

Company: GE HealthCare Technologies	Ticker: GEHC	Current Price: \$90.71	Industry: HealthCare	Sub Industry: Medical Technology
Target Price: \$109.45	TTM P/E: 21.93	Beta: 0.98	Credit Rating: BBB (S&P)	Market Cap: \$41,839.40
Stop Loss: \$72.56	Forward P/E: 19.72	Rating Outlook: Stable	Avg Vol (12 M): 2.96mm	Dividend Yield: 0.13%
52 Week High/ Low: \$94.55 / \$62.35	EPS: \$3.46			

Company Background:

GE HealthCare is a global medical technology leader that specializes in 4 key segments: imaging (54% FY '23 revenues), ultrasound (18%), patient care solutions (16%), and pharmaceutical diagnostics (12%). The company serves customers in over 160 countries and has a strong diversification of revenue segments as well as geographic segments (USCAN: 44% FY '23 revenues; EMEA: 26%; China: 14%; rest of world: 16%). The company offers solutions along the care continuum to hospitals and healthcare providers globally and is known to leverage artificial intelligence to enhance its diagnostic systems and technologies. GEHC was spun off of General Electric in 2023 and began trading under its own ticker on the NASDAQ stock exchange on January 4th, 2023. Notably, GE HealthCare boasts the leading market share the imaging and ultrasound subsegments within the healthcare sector, which drive over 70% of the company's revenue.

Industry Outlook:

The medical technology segment of the healthcare sector is in a rapid period of innovation which will continue to increase the efficiency and capabilities of MedTech equipment to care for patient needs. The medical imaging segment (GEHC: ~20% market share) is estimated to be valued at \$41.6bn in 2024 and is currently growing at a 4.9% CAGR (2024 – 2030). The ultrasound segment (GEHC: ~30% market share) is estimated to be valued at \$7.4bn and is growing at an estimated 4.7% CAGR (2024 – 2032). The medical technology industry is driven by a number of key trends, primarily catalyzed by the rise and dominance of artificial intelligence and machine learning in the past few years. The industry's growth is underpinned by digital transformation and the increased utilization of AI-enabled analytics, America's aging population and the overall rise in global life expectancy (driving demand for increased frequency and precision of screenings/care), growing demand for earlier diagnosis and detection, and the emphasis of personalized care solutions. The medical technology industry is experiencing significant tailwinds and has a strong runway for growth long-term.

Investment Thesis:

GE HealthCare is exceptionally well-positioned to capitalize on the industry's accretive tailwinds given its established positioning at the forefront of the medical technology sector and foundational moat. The company's integrated product offerings from initial diagnosis to ongoing patient monitoring allow for a maximization of wallet spend and create a sticky relationship between the company and its customers globally. GE HealthCare's demonstrated outperformance of the S&P and the healthcare sector, attractive valuation, and long-term growth prospects make the stock a seemingly accretive addition to Team Blue's portfolio.

Investment Risks:

- Competition
- Globality (operations and revenues impacted by global events in specific geographies)
- M&A execution & integration
- Limited historical standalone track record
- Regulatory stringencies and changing environment

3-5 take away from last quarter investor call transcript:

- Demonstrating efforts toward margin expansion (in 1H 2024: adj gross margin up 110bps YoY and adj EBITR margin up 60bps YoY)
- Introduced higher margin products and pushing margin expansion based on pricing increases
- Strong organic growth in pharmaceutical diagnostics segment (14% YoY), as well as margin benefits (450bp increase YoY)
- China market headwinds likely to impact year-end top line expectations as hospitals pull back spending with weaker-than-expected stimulus package

Financial Performance:

