

General Electric (GE)

\$6.26 (As of 07/30/20)

Price Target (6-12 Months): **\$5.00**

Long Term: 6-12 Months

Zacks Recommendation: Underperform

(Since: 07/28/20)

Prior Recommendation: Neutral

Short Term: 1-3 Months

Zacks Rank: (1-5)

4-Sell

Zacks Style Scores:

VGM:D

Value: C

Growth: F

Momentum: B

Summary

In the past three months, General Electric's shares have underperformed the industry. In second-quarter 2020, it recorded a loss of 15 cents per share, whereas the Zacks Consensus Estimate was pegged at a loss of 14 cents. Results were severely impacted by the coronavirus outbreak — with sales declining 24.2% year over year. Though the company is working on several counter measures, it remains wary of the impact of pandemic-related uncertainties on its operations — especially Healthcare, Aviation and Power — for the rest of 2020. Also, woes related to unfavorable movements in foreign currencies might be spoilsport in the quarters ahead. Despite all these headwinds, the company's portfolio-restructuring program, digital business, deleveraging efforts and solid liquidity seems encouraging.

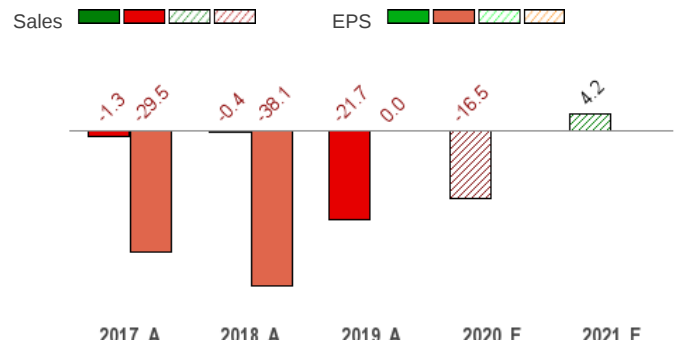
Price, Consensus & Surprise



Data Overview

52 Week High-Low	\$13.26 - \$5.48
20 Day Average Volume (sh)	71,095,600
Market Cap	\$54.8 B
YTD Price Change	-43.9%
Beta	0.95
Dividend / Div Yld	\$0.04 / 0.6%
Industry	Diversified Operations
Zacks Industry Rank	Bottom 27% (185 out of 253)

Sales and EPS Growth Rates (Y/Y %)



Last EPS Surprise	-7.1%
Last Sales Surprise	4.3%
EPS F1 Est- 4 week change	-106.1%
Expected Report Date	11/04/2020
Earnings ESP	119.2%

Sales Estimates (millions of \$)

	Q1	Q2	Q3	Q4	Annual*
2021	19,380 E	19,461 E	20,737 E	23,702 E	82,820 E
2020	20,524 A	17,750 A	18,928 E	22,793 E	79,486 E
2019	27,286 A	28,831 A	23,360 A	26,238 A	95,214 A

EPS Estimates

	Q1	Q2	Q3	Q4	Annual*
2021	\$0.05 E	\$0.07 E	\$0.09 E	\$0.18 E	\$0.35 E
2020	\$0.05 A	-\$0.15 A	-\$0.03 E	\$0.12 E	\$-0.00 E
2019	\$0.14 A	\$0.17 A	\$0.15 A	\$0.21 A	\$0.65 A

*Quarterly figures may not add up to annual.

P/E TTM	24.1
P/E F1	NA
PEG F1	NA
P/S TTM	0.6

The data in the charts and tables, including the Zacks Consensus EPS and Sales estimates, is as of 07/30/2020. The reports text is as of 07/31/2020.

