General Electric Company (GE)

Neutral

Credit Rating Group - Other Large Cap

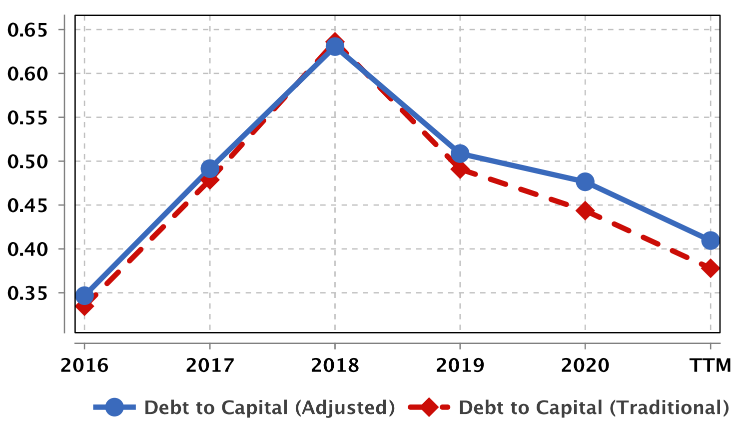
Credit Rating Summary

- General Electric Company earns our Neutral credit rating.
- Our Credit Ratings are based on proprietary analysis of profits and balance sheets to give investors a differentiated view on credit quality. We utilize traditional ratio formulas, but we use our more reliable adjusted fundamental data in the numerator and the denominator for each ratio.
- General Electric Company is one of 211 companies that earn a Neutral credit rating out of the 608 companies in the Other Large Cap credit rating group.

Credit Rating Details

Overall Credit Rating	Leverage	Liquidity		Coverage	
	Debt to Capital	EBITDA to Debt	FCF (3yr avg) to Debt	Cash to Debt	Interest Coverage
Very Unattractive	> 0.75	< 0.00	< -0.10	< 0.01	< -1.0
Unattractive	0.75 > 0.50	0.00 < 0.18	-0.10 < 0.12	0.01 < 0.11	-1.0 < 3.0
Neutral	0.50 > 0.30	0.18 < 0.30	0.12 < 0.15	0.11 < 0.20	3.0 < 7.0 or EBIT < 0
Attractive	0.30 > 0.15	0.30 < 0.50	0.15 < 0.30	0.20 < 0.55	7.0 < 18.0
Very Attractive	< 0.15	> 0.50	> 0.30	> 0.55	> 18.0 or EBIT > 0
Actual Values	0.41	0.10	0.31	0.51	0.55

Debt to Capital - Traditional v Adjusted



The Differences: Our Credit Ratings v Legacy Providers

- More coverage: we provide unbiased credit ratings for 2700+ companies.
- Daily updates: we review and update all ratings daily based on market events and new financial data.
- Better data & analytics: legacy fundamental datasets suffer from significant flaws.
- More reliable: we're 100% independent and have no conflicts of interest with our clients. We aren't paid by companies or bankers for our credit or equity ratings.

New Constructs - Adding Value with:

- Better fundamental data, proven in the Journal of Financial Economics
- Better financial models, proven by top accounting firm (see Appendix)
- Better investment ratings: our Robo-Analyst outperforms human analysts
- Better Investment Research Tech: Benzinga's Global Fintech Winner

More Reliable Research

We empower you with superior fundamental data.

We democratize access to the truth about earnings.

