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in Finance from the NOVA – School of Business and Economics.

EQUITY RESEARCH ON GE HEALTHCARE:
COMPREHENSIVE COMPANY ANALYSIS AND ASSESSMENT OF MACROECONOMIC
OPPORTUNITIES AND RISKS

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Abstract:

This report is part of a detailed equity research analysis on GE HealthCare (GEHC), a global MedTech leader specializing in diagnostic imaging. GEHC operates in a total addressable market (TAM) of approximately USD 114 billion in FY24, with growth projections reaching USD 188 billion by FY32. It begins with an investment summary, outlining the key rationale for assigning a buy rating with a target price of approximately USD 107, representing a potential upside of +35% (including an estimated dividend of USD 2.2 in FY25). The section also provides an overview of GEHC's company profile and business segments, highlighting its strategic innovation initiatives since becoming a standalone company. It offers a comprehensive analysis of GEHC's historical and current financial performance. The report further examines important macroeconomic factors such as rising global healthcare spending, improved access to healthcare in emerging markets, the impact of an aging global population, and potential policy shifts under the newly elected U.S. president that are critical to the forecasts presented in the joint report.

Keywords: Equity Research, MedTech, Financial Analysis, Macroeconomic Trends

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This report is part of the GEHC Equity Research Report (annexed), developed by Luca Brablec and Maximilian Krull and should be read as an integral part of it.

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Introduction.

This section is part of a joint equity research report on GE HealthCare Technologies Inc. (GEHC), evaluating its valuation and providing an investment recommendation based on comprehensive insights.

The joint report begins with an overview of the company's business activities and financial performance, followed by an analysis of relevant macroeconomic drivers and GEHC's market landscape, including an assessment of the individual market segments in which the company operates and its key competitors. Building on this, forecasts for revenue, profitability, and key financial metrics are developed based on detailed segment and economic analyses. A valuation follows, using the Discounted Cash Flow (DCF) method, supported by sensitivity analyses and multiples. After a concise discussion of relevant downside risks factors, the analysis concludes with a BUY recommendation for GEHC shares.

This part plays a key role in the joint report by analyzing GEHC's business operations and strategic initiatives since its spin-off. It also offers a detailed financial analysis, both historical and current, along with an evaluation of macroeconomic opportunities and risks essential for our financial projections.

Investment Summary

GE HealthCare (GEHC) is a global MedTech leader, operating in a USD 114 bn market projected to grow to USD 188 bn by FY32. The company is well-positioned to capitalize on macroeconomic drivers such as an aging population, rising healthcare demand, and the rapid adoption of advanced technologies.

As the only imaging-focused MedTech company with pharmaceutical diagnostics (PDx) operations, GEHC enjoys a unique, high-growth, high-margin revenue stream that distinguishes it from competitors. Despite constrained R&D funding pre-spin-off, GEHC captured leading market shares across its segments. Since its spin-off from General Electric, GEHC has increased R&D investment to 6.2% of sales (vs. 4–5% pre-spin-off), enhancing its innovation pipeline. GEHC leads the industry in AI-enabled MedTech solutions, with 72 FDA clearances, outperforming Siemens Healthineers (60) and Philips (21).

Additionally, GEHC has favourable exposure to the strong North American (USCAN) market, where demographic trends and increased healthcare investments are driving demand for advanced diagnostics and imaging. Additionally, the rebound in Chinese demand, supported by easing regulations, acts as a key catalyst for growth, contributing to our projected revenue CAGR of

125-year history in healthcare, but only 2 years as a standalone company.

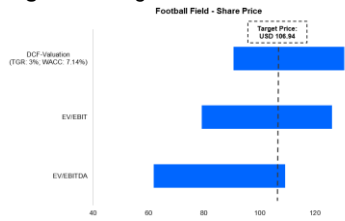
Figure 1: Analyst Recommendation

of Analysts' Recommendations for GEHC



Source: LSEG, Own Analysis

Figure 2: Target Price



Source: Own Analysis

6.4% through FY32.

We see significant upside potential for GEHC, driven by its leadership in high-margin segments AVS and PDx as well as operational efficiencies post-spin-off. With EBIT margins projected to expand from 14% in FY24 to 16.4% by FY32 and a target price of USD 106.9 (including a USD 2.22 dividend), representing a 34.2% total return, GEHC offers a compelling investment case.

In our worst-case scenario, where current R&D levels fail to sustain innovation, and expected 60% tariffs exert greater margin pressure than anticipated, we still see a marginal upside of c4%. Given GEHC’s attractive valuation as of today, we like the risk-return profile.

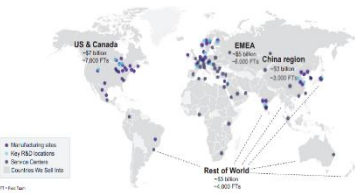
Company Overview

Headquartered in Chicago, Illinois, GEHC is a global leader in medical technology, pharmaceutical diagnostics, and digital health solutions, with over 125 years of industry experience. Although it has only two years of history as a listed company, GEHC holds a strong reputation within the global healthcare industry. The company estimates its total addressable market (TAM) to be around USD 121 bn in 2025, with projections reaching up to USD 188 bn by 2032. Through its diagnostic imaging and patient-monitoring products, GEHC serves approximately 1 bn patients annually across 160 countries and maintains an installed base of over 4 mn devices.

- The Spin-Off: Rationale and Execution

GE announced the GEHC spin-off in November 2021 as part of its plan to dismantle its conglomerate structure. Earlier, GE sold its BioPharma unit to Danaher for USD 20.7 bn in 2020, leaving GEHC focused on imaging, patient monitoring, and pharmaceutical diagnostics. On 3 January 2023, GE distributed 80% of GEHC shares to its shareholders, granting one GEHC share for every three GE shares. GEHC began trading independently on 4 January 2023, under the Nasdaq ticker “GEHC”. Following its spin-off, GEHC began trading at USD 60 per share, fluctuating between USD 53.50 and USD 73.95 in the first month. GE reduced its stake to 13.5% in June 2023, selling shares at USD 78 each, and further divested 17.25 million shares at USD 86 each in September 2024, retaining a 2.9% stake. These sales enhanced GEHC’s autonomy, allowing a stronger focus on core healthcare strategies and innovation.

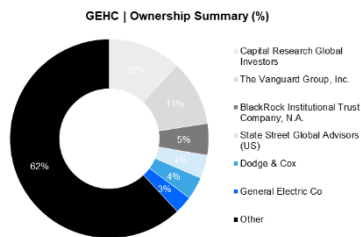
Figure 3: GEHC Global Presence



Source: United States Securities and Exchange Commission, 2022

The Spin-Off enabled GEHC to focus purely on its MedTech business and reduced funding constraints.

Figure 4: GEHC Ownership Summary

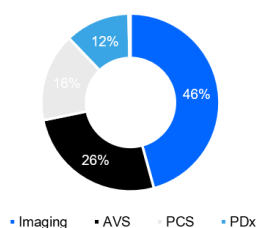


Source: LSEG, Own Analysis

Business Overview

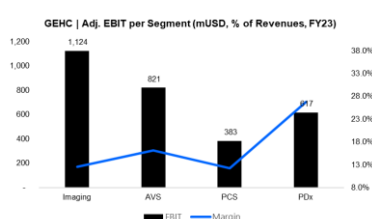
Figure 5: Revenue Split per Segment

GEHC | Revenue Split per Segment (FY23)



Source: Company Data, Own Analysis

Figure 6: Adj. EBIT and Margin per Segment



Source: Company Data, Own Analysis

In FY23, GEHC achieved revenues of USD 19.6 bn, reflecting mid-single-digit (msd) year-over-year (YoY) growth of 6.6% compared to a weaker 4.3% in FY22. The company delivered an EBIT of USD 2.4 bn, corresponding to a 12.5% EBIT margin, a decrease from 13.8% in FY22 due to one-time stand-up costs operating the new standalone company as well as higher R&D expenses. GEHC operates across four key segments: Imaging, which accounts for 45,7% of FY23 revenue; Advanced Visualization Solutions (AVS), contributing 26,1%; Patient Care Solutions (PCS), making up 16,1%; and PDx, responsible for 11,8%. While Imaging remains the largest revenue driver due to its weight in GEHC's portfolio, AVS and PDx provide significant margin contributions (see chapter "Valuation").

PDx is particularly poised for growth, underpinned by increasing demand for contrast media that supports advancements in precision diagnostics and personalized treatments. Alongside this, GEHC's offerings in patient monitoring align with a broader healthcare shift toward early detection and tailored care, positioning the company well to capitalize on future growth opportunities.