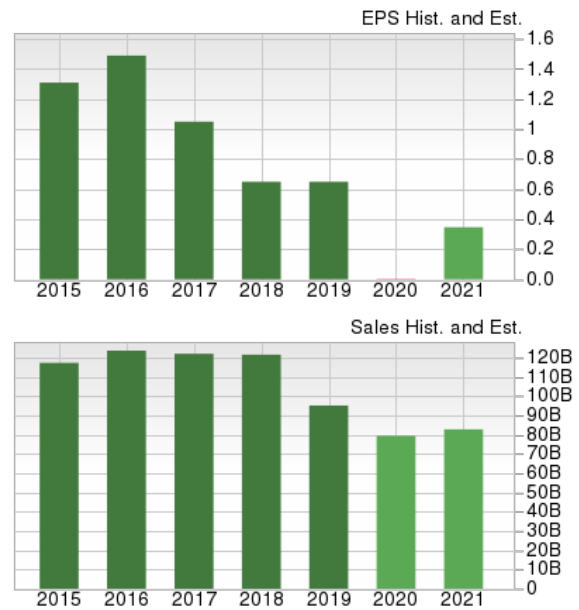
Overview

General Electric Company is popular for its LEAP aircraft engines, Heavy-Duty gas turbines, Haliade-X and Cypress wind turbines, and healthcare solutions. Its zeal to invest in upgrades and innovation of products along with outstanding service capabilities and technological expertise raises its competitive appeal. Also, the high-tech giant's plan to strengthen its industrial businesses — with a focus on Power, Aviation and Renewable Energy — and deleverage the balance sheet will boost fundamentals and shareholders' value.

Founded in 1892, General Electric is currently headquartered in Boston, MA. Its products and services range from jet engines, airframes, energy production solutions to offshore wind turbines, technologies in medical imaging and leasing and financing services, among others.

The company's industrial manufacturing and services business are grouped under the Industrial segment. Results of the segment, in turn, are the summation of four industrial operating segments — Power, Renewable Energy, Aviation and Healthcare. The company's financial services operating segment includes results of GE Capital. In short, General Electric currently has the following operating segments:

- GE Capital meets the financial needs of businesses of all sizes with a diverse range of products. Efforts are on track to reduce exposure in the GE Capital business.
- Power produces steam and gas turbines, power generation services, and generators. The Power segment includes Gas Power and Power Portfolio. While Gas Power includes General Electric's gas lifecycle business (including Power Services and Gas Power Systems businesses), Power Portfolio comprises Steam Power Systems, GE Hitachi Nuclear and Power Conversion businesses.
- Aviation offers commercial jet engines and components, and aftermarket services.
- Healthcare provides technologies in patient monitoring, medical imaging, drug discovery, patient monitoring and others. Also, the segment provides biopharmaceutical manufacturing technologies.
- Renewable Energy provides offshore wind turbines, high-voltage equipment, blades for wind tu



Reasons To Sell:

- ▼ In the past three months, General Electric's shares have declined 6.1% against the industry's growth of 10.4%. In second-quarter 2020, the company's earnings surprise was a negative 7.14%, wherein it recorded a loss of 15 cents per share and the Zacks Consensus Estimate was pegged at a loss of 14 cents. Also, it recorded earnings of 16 cents per share in the year-ago quarter. Results were severely impacted by the coronavirus outbreak — with sales declining 24.2% year over year. Though the company is working on several counter measures, it remains wary of the pandemic-related uncertainties for the rest of 2020.
- ▼ In third-quarter 2020, General Electric expects the Healthcare segment to suffer from weakness in healthcare systems and pharmaceutical diagnostics business. At healthcare systems, the company expects to see a low-double-digit fall in orders. Businesses are expected to be weak in Japan, India and LATAM. Further, orders are expected to decline in high-single digits for pharmaceutical diagnostics in the third quarter. For the Power segment, the company believes that service orders will be down year over year in 2020. For the Aviation segment, it believes that lower installation of commercial engines and a weak commercial aftermarket business might hurt performances.
- ▼ In the second quarter of 2020, GE Capital's revenues were down 20.5% year over year and it witnessed a loss of \$1,476 million compared with a loss of \$89 million in the year-ago quarter. The segment's Insurance and GECAS businesses were severely impacted by the pandemic. The company expects the market decline to hurt its GECAS operations, while measures to deal with the difficult situation might prove beneficial.
- ▼ Geographical diversification reflects General Electric's flourishing business. However, the diversity exposes the company to risks arising from geopolitical issues and an unfavorable foreign currency movement. In the second quarter of 2020, forex woes dented its Industrial revenues by \$280 million. Such lingering woes may hurt results, going forward.

Adverse impacts of the pandemic on Industrial and GE capital businesses are concerning for General Electric. Also, forex woes might be dragging in the quarters ahead.

