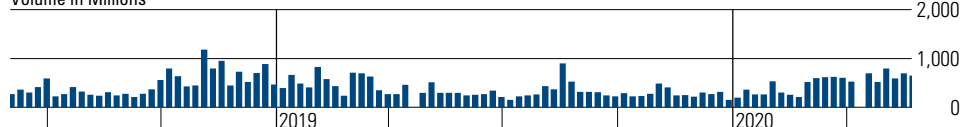
1 Year | 2 Years



### Rating History

**SELL** **HOLD** **SELL**

### Volume in Millions



COMPUSTAT for Price and Volume, TheStreet Ratings, Inc. for Rating History

### RECOMMENDATION

We rate GENERAL ELECTRIC CO (GE) a SELL. This is driven by a few notable weaknesses, which we believe should have a greater impact than any strengths, and could make it more difficult for investors to achieve positive results compared to most of the stocks we cover. The company's weaknesses can be seen in multiple areas, such as its generally high debt management risk, weak operating cash flow, poor profit margins and generally disappointing historical performance in the stock itself.

### HIGHLIGHTS

The debt-to-equity ratio is very high at 2.50 and currently higher than the subsector average, implying increased risk associated with the management of debt levels within the company.

Net operating cash flow has significantly decreased to -\$214.00 million or 609.52% when compared to the same quarter last year. In addition, when comparing to the subsector average, the firm's growth rate is much lower.

The gross profit margin for GENERAL ELECTRIC CO is currently lower than what is desirable, coming in at 27.40%. It has decreased from the same quarter the previous year. Despite the weak results of the gross profit margin, the net profit margin of 30.20% has significantly outperformed against the subsector average.

GE's stock share price has done very poorly compared to where it was a year ago: Despite any rallies, the net result is that it is down by 27.57%, which is also worse than the performance of the S&P 500 Index. Investors have so far failed to pay much attention to the earnings improvements the company has managed to achieve over the last quarter. Naturally, the overall market trend is bound to be a significant factor. However, in one sense, the stock's sharp decline last year is a positive for future investors, making it cheaper (in proportion to its earnings over the past year) than most other stocks in its subsector. But due to other concerns, we feel the stock is still not a good buy right now.

The company's current return on equity greatly increased when compared to its ROE from the same quarter one year prior. This is a signal of significant strength within the corporation. In comparison to the other companies in the Unclassified Establishments subsector and the overall market, GENERAL ELECTRIC CO's return on equity is significantly below that of the subsector average and is below that of the S&P 500.

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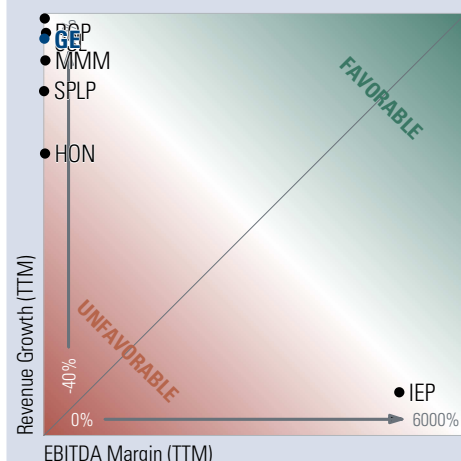
## GENERAL ELECTRIC CO

### Sector: Conglomerates | Industrial Conglomerates

Annual Dividend Rate <b>\$0.04</b>	Annual Dividend Yield <b>0.58%</b>	Beta <b>0.97</b>	Market Capitalization <b>\$59.3 Billion</b>	52-Week Range <b>\$5.48-\$13.26</b>	Price as of 5/28/2020 <b>\$6.78</b>
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#### PEER GROUP ANALYSIS

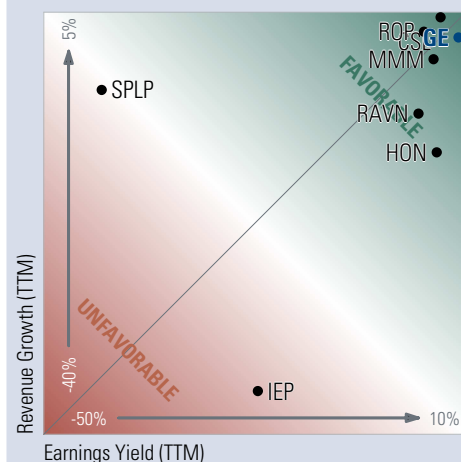
##### REVENUE GROWTH AND EBITDA MARGIN\*



Companies with higher EBITDA margins and revenue growth rates are outperforming companies with lower EBITDA margins and revenue growth rates. Companies for this scatter plot have a market capitalization between \$232.8 Million and \$103.6 Billion. Companies with NA or NM values do not appear.