Market Landscape and Segment Concentration

GEHC operates in a consolidated market dominated by a few large players. Together with its key competitors Siemens Healthineers (SHL) and Philips Healthcare (PHC), GEHC accounts for 60% of the global imaging-related market and 40% of the total addressable market. The sub-segments, however, show varying degrees of concentration. GEHC has the highest imaging exposure among its peers, with imaging-related businesses, including Imaging, AVS, and PDx, contributing 83.6% of its total revenues. This surpasses SHL, whose imaging exposure is 78.9%, and PHC, where imaging accounts for just 48.5% of its Diagnostics & Treatment segment revenue.

The diagnostic imaging market, valued at approximately USD 45.5 bn in FY23, is relatively consolidated at the top, with GEHC and SHL each commanding a 20% market share, placing them as joint leaders. PHC holds a smaller share at 5%, while other competitors, such as Fujifilm and Canon, each account for 6–7%. Together, the top three players control approximately 45% of the market, leaving the remainder distributed among smaller firms.

In the USD 15 bn AVS market, GEHC leads with a 34% market share, followed closely by PHC at 31%. SHL ranks a distant third with 15%, and smaller players collectively hold the remaining 20%. This segment is notably concentrated, with GEHC and Philips together accounting for 65% of the market.

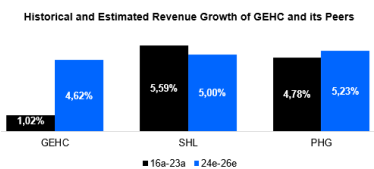
The PCS market, valued at approximately USD 35 bn, is more fragmented than other segments. Philips leads with a 15% market share, followed by GEHC at 9%.

GEHC, SHL, and PHC are the industry-leaders. However, Sub-segments show different degrees of concentration.

Mega-strong market leadership in highly concentrated AVS segment.

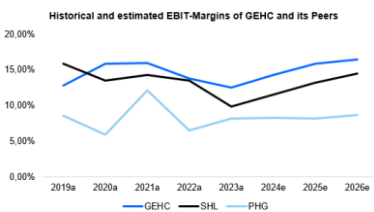
GEHC is the only medical imaging manufacturer with expertise in PDx.

Figure 7: Consensus Revenue Growth



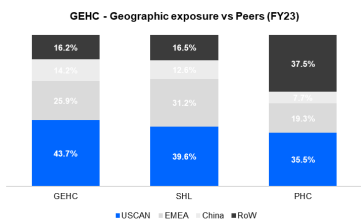
Source: LSEG, Own Analysis

Figure 8: Consensus EBIT Margins



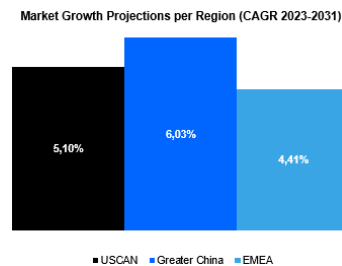
Source: LSEG, Own Analysis

Figure 9: Geographic Exposure



Source: Company Data, LSEG, Own Analysis

Figure 10: Market Growth Rate



Source: LSEG, Own Analysis

Other significant players such as Dräger, Masimo, and Baxter, hold smaller shares, with the top five companies collectively controlling only 36% of the market. The remaining 64% is divided among a multitude of smaller competitors.

In the USD 11.5 bn PDx market, GEHC is not just the only diagnostic imaging manufacturer but also the leader with a 20% market share, significantly ahead of competitors such as Bracco at 15%, Lantheus at 11%, Bayer at 10% and Guerbet at 7%. Together, the top four players control 62% of the market, with smaller companies sharing the remaining 38%.

- **Slower Growth at Higher Margins**

GEHC has historically exhibited slower growth compared to its peers SHL and PHC, a trend that continues with a consensus projecting FY24–26 CAGR at 4.6%. While this represents an improvement over its historical performance, it still lags behind SHL and PHC. However, GEHC offset this slower growth with stronger operating margins, driven by a higher-margin product mix. The company’s margins are expected to expand further in FY25-26 according to consensus data, solidifying its reputation as a leader in profitability compared to its western key peers.

- **Highest US and China Exposure Among Key-Peers**

GEHC faced challenges in its China operations due to delayed stimulus, reducing China's revenue contribution from approximately 14% in FY23 to 12% by 3Q24. Despite this dip, management expects a recovery to FY21 levels to 15% by FY25 as the stimulus program gains traction. Notably, GEHC's exposure to China remains higher than that of its peers, with SHL's historical China revenue contribution at 12.6% and PHC's at 7.7%. One of the key drivers of growth in China's medical imaging market is the national “Healthy China 2030” initiative, which emphasizes early diagnosis, disease prevention, and healthcare infrastructure improvements. This vision has accelerated investments in advanced imaging solutions, creating a strong demand for sophisticated technologies capable of precise and timely detection of health conditions. The initiative's focus on preventive care and routine screenings is expected to further bolster the need for comprehensive imaging solutions. As headwinds in China ease, GEHC is well-positioned to capitalize on the market's projected growth at a CAGR of +6.03% from USD 3.33 bn in 2023 to USD 5.32 bn by 2031, driven by demographic trends, rising chronic diseases, and policy support.¹

Also, GEHC's exposure to the U.S. market positions it well for future growth, as the U.S. diagnostic imaging devices market is projected to grow at a CAGR of 5.1% from 2023 to 2031, compared to the slower growth rate of 4.4% expected in the

¹ Markets and Data (2024)

EMEA region.²

- Largest Installed Base Among its Peers

GEHC boasts an installed base of approximately 4 mn devices, significantly outpacing most competitors. By comparison, SHL's installed base of 600,000 lab devices and medical systems highlights the scale of GEHC's operations. Specifically, GEHC's installed base includes 400,000 imaging devices (excluding ultrasound), far exceeding SHL's 145,000 units reported in 2021. Additionally, GEHC maintains a 400,000 unit base in ultrasound and approximately 3.2 mn devices in patient care solutions. While Philips is recognized as the largest provider of patient monitoring devices, its disclosed ultrasound installed base of 150,000 units suggests a considerably smaller overall presence. We consider GEHC's expansive installed base a critical driver of growth through up-selling, cross-selling, and service revenue opportunities.

- AI Ambitions Stand Out Among Peers

GEHC has solidified its leadership in AI-driven healthcare, marked by the strategic appointment of Taha Kass-Hout as Chief Science & Technology Officer. Kass-Hout, formerly Amazon's VP of Machine Learning and Chief Medical Officer (2017–2023) and the FDA's first Chief Health Informatics Officer (2013–2016), brings deep expertise in AI and machine learning. Under his leadership, GEHC has introduced over 40 AI innovations as part of its precision care strategy, which integrates advanced technologies like medical imaging, AI, and molecular diagnostics to enhance diagnosis, treatment, and patient management.

GEHC leads the industry in FDA 510(k) clearances for AI-enabled medical devices, topping the FDA's list for the third consecutive year with 72 clearances - well ahead of Siemens Healthineers (60) and Philips (21).³

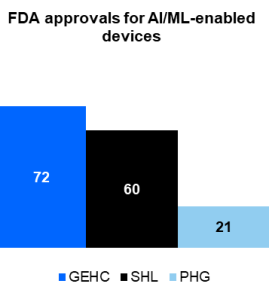
As part of its broader M&A strategy to strengthen AI know-how within the company, GEHC recently closed the acquisitions of Intelligent Ultrasound Group PLC's clinical AI software business for approximately USD 51 mn. Intelligent Ultrasound, a leader in AI-driven image analysis tools, offers technology designed to make ultrasound smarter and more efficient. GEHC plans to integrate these solutions across its ultrasound portfolio, further enhancing workflows and improving ease of use for clinicians and patients. Furthermore, GEHC's strategic collaboration with Amazon Web Services (AWS) focuses on using generative AI to develop advanced clinical applications, streamline workflows, and improve diagnostic accuracy. GEHC plans to train and deploy foundation models on AWS to analyze unstructured medical data, enhance multi-modal data integration, and reduce the

² Fortune Business Insights (2024); Statista (2024)

³ Dinh (2024); U.S. Food and Drug Administration (2024)

GEHC's superior installed base enables attractive cross-selling potential and recurring revenue streams.