See the PROOF

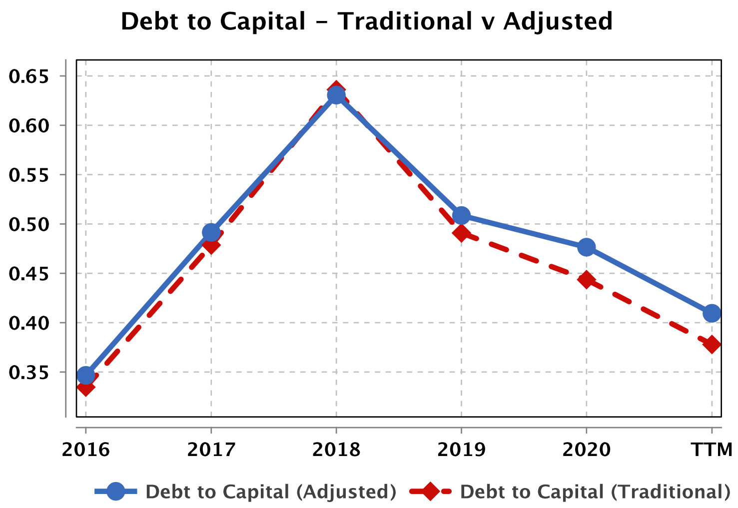
Debt to Capital - Traditional v Adjusted

Adjusted Debt to Capital is Neutral

Debt to Capital is a leverage ratio that measures how much debt a company has relative to its Total Capital. It equals a company's interest bearing debt divided by Total Capital. Total Capital equals all debt plus market value of equity and preferred stock. A high Debt to Capital ratio suggests a company's credit quality is poor because it carries more debt relative to other capital sources than other companies. A low Debt to Capital ratio suggests the opposite.

Adjusted Debt to Capital leverages our proprietary analysis of debt and capital. Our adjusted debt calculation accounts for the fair value of debt, off-balance sheet debt, and management assumptions that distort reported debt.

General Electric Company has an Adjusted Debt to Capital of 0.41 compared to a Traditional Debt to Capital of 0.38 over the trailing twelve months.



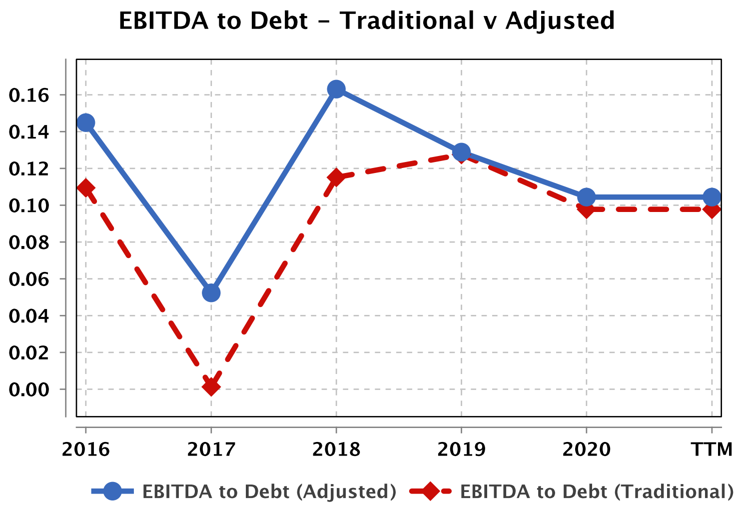
EBITDA to Debt - Traditional v Adjusted

Adjusted EBITDA to Debt is Unattractive

EBITDA to Debt is a liquidity ratio that measures the amount of income available to pay down debt. It equals EBITDA (earnings before interest, tax, depreciation, and amortization) divided by a company's interest bearing debt. A high EBITDA to Debt ratio suggests a company's credit quality is strong because the company generates a relatively high operating profit relative to its debt obligations. A low EBITDA to Debt ratio suggests the opposite.

Adjusted EBITDA to Debt leverages our proprietary analysis of EBITDA and debt. Our adjusted EBITDA removes unusual gains/losses hidden in the footnotes. Our adjusted debt accounts for the fair value of debt, hidden off-balance sheet debt, and management assumptions that distort reported debt.

General Electric Company has an Adjusted EBITDA to Debt of 0.10 compared to a Traditional EBITDA to Debt of 0.10 over the trailing twelve months.



