

Fernando Soriano

Thank you, Chuck, for this paper. I think you did a very good job.

27 Nov 2017, 10:08 AM

Chuck Walston, Contributor

Author's reply » Mr Soriano,

Glad to hear from you, and thanks for the compliment.

May your holiday season bring you and yours joy, Chuck

27 Nov 2017, 10:51 AM

najak

Thanks for the article. I'm in general agreement here. GE likely to drop to < \$15, and at \$15, it's a "decent price" but still not great. More downside is likely ahead. I wouldn't be surprised to see it go < \$13. It truly has a lot of debt, without much profit. EV/Earnings projections is still around 41x!... That's not pretty.

27 Nov 2017, 10:14 AM

G. Blair Bauer

najak, I will buy at \$10.00 only. I suffered for 16 years under 2 Jet Jeffy;either I get a bargain,or I stay out.

27 Nov 2017, 10:54 AM

Glen Easton

Best article on GE that I have read; TY. I also think \$15.00, or less, is a good point to begin to buy.

27 Nov 2017, 10:26 AM

Chuck Walston, Contributor

Author's reply » Glen Easton,

I truly appreciate the compliment. Comments like yours keep me writing Believe it or not, I thought it a little thin compared to my DDDD articles. The editor made me pare it back a bit.

Wishing you and yours a great holiday season, Chuck

27 Nov 2017, 11:00 AM

skmelville

This is a very detailed review GE's declining fortunes and potential for misfortunes. Like you, I believe that GE will offer a better entry point over the next couple of quarters. Price in low tens is not unthinkable for me. Slow accumulation in sub-15 area may be wise if one has an investment horizon of 5 plus years. BTW. What do make of the recent spate of Directors buying? Could it just be PR ploy or real belief by insiders that the market is overly pessimistic? Oh yes, the pension fund shortfall and reinsurance liabilities could be the canaries in the coal mine. I am myself long few thousand shares at higher prices and wondering about the next course of action.

27 Nov 2017, 10:29 AM

Chuck Walston, Contributor

Author's reply » skmelville,

Thank you for the kind words. I intentionally left the insider purchases out, as I am considering writing an article on the subject. As I haven't completed my research, and I don't want to make a hasty conclusion, I will only say that I have good reason to believe that the buys are not nearly as positive as investors would hope. If I decide not to go ahead with the article, you have my word that I'll contact you personally with my conclusion.

Wishing you a wonderful holiday season, Chuck

27 Nov 2017, 11:05 AM

Henry Miles, Contributor

So, the 60,000 shares bought by Flannery or the 3 million shares purchased (indirectly) by director James Tisch is, "not nearly as positive as investors would hope"; huh?

27 Nov 2017, 11:28 AM

Mike Slattery

To Henry Miles -

The "Buy's" could be positive but there is subtle pressure on these individuals to do them.

Flannery needs to eventually own \$20 Million in GE stock. After the recent purchase, he has 683,000 shares with a current value at \$12.4 Million. So he has a ways to go to get to the required level.

Regarding the Directors (Tisch, Mollenkopf, D'souza) who have bought recently, IMO these are to persuade Flannery to keep them on the upcoming BoD elections in April-18. Yes, Tisch's "Buy" is very sizable at \$54 Million but IMO he has the same "agenda" to stay on the BoD where he has been for 7 years.

27 Nov 2017, 03:29 PM

Feckless191

Henry Miles, you may buy all the GE shares you want, along with those big-spender insiders. In our case, a stock that has decreased its dividend twice in the last decade does not deserve a second look without some sort of major risk premium.

Current dividend is \$0.48. Call us when the share price drops to \$8.00 / share. That way, we would start with a 6% yield for the risk we take. Otherwise.... don't bother calling.

27 Nov 2017, 04:10 PM

Henry Miles, Contributor

I have a feeling that Mr. Tisch doesn't think as you do.