\*EBITDA – Earnings Before Interest, Taxes, Depreciation and Amortization.

##### REVENUE GROWTH AND EARNINGS YIELD



Companies that exhibit both a high earnings yield and high revenue growth are generally more attractive than companies with low revenue growth and low earnings yield. Companies for this scatter plot have revenue growth rates between -35.4% and 4.4%. Companies with NA or NM values do not appear.

#### SUBSECTOR ANALYSIS

GENERAL ELECTRIC CO falls within the Conglomerates sector and the Industrial Conglomerates industry group of the North American Industry Classification System or NAICS. More precisely, a significant portion of company activities involve Conglomerates.

TheStreet Quant Ratings is currently tracking 179 companies in the Conglomerates sector that total around \$1,037 billion in market capitalization as well as \$585 billion in annual sales.

The Conglomerates subsector accounts for 100.0% of those revenues.

Conglomerates subsector groups establishments that engage in business activities across multiple sectors or are otherwise unclassified.

#### PEER GROUP: Unclassified Establishments

Ticker	Company Name	Recent Price (\$)	Market Cap (\$M)	Price/Earnings	Net Sales TTM (\$M)	Net Income TTM (\$M)
GE	GENERAL ELECTRIC CO	6.78	59,305	11.11	93,536.00	-2,369.00
MMM	3M CO	156.82	90,202	18.41	32,348.00	4,971.00
RAVN	RAVEN INDUSTRIES INC	21.74	778	30.19	370.85	25.94
CSL	CARLISLE COS INC	123.89	6,803	15.54	4,769.90	455.20
ROP	ROPER TECHNOLOGIES INC	381.73	39,851	24.50	5,430.30	1,638.60
SPLP	STEEL PARTNERS HOLDINGS LP	5.20	233	NM	1,522.62	-73.47
IEP	ICAHN ENTERPRISES LP	49.44	10,595	NM	6,825.00	-2,088.00
HON	HONEYWELL INTERNATIONAL IN	147.56	103,565	16.96	36,288.00	6,308.00

The peer group comparison is based on Major Conglomerates companies of comparable size.

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#### COMPANY DESCRIPTION

General Electric Company operates as a high-tech industrial company in the United States, Europe, Asia, the Americas, the Middle East, and Africa. It operates through Power, Renewable Energy, Aviation, Healthcare, and Capital segments. The Power segment offers technologies, solutions, and services related to energy production, including gas and steam turbines, generators, and power generation services. The Renewable Energy segment provides wind turbine platforms, and hardware and software; offshore wind turbines; solutions, products, and services to hydropower industry; blades for onshore and offshore wind turbines; and high voltage equipment. The Aviation segment provides jet engines and turboprops for commercial and military airframes; maintenance, component repair, and overhaul services, as well as replacement parts; integrated digital components; and additive machines and materials, and engineering services. The Healthcare segment provides healthcare technologies in medical imaging, digital solutions, patient monitoring, and diagnostics; drug discovery; biopharmaceutical manufacturing technologies; and performance enhancement solutions to hospitals, medical facilities, pharmaceutical and biotechnology companies, and life science research markets. The Capital segment leases and finances aircraft, aircraft engines, and helicopters; provides financial and underwriting solutions; and manages its run-off insurance operations which provides life and health insurance and reinsurance products. The company was founded in 1892 and is headquartered in Boston, Massachusetts.

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Boston, MA 02210  
USA  
Phone: 617-443-3000  
<http://www.ge.com>

#### STOCK-AT-A-GLANCE

Below is a summary of the major fundamental and technical factors we consider when determining our overall recommendation of GE shares. It is provided in order to give you a deeper understanding of our rating methodology as well as to paint a more complete picture of a stock's strengths and weaknesses. It is important to note, however, that these factors only tell part of the story. To gain an even more comprehensive understanding of our stance on the stock, these factors must be assessed in combination with the stock's valuation. Please refer to our Valuation section on page 5 for further information.