Figure 11: 510(k) FDA Approvals



Source: Dinh, 2024; FDA 510(k) Database, Own Analysis

GEHC has partnered with AWS and NVIDIA to advance AI initiatives.

cognitive burden on clinicians for more personalized and efficient care delivery. They partnered with NVIDIA to develop SonoSAMTrack, an AI-powered ultrasound imaging model, leveraging NVIDIA's advanced AI technology. The collaboration aims to address healthcare challenges by introducing foundation AI models that require less data for training, making it easier to adapt to different tasks and medical imaging needs.⁴

- M&A Strategy and Strategic Partnerships

Since the spin-off, GEHC has continued to drive revenue growth primarily through organic expansion. The company has pursued only small-scale acquisitions, mainly to enhance its expertise in AI advancements for existing products. In segments like Imaging, these acquisitions have contributed low single-digit inorganic growth, emphasizing GEHC's focus on organic performance. The company focuses on smaller, strategic acquisitions to enhance its ecosystem, with CEO Peter Arduini emphasizing the importance of combining the right components to create synergistic value. Targeted acquisitions materialize value by advancing existing products, enhancing their capabilities to streamline workflows, automate essential tasks, and enable precise imaging analysis. These improvements address critical challenges faced by healthcare providers, such as increasing procedural complexity and staffing shortages, while delivering operational efficiencies and better patient outcomes. By building on its established solutions, GEHC strengthens its offerings, making them more attractive to new hospitals and physicians, thereby driving broader adoption across the healthcare ecosystem.

Financially, GEHC maintains stable cash flows, with a > 100% FCF conversion ratio (FY23a), and low debt levels of 2.4x to 1.5x EBITDA (FY23-24), providing the flexibility needed for strategic acquisitions without compromising its investment grade credit rating (BBB and Baa2, respectively).

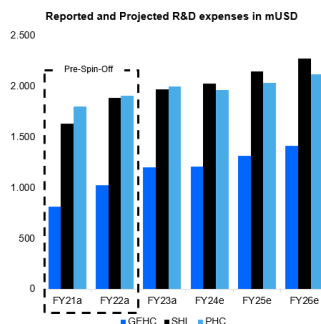
GEHC has made several strategic acquisitions to enhance its technological capabilities and market presence. In December 2021, it acquired BK Medical for USD 1.5 bn, expanding its surgical visualization portfolio. The late September 2021 announcement led to an approx. 7% rise in General Electric's stock. Since its stand-alone status in January 2023, GEHC acquired Caption Health in February 2023 for AI-powered ultrasound applications, integrating advanced image analysis. Following the February 9 announcement, GEHC's stock increased 6.5% within a week.

In October 2024, GEHC strengthened its ultrasound portfolio by acquiring the clinical AI software business of Intelligent Ultrasound Group for cUSD 51 m. The June announcement led to a 4.8% stock jump. On December 1, 2024, GEHC

⁴ Whooley (2024); Capoot (2024)

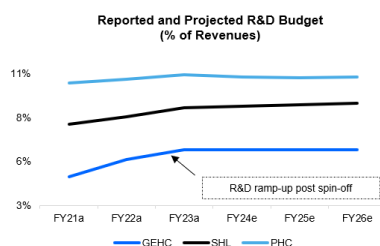
announced plans to acquire full ownership of Nihon Medi-Physics, a radiopharmaceutical joint venture, to enhance its precision diagnostics capabilities. The market reaction was muted, as GEHC already held a 50% stake and the move was anticipated.

Figure 12: R&D Expenses



Source: Company Data, LSEG, Own Analysis

Figure 13: R&D Expenses



Source: Company Data, LSEG, Own Analysis

Lower But More Efficient R&D Efforts

GEHC historically faced funding constraints within the GE conglomerate, hindering its innovation efforts and contributing to its spin-off. While GEHC has since increased its R&D expense ratio (6.2%), peer companies have also ramped up their spending, leaving GEHC's R&D as a percentage of sales below competitor levels (SHL: 8.5%, SHL: 10.4%).

Notably, one key to this dynamic is accounting. In FY23, GEHC recorded USD 438 mn (2.2% of sales) as engineering costs under COGS, down from 2.6% in 2020. Reclassifying these as R&D would raise GEHC's R&D spending to 8.4% of sales, narrowing - but not eliminating - the gap with peers.

However, GEHC showcases a more efficient approach to R&D spending, with its Return on Research Capital (RORC) standing at 6.7x in LTM24, compared to 4.4x for SHL and 3.8x for PHC. These figures suggest that GEHC achieves a comparatively higher innovation yield per dollar invested, reflecting the potential effectiveness of its relatively defensive R&D spending.

Figure 14: Comparison of Return on Research Capital across Peers

GEHC RORC	Return on research capital		
	LTM	FC	FC
mUSD	FY24	FY25e	FY26e
GE Healthcare Technologies Inc	6.7x	6.8x	6.8x
Siemens Healthineers AG	4.4x	4.7x	4.7x
Koninklijke Philips NV	3.8x	4.2x	4.5x
Drägerwerk AG & Co KGaA	4.4x	4.3x	4.4x
Fujifilm Holdings Corp	7.2x	7.3x	7.3x
Canon Inc	7.3x	7.7x	6.0x
Shenzhen Mindray Bio-Medical Electronics Co Ltd	6.6x	6.9x	6.8x
Baxter International Inc	9.4x	9.1x	9.3x
Hologic Inc	8.3x	9.2x	9.3x
Shanghai United Imaging Healthcare Co Ltd	~3.3x	3.3x	3.6x

Source: Company Data, LSEG; Own Analysis

Financials

Financial Results

GEHC achieved a top-line CAGR of 5.4% between FY21 and FY23, leading to revenues of USD 19.6 bn in FY23. This growth was primarily driven by the Imaging business (Imaging and AVS), which achieved a CAGR of 5.53%, and PDX, which delivered strong growth of 6.9%. However, AVS experienced slower growth, with a CAGR of 3.8%, as its performance was flat in FY22. Geographically, USCAN delivered the strongest growth with a CAGR of 7.7% (FY21–FY23), while in China, the anticipated growth fell short, with a CAGR of 1.8%. The lacklustre performance

Figure 15: Revenue Overview – Geographic Mix

GE Healthcare Revenue Model (Geographic Mix)					
mUSD	Act	Act	Act	FC	CAGR
	FY21a	FY22a	FY23a	FY24e	FY21a-23a
Total Revenues					
USCAN	7,373	8,130	8,951	9,919	7.7%
EMEA	4,535	4,684	5,058	4,956	5.6%
Greater China	2,690	2,531	2,785	2,391	1.8%
Rest of World	2,967	2,990	3,150	3,299	2.8%
Total Revenues	17,565	19,341	19,984	19,665	5.4%
Regional Mix					
USCAN	41.9%	44.3%	43.7%	45.9%	
EMEA	25.8%	25.3%	25.9%	25.2%	
Greater China	15.3%	13.8%	14.2%	12.2%	
Rest of World	17.0%	16.3%	16.2%	16.3%	
Total Revenues	100.0%	100.0%	100.0%	100.0%	
YoY per Region					
USCAN		10.3%	5.2%	5.5%	
EMEA		3.3%	8.0%	(2.0%)	
Greater China		(3.9%)	10.0%	(14.1%)	
Rest of World		0.3%	5.4%	4.5%	
Total Revenues		4.3%	6.6%	6.8%	

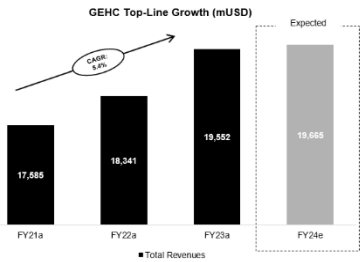
Source: Company Data, LSEG, Own Analysis

Figure 16: Revenue Overview – Segment Mix

GE Healthcare Revenue Model (Segment Mix)					
mUSD	Act FY21a	Act FY22a	Act FY23a	FC FY24e	CAGR FY21a-23a
Total Revenues					
Imaging	9,433	8,395	8,944	8,854	(2.6%)
AVS	3,172	5,012	5,094	5,058	26.7%
PCS	2,915	2,916	3,142	3,148	3.0%
PDx	2,018	1,958	2,306	2,551	6.9%
Other	47	60	66	53	18.0%
Total Revenues	17,685	18,341	19,552	19,665	5.4%
Segment mix					
Imaging	53.6%	45.8%	45.7%	45.0%	
AVS	18.0%	27.3%	26.1%	25.7%	
PCS	16.6%	15.9%	16.1%	16.0%	
PDx	11.5%	10.7%	11.8%	13.0%	
Other	0.3%	0.3%	0.3%	0.3%	
Total Revenues	100.0%	100.0%	100.0%	100.0%	
YoY per Segment					
Imaging		(11.0%)	6.5%	(1.0%)	
AVS		58.0%	1.6%	(0.7%)	
PCS		0.0%	7.8%	0.2%	
PDx		(3.0%)	17.8%	10.6%	
Other		27.7%	10.0%	(19.0%)	
Total Revenues		4.3%	6.6%	0.6%	