27 Nov 2017, 05:01 PM

Chuck Walston, Contributor

Author's reply » najak,

Thanks for the thanks, and happy to be of service. Sounds like we're singing from the same sheet of music.

Warm regards, Chuck

27 Nov 2017, 10:52 AM

alschroed

A question all should ask, after selling off all the assets GE says they will sell, do you want to own this company? I am waiting to see.

27 Nov 2017, 10:53 AM

AFRyan3

I was looking at \$15/\$16 PUTS also for a small amount of income which would establish what I believe to be a reasonable entry price.

One other comment - you wrote

" airlines pay a mere 70% of the list price for single-aisle aircraft engines. Consequently, a \$13 million engine sells for approximately \$3.7 million".

Shouldn't that read either a 70% discount to get a price of \$3.7M, or is it a 30% discount of ~\$3.7

Enjoyed the article

27 Nov 2017, 11:02 AM

Marty B

Great article...didn't realize the severity of reinsurance liabilities. Did realize the pension problem....but.... not uncommon...and fixable with increased profits. Love all the trimming Flannery has done at top levels. This suggests a dedication to the new agenda.

I don't believe the large recent purchases by directors is a PR ploy. They are and will be accountable for those purchases. This buying activity right in the eye of the storm can't be washed away later. It is out in the open and being done by entities who know the complete story.

27 Nov 2017, 11:06 AM

Chuck Walston, Contributor

Author's reply » Marty B,

I appreciate the compliment.

Like you, I was unaware of the reinsurance liabilities until I conducted my DD. Hopefully, the issues won't be larger than currently known. Again, like you, I was aware of the pension problem, but it was a tad worse than I

knew. A healthy company could handle the pension without undue stress. I like many of Flannery's initiatives. Hopefully, he will succeed.

Wishing you the best for the holidays, Chuck

27 Nov 2017, 11:35 AM

skmelville

Remember Jeff Immelt did some big purchases too a few years ago when there was so much negativity on the street.

27 Nov 2017, 02:23 PM

Chuck Walston, Contributor

Author's reply » skmelville,

You're right. If mind memory serves, he bought \$1.2 million.

Take care, Chuck

27 Nov 2017, 02:44 PM

paul4innovating

Really! The top levels know the complete story, well tell me why they did not see where they are and they really can crystal ball their future when all has not been revealed as all bad news does not come out in one go.

They believe but now they have 50% of their compensation paid in stock then they might as well get used to it and buy so they can absorb the equal shock of less cash!!!

29 Nov 2017, 10:17 AM

Chuck Walston, Contributor

Author's reply » AFRyan3,

Arrgh!!! You're right. I have at least one error in each article, despite my efforts to do better.

Thanks, I'll get it edited. Glad you liked the article.

Hope you have a great holiday season, Chuck.

27 Nov 2017, 11:14 AM

Anthony Yeung

Thank for sharing.

27 Nov 2017, 11:40 AM

Chuck Walston, Contributor

Author's reply » Anthony Yeung,

More than welcome. Thanks for reading.

Wishing you well throughout the holidays, Chuck

27 Nov 2017, 11:44 AM

Iron Value, Contributor

Best article I've read on GE.

I think \$10-12 is where it's at for me. Could take another few quarters of bad news to get there though... a general market correction might accelerate a buying opportunity.

Ironically GE is in some good secular growth markets. It shouldn't be in this mess.

By the time GE gets its act together I figure an investment in HON today will do just as well with way less risk.

27 Nov 2017, 11:54 AM

rhiannion

GE Healthcare and INTC announce a partnership.

27 Nov 2017, 11:58 AM

Chuck Walston, Contributor

Author's reply » Iron Value,

Thanks for commenting. I'm concerned about the possibility of a correction. Trying to pull a little out of the market. This article doesn't belay my concerns.

<http://cnb.cx/2k4VF24>

Wish you the best over the holidays, Chuck

27 Nov 2017, 12:00 PM

lithops

I haven't seen "belay" used that way. Do you mean "allay"?