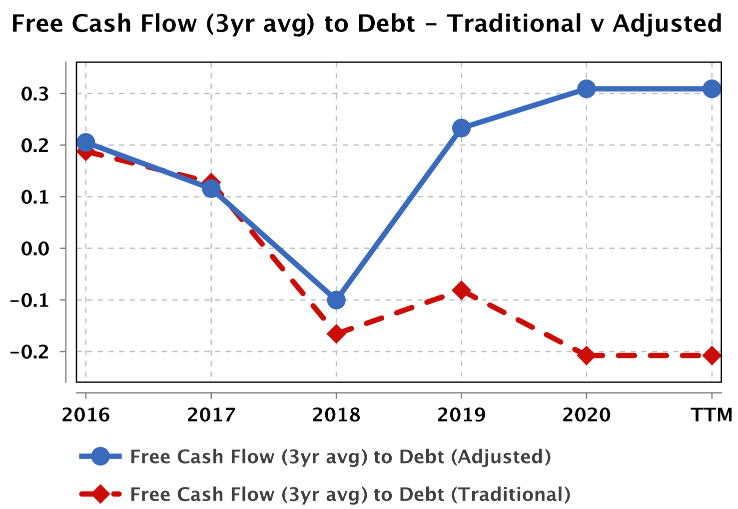
Free Cash Flow (3yr avg) to Debt - Traditional v Adjusted

Adjusted FCF (3yr avg) to Debt is Very Attractive

Free Cash Flow (FCF) (3yr avg) to Debt is a liquidity ratio that represents the amount of cash flow a company generates to cover its interest bearing debt. It equals the 3 year average for FCF divided by a company's interest bearing debt. A high FCF (3yr avg) to Debt ratio suggests a company's credit quality is strong because the company generates a relatively high level of free cash flow relative to its debt obligations. A low FCF (3yr avg) to Debt ratio suggests the opposite.

Adjusted FCF (3yr avg) to debt leverages our proprietary analysis of free cash flow and debt. Our adjusted free cash flow equals net operating profit after-tax (NOPAT) minus the change in invested capital. This measure is more accurate than traditional free cash flow because it accounts for hidden non-operating expenses, recurring pension costs, and all changes to the balance sheet. Our adjusted debt calculation accounts for the fair value of debt, hidden off-balance sheet debt, and management assumptions that distort reported debt.

General Electric Company has an Adjusted Free Cash Flow (3yr avg.) to Debt of 0.31 compared to a Traditional Free Cash Flow (3yr avg.) to Debt of (0.21) over the trailing twelve months.



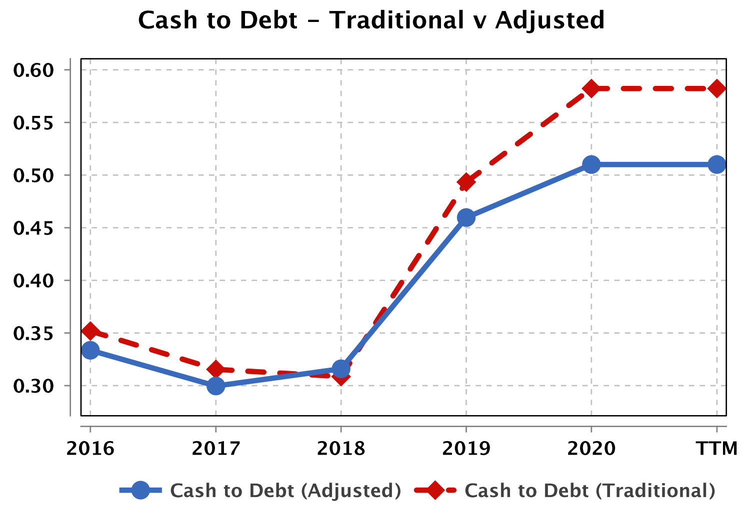
Cash to Debt - Traditional v Adjusted

Adjusted Cash to Debt is Attractive

Cash to Debt is a coverage ratio that measures how much cash a company has on its balance sheet relative to its debt obligations. It equals the company's cash and marketable securities divided by its interest bearing debt obligations. A high Cash to Debt ratio suggests a company's credit quality is strong because the company has a relatively high level of cash to pay off its debt. A low Cash to Debt ratio suggests the opposite.

Adjusted Cash to Debt leverages our proprietary analysis of debt. Our adjusted debt calculation accounts for the fair value of debt, hidden off-balance sheet debt, and management assumptions that distort reported debt.