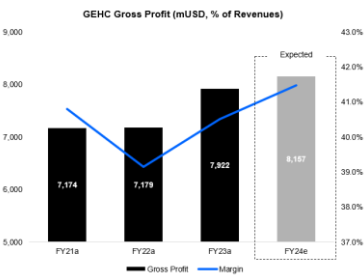
Source: Company Data, LSEG, Own Analysis

Figure 17: Top-Line Growth FY21-24



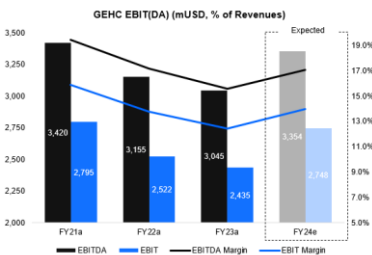
Source: Company Data, LSEG, Own Analysis

Figure 18: Gross Profit Growth FY21-24



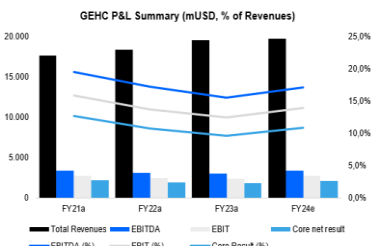
Source: Company Data, LSEG, Own Analysis

Figure 19: EBIT & EBITDA FY21-24



Source: Company Data, LSEG, Own Analysis

Figure 20: P&L Summary FY21-24



Source: Company Data, LSEG, Own Analysis

in China was attributed to the missing traction of the "Healthy China 2023" stimulus announced in 2016.

Based on 1Q–3Q24 data, we estimate marginal top-line growth of +0.6% YoY for FY24, constrained by declining demand in China (-14.1% YoY). This weakness is reflected in falling sales within the Imaging-related segment (Imaging -1.0% YoY; AVS -0.7% YoY). Conversely, PDx demonstrated strong growth in the first three quarters, and we anticipate its full-year performance to grow +13% YoY, offsetting the stagnation in PCS and the slump in Imaging and AVS. Despite this, the year-end result is expected to remain below management's guidance of 1-2%.

Gross profit (USD 7.9 bn in FY23) grew at a slower CAGR of 5.1% (FY21–FY23) compared to top-line growth, with gross margin declining from 40.8% in FY21 to 39.1% in FY22 due to higher input costs for critical components. However, the company's adapted pricing strategy helped recover the margin to 40.5% by FY23. Data from 1Q–3Q24 shows further improvement, with gross margins rising to 41.3%. We anticipate an additional 1% expansion in FY24, bringing gross margins to 41.5% by year-end.

EBITDA declined to USD 3.1 bn, reflecting a CAGR of -5.8% (FY21–FY23), as the company increased R&D spending from 4.6% of revenues in FY21 to 6.2% in FY23. Additionally, SG&A expenses increased by USD 651 mn, driven by one-time stand-up costs and recurring expenses associated with operating as a standalone company. Consequently, SG&A as a percentage of total revenues grew 2.1%. Recurring standalone costs continued through 1Q–3Q24 and are expected to persist going forward. Despite reduced D&A expenses in FY23, the EBIT margin declined to 12.5% (vs 15.9% in FY21), equating to an EBIT of USD 2.44 bn, which represents a CAGR of -11.3% (FY21–FY23). However, during 1Q–3Q24, D&A expenses decreased further by -5.6% YoY, supporting an anticipated improvement in the EBIT margin to 14% by end of year, driven by stronger pricing and higher gross margins, alongside sustained reductions in operational expenses.

Core results were also impacted, with the margin dropping from 12.7% in FY21 to 9.6% in FY23, primarily due to a higher effective tax rate of 31.5% (vs 20.9% in FY21, lower than statutory tax rate at 21%), driven by deferred tax liabilities and adjustments for standalone tax rates. This led to a decline in core results, with a CAGR of -8.2%, reaching USD 1.89 bn in FY23. However, we expect a recovery in FY24, supported by pricing and efficiency improvements, driving core results to USD 2.14 bn (+13.2% YoY) with a margin recovery to 10.9%.

Recent Results and Market's Reaction

Figure 21: Quarterly Earnings Results vs Consensus

GEHC Historical Surprise Summary (Before Recast)									
mUSD	Act	Act	Act	Act	Act	Act	Act	Act	Act
	1Q23	2Q23	3Q23	4Q23	FY23a	1Q24	2Q24	3Q24	Act
Imaging	2,496	2,620	2,635	2,830	10,581	2,466	2,596	2,229	
Consensus	2,557	2,585	2,638	2,815	10,566	2,605	2,671		
Surprise	(2.4%)	1.4%	(0.1%)	0.5%	0.1%	(5.3%)	(2.6%)		
Ultrasound	859	839	815	944	3,457	824	823	1,216	
Consensus	868	878	853	964	3,477	879	845		
Surprise	(1.0%)	(4.3%)	(4.4%)	(2.1%)	(0.6%)	(6.2%)	(2.6%)		
PCS	781	770	784	827	3,142	747	772	779	
Consensus	789	762	753	825	3,141	818	779		
Surprise	(1.0%)	1.7%	1.4%	(0.1%)	(0.0%)	(8.5%)	(0.9%)		
PDX	558	568	589	591	2,306	599	639	635	
Consensus	516	535	541	538	2,243	578	603		
Surprise	8.1%	6.2%	9.7%	11.5%	2.8%	3.7%	6.6%		
Other	13	20	19	14	66	14	9	14	
Consensus	14	16	15	17	69	14	20		
Surprise	(4.4%)	22.4%	30.4%	(17.0%)	(4.2%)	(2.3%)	(53.8%)		
Total Revenues	4,707	4,817	4,822	5,206	19,552	4,650	4,839	4,863	
Consensus	4,724	4,776	4,759	5,150	19,496	4,891	4,915	4,821	
Surprise	(0.4%)	0.9%	0.5%	1.1%	0.3%	(4.9%)	(1.5%)	0.9%	
7-days price reaction	(9.2%)	(5.0%)	10.8%	13.3%	13.3%	(8.8%)	(0.4%)	3.6%	

GEHC Historical Surprise Summary (EBIT, Net Income, and EPS)									
mUSD	Act	Act	Act	Act	Act	Act	Act	Act	Act
	1Q23	2Q23	3Q23	4Q23	FY23a	1Q24	2Q24	3Q24	Act
EBIT (non-GAAP)	664	711	744	837	2,956	681	742	795	
Consensus	649	697	708	822	2,878	691	731	778	
Surprise	2.3%	2.0%	5.1%	1.6%	2.6%	(1.2%)	1.6%	2.2%	
Net Income	388	419	451	539	1,797	413	459	521	
Consensus	358	401	404	490	1,653	415	443	486	
Surprise	8.4%	4.9%	11.8%	10.0%	8.7%	(5.1%)	3.6%	7.3%	
EPS (in USD)	0.85	0.92	0.99	1.18	3.94	0.96	1.00	1.14	
Consensus	0.88	0.88	0.89	1.07	3.64	0.98	0.98	1.06	
Surprise	(3.9%)	4.0%	11.2%	10.3%	8.4%	(0.0%)	2.0%	6.1%	
7-days price reaction	(9.2%)	(5.0%)	10.8%	13.3%	13.3%	(8.8%)	(0.4%)	3.6%	

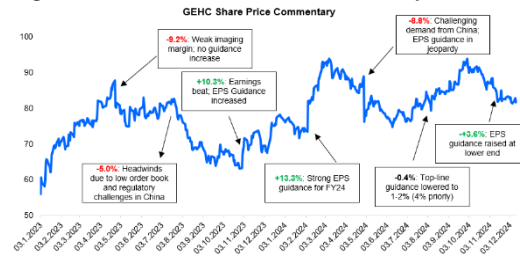
Source: Company Data, LSEG, Own Analysis