I liked your article but I can't see that you made a case for selling naked puts on GE. You aren't able to say what the value is. GE may not be a buy at 15, it is so hard to assess it might easily go to single digits in a bear market, and one could begin tomorrow. Personally I'd rather sell puts on something I know is well managed. I wouldn't mind owning more Gilead for example, or HP. But I have a bad feeling about GE. Don't you?

The pension fund probably deserves a lot more study. Doesn't it seem odd that funding it is suddenly a top priority? It kind of suggests management doesn't see what the real problems are, but maybe it means the pension fund is even more screwed up than it looks. I wonder how it got so bad in a period when any asset they had should have gone up. I suppose they must have funded it with GE stock.

28 Nov 2017, 12:04 PM

Chuck Walston, Contributor

Author's reply » lithops,

You'll have to direct me to the area that I might have made a mistake in to respond to belay/allay.

I had more info on the pension issue, but the editors made it too much work for me to keep parts of that in the article. Suffice it to say that those who study retirement issues believe a pension funded at GE's levels will go under in less than a decade. (If my memory serves, six or seven years.) GE is between a rock and a hard place on the pension. I think they have to act.

They do have a significant amount of GE stock in the pension, although it isn't so much as to present an extreme problem in itself.

I sold the puts because I think it unlikely GE will fall to 15 by expiry, and if it does, I'll sell calls on the shares. My position would be fairly small if the puts are exercised. I'm just being opportunistic.

Hope you have a great holiday season, Chuck

28 Nov 2017, 12:47 PM

DWD Investing, Contributor

This pension fund thing always amuses me. Instead of going head to head with litigation and pensioners, even after showing the numbers don't balance (somewhat like Greece and public pensions) companies just say, "Sure, okay, whatever you want." And then 20 years later, they show how the numbers are not adding up and the pensions get reduced anyway--at the threat of BK.

28 Nov 2017, 12:56 PM

lithops

"Belay" is a nautical term but is sometimes used to mean "stop" as in "stop what you're doing". "Allay" means to diminish, usually something subjective like concerns or fears.

Thank you for the elaboration on GE's pension fund. I will take your word for it that experts would say it will go under in less than a decade. I suspect though that you are thinking of multi-employer plans, which have different rules.

If you are right that they have to act, one thing they will do is review the plan to see what parts are voluntary (usually these parts are retiree medical care) and cut some or all of those. Then they will cut benefits for new employees. If they haven't done those things I think you are wrong and they aren't desperate. But I would need a lot more information to have an opinion.

Thank you for the explanation about the puts. I can see doing that. I think it is unwise to sell puts on bad companies but you have been doing it successfully and of course I defer to you.

29 Nov 2017, 11:11 AM

AndreP

Nice article. Well my dead money will catch the uptick later than sooner. I am just content for now that the company is heading in the direction that I wanted and will fix all the pot holds in the road.

27 Nov 2017, 12:28 PM

Chuck Walston, Contributor

Author's reply » AndreP,

I thank you for the compliment, and I wish you well in your investment.

Have a great holiday season, Chuck

27 Nov 2017, 12:41 PM

gramondo37

This is definitively the best article on GE I have read so far. Thanks for sharing your thoughts.

27 Nov 2017, 12:45 PM

TAS

A time to buy?

No. Hell no.

Honest GE employees (those who are left) will tell you exactly the same thing.

27 Nov 2017, 01:13 PM

khlim115

Thank you for the article. I am hoping for sub \$10 entry..

27 Nov 2017, 01:17 PM

Chuck Walston, Contributor

Author's reply » khlim115,

You're more than welcome and thank you for the compliment.

Wish you a wonderful holiday season, Chuck

27 Nov 2017, 01:51 PM

Chuck Walston, Contributor

Author's reply » TAS,

Two things of interest.