FACTOR	SCORE					
<b>Growth</b>	<b>2.5 out of 5 stars</b>	★	★	☆	☆	☆
Measures the growth of both the company's income statement and cash flow. On this factor, GE has a growth score better than 40% of the stocks we rate.	weak					strong
<b>Total Return</b>	<b>1.5 out of 5 stars</b>	★	☆	☆	☆	☆
Measures the historical price movement of the stock. The stock performance of this company has beaten 20% of the companies we cover.	weak					strong
<b>Efficiency</b>	<b>2.5 out of 5 stars</b>	★	★	☆	☆	☆
Measures the strength and historic growth of a company's return on invested capital. The company has generated more income per dollar of capital than 40% of the companies we review.	weak					strong
<b>Price volatility</b>	<b>1.5 out of 5 stars</b>	★	☆	☆	☆	☆
Measures the volatility of the company's stock price historically. The stock is less volatile than 20% of the stocks we monitor.	weak					strong
<b>Solvency</b>	<b>2.5 out of 5 stars</b>	★	★	☆	☆	☆
Measures the solvency of the company based on several ratios. The company is more solvent than 40% of the companies we analyze.	weak					strong
<b>Income</b>	<b>3.0 out of 5 stars</b>	★	★	★	☆	☆
Measures dividend yield and payouts to shareholders. The company's dividend is higher than 50% of the companies we track.	weak					strong

#### THESTREET QUANT RATINGS RESEARCH METHODOLOGY

TheStreet Quant Ratings' stock model projects a stock's total return potential over a 12-month period including both price appreciation and dividends. Our Buy, Hold or Sell ratings designate how we expect these stocks to perform against a general benchmark of the equities market and interest rates. While our model is quantitative, it utilizes both subjective and objective elements. For instance, subjective elements include expected equities market returns, future interest rates, implied industry outlook and forecasted company earnings. Objective elements include volatility of past operating revenues, financial strength, and company cash flows.

Our model gauges the relationship between risk and reward in several ways, including: the pricing drawdown as compared to potential profit volatility, i.e. how much one is willing to risk in order to earn profits; the level of acceptable volatility for highly performing stocks; the current valuation as compared to projected earnings growth; and the financial strength of the underlying company as compared to its stock's valuation as compared to projected earnings growth; and the financial strength of the underlying company as compared to its stock's performance. These and many more derived observations are then combined, ranked, weighted, and scenario-tested to create a more complete analysis. The result is a systematic and disciplined method of selecting stocks.

# TheStreet Quant Ratings

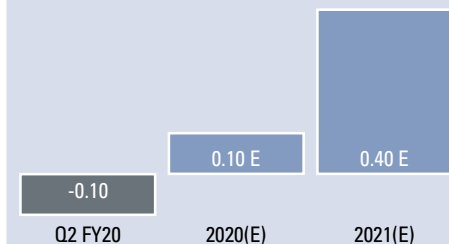
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#### Consensus EPS Estimates<sup>2</sup> (\$)

IBES consensus estimates are provided by Thomson Financial



#### FINANCIAL ANALYSIS

GENERAL ELECTRIC CO's gross profit margin for the first quarter of its fiscal year 2020 has decreased when compared to the same period a year ago. Even though sales decreased, the net income has increased.

During the same period, stockholders' equity ("net worth") has remained unchanged from the same quarter last year.

**STOCKS TO BUY:** TheStreet Quant Ratings has identified a handful of stocks that can potentially TRIPLE in the next 12-months. To learn more visit [www.TheStreetRatings.com](http://www.TheStreetRatings.com).

#### INCOME STATEMENT

	Q1 FY20	Q1 FY19
Net Sales (\$mil)	20,524.00	22,202.00
EBITDA (\$mil)	2,557.00	3,529.00
EBIT (\$mil)	1,226.00	2,167.00
Net Income (\$mil)	6,199.00	3,589.00

#### BALANCE SHEET

	Q1 FY20	Q1 FY19
Cash & Equiv. (\$mil)	47,907.00	35,341.00
Total Assets (\$mil)	262,021.00	315,082.00
Total Debt (\$mil)	88,221.00	111,706.00
Equity (\$mil)	35,284.00	35,161.00

#### PROFITABILITY

	Q1 FY20	Q1 FY19
Gross Profit Margin	27.40%	30.83%
EBITDA Margin	12.45%	15.89%
Operating Margin	5.97%	9.76%
Sales Turnover	0.36	0.29
Return on Assets	-0.90%	-5.59%
Return on Equity	15.21%	-59.09%

#### DEBT

	Q1 FY20	Q1 FY19
Current Ratio	NA	NA
Debt/Capital	0.71	0.76
Interest Expense	794.00	1,065.00
Interest Coverage	1.54	2.03

#### SHARE DATA

	Q1 FY20	Q1 FY19
Shares outstanding (mil)	8,747	8,721
Div / share	0.01	0.01
EPS	0.72	0.10
Book value / share	4.03	4.03
Institutional Own %	NA	NA
Avg Daily Volume	120,659,916	60,622,031

<sup>2</sup> Sum of quarterly figures may not match annual estimates due to use of median consensus estimates.