Risks

- In the years ahead, growth in digital business, efforts to reduce leverage and lowering exposure to the GE Capital business might be beneficial for General Electric. It is worth noting here that asset disposition in GE Capital amounted to \$3.1 billion in the year-to-date period. Assets (from continuing operations) were \$114.5 billion at the end of the second quarter. Also, GE Capital's debts have been reduced by \$1.3 billion. General Electric targets GE Capital's debt-to-equity to be less than 4X over the long term. For the near term, the company noted that workers' safety, the continuation of providing services to customers, and preserving the business strength during the difficult period remain its priorities. Also, necessary cash and cost-related measures are being taken to deal with the risks associated with the pandemic. Notably, the company intends on preserving \$3 billion in cash and lower costs in excess of \$2 billion, going forward. Notably, more than one-third of the benefits have been realized in the second quarter of 2020. For 2021, the company anticipates generating positive free cash flow backed by recoveries, which it is witnessing across its businesses and cash ad cost-related measures.
 - In a bid to become a high-tech industrial company, General Electric rolled out a business portfolio-restructuring program in June 2018. Per the program, the behemoth's core businesses will be Power, Aviation and Renewable Energy, while it will gradually exit all other businesses. The company divested GE Transportation to Wabtec in February 2019, while it completed the divestiture of the BioPharma business to Danaher Corporation in March 2020. Further, General Electric lost its controlling shareholding in Baker Hughes. Recently, the company launched a program to fully dispose of its remaining stake in Baker Hughes. These actions will be valid in the coming three years. This divestment will help General Electric to focus on core businesses, better uses of capital, deleveraging and others. In addition, the company's slashed dividend rate and reorganized Power segment (Gas Power and Power Portfolio) are proving beneficial. In July 2020, the company divested its lighting business. The other party to the transaction was Savant Systems, Inc.
 - General Electric is working diligently to improve its liquidity and manage its leverage. Exiting second-quarter 2020, the company's liquidity included \$41 billion of cash and \$20 billion of available credit. Notably, it reduced its debts by \$9.1 billion, including \$7.8 billion for Industrial, in second-quarter 2020. Over the long term, the company aims at achieving net debt-to-EBITDA of less than 2.5X at Industrial. It predicts that earnings and cash might reflect sequential improvement in the second half of 2020. In 2021, it anticipates generating positive free cash flow for Industrial segment.
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Last Earnings Report

General Electric Posts Loss in Q2, Expects Improvement

General Electric reported mixed results for second-quarter 2020. Its earnings surprise was a negative 7.14%, while sales beat was 4.34%. However, both metrics fell on a year-over-year basis.

In the reported quarter, the industrial conglomerate's bottom line plunged into losses, amounting to 15 cents per share. This was worse than the Zacks Consensus Estimate of loss of 14 cents and way below the year-ago quarter's earnings of 16 cents per share.

The company noted that the coronavirus outbreak has taken a toll on its second-quarter results.

Quarter Ending **06/2020**

Report Date	Jul 29, 2020
Sales Surprise	4.34%
EPS Surprise	-7.14%
Quarterly EPS	-0.15
Annual EPS (TTM)	0.26

Revenue Details

In the quarter under review, General Electric's consolidated revenues were \$17,750 million, reflecting a year-over-year decline of 24.2%. Weakness in Industrial and GE Capital's performances hurt the quarterly results.

However, the company's revenues surpassed the Zacks Consensus Estimate of \$17,011 million by 4.3%.

On a segmental basis, its Industrial revenues declined 25% year over year to \$16,066 million. Also, GE Capital's revenues were down 20.5% year over year to \$1,845 million.

For the Industrial segment, organic revenues in the quarter decreased 20.3% from the year-ago quarter to \$16,312 million. Industrial orders declined 34.7% organically to \$13.9 billion. Backlog at the end of the second quarter was at \$380.5 billion.

Performance of the Industrial segment's components business is discussed below:

Aviation revenues decreased 44% year over year to \$4,384 million and orders fell 56%. Notably, second-quarter shipment of LEAP engines totaled 178, reflecting a decline of 259 from the year-ago quarter.