Note you're a skilled musician. My son is a VERY good lead guitarist. His wife toured Europe for three months as an opera singer. They took a trip to Nashville to cut a record. When he returned, I asked him about his trip. He told me he

encountered guys on the streets with cowboy hats at their feet, playing for tips, that were better than him. His wife chimed in and stated she felt like she could no longer sing.

Regarding mall as "free fire zones." Don't know if you noticed, but I'ma retired LEO. We had a gang shooting inside my local mall. Also a murder in the parking lot. I was involved in two foot pursuits there, one while off duty (foot pursuits are fun!) A buddy of mine was chasing a five-finger discounter from the mall and literally had his arm slashed to the bone when the guy pulled out a hunting knife. Considering the cop has 18 inch arms, that was no small feat. So your assessment of malls may be spot on. (BTW, it didn't turn out well for the knife weilding suspect. He ended up a great deal worse off than the officer).

I wish you a happy holiday, CHuck.

27 Nov 2017, 01:32 PM

Dustin Scobey

Ok, if not kust for a silly reversal of trend to 19ish, ya gotta buy here right? AI with NVDA and expanding partnerships? I agree it isnt cheap EVEN now but really??

27 Nov 2017, 02:37 PM

Paper_stax

All GE did was cut it's dividend. That's a start but further issues remain. As SD86 stated, GE will be dead money for some time.

27 Nov 2017, 02:48 PM

Bruce Bohannon

Thanks for the work. You write: "I've conducted a cursory study of the pros and cons of the case, and it seems to me (I am not a lawyer) that both sides have reasonable arguments."

Mention - ISTM - either outcome causes huge opportunity to have Attorney Costs to run rampant and or keeps attorneys focused on less productive opportunities. GE is seemingly a mess. Thanks for the work!

27 Nov 2017, 02:54 PM

Chuck Walston, Contributor

Author's reply » Bruce Bohannon,

I thank you for the kind words. I agree. Should the decision go against it could create years of GE nine, ten or even eleven figure suits. While I think that unlikely, stranger things have happened, and investors need to be apprised of the potential risks.

27 Nov 2017, 03:54 PM

Chuck Walston, Contributor

Author's reply » Paper_stax,

If you're having a problem getting rid of those stacks of paper...

Best, Chuck

27 Nov 2017, 02:56 PM

knarf9518

Is GE just another Enron. I believe lot of GE problems go back to Jack Welsh and Jeff Immelt.

27 Nov 2017, 04:03 PM

uofhmanoa

Good article into today's WSJ on how much value was lost in GE just this year, a year when the DJIA did well. I've been watching the decline for awhile and have no idea where this bottoms out at except I would like to see a high volume sell off, then a gap up with a quick move above it's 50 day MA before I would take notice. since the DJIT is lagging, I would like to see a down market with GE going in the reverse direction, the opposite of what we are now seeing, to confirm a potential bottom has been formed.

27 Nov 2017, 04:12 PM

Life is good

Chuck

Very thoughtful article, very much appreciate the considerable effort you put into it.

27 Nov 2017, 04:22 PM

Chuck Walston, Contributor

Author's reply » Life is good,

Many thanks for the compliment. I hope you and yours have a great holiday season,

Chuck

27 Nov 2017, 05:10 PM

Estella Jenkins

I would wait a little bit more if I were you.

27 Nov 2017, 04:30 PM

xHumanx9

I think 18 is fair price for GE at this point.

I am more optimistic than most on Flannery based on his performance in India or what I could deduce of it from googling about him during his time there.

Also, sooner or later value stocks will get their turn in sun; For now it's all about growth or nothing.

Sure, GE could drop a bit more but so could most of fang/growth stocks.

27 Nov 2017, 04:38 PM

Mike Slattery

To xHumanx9 -

I also am optimistic on Flannery and do hope that he succeeds in GE's turnaround. But he has an "Achilles' heel" problem that also dragged Immelt down.

