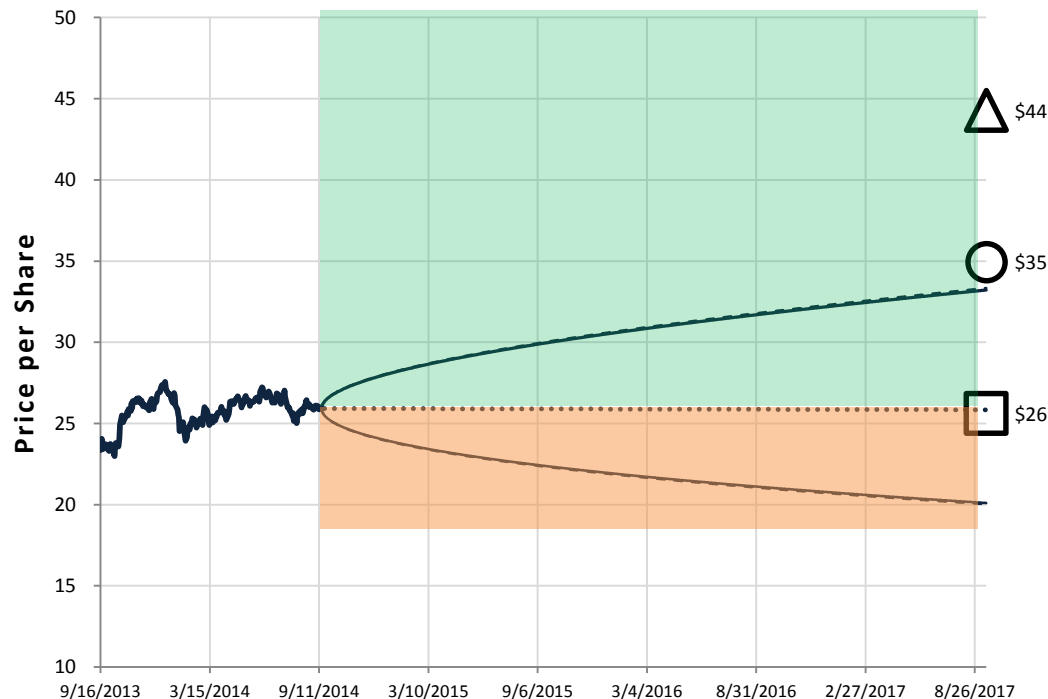


B / S	P / C / S	Strike	Exp.	Premium
BUY	CALL	18.00	JAN '16	(\$7.85)
Net Credit (Debit)				(\$7.85)

# IOI Tear Sheet : General Electric (GE)

## Levered Long Position

Data as of 15 September, 2014



### IOI's Take

GE reinvented itself after the Lehman collapse along what we call its PIT Strategy (Power, Infrastructure, and Technology). Its products allow for the young, developing world to enter the ranks of the developed world and for the ageing, developed world to continue to enjoy a high standard of living. GE has nearly severed its direct ties to consumers but supplies products and services necessary to consumers world-wide.

### Drivers

<b>Revenues</b>	Divestiture-born headwinds behind it, revenues will start growing again in 2014. GE basks in global demand.
<b>Profitability</b>	Profitability will likely remain in the mid-teen percentage of revenues even though divestitures have brought profit levels down recently.
<b>Investment Level / Eff.</b>	GE is investing in the kind of projects that will enjoy strong demand for as long as humanity continues to thrive.
<b>Balance Sheet</b>	Off-short tax avoidance structures are worrisome and opaque, but we have not found evidence of fraud.

### Valuation & Return

**IOI Conviction Rating: High**

	Low	Likely	High
<b>Stock Fair Value (\$)</b>	24	35	45
<b>Stock Return (%)</b>	-8	35	73
<b>Option Period Return (%)</b>	-24	117	601
<b>Option Annual Return (%)</b>	-18	77	321

### Valuation Metrics

	Projection Avg		Historical Median	
	Worst	Best	5-year	10-year
Revenue Growth (%)	1	5	-2	0
Profit Margin (%)	12	17	15	17
Med-term Growth	5%	7%	-12	2