The segmental results, especially of the commercial aerospace business, were badly affected by the coronavirus outbreak. However, sales derived from the military-related business increased 19%.

Healthcare revenues in the reported quarter totaled \$3,893 million, decreasing 21% year over year. The segment's orders dipped 18%. On an organic basis, revenues declined 4% year over year.

Renewable Energy revenues totaled \$3,505 million, down 3% year over year. Its orders declined 19% in the reported quarter. Organically, the segment's sales inched up 1% year over year, while orders were down 17%.

The Power segment's revenues were down 11% year over year to \$4,156 million. On an organic basis, sales declined 9% organically. The segment's orders decreased 42% or 41% organically on a year-over-year basis.

Notably, Gas Power revenues declined 5% year over year and that of the Power Portfolio was down 25%.

Margin Profile

In the quarter under review, General Electric's cost of sales declined 13.4% year over year to \$15,083 million. It represented 85% of the quarter's revenues versus 74.4% in the year-ago quarter. Selling, general and administrative expenses in the quarter decreased 10.1% year over year to \$3,079 million. It was 17.4% of the quarter's revenues versus 14.6% in the year-ago quarter.

The Industrial segment's adjusted operating profit in the quarter was (\$521) million against \$1,812 million in the year-ago quarter. Margin in the quarter was (3.2%) versus 8.5% in the second quarter of 2019. On a reported basis, the Power segment recorded operating loss of \$40 million against income of \$117 million in the year-ago quarter, while Renewable Energy's loss was \$195 million compared with a loss of \$184 million in second-quarter 2009. The Aviation segment's loss was \$680 million versus income of \$1,385 million. The Healthcare segment's profits declined 43% year over year.

The GE Capital segment witnessed a loss of \$1,476 million compared with a loss of \$89 million in the year-ago quarter.

Interest and other financial charges increased 7.3% year over year to \$997 million.

Balance Sheet and Cash Flow

Exiting the second quarter of 2020, General Electric had cash and cash equivalents of \$88.5 billion, down 1.2% from \$89.6 billion recorded at the end of the previous quarter. Borrowings were \$81.9 billion, down 3.9% from \$85.2 billion at the end of the first quarter.

The company noted that it reduced Industrial debts by \$7.8 billion and GE Capital debt by \$1.3 billion in the year-to-date period.

Non-GAAP free cash flow for GE Industrial totaled (\$2,067) million in the second quarter as compared with (\$996) million in the year-ago quarter.

Restructuring

In June 2018, General Electric communicated plans to transform into a high-tech industrial company — focused on Aviation, Power and Renewable Energy.

In sync with its plans, the company completed the sale of its transportation business to Wabtec Corporation in the first quarter of 2019. Further, General Electric completed the divestment of the BioPharma business to DanaHER Corporation in March 2020.

Further, General Electric has lost its controlling shareholding in Baker Hughes Company. In addition, the company announced a program to fully dispose of its remaining stake in Baker Hughes. These actions will be valid in the coming three years. This divestment of this non-core possession will likely help General Electric to focus on core businesses, better uses of capital, deleveraging and others.

Efforts are on track to reduce the exposure to the GE Capital business. Asset disposition has amounted to \$3.1 billion in the year-to-date period.

Outlook

The conglomerate's chairman and CEO — H. Lawrence Culp, Jr. — reiterated that the workers' safety, the continuation of providing services to customers, and preserving the business strength are its priorities during the difficult period.

For 2020, the company expects cash preservation of \$3 billion and operational cash out of more than \$2 billion (roughly 1/3 realized in second-quarter 2020). Also, actions to lower leverage and innovate products have been given due importance. The company expects to achieve a leverage-neutral position by 2021.

Though numbers were not provided, the company noted that its earnings and cash might reflect sequential improvement in the second half of 2020. In 2021, it anticipates Industrial free cash flow to be positive.

Recent News

On **July 27, 2020**, General Electric paid out a quarterly cash dividend of a penny per share to shareholders of record as of Jun 29, 2020.

On **Jul 21, 2020**, General Electric and Uniper collaborated to work on the decarbonization of Uniper's natural gas storage facilities and gas-fired power plants. Notably, General Electric's Gas Power business will be responsible for this work.