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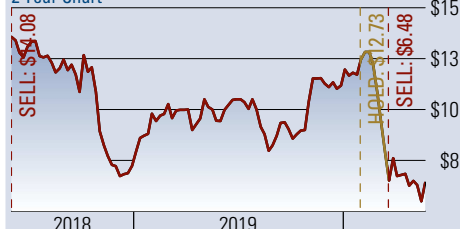
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#### RATINGS HISTORY

Our rating for GENERAL ELECTRIC CO was recently downgraded from Hold to Sell on 3/19/2020. As of 5/28/2020, the stock was trading at a price of \$6.78 which is 48.9% below its 52-week high of \$13.26 and 23.7% above its 52-week low of \$5.48.

2 Year Chart



#### MOST RECENT RATINGS CHANGES

Date	Price	Action	From	To
3/19/20	\$6.48	Downgrade	Hold	Sell
1/30/20	\$12.73	Upgrade	Sell	Hold
5/25/18	\$14.08	No Change	Sell	Sell

Price reflects the closing price as of the date listed, if available

#### RATINGS DEFINITIONS & DISTRIBUTION OF THESTREET RATINGS

(as of 5/28/2020)

**14.45% Buy** - We believe that this stock has the opportunity to appreciate and produce a total return of more than 10% over the next 12 months.

**46.50% Hold** - We do not believe this stock offers conclusive evidence to warrant the purchase or sale of shares at this time and that its likelihood of positive total return is roughly in balance with the risk of loss.

**39.05% Sell** - We believe that this stock is likely to decline by more than 10% over the next 12 months, with the risk involved too great to compensate for any possible returns.

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#### VALUATION

**SELL.** GENERAL ELECTRIC CO's P/E ratio indicates a significant discount compared to an average of 30960.83 for the Conglomerates subsector and a significant discount compared to the S&P 500 average of 21.72. For additional comparison, its price-to-book ratio of 1.68 indicates a significant discount versus the S&P 500 average of 3.23 and a significant discount versus the subsector average of 5.54. The price-to-sales ratio is well below both the S&P 500 average and the subsector average, indicating a discount. Upon assessment of these and other key valuation criteria, GENERAL ELECTRIC CO proves to trade at a discount to investment alternatives.

Price/Earnings	1	2	3	4	5
					premium

**GE 11.11** **Peers 17.24**

- Discount. A lower P/E ratio than its peers can signify a less expensive stock or lower growth expectations.
- GE is trading at a significant discount to its peers.

Price/Projected Earnings	1	2	3	4	5
					premium

**GE 16.95** **Peers 31.47**

- Premium. A higher price-to-projected earnings ratio than its peers can signify a more expensive stock or higher future growth expectations.
- GE is trading at a significant premium to its peers.

Price/Book	1	2	3	4	5
					premium

**GE 1.68** **Peers 5.54**

- Discount. A lower price-to-book ratio makes a stock more attractive to investors seeking stocks with lower market values per dollar of equity on the balance sheet.
- GE is trading at a significant discount to its peers.

Price/Sales	1	2	3	4	5
					premium

**GE 0.63** **Peers 2.90**

- Discount. In the absence of P/E and P/B multiples, the price-to-sales ratio can display the value investors are placing on each dollar of sales.
- GE is trading at a significant discount to its subsector on this measurement.

Price/CashFlow	1	2	3	4	5
					premium

**GE 6.96** **Peers 14.18**

- Discount. The P/CF ratio, a stock's price divided by the company's cash flow from operations, is useful for comparing companies with different capital requirements or financing structures.
- GE is trading at a significant discount to its peers.

Price to Earnings/Growth	1	2	3	4	5
					premium

**GE NM** **Peers 4.30**

- Neutral. The PEG ratio is the stock's P/E divided by the consensus estimate of long-term earnings growth. Faster growth can justify higher price multiples.
- GE's negative PEG ratio makes this valuation measure meaningless.

Earnings Growth	1	2	3	4	5
					lower

**GE 125.63** **Peers 20.88**

- Higher. Elevated earnings growth rates can lead to capital appreciation and justify higher price-to-earnings ratios.
- GE is expected to have an earnings growth rate that significantly exceeds its peers.

Sales Growth	1	2	3	4	5
					lower

**GE 2.30** **Peers -3.63**

- Higher. A sales growth rate that exceeds the subsector implies that a company is gaining market share.
- GE has a sales growth rate that significantly exceeds its peers.

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NAICS is the North American Industry Classification System which provides the Sector, Subsector, and Industry Group structure used in this report. As many companies are diversified, the companies may also operate in other industry segments than the one listed.