**Business Overview:**

GE is a large-scale industrial conglomerate, the third biggest corporation in the world. The company’s most important areas of interest are GE Capital, Power & Water, Aviation, Healthcare, Oil & Gas, Home & Business Solutions, Energy Management, and Transportation.

Sales by region: US 48%, Europe 18%, Pacific Basin 17%, Americas 9%, and Middle East & Africa 8%.

**Pros:**
- GE’s expertise in efficient manufacturing - including Six Sigma operations and lean manufacturing - combined with economies of scale give GE significant cost advantages.
- GE has refocused its resources since 2009, increasing operating margins, and increasing growth potential.
- Synergies between GE’s segments increase growth potential.
- GE invests greatly in R&D because manufacturing innovations often have benefits across its segments.

**Risk Factors:**
- Revenue growth is closely tied to world GDP growth.
- Six Sigma and lean manufacturing have been around for a long time, so competitors have begun to catch up.

**Total Return Estimates:**
- 3 Yr FV Reversion*: 9.33%
- 5 Yr FV Reversion*: 6.56%

(* - From limit order price of $0)

**Key Valuation Assumptions:**
- Est. Revenue Growth: 4.0%
- WACC: 4.73%
- Expected Inflation: 3.0%
- Terminal Growth Rate: 3.0%
- 10 yr. Risk Free Rate: 2.82%
- Equity Risk Premium: 5.9%
- Effective Tax Rate: 11.82%

**Key Financial Data:**
- Est. 2013 EPS: 1.35
- Est. 2014 EPS: 1.42
- 3-5 Yr. Est. EPS Growth: 4%
- Credit Quality: AA+
- ROE: 11.39%
- ROA: 2.03%
- Price /Book: 2.16
- Current Ratio: 1.39
- Quick Ratio: 1.25

**CSR Scores vs. Industry Average:**
- Human Rights: 1 / 1
- Business Ethics Policy: 1 / 1
- ESG Disclosure: 60.33 / 27.2
- Equal Opportunity: 1 / 1
- Emission Reduction: 1 / 1
- Environmental Disclosure Score: 51.16 / 29.52

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