That is, Flannery has no technical skills or education background, like engineering, software, physics, etc. I am not saying that GE's CEO has to be an "expert" in one (or more) of these fields but IMO the complete lack of technical skills/education is a major lack.

Consider one (of many) reason why GE Aviation under David Joyce is successful. In his bio, Mr. Joyce joined GE in 1980 as a product engineer and spent 15 years advancing his career in design and development of GE's commercial and military engines. Now, that leads to success!!!

IMO that's the kind of "technical 'starts' " that GE's CEO needs. I would hope that GE's BoD is doing a quiet search for such a balanced CEO to replace Flannery within the next year. Another reason I am down on Flannery is what some commenters have posted "he comes across as a bean counter....not a visionary manager."

And a final reason for my negativity on Flannery - he puts Russell Stokes in charge at GE Power. Stokes also has NO technical background and in the GE Power disaster, it's extremely vital that the head man understand the problems and can effectively choose from the solutions presented to him. I do not think Flannery or Stokes are up to the task.

27 Nov 2017, 06:18 PM

Chuck Walston, Contributor

Author's reply » Mike Slattery,

Thanks for your cogent commentary. I don't recall whether I mentioned Flannery's lack of tech background, but I definitely considered it when I made my thesis. I wish Flannery well, I simply believe investors can't make an evaluation of his efficacy at this time.

I hope you and yours have an enjoyable holiday season,

Chuck

27 Nov 2017, 06:30 PM

xHumanx9

You make very good points, Mike. It's still early days. Flannery commercialised/leveraged local and global R&D to dominate the low cost medical diagnostics in Asia Pacific during his stint (- moving on to eventually lead GE healthcare). Seems to have left with respect of techies, among others, in the area. Hoping he pull do a Satya at Microsoft (I agree with you on that he can't do that without inspiring techies). So far Flannery

seems to be moving after thinking things through rather than headline hungry moves... I remain optimistic at this point.

28 Nov 2017, 10:53 AM

Chuck Walston, Contributor

Author's reply » xHumanx9,

Thanks for the comment. I wish you well in your investments,

Chuck

27 Nov 2017, 05:11 PM

StandupWall

Dear Chuck,

GE's conglomerate is way too complex to evaluate.

I can't see nothing good in this company. My best investment advice is to stay far away from that dark hole.

By the way, I can't really understand why GE last year spent nearly 22 Billion \$ in buybacks!! Where is Jeff Immelt? Shame on him!

27 Nov 2017, 06:18 PM

Chuck Walston, Contributor

Author's reply » Rui,

Good to hear from you.

Wishing you and your family a Merry Christmas, Chuck

27 Nov 2017, 06:31 PM

StandupWall

Thank you very much Chuck, I wish you and your family the same and a Happy New 2018!

Chuck, what about an article of Campbell Soup company?

Do you like Campbell's soup? Trump likes Campell's soup... Maybe I like too :)

27 Nov 2017, 06:48 PM

Mike Slattery

To StandupWall -

You're right. Shame on Immelt for wasting the \$22 Billion on buybacks (these are actually \$29 Billion from Oct-15 to June-17).

Immelt's ego blinded him to anything other than "....got to reduce the share count so that the calculated EPS will be higher....and the stock will be higher.....and my bonus will be higher...."

Immelt was getting "big bucks" (total compensation around \$20 Million per year) to manage the GE company. He has failed miserably in the last 3 years since the start (in April-15) of the GE Capital (GECC) Asset sales, the gross over-payment for BHI, the mis-management of cash flows, and now the disaster at GE Power.

27 Nov 2017, 06:52 PM

Chuck Walston, Contributor

Author's reply » Rui,

Funny you should mention that (although I had no idea Trump likes Campbell's).

I'm stating a new series of articles called First Look. They are about companies that pass my superficial analysis but that I haven't yet done DD on. I submitted one on CPB and BBY last night, but it hasn't passed the editors. The idea is that I'll get some input from readers on the company they would most like me to do a Deep Due Diligence Dive article on, as well as the invaluable insights the SA community provides.