On **Jul 15, 2020**, General Electric's GEPI business unit in India received three contracts worth \$112.57 million for supplying its advanced air quality control systems solutions. Notably, the other parties to the deals are Hindalco Industries Limited, NTPC Limited and UP Rajya Vidyut Utpadan Nigam.

On **Jul 6, 2020**, General Electric's Power Conversion business entered a deal with Statkraft to help the latter in decarbonizing the UK energy sector. Per the collaboration, GE Power Conversion will be responsible for manufacturing and installing two Rotating Stabiliser synchronous machines at Statkraft's site located in Keith, Moray.

In addition, the company's digital business launched latest updates to its digital plant software portfolio, which is comprised of Proficy Plant Applications, Proficy Operations Hub, Proficy Historian and Proficy CSense.

On **Jul 2, 2020**, the Grid Solutions business of GE Renewable Energy secured Greed Gas for Grid orders from the U.K.-based Omexom and Germany-based Evonik. The orders, first of its kind, require GE Renewable Energy to deliver 18 units of g³ gas-insulated switchgear bays. The equipments can be used for industrial purposes.

On **Jul 1, 2020**, General Electric completed the divestment of its Lighting business to Massachusetts-based Savant Systems, Inc. Financial terms of the transaction have been kept under wraps.

The GE Lighting business comprises of innovation smart home and home lighting solutions. Per the definite agreement signed between the parties, GE Lighting will continue to operate through its headquarters located in Cleveland, OH. Its workforce of more than 700 people will be transferred to Savant Systems.

The transaction is believed to be a win-win situation for General Electric and Savant Systems. While General Electric will be able to concentrate more on its core businesses, Savant Systems will likely enjoy enhanced market reach, driven by the popularity of the GE brand.

On **Jun 24, 2020**, General Electric announced that its technology development arm, GE Research, will work on developing a machine-learning and artificial intelligence -supported inverse design framework for creating more optimized designs for industrial gas turbine aerodynamic components.

On **Jun 11, 2020**, GE Renewable Energy received a contract to supply 12 of its 2.5-132 onshore wind turbines to Power China Guizhou Engineering Co., Ltd. Financial terms of the contract were not disclosed by the parties involved.

In addition, GE Renewable Energy entered a five-year full-service agreement with Naturgy for the La Rabia Wind Farm, based in Spain. Notably, the company will offer full preventive and corrective maintenance tasks on 13 Eco-80 turbine units as well as 50 units of the technology at Pehimo Wind Farm.

On the same day, General Electric delivered the USS Zumwalt — a full-electric power and propulsion ship — to the U.S. Navy. The ship has been designed by the company's Power Conversion business.

On **June 10, 2020**, General Electric provided an update on its free cash flow expectations. It also discussed the impacts of the pandemic on its operations and measures to deal with the difficulties.

For 2021, the conglomerate anticipates generating positive free cash flow — backed by recoveries, which it is witnessing across its businesses, and cash ad cost-related measures — and high-single-digit margin. It believes that rise in aircraft departures in China and increase in freight are healthy signs for its GECAS and Aviation operations. Also, the demand for military products is likely to aid Aviation, while a recovery in the commercial business is contingent on resumption in air travel.

Further, it expects the demand for pharmaceutical diagnostics products and others to revive in the near future and thus, aid Healthcare operations. For Renewable Energy, efforts to strengthen onshore and offshore wind businesses, cost actions, and recovering in hydro and grid businesses will likely be beneficial.

Also, delay in projects due to the pandemic poses a threat to Gas Power, while measures to reduce costs and preserve cash will be beneficial. Gas Power expects to lower fixed costs from \$3.1 billion in 2019 to \$2.5 billion in 2021. Free cash flow will likely be positive for Gas Power in 2021, with margin being in high-single digits.

The company reiterated negative free cash flow expectations for 2020. The metric in the second quarter is likely to be (\$3.5)-(\$4.5) billion.

The conglomerate has implemented several cash and cost-related measures — including lowering discretionary spending, improvement in working capital, workforce reduction and cuts in capital expenditure — to deal with the pandemic-led risks. Notably, it intends on preserving \$3 billion in cash and lower costs in excess of \$2 billion, going forward. Roughly 80% of the benefits are likely to be realized in the second half of 2020.