General Electric Company has an Adjusted Cash to Debt of 0.51 compared to a Traditional Cash to Debt of 0.58 over the trailing twelve months.



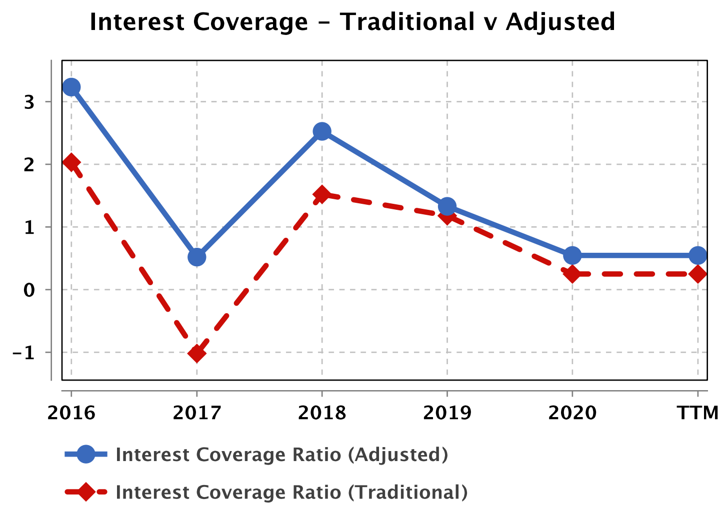
Interest Coverage - Traditional v Adjusted

Adjusted Interest Coverage is Unattractive

Interest Coverage (also known as the Times Interest Earned ratio) is a coverage ratio that measures how many times a company can meet its interest payments with its current operating profit. It equals a company's EBIT (earnings before interest and tax) divided by interest expense. An Interest Coverage ratio above 1 shows a company has the earnings to meet its current interest payment obligations while a ratio below 1 means a company does not have the earnings to meet its interest payment obligations.

Adjusted Interest Coverage leverages our proprietary analysis of EBIT. Our Adjusted EBIT removes unusual gains/losses hidden in the footnotes.

General Electric Company has an Adjusted Interest Coverage Ratio of 0.55 compared to a Traditional Interest Coverage Ratio of 0.25 over the trailing twelve months.



Appendix: Explanation of New Constructs' Credit Ratings

Our Credit Rating Methodology

More reliable & proprietary fundamental data, as proven in [The Journal of Financial Economics](), drives our Credit Ratings and research, which offer unique insights into the creditworthiness of companies.

We assign one of five Overall Credit Ratings to 2,750+ companies: Very Attractive (best rating), Attractive, Neutral, Unattractive, Very Unattractive (worst rating). We use the same five-point rating system for Equities and ETFs & Mutual Funds.

The Overall Credit Ratings are based on our ratings for five fixed income ratios. We use a 1 to 5 rating scale for each ratio, with 1 as the best (Very Attractive) and 5 as the worst (Very Unattractive). The Overall Credit rating equals the average of the individual ratio ratings rounded to the nearest whole number. See the table below for a template of the Credit Rating table and how we score each ratio.

Overall Credit Rating	Leverage	Liquidity		Coverage	
	Debt to Capital	EBITDA to Debt	FCF (3yr avg) to Debt	Cash to Debt	Interest Coverage
Very Unattractive	> 0.75	< 0.00	< -0.10	< 0.01	< -1.0
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Attractive	0.30 > 0.15	0.30 < 0.50	0.15 < 0.30	0.20 < 0.55	7.0 < 18.0
Very Attractive	< 0.15	> 0.50	> 0.30	> 0.55	> 18.0 or EBIT > 0

Our Ratings Are Based on our Superior Data

To provide a more accurate measure of a firm's creditworthiness, we calculate the ratings for each ratio based on our proprietary adjusted fundamental data. We use our adjusted data because unscrubbed accounting data fails to account for material items hidden in the footnotes of financial filings – as proven by a paper forthcoming in The Journal of Financial Economics.

In other words, we determine the company Credit Ratings based on ratios using adjusted data while the thresholds for scoring each ratio were set based on unadjusted data.