Take care, Chuck

27 Nov 2017, 08:31 PM

Gerald Shaw

I'm guessing \$12 will be the bottom here but probably not until June.

27 Nov 2017, 10:42 PM

Airchair94

Chuck,

I have to say this is one of the better articles I have read on GE's current conditions and obstacles going forward. As a recent retiree with 38+ years in Ge Healthcare I have lived through the Jack Welch days and the Jeff Immelt days. It sickens me to see what this once great company has become. I'm am skeptical for other reasons. They talk about healthcare and how great it is--but I have seen first hand how our work force has been degraded, our products are no longer heads and heels above our competitors, and our parts are sourced out of the US resulting in customer delays to repair equipment. This is not my idea of how a world class company improves itself. Instead of sell, sell, sell--how about we go back to some R&D and start making products our customers really want and our competitors can't hold a candle to. Just a thought. And don't get me going about the retirement plan.

27 Nov 2017, 11:46 PM

Chuck Walston, Contributor

Author's reply » Airchair94,

Thanks for the compliment.

It is always good to hear the insights of current and former employees. Whenever I conduct research for an article, I read the comments sections of several dozen related SA articles. I have to say your view of GE seems to be shared by many former employees. When one or two guys complain, you can mark it off as

whiners. When a dozen or more share the opinion that the company is in decline, investors need to view that as a large negative.

Wishing you well this holiday season, Chuck

28 Nov 2017, 12:05 PM

John D. Thomason, Contributor

Excellent article. I sold 40% of my GE above \$30 in Dec 2015. Good move, it turns out. Wish I had sold it all, however. I had expected continued slow improvement. Wrong! I sold a Jun 2018 put on 11/14/2017, as a way to take advantage of the current situation, not because I really want to buy more GE, even at \$15.

I'm afraid you are right on in your analysis, GE is no screaming bargain right now, even at barely \$18, and it is going to be a long time before we see \$30 again, if ever.

28 Nov 2017, 09:21 AM

Chuck Walston, Contributor

Author's reply » Mr. Thomason,

Thanks for the compliment. It always means a bit more coming from a contributor, as you know the work required for a piece of this breadth.

I once had the view that companies trading near 52 week lows were usually bargains, assuming they weren't suffering from extreme degradation of their fundamentals.

Wrong!

One needs to always look for a margin of safety.

Wishing you well in your endeavors, Chuck

28 Nov 2017, 12:09 PM

westelk

None of the many articles considers the black hole GE would face if this long running bull market should end and /or the artificially low interest rates end.

As GE sells off units are the enormous "shared services" costs to operating divisions going to go down? There is nothing worse for an operating manager than to be dinged for corporate costs out of his control. You get a bill for \$X and then get the second whammy of being expected to send \$Y up to corporate.

This is why conglomeration failed during its heyday in the '60's. Micro-management by spreadsheet never understands operations.

28 Nov 2017, 09:26 AM

Chuck Walston, Contributor

Author's reply » westelk,

I considered addressing the problems that would be posed for GE by a declining market. However, I have trouble moving my articles past the editors due to their length. Have to cut somewhere.

Despite notable exceptions, it has been my observation that large entities suffer from out-of-touch bureaucracies. It takes an exceptional leader capable of discovering, cultivating, and inspiring subordinate leaders, and then giving them free reign to rule their subordinate roosts to run large organizations without bureaucracies.

Rare indeed.

Wishing you well this holiday season, Chuck

28 Nov 2017, 12:18 PM

lithops

It does seem that these costs (another way of saying bloated management) are the real problem. Not only do you have to pay for all these guys, they slow everything down. Flannery is going to cut them by 25%, and that's good, but what will that do to pension costs? For that matter, why not cut them by 90%?

People like me would wonder why GE can't make money with world-class businesses, except like Westelk I know the answer.

