

# ModernGraham Valuation



## Company Name:

General Electric  
Company

Company Ticker GE

Date of Analysis

7/21/2016

## Stage 1: Is this company suitable for the Defensive Investor or the Enterprising Investor?

*Defensive Investor; must pass 6 out of the following 7 tests.*

1. Adequate Size of the Enterprise	Market Cap > \$2Bil	\$298,321,320,071	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.69	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Fail
4. Dividend Record	Dividend Payments for 10 years prior		Pass
5. Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	-51.63%	Fail
6. Moderate PEmg Ratio	PEmg < 20	36.78	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	3.35	Fail

*Enterprising Investor; must pass 4 out of the following 5 tests, or be suitable for the Defensive Investor.*

1. Sufficiently Strong Financial Condition	Current Ratio > 1.5	1.69	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	1.88	Fail
3. Earnings Stability	Positive EPS for 5 years prior		Fail
4. Dividend Record	Currently Pays Dividend		Pass
5. Earnings Growth	EPSmg greater than 5 years ago		Fail

### Suitability

<b>Defensive</b>	<b>No</b>
<b>Enterprising</b>	<b>No</b>

## Stage 2: Determination of Intrinsic Value

EPSmg	\$0.89
MG Growth Estimate	-4.10%
<b>MG Value</b>	<b>\$0.26</b>
MG Value based on 3% Growth	\$12.85
MG Value based on 0% Growth	\$7.53
Market Implied Growth Rate	14.14%

### MG Opinion

Current Price	\$32.59
% of Intrinsic Value	12310.46%
<b>Opinion</b>	<b>Overvalued</b>
<b>MG Grade</b>	<b>D</b>

## Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$20.80
Graham Number	\$18.16
PEmg	36.78
Current Ratio	1.69
PB Ratio	3.35
Current Dividend	\$0.92
Dividend Yield	2.82%
Number of Consecutive Years of Dividend Growth	6

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[Google Finance](#) [MSN Money](#)  
[Yahoo Finance](#) [Seeking Alpha](#)  
[GuruFocus](#) [SEC Filings](#)

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$1.48	Next Fiscal Year Estimate	\$0.89
Dec2015	-\$0.61	Dec2015	\$0.70
Dec2014	\$1.50	Dec2014	\$1.33
Dec2013	\$1.27	Dec2013	\$1.22
Dec2012	\$1.29	Dec2012	\$1.22
Dec2011	\$1.23	Dec2011	\$1.27
Dec2010	\$1.06	Dec2010	\$1.39
Dec2009	\$1.01	Dec2009	\$1.60
Dec2008	\$1.72	Dec2008	\$1.86
Dec2007	\$2.17	Dec2007	\$1.88
Dec2006	\$2.00	Dec2006	\$1.69
Dec2005	\$1.54	Dec2005	\$1.51
Dec2004	\$1.59	Dec2004	\$1.48
Dec2003	\$1.49	Dec2003	\$1.39
Dec2002	\$1.41	Dec2002	\$1.29
Dec2001	\$1.37	Dec2001	\$1.19
Dec2000	\$1.27	Dec2000	\$1.01
Dec1999	\$1.07	<b>Balance Sheet Information 3/1/2016</b>	
Dec1998	\$0.93	Total Current Assets	\$176,186,000,000
Dec1997	\$0.82	Total Current Liabilities	\$104,279,000,000
Dec1996	\$0.00	Long-Term Debt	\$134,967,000,000
		Total Assets	\$462,193,000,000
		Intangible Assets	\$83,102,000,000
		Total Liabilities	\$371,105,000,000
		Shares Outstanding (Diluted Average)	9,372,000,000





Disclaimer:

This valuation is not investment advice. Anyone who is considering making an investment decision should speak to a registered investment advisor.

The author did not hold a position in any company mentioned in this article at the time of publication and had no intention of changing those holdings within the next 72 hours.

### Recommended Reading:

Other ModernGraham posts about the company

- [5 Most Overvalued Dow Components – July 2015](#)
- [5 Most Overvalued Dow Components – June 2015](#)
- [5 Most Overvalued Dow Components – May 2015](#)
- [5 Speculative and Overvalued Companies to Avoid – March 2015](#)
- [5 Most Overvalued Dow Components – February 2015](#)

Other ModernGraham posts about related companies

- [Illinois Tool Works Inc Valuation – July 2016 \\$ITW](#)
- [Raven Industries Inc Valuation – July 2016 \\$RAVN](#)
- [E.I. du Pont de Nemours Valuation – February 2016 \\$DD](#)
- [Honeywell International Inc Valuation – February 2016 \\$HON](#)
- [3M Company Valuation – February 2016 Update \\$MMM](#)
- [Raven Industries Inc Valuation – January 2016 Update \\$RAVN](#)
- [Illinois Tool Works Inc Valuation – January 2016 Update \\$ITW](#)
- [E.I. du Pont de Nemours Valuation – February 2016 \\$DD](#)
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