To evaluate how the market has projected GEHC's business performance since the spin-off and how GEHC has performed relative to these expectations, we analyzed the company's reported results from 1Q23 to 3Q24 against consensus estimates. By examining these comparisons alongside 7-day share price reactions, we aimed to understand how investor sentiment evolved in response to GEHC's ability to meet or exceed market forecasts. In **1Q23**, GEHC reported revenue of USD 4.71 bn (+8.4% YoY; -0.4% miss) and EPS of USD 0.85 (-25.9% YoY; +6.9% beat). Despite the EPS beat, the share price dropped by -9.2%, driven by disappointment over the company maintaining its 5–7% top-line growth guidance and weaker-than-expected order intake. Concerns about the Imaging segment, which saw strong sales growth but margin declines, further weighed on investor sentiment. In **2Q23**, revenue grew to USD 4.82 bn (+7.4% YoY; +0.9% beat), and EPS reached USD 0.92 (-0.9% YoY; +4.5% beat). The company revised its growth guidance upwards from 5–7% to 6–8%, reflecting strong performance. However, the share price declined by -5.0%, as investors remained cautious about weakening order momentum, particularly in China, where an anti-corruption campaign created regulatory challenges and economic headwinds. In **3Q23** reported revenue amounted to USD 4.82 bn (+5.4% YoY; 0.5% beat) with EPS of USD 0.99 (-7.1% YoY; +11.2% beat). Additionally the company raised the lower end of its EPS guidance by 5 cents projecting USD 3.75–3.85 leading to a share price increase of 10.8%. By **4Q23**, GEHC reported revenue of USD 5.21 bn (+3.3% YoY; +1.1% beat) and EPS of USD 1.18 (-3.3% YoY; +10.3% beat). Strong FY24 EPS guidance of USD 4.20–4.35 led to a +13.3% share price rally, as investors welcomed signs of resilience and confidence in future growth, despite ongoing pressures in key markets.

In **1Q24**, revenue declined to USD 4.65 bn (-1.2% YoY; -4.9% miss), and EPS was USD 1.00 (+0.0% YoY; in line with consensus). Weakness in Imaging and AVS/Ultrasound, coupled with continued regulatory and demand challenges in China, raised doubts about achieving the FY24 EPS guidance. This led to an -8.8% share price drop as investors grew more sceptical of near-term growth prospects. In **2Q24**, revenue reached USD 4.82 bn (+0.5% YoY; -0.4% miss), and EPS came in at USD 1.04 (+2.7% YoY; +2.0% beat). The company lowered its organic growth guidance from 4% to 1–2%, citing prolonged challenges in China. The company is also under pressure from China's volume-based procurement policy, which forces bulk purchasing of medical products at discounted prices, impacting profit margins. Investor sentiment remained muted, resulting in a slight share price decline of -0.4%. By **3Q24**, revenue stabilized at USD 4.86 bn (+1.27% YoY; +0.9% beat), and EPS improved to USD 1.08 (+8.2% YoY; +2.0% beat). The

company raised its FY24 EPS guidance to USD 4.25–4.35, signalling confidence in recovery. This drove a +3.6% share price increase as investors reacted positively to signs of stabilization and improved guidance.

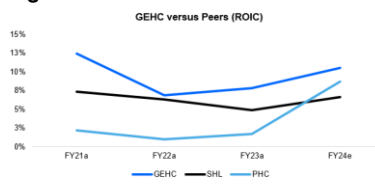
Figure 22: GEHC Share Price Commentary between FY23-24



Source: LSEG, Own Analysis

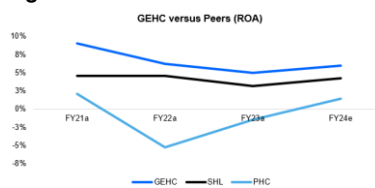
Profitability Analysis

Figure 23: ROIC vs Peers



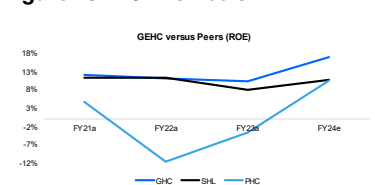
Source: Company Data, LSEG, Own Analysis

Figure 24: ROA vs Peers



Source: Company Data, LSEG, Own Analysis

Figure 25: ROE vs Peers



Source: Company Data, LSEG, Own Analysis

GEHC's ROIC consistently outperformed its peers from FY21 to FY23, reaching 12.4% in FY21, ahead of SHL (7.4%) and PHC (2.2%). Despite dips to 6.9% in FY22 and 7.9% in FY23 due to currency translation adjustments, net investment hedges, and spin-off-related pension obligations, GEHC remained above SHL (4.9%) and PHC (1.7%) in FY23. GEHC's superior ROIC underscores its higher value creation potential.

In ROE and ROA, GEHC also outperformed. GEHC's ROE was 12.1% in FY21, compared to SHL (11.4%) and PHC (4.6%), and remained at 10.3% in FY23, while SHL dropped to 8.0% and PHC recorded negative ROE (-3.6%) due to restructuring losses. For ROA, GEHC led with 9.0% in FY21, ahead of SHL (4.5%) and PHC (2.1%), maintaining 5.0% in FY23, well above SHL (3.2%) and PHC (-1.5%). This reflects GEHC's efficient operations and leaner asset base.

For FY24, we estimate GEHC to sustain its leadership, with ROIC projected at 10.5%, ahead of SHL (6.7%) and PHC (8.7%). GEHC's ROE is forecasted at 16.9%, exceeding SHL (10.7%) and PHC (10.5%), while ROA is expected at 6.0%, above SHL (4.2%) and PHC (1.5%). Consensus data indicates PHC's restructuring effort is delivering results, narrowing its gap with SHL but remaining below GEHC.

Cash Conversion and Liquidity

GEHC leads in operational efficiency with a CCC of 35 days in FY23, outperforming SHL (130 days) and PHC (125 days). This is driven by superior inventory management, with an AHP of 62 days compared to SHL (112 days) and PHC (119 days). GEHC's receivables management also stands out, maintaining a stable DSO of 66 days versus SHL (76 days) and PHC (71 days). Additionally, GEHC's payables management (DPO of 92 days) strategically balances cash preservation and supplier relations, while peers SHL and PHC pay faster at 58 and 65 days, respectively.

GEHC's CCC consistently improved reflecting disciplined cash flow management and providing greater financial flexibility, while SHL's deteriorated due to increased inventory relative to COGS and a reduced payables period. PHC demonstrated overall improvement but encountered a notable setback in FY22 as supply chain delays led to higher inventories and work-in-process items couldn't be completed due to component shortages.

Figure 26: GEHC, SHL and PHC Cash Conversion Cycle Comparison between FY21-23

GEHC Liquidity Analysis				PHC Liquidity Analysis				SHL Liquidity Analysis			
mUSD	Act Dec21	Act Dec22	Act Dec23	mUSD	Act Dec21	Act Dec22	Act Dec23	mUSD	Act Dec21	Act Dec22	Act Dec23
Current Assets	7,000	8,318	9,410	Current Assets	10,347	10,259	9,940	Current Assets	10,782	13,379	14,136
Current Liabilities	6,761	7,191	8,981	Current Liabilities	7,450	7,934	8,287	Current Liabilities	10,113	12,024	13,440
Inventory	1,946	2,155	1,960	Inventory	3,450	4,049	3,491	Inventory	3,179	4,009	4,294
Cash and Cash Equivalents	554	1,440	2,484	Cash and Cash Equivalents	2,303	1,172	1,869	Cash and Cash Equivalents	1,322	1,436	1,642
Current ratio	1.04	1.16	1.05	Current ratio	1.39	1.29	1.20	Current ratio	1.07	1.11	1.05
Quick ratio	0.75	0.86	0.83	Quick ratio	0.93	0.78	0.78	Quick ratio	0.75	0.78	0.73
Cash ratio	0.08	0.20	0.28	Cash ratio	0.31	0.16	0.23	Cash ratio	0.13	0.12	0.12
Net Working Capital	239	1,127	429	Net Working Capital	2,897	2,325	1,653	Net Working Capital	669	1,355	696

Source: Company Data, LSEG, Own Analysis

Furthermore, GEHC showcases a solid liquidity position with its current ratio remaining stable at 1.05 in FY23, reflecting its ability to meet short-term obligations effectively. Despite an increase in current liabilities, primarily driven by a rise in employee compensation and short-term borrowings due to long-term debt, GEHC maintains sufficient current assets to cover its obligations. The quick ratio, which excludes inventory, has shown consistent strength, standing at 0.83 in FY23, indicating effective management of liquid assets to address liabilities without reliance on inventory. The cash ratio improved significantly from 0.08 in FY21 to 0.28 in FY23, highlighting a notable increase in cash and cash equivalents, which nearly quadrupled during this period, due to GEHC's strong cash flow generation. GEHC's net working capital decreased to USD 429 mn in FY23 from its peak of USD 1.127 bn in FY22, reflecting changes in working capital needs aligned with its less asset-intensive business model compared to competitors SHL and PHC.