28 Nov 2017, 12:20 PM

mrjustice

GE topped out at about 60 in 2001 before falling to about 21. It then rallied to about 40 in 2007 before falling to 6. It rallied again to about 33 in 2017 and is now falling to what trend history suggests will be about 2.25 ish. So I wouldn't be interested in owning it unless and until its next rally takes it back to 33 or above and then provides a successful retest of 33. Until then, it is just continues to be a long term loser. So I pick a retested \$33 as a good place to buy GE, assuming it is willing to do the work necessary to overcome its 18 year downtrend.

28 Nov 2017, 09:27 AM

Bandinellj

And what of all the innovation that is taking place while GE tries to rebuild its model T engine. Draw back the curtains, as this article has exposed, and you find not only a badly run company, but a company that doesn't/can't compete in the new world. I was at 15 and now I'm at 10, or maybe never, they might not survive the next 5 years. Yes, it's that bad.

28 Nov 2017, 09:56 AM

Oldwizkid

Um me thinks 7 to 12 billion in profits will be more than sufficient to make GE go higher in the near future, long GE and still collecting a nice dividend too.

28 Nov 2017, 10:34 AM

Chuck Walston, Contributor

Author's reply » Oldwizkid,

I wish you well in your investment.

Have a great holiday season, Chuck

28 Nov 2017, 12:28 PM

Old Wizard

Right, Mike glad to see you agree with me. I would have thought that Joyce would have been more qualified to be the right CEO for the times. As I have pointed out in many comments in the past, the IoT and additive manufacturing was pioneered in the aviation division. He seems more possessive of the right credentials for a GE CEO than any other internal candidate including Flannery. So far the cost cutting moves are good, but the details of what is wrong at power other than too much competition and the comments about how good the BHI deal was are both too general and not at all representative of experience to date.

28 Nov 2017, 11:13 AM

Oldcarguy

Great assessment of this dog. If my name was Watson, I'd buy IBM.

28 Nov 2017, 11:48 AM

DWD Investing, Contributor

Thanks for reminding me to follow. I would have forgotten.

This is a really nice article, so thanks.

"I include the FV in this piece because I consider it instructive:."

At this point with GE what I would find interesting is to find GE's book value + intellectual property. Then do an analysis of when to enter--given one believes the company will eventually turn around.

Well, we already know GE is distressed. So with the help of analysis like yours, the question becomes "If you want a piece of GE, then at what price?"

The book value+Intellectual property number would give me a good indication where I might pick up GE.

28 Nov 2017, 12:08 PM

Chuck Walston, Contributor

Author's reply » DWD Investing,

Thanks for the compliment and double thanks for following.

Saw you wrote a handful of articles and then...

Too bad. You were adding readers at a nice pace.

Wishing you a great holiday season, Chuck

28 Nov 2017, 12:51 PM

DWD Investing, Contributor

Thanks Chuck. It is what it is.

28 Nov 2017, 01:00 PM

Chuck Walston, Contributor

Author's reply » Oldcarguy,

My surname is Walston. Is that close enough that I should consider IBM?

Thanks for the compliment.

Wishing you and yours a great holiday season, Chuck

28 Nov 2017, 12:31 PM

Glen Easton

I was thinking GE @\$15.00 but upon reflection, I think much lower, if at all. TY all for the input.

28 Nov 2017, 01:16 PM

EBanks14

Hi Chuck, very well thought out piece.

GE has potentially a large cash position overseas. Some have estimated the amount at over \$80 billion. If the new tax bill is passed in Congress which would allow companies to repatriate cash at a fairly low rate, could you see GE using some of that to reduce pension liabilities?

If they repatriate some cash, they wouldn't use it for a special dividend, they shouldn't use it for a stock buyback, leaving an acquisition or debt reduction. Love to hear your thoughts.