On **Jun 9, 2020**, GE Hitachi Nuclear Energy received contract from Teollisuuden Voima Oyj to provide outage services for the latter's Finland-based Olkiluoto Nuclear Power plant.

On **Jun 8, 2020**, General Electric announced that it reopened parts of its previous debt offerings for total proceeds of \$3 billion in an attempt to improve its cash reserves. Notably, General Electric intends to utilize the funds for lowering short-term debt and expects the deal to be leverage-

neutral.

As communicated, \$1.5 billion worth of 4.350% notes ("GE notes") due to expire in 2050 have been priced to the public at 100.176% of the principal amount. Notably, the GE notes fall under the same category of notes issued by the company on Apr 22, 2020.

In addition, the company's business segment, GE Capital priced \$1.5 billion worth of 4.400% notes ("GE Capital notes") due to expire in 2030 at 105.074% of the principal amount. GE Capital notes have been issued in a private offering. The GE Capital notes fall under the same category of notes issued on May 18, 2020. It is worth mentioning here that the notes issued by GE Capital will be guaranteed by General Electric.

On **Jun 8, 2020**, General Electric announced that it clinched a gas turbine upgrade contract from power producer JFE Steel Corporation ("JFE"). Notably, General Electric will work on upgrading JFE's current GT26 MXL2 unit, with its advanced high-efficiency technology at the Chiba Power Plant based in Japan. The modernization will help JFE to boost the efficiency of the plant by more than 1%, apart from enhancing the power output by more than 10 megawatts.

On **Jun 3, 2020**, General Electric announced that it received a contract from Edison to continue to modernize its plants, with Advanced Gas Path technology at the later's Torviscosa 780 megawatt power plant in Torviscosa, Italy.

On **May 28, 2020**, General Electric's chief executive officer, Larry Culp, communicated that the company might generate a negative free cash flow in 2020. As also noted, the company's free cash outflow is likely to be \$3.5-\$4.5 billion in the second quarter of 2020. The weak cash flow outlook mainly stems from the softness in its aviation business unit on account of the coronavirus outbreak.

Notably, the company anticipates the installation of its commercial jet engines to decline approximately 45% in the second quarter, with aircraft spare sales expected to fall about 60%. On the other hand, the demand for its healthcare products has grown amid the coronavirus pandemic, with orders likely to increase over 100% in the second quarter.

On **May 21, 2020**, GE Renewable Energy announced to have received a contract to supply onshore wind turbines to Powerica Ltd. Financial terms of the contract were not disclosed by the parties involved.

As noted, GE Renewable Energy will supply 38 units of 2.7-132 onshore wind turbines to Powerica. Of these, 19 onshore wind turbines will be delivered at Powerica's wind farm based in Rajkot, while the rest will be supplied to Khambaliya wind farm. Both the projects collectively can generate 102.6 MW of energy.

On **May 20, 2020**, General Research announced to have received \$2.5 million worth project via the Underminer program of the Defense Advanced Research Projects Agency. The 15-month project will involve the development of effective means for digging tunnels.

On **May 19, 2020**, GE Renewable Energy along with Powerchina Zhongnan Engineering Corporation Limited received contract to supply generators and six Francis turbines to Pakistan-based Dasu hydropower plant. The contract was awarded by Pakistan Water and Power Development Authority.

On **May 18, 2020**, GE Renewable Energy received a contract to supply 52 units of 3 MW platform onshore wind turbines. The other party to the contract was Fina Enerji. Financial terms of the transaction were not disclosed.

The wind turbines will be delivered to Fina Enerji's wind farms located in Pazarkoy, Baglama, Tayakadin and Yalova. These wind farms collectively can produce 193 MW of energy.

On **May 15, 2020**, General Electric communicated the completion of its debt tender offers announced on May 6. Also, the company announced the completion of its private debt offerings by GE Capital Funding, LLC.

As noted, the company's tender offers were applied for notes issued by subsidiaries — including GE Capital European Funding Unlimited Company, General Electric Capital Corporation and GE Capital UK Funding Unlimited Company. Of the above-mentioned validly tendered notes, the company accepted for purchase validly tendered 4.625% notes due 2021, 5.300% notes due 2021, floating-rate notes due 2021, 4.650% of notes due 2021, 4.350% notes due 2021, 0.800% notes due 2022, floating-rate notes due 2023 and 5.125% notes due 2023.