Figure 27: GEHC, SHL and PHC Cash Conversion Cycle Comparison between FY21-23

GEHC Cash Conversion Cycle				SHL Cash Conversion Cycle				PHC Cash Conversion Cycle			
mUSD	Act FY21	Act FY22	Act FY23	mUSD	Act FY21	Act FY22	Act FY23	mUSD	Act FY21	Act FY22	Act FY23
Average Holding Period (DIO)	68	70	62	Average Holding Period (DIO)	105	108	112	Average Holding Period (DIO)	126	139	119
Average Collection Period (DSO)	67	66	66	Average Collection Period (DSO)	76	72	76	Average Collection Period (DSO)	76	78	71
Average Payable Period (DPO)	89	96	92	Average Payable Period (DPO)	63	62	58	Average Payable Period (DPO)	68	68	65
Cash Conversion Cycle	46	40	35	Cash Conversion Cycle	117	118	130	Cash Conversion Cycle	133	150	125

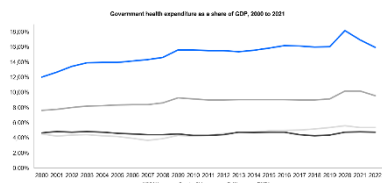
Source: Company Data, LSEG, Own Analysis

Macroeconomic Environment

The growth projections for GEHC's core business are primarily driven by rising medical expenditures globally, fueled by demographic shifts like an aging population with greater healthcare needs. Technological advancements in diagnostics have further intensified demand for sophisticated equipment essential for accurate disease detection and exclusion. An aging population and longer life expectancy have increased the need for medical interventions, particularly for age-related conditions. Improved healthcare has also extended the active lifespan of younger populations, creating added pressure on healthcare systems to provide

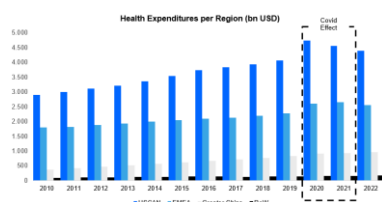
continuous care. Emerging markets are progressively developing, gaining greater access to essential medical supplies. This expanded access addresses critical healthcare gaps, supporting local systems in meeting rising demand for medical technologies and services. Meanwhile, the rise in healthcare spending as a percentage of GDP reflects growing public and private investment, driving demand for medical devices and enabling innovation. These factors underscore the strong growth potential for healthcare market segments.

Figure 28: Government Health Expenditure in % of GDP



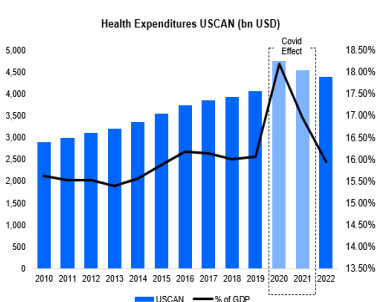
Source: WHO

Figure 29: Government Health Expenditure



Source: WHO, Own Analysis

Figure 30: Government Health Expenditure (USCAN)



Source: WHO, Own Analysis

Global Healthcare Spending

Global healthcare spending has increased from USD 8.27 tn in 2018 to USD 10.47 tn in 2022 and is expected to rise to over USD 15 tn by 2029. This increase is accompanied by a relatively stable development of healthcare spending as a share of global GDP, rising slightly from 5.61% (2018) to 6.02% (2022) and 6.26% (2029).⁵

The pandemic-related surge in spending in 2020 is a standout event. COVID-19 led to a massive increase in spending on prevention, acute care, and vaccination campaigns. The stabilization of expenditures from 2021 onward suggests a return to normal growth rates, though the pandemic-related increase in base spending levels remains.

- North America: High Per Capita Spending and Structural Challenges

The U.S. continues to dominate global healthcare expenditures, with USD 4.3 tn in 2022, representing 16.50% of GDP. The National Health Expenditures 2022 Highlights show that per capita spending in the U.S. amounted to USD 12,914, a figure well above the global average. Growth drivers include high drug prices, administrative costs, and an aging population. The increase in hospital care (1.5% growth in 2022) and physician services (2.4% growth in 2022) underscores the importance of the traditional healthcare sector. At the same time, growth is slowed in other areas such as long-term care insurance. Projections for 2023–2032 predict an annual growth rate of healthcare spending of 5.4%, with the share of GDP allocated to healthcare expected to rise to 19.6% by 2032. Canada presents a more moderate picture, with healthcare expenditures at 11.23% of GDP in 2022. The COVID-19 pandemic also led to a temporary rise in healthcare spending, followed by stabilization.⁶

GEHC dominates with innovative imaging and AI-assisted diagnostics. The increase in healthcare spending, particularly in hospital care and outpatient

⁵ World Health Organization (2024), Statista (2024)

⁶ World Health Organization (2024)

services, with a focus on digital transformation and efficiency improvements, is driving growth. On the other hand, PHC excels with connected monitoring solutions, while SHL is strong in laboratory diagnostics and advanced therapies. Through the acquisition of Varian, the company has become the market leader in image-guided cancer treatment. Shenzhen Mindray focuses on cost-effective solutions in the entry-level segment.

- Europe: Differentiated Development Due to Systems and Demographics

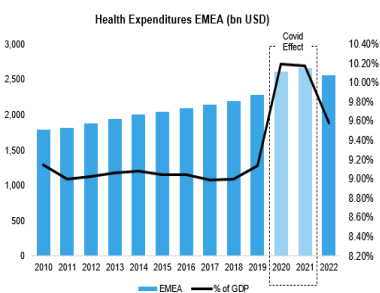
Europe maintains a relatively high and stable level of healthcare spending, though there are significant regional differences. Germany is a prime example of a system based on solidarity and comprehensive coverage. Healthcare expenditures in Germany amounted to 12.61% of GDP in 2022, up from 9.89% in 2000. A breakdown of healthcare spending by function shows that over 32% of expenditures went to inpatient care, while outpatient care accounted for 17%. The high investments in preventive measures and rehabilitation emphasize Germany's focus on sustainable healthcare. France (11.88% of GDP in 2022) and Switzerland (11.71%) show similar structures, while Spain and Italy stagnate at around 9-10% of GDP. Budget constraints and lower prioritization in these countries could lead to supply shortages in the long term. SHL benefits from its strong presence in Germany and Switzerland, while GEHC is also well-positioned in precision medicine. PHC excels with minimally invasive solutions, while Shenzhen Mindray is gaining market share in Eastern Europe through affordable products.⁷

- Asia: Growing Demand and Modernization Needs

Japan has the highest healthcare spending in the region at 11.42% of GDP in 2022. The large proportion of elderly people leads to a strong focus on geriatric care and chronic diseases. In contrast, South Korea is experiencing strong growth, from 3.86% of GDP in 2000 to 9.43% in 2022, driven by the expansion of a modern healthcare system and high investments in technology. China remains below the global average with 5.37% of GDP in healthcare spending (2022), reflecting systemic underfunding in rural areas.

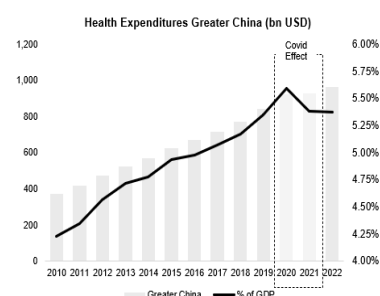
However, the absolute increase in healthcare expenditures highlights the growing awareness. GEHC and SHL lead in Japan and South Korea with high-end technologies, while Shenzhen Mindray dominates in China with local production and affordable devices. Nevertheless, GEHC has formed a long-term joint venture with a Chinese state-owned drugmaker's subsidiary to target the low-price

Figure 31: Government Health Expenditure (EMEA)



Source: WHO, Own Analysis

Figure 32: Government Health Expenditure (China)



Source: WHO, Own Analysis

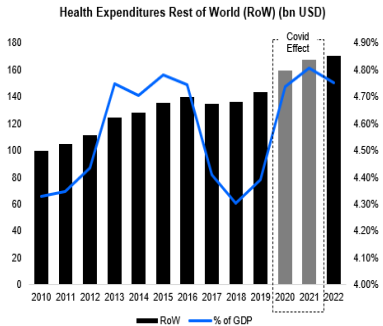
⁷ World Health Organization (2024)

segment with non-premium CT and ultrasound imaging solutions.⁸

- Emerging Markets: Between Underfunding and Potential

India's rising role in GEHC's global strategy positions it as a cornerstone for growth amid the evolving landscape of emerging markets. Their healthcare spending stagnates at approximately 3.31% of GDP. Despite these challenges, GEHC sees significant potential, leveraging its joint venture, Wipro GEHC, to position India as both a manufacturing hub and a key growth market. With over 30 locally produced products and 45% of output exported to 70 countries, the company is deepening its localization efforts, targeting an increase from 50% to 70 - 80% in the coming years. This aligns with its "Make in India for the World" strategy, supported by a USD 1 bn investment by 2029. India's healthcare market, driven by expanded insurance coverage and government initiatives, is projected to grow at a 16.4% CAGR to USD 50 bn by 2030. As labour costs rival China's and local sourcing gains traction, India emerges as a competitive supply chain hub. GEHC's focus on diversification to reduce single-country dependencies further underscores India's strategic importance.⁹