	2019 Y	2020 Y	2021 Y	2022 Y	2023 Y	Current/LTM	2024 Y Est	2025 Y Est
In Millions of USD except Per Share								
12 Months Ending	12/31/2019	12/31/2020	12/31/2021	12/31/2022	12/31/2023	06/30/2024	12/31/2024	12/31/2025
Revenue	16,633.0	17,164.0	17,585.0	18,341.0	19,552.0	19,517.0	19,778.2	20,823.6
EBIT	2,124.0	2,720.0	2,795.0	2,522.0	2,435.0	2,454.0	3,099.4	3,404.8
Net Income/Net Profit (Losses)	1,524.0	13,846.0	2,247.0	1,916.0	1,568.0	1,580.0	1,903.6	2,105.9
Revenue Growth Year over Year	-	3.19	2.45	4.30	6.60	0.46	1.16	5.29
EBITDA Margin	16.73	20.30	20.10	17.83	16.19	15.62		
EBIT Margin	12.77	15.85	15.89	13.75	12.45	12.57	15.68	16.37
Profit Margin	9.16	80.67	12.78	10.45	8.02	8.10	9.84	10.43
Total Debt to Total Equity	-	2.98	2.39	89.62	134.40	120.34		
Basic Earnings per Share	-	-	4.94	4.18	3.05	3.48	4.07	4.53
Price Earnings Ratio (P/E)	-	-	-	13.13	21.65	21.93	21.32	19.17
Current Ratio	-	0.90	1.04	1.16	1.05	1.06		
Return on Common Equity	-	-	14.32	14.73	16.80	21.20	23.42	21.26
Return on Assets	-	-	8.89	7.12	5.23	4.92	6.45	6.98
Dividend Per Share	0.00	0.00	0.00	0.00	0.09	0.09		
Free Cash Flow	1,575.0	2,381.0	1,365.0	1,803.0	1,714.0	1,617.0	1,829.0	2,058.5

Discounted Cash Flow and Analyst Opinion

Analyst Opinion

Buy:12	Hold: 7	Sell:0
Rating		
Evercore ISI	Outperform	\$102
Citi	Buy	\$103
Argus Research	Buy	\$110
Avg Revenue Growth		
		3.2%
Avg EBITDA Margin		
		22.7%
Avg Net Income Margin		
		8.1%
Avg Debt / Equity		
		23.2%
Avg FCF Margin		
		15.5%
Cost of Debt		
		3.7%
Tax Rate		
		24.0%
Cost of Equity		
		9.7%
WACC		
		8.6%
Perpetuity Growth Rate		
		3.0%

Relative Valuation

Company	Ticker	Market Data			Financial Data			Valuation					
		Share Price	Shares Outstanding	Equity Value	Revenue	EBITDA	EBIT	EV/Revenue	EV/EBITDA	P/E			
GE Healthcare Technologies	GEHC	91.03	457	40,428	7,664	48,092	19,552	3,560	2,950	1,588	2.5x	13.5x	21.9x
Medtronic plc	MOT	88.13	1,283	113,026	19,977	133,003	32,577	9,013	24,565	24,565	4.1x	14.8x	29.7x
Siemens Healthineers AG	SHL	55.45	1,116	61,867	16,489	78,356	24,605	3,881	3,032	1,509	3.2x	20.2x	29.9x
Abbott Laboratories	ABT	114.88	1,740	199,879	7,626	207,505	40,725	10,571	7,324	5,723	5.1x	19.6x	36.2x
Hologic Inc	HOLX	79.88	232	18,554	165	18,719	3,988	1,243	940	702	4.7x	15.1x	27.4x
Koninklijke Philips N.V.	PHIA	30.98	934	28,933	7,188	36,120	20,197	1,532	715	(466)	1.8x	23.6x	NM

High	75th Percentile	Average	Median	25th Percentile	Low
5.1x	4.8x	3.6x	3.6x	2.3x	1.8x
23.6x	21.0x	17.8x	17.3x	14.4x	13.5x
36.2x	33.3x	29.0x	29.7x	24.7x	21.9x

Implied Price Range		
Implied Enterprise Value	69,426	53,177
Net Debt	7,664	7,664
Implied Equity Value	61,762	45,513
Shares Outstanding	457	457
Implied Value Per Share	\$135.24	\$121.89
		\$118.93