In addition, GE Capital's debt offerings are expected to bring \$4.4 billion in gross proceeds. The amount will be used for purchasing the selected validly tendered notes (mentioned in the above paragraph). It is worth mentioning here that the company expects the debt offerings and tender offerings to have a neutral impact on leverage, going forward.

Valuation

General Electric's shares have declined 45.3% in the year-to-date period and decreased 39.4% over the trailing 12-month period. Stocks in both the Zacks sub-industry and the Zacks Conglomerates sector have decreased 11.9% in the year-to-date period. Over the past year, both the Zacks sub-industry and sector have moved down 6.9%.

The S&P 500 index has moved up 1% year to date and increased 10.4% in the past year.

The stock is currently trading at 30.2x forward 12-month earnings per share, which compares to 25.59x for both the Zacks sub-industry and the Zacks sector as well as 22.69x for the S&P 500 index.

Over the past five years, the stock has traded as high as 46.55x and as low as 9.01x, with a 5-year median of 16.49x. Our Underperform recommendation indicates that the stock will perform worse than the market. Our \$5.00 price target reflects 25.67x forward 12-month earnings per share.

The table below shows summary valuation data for GE.

Valuation Multiples - GE

		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	30.2	25.59	25.59	22.69
	5-Year High	46.55	26.23	26.23	22.69
	5-Year Low	9.01	15.76	15.76	15.25
	5-Year Median	16.49	18.4	18.4	17.52
P/S F12M	Current	0.67	3.68	3.68	3.59
	5-Year High	2.44	3.69	3.69	3.59
	5-Year Low	0.49	2.29	2.29	2.53
	5-Year Median	1.21	3.03	3.03	3.02

As of 07/30/2020

Industry Analysis Zacks Industry Rank: Bottom 27% (185 out of 253)



Top Peers

Company (Ticker)	Rec	Rank
Danaher Corporation (DHR)	Outperform	1
Macquarie Infrastructure Company (MIC)	Outperform	2
Carlisle Companies Incorporated (CSL)	Neutral	3
Emerson Electric Co. (EMR)	Neutral	3
Flowserve Corporation (FLS)	Neutral	2
Honeywell International Inc. (HON)	Neutral	3
ITT Inc. (ITT)	Neutral	3
3M Company (MMM)	Neutral	3