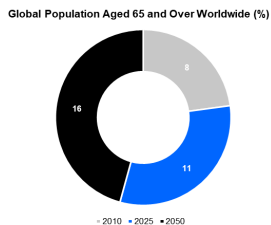
Figure 33: Government Health Expenditure (RoW)



Source: WHO, Own Analysis

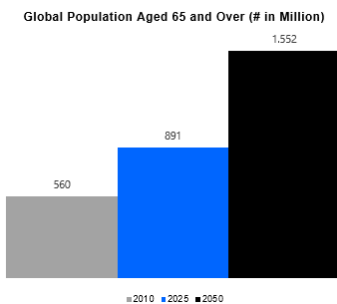
Brazil shows higher prioritization with 9.14% of GDP in 2022, but economic instability and social inequality strain the system. African countries like Nigeria and Algeria continue to have the lowest expenditures, reflecting challenges of infrastructure deficiencies and political uncertainties. Shenzhen Mindray has clear advantages in India and Africa with cost-efficient devices. PHC and SHL perform well with scalable technologies, while GEHC invests in mobile solutions but has less presence.

Figure 34: Global Population 65+



Source: Statista

Figure 35: Global Population 65+



Source: Statista, United Nations, Own Analysis

Aging Population

The global population is aging rapidly, with individuals aged 65 and older expected to reach 1,552 bn by 2050, representing 16% of the global population. This demographic shift is most pronounced in developed countries; for example, Italy's senior population is expected to account for 24.3% by 2024, while Japan, South Korea, and Hong Kong may see 40% of their populations aged 65 and over by 2050. The United States is also affected, with its senior demographic projected to grow from 17.3% in 2022 to 22% by 2050.¹⁰ This aging trend drives substantial demand for GEHC's offerings, especially in diagnostic imaging, patient monitoring, and digital health technologies, as older populations require more frequent and specialized healthcare services. Emerging markets, such as Indonesia and Singapore, are also facing increases in elderly populations due to longer life

⁸ World Health Organization (2024)

⁹ World Health Organization (2024)

¹⁰ Statista (2012)

expectancies and lower birth rates. GEHC can capitalize on these trends by expanding its accessible, scalable healthcare solutions tailored to meet the rising needs in both developed and emerging economies.

Re-election of Donald Trump

The re-election of Donald Trump could significantly influence GEHC through pricing policies, trade, and reshoring strategies. Proposed 60% tariffs on Chinese imports would reshape the U.S. medical device market, posing challenges and opportunities tied to global manufacturing strategies and supply chains.

GEHC operates 43 manufacturing facilities worldwide, including six in China. As 13.6% of U.S.-marketed medical devices are made in China, the tariffs could increase GEHC's production costs by USD 500–750 million annually and, by our calculations, reduce profit margins by up to 4%. GEHC may absorb these costs, compressing margins, or pass them on to customers, potentially reducing demand. Additional supply chain disruptions could further threaten availability of diagnostic and monitoring devices.¹¹

Competitors show varying resilience. SHL's "twin factory" model reduces cross-border dependencies since it allows to manufacture domestically for key markets: U.S.-bound products are primarily produced in the U.S., while its Asia-Pacific operations rely on China-based facilities. In contrast, PHCs global footprint minimizes risk although its reliance on Chinese manufacturing for specific products may expose it to cost increases similar to those faced by GEHC. Philips sources and assembles 90% of its products for the Chinese market locally, up from 75% in 2023 and 48% in 2022. Mindray, heavily dependent on Chinese facilities, faces significant challenges, including potential product line exits. Canon Medical, with production in Japan, shields it from the broader supply chain disruptions, though minor costs from Chinese-sourced components remain.¹²

Overall, we are optimistic that GEHC's proven pricing power will enable it to manage tariff-driven costs and pass on margin pressures, despite the challenges posed by higher U.S. labour costs and global production adjustments under Trump's policies.

¹¹ GlobalData (2024)

¹² Beaney (2024); Kiara (2023); Morse (2024); Taylor (2024); Xinyi et al. (2024); Yao & Zhang (2024)

Tariffs and reshoring could raise costs and disrupt supply chains, affecting GEHC's margins and device availability.

Appendix

Appendix A: P&L Forecast

GE Healthcare | Forecasted P&L

mUSD	Act FY21	Act FY22	Act FY23	Budget FY24	FC FY25	FC FY26	FC FY27	FC FY28	FC FY29	FC FY30	FC FY31	FC FY32
Core activities												
Total Product & Service Sales	17,538	18,281	19,486	19,612	21,246	22,883	24,322	25,880	27,523	29,296	31,183	33,192
Imaging	9,433	8,395	8,944	8,854	9,358	10,180	10,760	11,374	12,022	12,707	13,431	14,197
AVS	3,172	5,012	5,094	5,058	5,551	5,890	6,250	6,632	7,038	7,469	7,926	8,412
PCS	2,915	2,916	3,142	3,148	3,617	3,852	4,103	4,369	4,653	4,956	5,278	5,621
PDx	2,018	1,958	2,306	2,551	2,720	2,960	3,209	3,505	3,810	4,164	4,548	4,963
Other	47	60	66	53	72	78	82	88	93	99	106	112
Total Revenues	17,585	18,341	19,552	19,665	21,318	22,960	24,404	25,968	27,617	29,395	31,289	33,305
Cost of products	(7,196)	(7,975)	(8,465)	(8,279)	(8,975)	(9,666)	(10,152)	(10,673)	(11,350)	(12,081)	(12,860)	(13,629)
Cost of services	(3,215)	(3,187)	(3,165)	(3,229)	(3,447)	(3,655)	(3,824)	(4,004)	(4,259)	(4,533)	(4,825)	(5,136)
Cost of revenues	(10,411)	(11,162)	(11,630)	(11,508)	(12,422)	(13,322)	(13,976)	(14,677)	(15,609)	(16,614)	(17,685)	(18,765)
Gross Profit	7,174	7,179	7,922	8,157	8,896	9,639	10,428	11,291	12,008	12,781	13,604	14,540
Selling, general & administrative	(2,938)	(2,998)	(3,672)	(3,591)	(3,893)	(4,193)	(4,457)	(4,742)	(5,043)	(5,388)	(5,714)	(6,082)
Research & development	(816)	(1,026)	(1,205)	(1,212)	(1,314)	(1,415)	(1,504)	(1,600)	(1,702)	(1,812)	(1,928)	(2,053)
EBITDA	3,420	3,155	3,045	3,354	3,689	4,031	4,467	4,948	5,262	5,601	5,962	6,406
Depreciation	(225)	(228)	(248)	(264)	(282)	(302)	(323)	(346)	(370)	(381)	(393)	(405)
Amortization	(400)	(405)	(362)	(342)	(366)	(392)	(419)	(449)	(480)	(495)	(509)	(525)
Total D&A	(625)	(633)	(610)	(606)	(648)	(694)	(742)	(795)	(850)	(876)	(902)	(929)
EBIT	2,795	2,522	2,435	2,748	3,041	3,337	3,725	4,154	4,412	4,725	5,060	5,477
Core statutory taxes	(587)	(530)	(511)	(577)	(639)	(701)	(782)	(872)	(927)	(992)	(1,063)	(1,150)
Core tax adjustments	31	(21)	(38)	(33)	(36)	(40)	(45)	(50)	(53)	(57)	(61)	(66)
Core net result	2,239	1,971	1,886	2,138	2,366	2,596	2,898	3,232	3,433	3,677	3,937	4,261
Non-core activities												
Non operating benefits income	(3)	5	382	5	6	6	7	7	8	8	9	9
Other income	123	62	86	97	105	113	120	128	136	145	154	164
Pre tax result - non-core	120	67	468	102	111	119	127	135	144	153	163	173
Non-core income taxes	(25)	(14)	(98)	(21)	(23)	(25)	(27)	(28)	(30)	(32)	(34)	(36)
Non-core tax adjustments	(27)	(14)	(209)	-	-	-	-	-	-	-	-	-
Discontinued Operations, net of tax	18	18	(4)	0	0	0	0	0	0	0	0	0
Other comprehensive income (loss)	(198)	(843)	(850)	(359)	(390)	(420)	(446)	(475)	(505)	(537)	(572)	(609)
Non-core net result	(112)	(786)	(693)	(278)	(302)	(325)	(346)	(368)	(391)	(416)	(443)	(472)
Financing activities												
Interest income	-	-	-	-	-	-	-	-	-	-	-	-
Interest expenses	(40)	(77)	(542)	(540)	(475)	(542)	(616)	(700)	(790)	(889)	(1,001)	(1,125)
Financial result	(40)	(77)	(542)	(540)	(475)	(542)	(616)	(700)	(790)	(889)	(1,001)	(1,125)
Income taxes from financing activities	8	16	114	113	100	114	129	147	166	187	210	236
Tax adjustments from financing activities	-	-	-	-	-	-	-	-	-	-	-	-
Financing activities - net result	(32)	(61)	(428)	(427)	(375)	(428)	(487)	(553)	(624)	(703)	(791)	(889)
Net result before non-controlling interest	2,095	1,124	764	1,433	1,689	1,843	2,066	2,311	2,417	2,558	2,703	2,901
Non-controlling interests	(46)	(51)	(9)	(22)	(22)	(22)	(22)	(22)	(22)	(22)	(22)	(22)
Net result attributable to GEHC shareholders	2,049	1,073	755	1,411	1,667	1,821	2,044	2,289	2,395	2,536	2,681	2,878
As % of revenue												
COGS	(59,2%)	(60,9%)	(59,5%)	(58,5%)	(58,3%)	(58,0%)	(57,3%)	(56,5%)	(56,5%)	(56,5%)	(56,5%)	(56,3%)
Gross profit	40,8%	39,1%	40,5%	41,5%	41,7%	42,0%	42,7%	43,5%	43,5%	43,5%	43,5%	43,7%
SG&A	(16,7%)	(16,3%)	(18,8%)	(18,3%)	(18,3%)	(18,3%)	(18,3%)	(18,3%)	(18,3%)	(18,3%)	(18,3%)	(18,3%)
R&D	(4,6%)	(5,6%)	(6,2%)	(6,2%)	(6,2%)	(6,2%)	(6,2%)	(6,2%)	(6,2%)	(6,2%)	(6,2%)	(6,2%)
EBITDA	19,4%	17,2%	15,6%	17,1%	17,3%	17,6%	18,3%	19,1%	19,1%	19,1%	19,1%	19,2%
EBIT	15,9%	13,8%	12,5%	14,0%	14,3%	14,5%	15,3%	16,0%	16,0%	16,1%	16,2%	16,4%
Comprehensive Income	11,7%	5,9%	3,9%	7,2%	7,8%	7,9%	8,4%	8,8%	8,7%	8,6%	8,6%	8,6%