Total Return

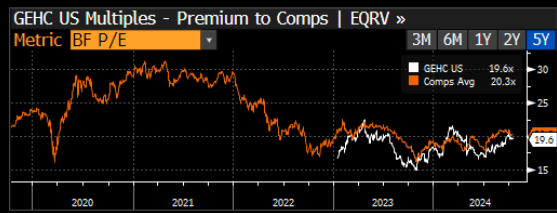
	GEHC	HealthCare Sector (XLV)	S&P 500
YTD	18.76%	12.12%	22.61%
1Y	35.60%	16.48%	32.91%
Max (1.5 years)	55.43%	12.45%	51.56%

CSR Characteristics

ESG Score	ESG	Env	Soc	Gov	ESG	ESG Risk	Global	Quality	ESG	ESG	ESG	ESG	ESG	ESG
Mean	80.30	82.20	70.10	81.00	12.69	79	4.00	2.00	1	54.37	0.00	2		
GEHC	92.00	92.00	89.00	94.00	29.78	88	7.00	2.00	1	54.37	0.00	2		
AMGEN INC	42.00	0.00	41.00	75.00	0.00	57	4.00	0.00	0	39.36	0.00	2		
AMGEN INC	92.00	92.00	92.00	92.00	0.00	79	3.00	0.00	0	52.83	0.00	2		
AMGEN INC	63.00	0.00	60.00	92.00	0.00	48	3.00	0.00	0	55.70	0.00	2		
AMGEN INC	53.00	0.00	49.00	72.00	0.00	59	4.00	0.00	0	34.83	0.00	2		
AMGEN INC	82.00	0.00	83.00	92.00	0.00	79	3.00	0.00	0	46.87	0.00	2		
AMGEN INC	73.00	88.00	69.00	70.00	0.00	62	4.00	0.00	0	29.83	0.00	2		
AMGEN INC	96.00	96.00	92.00	81.00	22.55	86	6.00	4.00	2	63.99	0.00	2		
AMGEN INC	80.10	82.10	70.10	96.00	12.69	79	3.00	2.00	1	63.07	0.00	2		

Comp Source Custom Comps Name GEHC Comp Set Curr USD

Segment Medical Equipment Revenue % 100%



Overview Comp Sheets ESG Markets EPS Preview Ownership Credit Custom

ESG Scores		EU Regs	Climate	Disclosures	ESG	Env	Soc	Gov	MSCI ESG	Sustaina...	S&P ESG	ISS	CDP	Sustaina...	ESG	BGEI	Robeco
Name	Percenti...	Percenti...	Percenti...	Percenti...	Rating	ESG Risk	Global	Quality	Perform...	Controv...	Disclosu...	Score	Score	Score	Score	Score	SDG Total
Median	80.70	82.20	76.10	81.00		12.69	79	4.00	2.00	1	54.37	0.00					2
101) GE HEALTHCARE TECHNOLOGY	97.10	99.70	89.50	98.40	N.S.	29.78	81	7.00	--	2	54.37	--					2
102) LANTHEUS HOLDINGS INC	47.20	0.00	41.70	75.50	N.S.	0.00	57	4.00	0.00	0	39.36	--					2
103) OMNICELL INC	98.00	82.20	99.00	51.60	N.S.	0.00	79	3.00	--	0	50.63	--					2
104) AVANOS MEDICAL INC	63.90	0.00	60.50	92.50	N.S.	0.00	48	3.00	--	0	55.70	--					2
105) SILK ROAD MEDICAL INC	55.40	0.00	49.70	77.80	N.S.	0.00	59	--	0.00	0	34.63	--					--
106) STERIS PLC	82.70	0.00	83.00	92.20	AA	30.14	79	--	--	1	46.67	--					2
107) SIEMENS HEALTHINEERS AG	74.70	94.80	66.00	70.60	A	18.07	92	4.00	--	2	70.03	--					2
108) MEDTRONIC PLC	96.40	98.50	92.20	81.00	BB	22.16	98	6.00	4.00	3	62.69	--					2
109) THERMO FISHER SCIENTIFIC INC	80.70	82.20	76.10	94.10	BBB	12.69	76	3.00	7.00	3	63.77	--					2