As a result, our credit ratings more accurately reflect a firm's true fundamentals relative to its true debt load. Our ratings differ from legacy providers' ratings because our adjusted fundamental data drives more insights into earnings and balance sheet strength.

Thresholds Differ by Credit Rating Group

The thresholds for the ratios that drive Overall Credit Ratings are different for certain groups of companies, which we call Credit Rating Groups. We created these groups to account for the differences between sectors and different sized companies.

Different sectors have vastly different capital structures and business models that impact the ratios used to determine our Overall Credit Rating. For example, Energy sector firms tend to be highly capital intensive and rarely generate free cash flow at the levels of less capital-intensive sectors, such as Technology or Financials. To account for these and other secular differences, the thresholds for ratios are different for these sectors: Energy, Utilities, Financials, and all other sectors.

We also created Credit Rating Groups based on market cap. Larger market cap companies tend to be less risky and can more easily handle higher debt burdens. Meanwhile, smaller market cap companies' cash flows tend to be perceived as carrying more risk, and so, small cap companies tend to have worse credit ratings. To account for these differences, the thresholds for ratios are different for large, mid, and small cap companies.

These groupings make credit ratings of companies in different sectors apples-to-apples comparable.

See All the Credit Rating Group Thresholds & Ratings Distributions in the Education Section of Our Website

Learn more about our Credit Ratings Methodology

It's Official: We Offer the Best Fundamental Data in the World

Many firms claim their research is superior, but none of them can prove it with independent studies from highly-respected institutions as we can. Three different papers from both the public and private sectors show:

1. Legacy fundamental datasets suffer from significant inaccuracies, omissions, and biases.
2. Only our "novel database" enables investors to overcome these flaws and apply reliable fundamental data in their research.
3. Our proprietary measures of Core Earnings and Earnings Distortion materially improve stock picking and forecasting of profits.

Best Fundamental Data in the World

Forthcoming in The Journal of Financial Economics, a top peer-reviewed journal, Core Earnings: New Data & Evidence proves our Robo-Analyst technology overcomes material shortcomings in legacy firms' data collection processes to provide superior fundamental data, earnings models, and research. More details.

Key quotes from the paper:

- "[New Constructs'] Total Adjustments differs significantly from the items identified and excluded from Compustat's adjusted earnings measures. For example... 50% to 70% of the variation in Total Adjustments is not explained by S&P Global's (SPGI) Adjustments individually." -pp. 14, 1st para.

- "A final source of differences [between New Constructs' and S&P Global's data] is due to data collection oversights... we identified cases where Compustat did not collect information relating to firms' income that is useful in assessing core earnings." - pp. 16, 2nd para.

Superior Models

A top accounting firm features the superiority of our ROIC, NOPAT, and Invested Capital research to Capital IQ & Bloomberg's in Getting ROIC Right. See the Appendix for direct comparison details.

Key quotes from the paper:

- "...an accurate calculation of ROIC requires more diligence than often occurs in some of the common, off-the-shelf ROIC calculations. Only by scouring the footnotes and the MD&A [as New Constructs does] can investors get an accurate calculation of ROIC." -pp. 8, 5th para.

- "The majority of the difference... comes from New Constructs' machine learning approach, which leverages technology to calculate ROIC by applying accounting adjustments that may be buried deeply in the footnotes across thousands of companies." -pp. 4, 2nd para.

Superior Stock Ratings

Robo-Analysts' stock ratings outperform those from human analysts as shown in this paper from Indiana's Kelley School of business. Bloomberg features the paper here.

Key quotes from the paper:

- "the portfolios formed following the buy recommendations of Robo-Analysts earn abnormal returns that are statistically and economically significant." -pp. 6, 3rd para.

- "Our results ultimately suggest that Robo-Analysts are a valuable, alternative information intermediary to traditional sell-side analysts." -pp. 20, 3rd para.

Our mission is to provide the best fundamental analysis of public and private businesses in the world and make it affordable for all investors, not just Wall Street insiders.

We believe every investor deserves to know the whole truth about the profitability and valuation of any company they consider for investment. More details on our cutting-edge technology and how we use it are here.

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