

## GE: Buy On Strong Industry Average Growth

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SEEKING ALPHA

**General Electric (GE)** is an attractive long-term defensive asset that any type of investor should make a part of their portfolio. GE is one of the most expansive, influential and diverse conglomerates on the planet. GE has expertise in multiple sectors that help support major corporations, developed economies and emerging markets as well. GE has a respectable dividend along with a diverse portfolio poised to support long-term growth and prosperity. GE currently has attractive ventures underway in the energy, healthcare and industrial sectors that foster innovation and growth in a number of ways. In this article, I will discuss why shareholders should hold onto this asset for the long-term, and interested investors should buy now, as its stock price is steadily increasing towards current resistance levels and beyond.

GE's sales growth has decreased by more than eight percent from the previous year. Its sales growth has decreased by more than seven percent since the previous quarter. The current price is more than 13 times earnings; this is an improvement from the trailing 12 months price of almost 15 times earnings. GE's beta is around 1.5 while its PEG ratio is closer to one. GE's price to sales ratio is also close to 1.5. Its return on equity and operating margin increased marginally from 2011 through Q1 of 2012. General Electric's net margin decreased by slightly more than two percent in the same time period. Its current ratio and quick ratio are relatively close; both decreased but are above two for the past two quarters. GE's debt to equity ratio has also decreased marginally since 2011.

GE has a dividend yield of 3.3 percent. This currently equates to an annual rate of around \$0.68. GE's dividend yield is currently more than double the industry average. Its growth rate for this year is almost five times the industry average. Its projected growth rate for next year and the next five years are slightly less than the industry average. GE's growth rate for the past five years has been significantly less than the industry average. Its trailing price to earnings ratio is only slightly more than the industry average. GE's trailing 12 months net margin is around two percent less than the industry average while its return on equity for the same time period is a little more than half the industry average. GE's trailing and past growth rates should be taken with grain of salt by shareholders and investors as much of its capital and operations are geared towards investment that will spur future growth and help sustain its position as a leader in multiple industries.

GE is making a number of promising strides in the [healthcare industry](#) in order to establish an invaluable position in various markets around the world. The healthcare industry is valuable because it is a growing necessity in most parts of the world while being virtually recession-proof. GE recently renewed its partnership with **ServiceSource International (SREV)** in order to bolster its renewal and sales efforts for its medical equipment contracts with various vendors and hospitals. GE will be utilizing ServiceSource's sales and cloud services expertise in order to build its market share and earnings in the Asian market. This is a growing opportunity in emerging markets in which [ServiceSource can help](#) GE capitalize on its revenue opportunities. This partnership will improve retention in recurring contracts on large and mid-sized medical equipment. GE is also working on a preliminary agreement with **Concord Medical Services Holdings (CCM)** to utilize and promote GE's medical equipment through its innovation center located near the new Chang'an Hospital that Concord has a 52 percent interest in. GE has also partnered with **Microsoft (MSFT)** to form [Caradigm](#). This is a joint venture business that will develop systems and intelligent tools through innovative technologies in order to improve the economics and management of healthcare for patients and practitioners worldwide.

GE has a several promising ventures in the energy markets around the world as well. GE has a growing presence in Sweden, as its turbines are being utilized for a number of projects. Triventus will be using 10 of GE's turbines to [power a wind farm](#) that will generate renewable electricity to power the equivalent of 7,500 homes in Sweden. The project wind farm should be running for commercial service by Q2 of 2013. In 2011 GE's new 4.1 MW turbine was used to supply electricity to the equivalent of 3,000 homes and 40 GE turbines were used in four other nearby wind farms as well. GE also recently revealed two groundbreaking technologies that will impact energy efficiency and water recovery techniques. GE's [AquaSel NTBC technology](#) enables over 99 percent water recovery for bottling and industrial operations. Up until now, 15 to 25 percent of the water used in industrial production has been unrecoverable. This new technology could help save around 30 million gallons of water to be reused each day. GE also developed its [new IPER system](#) that will help reduce energy demands in large desalination pumping plants by at least 10 percent. This helps make larger plants more energy efficient while enhancing their ability to create freshwater from seawater.

GE has also [signed a MOU](#) with Russia's **Rosneft (ROSN.ME)** to develop and explore more commercial opportunities for E&P in the country. GE will provide the technology to help the Russian government's E&P improve efficiency in its E&P and recovery operations, while creating more commercial equipment for the E&P industry at large in Russia. GE will expand and increase its portfolio by helping Russia evaluate and overcome many of the [environmental obstacles](#) required for successful E&P in the country. Aside from GE healthcare and GE E&P, there has been success with GE Capital as well. GE recently sold its Business Property Lending division to **Everbank (EVER)** for over \$2.5 billion. Before the financial crisis, this division accounted for \$4 billion in loans annually. Since reducing its focus in this division, it has generated over \$300 million for GE so far in 2012. GE Capital also recently served as the administrative agent leading KPS Capital Partners' \$485 million [acquisition of ThyssenKrupp Waupaca](#). This is one of the largest iron foundry entities in the world.

GE continues to take an expansive and balanced approach in increasing the value of its unique portfolio to offset its investments for growth towards long-term integral positioning in multiple industries. Interested investors should buy this stock before the price begins to increase more drastically throughout the year. Current shareholders should hold on to this stock as long as possible to benefit from steady and reliable capital appreciation in conjunction with increasing dividends.

**Disclosure:** I have no positions in any stocks mentioned, and no plans to initiate any positions within the next 72 hours.

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