Industry Comparison Industry: Diversified Operations				Industry Peers		
	GE	X Industry	S&P 500	DHR	EMR	HON
Zacks Recommendation (Long Term)	Underperform	-	-	Outperform	Neutral	Neutral
Zacks Rank (Short Term)	4	-	-	1	3	3
VGM Score	D	-	-	D	A	B
Market Cap	54.76 B	4.95 B	22.57 B	140.99 B	37.43 B	104.69 B
# of Analysts	8	2.5	14	8	7	10
Dividend Yield	0.64%	2.07%	1.83%	0.36%	3.19%	2.41%
Value Score	C	-	-	D	B	B
Cash/Price	1.49	0.26	0.07	0.04	0.07	0.14
EV/EBITDA	3.43	8.10	12.96	34.99	10.07	11.90
PEG Ratio	NA	2.38	3.04	3.20	3.24	2.80
Price/Book (P/B)	1.55	1.14	3.13	4.27	4.95	5.70
Price/Cash Flow (P/CF)	4.85	6.65	12.61	32.53	12.37	15.08
P/E (F1)	NA	19.94	22.06	37.27	20.33	21.54
Price/Sales (P/S)	0.62	0.91	2.42	7.21	2.08	3.03
Earnings Yield	0.00%	4.75%	4.31%	2.68%	4.92%	4.64%
Debt/Equity	2.05	0.83	0.75	0.68	0.52	0.96
Cash Flow (\$/share)	1.29	2.35	6.94	6.21	5.07	9.89
Growth Score	F	-	-	C	B	C
Hist. EPS Growth (3-5 yrs)	-21.62%	10.27%	10.85%	2.68%	2.96%	7.45%
Proj. EPS Growth (F1/F0)	-100.38%	-27.70%	-7.75%	22.71%	-16.49%	-15.15%
Curr. Cash Flow Growth	-8.00%	9.67%	5.39%	1.84%	7.06%	-1.43%
Hist. Cash Flow Growth (3-5 yrs)	-12.27%	7.02%	8.55%	5.87%	-0.68%	5.69%
Current Ratio	2.21	1.63	1.31	2.20	1.01	1.63
Debt/Capital	67.26%	45.22%	44.32%	38.15%	34.37%	48.93%
Net Margin	-5.10%	3.43%	10.44%	17.73%	12.04%	16.94%
Return on Equity	7.94%	10.80%	14.73%	11.88%	26.66%	29.93%
Sales/Assets	0.34	0.73	0.52	0.30	0.85	0.58
Proj. Sales Growth (F1/F0)	-24.81%	-1.67%	-1.95%	6.73%	-10.40%	-12.89%
Momentum Score	B	-	-	D	A	D
Daily Price Chg	-5.01%	-0.62%	-0.92%	0.00%	-1.71%	-3.51%
1 Week Price Chg	-2.97%	-0.37%	0.37%	2.26%	-0.27%	-3.59%
4 Week Price Chg	-8.21%	0.00%	4.14%	12.50%	1.62%	2.85%
12 Week Price Chg	2.45%	7.00%	12.21%	23.65%	13.37%	12.33%
52 Week Price Chg	-37.90%	-23.91%	-1.73%	44.16%	-0.18%	-12.03%
20 Day Average Volume	71,095,600	63,255	1,887,986	2,377,988	2,238,790	3,012,675
(F1) EPS Est 1 week change	0.00%	0.00%	0.00%	4.25%	0.00%	0.03%
(F1) EPS Est 4 week change	-106.06%	0.00%	0.38%	11.09%	0.18%	-0.04%
(F1) EPS Est 12 week change	-101.87%	-6.01%	-0.07%	11.08%	0.11%	-8.68%
(Q1) EPS Est Mthly Chg	-44.44%	0.00%	0.16%	7.54%	-0.74%	-7.15%

Zacks Stock Rating System

We offer two rating systems that take into account investors' holding horizons: Zacks Rank and Zacks Recommendation. Each provides valuable insights into the future profitability of the stock and can be used separately or in combination with each other depending on your investment style.

Zacks Recommendation

The Zacks Recommendation aims to predict performance over the next 6 to 12 months. The foundation for the quantitatively determined Zacks Recommendation is trends in the company's estimate revisions and earnings outlook. The Zacks Recommendation is broken down into 3 Levels; Outperform, Neutral and Underperform. Unlike many Wall Street firms, we have an excellent balance between the number of Outperform and Neutral recommendations. Our team of 70 analysts are fully versed in the benefits of earnings estimate revisions and how that is harnessed through the Zacks quantitative rating system. But we have given our analysts the ability to override the Zacks Recommendation for the 1200 stocks that they follow. The reason for the analyst over-rides is that there are often factors such as valuation, industry conditions and management effectiveness that a trained investment professional can spot better than a quantitative model.

Zacks Rank

The Zacks Rank is our short-term rating system that is most effective over the one- to three-month holding horizon. The underlying driver for the quantitatively-determined Zacks Rank is the same as the Zacks Recommendation, and reflects trends in earnings estimate revisions.

Zacks Style Scores

The Zacks Style Score is as a complementary indicator to the Zacks rating system, giving investors a way to focus on the highest rated stocks that best fit their own stock picking preferences.

Academic research has proven that stocks with the best Value, Growth and Momentum characteristics outperform the market. The Zacks Style Scores rate stocks on each of these individual styles and assigns a rating of A, B, C, D and F. We also produce the VGM Score (V for Value, G for Growth and M for Momentum), which combines the weighted average of the individual Style Scores into one score. This is perfectly suited for those who want their stocks to have the best scores across the board.

Value Score	C
Growth Score	F
Momentum Score	B
VGM Score	D

As an investor, you want to buy stocks with the highest probability of success. That means buying stocks with a Zacks Recommendation of Outperform, which also has a Style Score of an A or a B.

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