Thanks

Marty

28 Nov 2017, 02:08 PM

Far Horizon, Contributor

Chuck,

Nice work indeed. I would definitely look into the LTC exposures here - plenty of downside as low yields and increased claims propensity play out. I note with interest that you use Siemens as a benchmark competitor. I am interested in your views of Siemens as an alternative to GE. I wrote a comparison a few months ago.

<https://seekingalpha.c...>

28 Nov 2017, 04:16 PM

Chuck Walston, Contributor

Author's reply » Far Horizon,

I appreciate your compliment.

I haven't conducted DD on Siemens, But I know enough about the company to state unequivocally that is a much better investment than GE at this point in time.

I wish you success in your endeavors, Chuck

28 Nov 2017, 04:47 PM

labman106

Where is Warren Buffett when we need him?

When he sees value in GE, I'm in.

28 Nov 2017, 04:43 PM

najak

It might be a long while. GE is pretty ugly. Low profits, lots of debt, and still looks over valued at today's price. I'm seriously thinking < \$10 in 2018. But it'll likely do a few dead cat bounces on it's way.

IMO, a company with this much debt (\$132B net) often falls to a point where it becomes highly levered. Imagine GE at \$8 where market cap will be ~\$60B, but EV will still be a whopping \$192B, all supported by \$7B in earnings.

At this point of \$8, it becomes balanced, because while EV/Earnings would still be 27x!!!!. the P/E would become about 9x... which starts to look attractive and solid.

So GE might become a \$5 stock in no time, and surprise many bulls. I think the fair value falls around \$8. So if it goes < \$6, I may become interested.

Look at TEVA, by comparison -- lots of debt too, but they'll have a forward earnings near \$3B supporting \$50B of EV, while the stock equity itself will only be ~\$20B. This is a PE of < 7, with EV/Earnings of 16x. That's where TEVA will be mid-2018 when it returns back to \$20+.

GE, deserves to be in a similar situation, which would put them around \$6 range.

28 Nov 2017, 08:43 PM

buck1957

I stole shares of GE during the 09 crisis and was taking a beating on many positions. I was watching the money channel and heard a comment that GE could well fall another fifty percent. I dumped them all. Even at today's prices I would still have a four bagger. I now sit in the same position dump and run or ride it out. The current status of the market has me stymied so many of my darlings are at such highs, I hesitate to buy more. The microchip stocks are sure bolstering my portfolio as of late but I did not back the truck up. In normal circumstances I would move the money to things which are not in a slump, but where to go? Cramer always says don't trade Apple just own it. I am starting to be a believer.

28 Nov 2017, 05:25 PM

Chuck Walston, Contributor

Author's reply » buck1957,

I Bought Ford around \$2 years ago, when GM was going BK. I was fairly certain F would do well, but I took the advice of a friend (the only time in my life that I did such a thing) and sold for a very small gain.

So I share your pain.

Like you, the market has me a bit jumpy. Consequently, I'm doing a bit more trading.

Happy Holidays, Chuck

28 Nov 2017, 08:08 PM

Larry Ev

Great analysis and article! This market has me jumpy too. Especially after another 200+ points today; going parabolic is never a good sign.

28 Nov 2017, 10:01 PM

Chuck Walston, Contributor

Author's reply » Larry Ev,

I appreciate the compliment and I thank you for having pushed the follow button.

Yep, I'm in the market, but it's making me jittery.

Happy Holidays, Chuck

28 Nov 2017, 10:41 PM

rolsol

Super informative! What in the world was Immelt doing? And he was on the blue-ribbon panel to create jobs for Obama. I believe he was one of them laughing when Obama joked many projects weren't "shovel ready".

I hope the shareholders put him in jail or bankrupt him. What a horrible CEO. Did Jack Welch pick this guy to succeed him? It's easier to imagine now that GE will be bought, quartered, and the company will be a memory... like Eastern Airlines, Pan Am, EF Hutton.

Astounding to think that! Thank you Mr. Immelt!!!

29 Nov 2017, 01:15 AM