Appendix B: Balance Sheet Forecast

GEHC | Forecasted Balance Sheet

mUSD	Act FY21	Act FY22	Act FY23	Budget FY24e	FC FY25e	FC FY26e	FC FY27e	FC FY28e	FC FY29e	FC FY30e	FC FY31e	FC FY32e
Core Business												
Operating Working Capital	1,136	1,138	1,206	1,314	1,355	1,449	1,595	1,692	1,801	1,924	2,042	2,180
Core Invested Capital (excluding Goodwill)	5,212	5,203	6,672	7,014	7,479	8,015	8,606	9,181	9,800	10,247	10,703	11,194
Total Core Invested Capital	18,104	18,016	19,608	20,080	20,806	21,742	22,744	23,743	25,091	26,302	27,561	28,726
Non Core Business												
Total Non Core Invested Capital	(973)	(810)	(4,451)	(6,688)	(6,637)	(6,575)	(6,536)	(6,497)	(6,810)	(6,735)	(6,655)	(6,576)
Total Invested Capital	17,131	17,206	15,157	13,392	14,168	15,166	16,209	17,247	18,281	19,567	20,906	22,150
Financing												
Net Financial Assets	(235)	(7,614)	(7,847)	(5,029)	(5,048)	(5,271)	(5,428)	(5,708)	(5,930)	(6,335)	(6,719)	(6,910)
Total Equity	16,896	9,592	7,310	8,363	9,120	9,895	10,784	11,539	12,351	13,232	14,187	15,240
Non-controlling interest	(241)	(235)	(177)	(177)	(177)	(177)	(177)	(177)	(177)	(177)	(177)	(177)
Equity attributable to GEHC common shareholders	16,655	9,357	7,133	8,186	8,943	9,718	10,604	11,362	12,174	13,055	14,010	15,063
Change in equity												
Comprehensive Income	2,049	1,073	755	1,411	1,667	1,821	2,044	2,289	2,395	2,535	2,681	2,878
Spin-off related transfers to GE		(8,373)	(2,849)									
Dividends		0	(55)	(282)	(833)	(910)	(1,022)	(1,144)	(1,198)	(1,268)	(1,341)	(1,439)
Payout-ratio	0%	0%	7%	20%	50%	50%	50%	50%	50%	50%	50%	50%
Share-based compensation		0	114	114	114	114	114	114	114	114	114	114
Other transactions with shareholders		2	(190)	(190)	(190)	(250)	(250)	(500)	(500)	(500)	(500)	(500)
Assumptions Balance Sheet												

Appendix C: Cash Flow Forecast

GEHC | Forecasted FCF Map

mUSD	Act FY21	Act FY22	Act FY23	FC FY24e	FC FY25e	FC FY26e	FC FY27e	FC FY28e	FC FY29e	FC FY30e	FC FY31e	FC FY32e
Core Business												
Core Result		1,971	1,886	2,138	2,366	2,596	2,898	3,232	3,433	3,677	3,937	4,261
(+) D&A		633	610	606	648	694	742	795	850	876	902	929
(-) Capital expenditures		(307)	(434)	(414)	(469)	(501)	(537)	(574)	(615)	(693)	(508)	(523)
(+/-) Change in intangible assets		(78)	(95)	(417)	(459)	(492)	(526)	(563)	(603)	(550)	(567)	(584)
(+/-) Change in goodwill		79	(123)	(129)	(261)	(400)	(412)	(424)	(728)	(765)	(803)	(674)
(+/-) Increase/ decrease in NWC		(2)	(68)	(108)	(41)	(94)	(146)	(98)	(108)	(124)	(118)	(138)
(+/-) Change in tax assets/ liabilities		(246)	(1,483)	(13)	(192)	(191)	(168)	(182)	(192)	(207)	(220)	(234)
(+/-) Change in other core invested capital		9	1	5	48	48	43	47	48	51	55	59
Core FCF		2,059	293	1,667	1,640	1,661	1,895	2,233	2,085	2,466	2,678	3,096
Non-core Business												
Non-Core result		(786)	(693)	(278)	(302)	(325)	(346)	(368)	(391)	(416)	(443)	(472)
(+/-) Change in non-core current assets		(21)	12	(17)	(40)	(40)	(35)	(38)	(40)	(43)	(46)	(49)
(+/-) Change in non-core non-current assets		39	(2,541)	2,144	(105)	(105)	(92)	(100)	(105)	(113)	(121)	(129)
(+/-) Change in non-core current liabilities		(29)	814	108	76	64	71	81	439	61	65	76
(+/-) Change in non-core non-current liabilities		(152)	5,356	1	19	19	17	18	19	20	22	23
Non-Core FCF		(949)	2,948	1,958	(352)	(387)	(386)	(407)	(78)	(492)	(523)	(551)
Core + Non-Core FCF		1,110	3,241	3,625	1,288	1,273	1,510	1,826	2,008	1,974	2,155	2,545
Financing activities												
Financial Result		(61)	(428)	(427)	(375)	(428)	(487)	(553)	(624)	(703)	(791)	(889)
(+/-)Change in Net Debt and other Claims		7,379	233	(2,818)	19	223	157	279	222	405	385	191
(+/-)Change in Equity		(7,304)	(2,282)	1,053	757	774	886	758	812	882	955	1,053
(+/-)Comprehensive income (before minorities)		(1,124)	(764)	(1,433)	(1,689)	(1,843)	(2,066)	(2,311)	(2,417)	(2,558)	(2,703)	(2,901)
Financing Free Cash Flow		(1,110)	(3,241)	(3,625)	(1,288)	(1,273)	(1,510)	(1,826)	(2,008)	(1,974)	(2,155)	(2,545)

Appendix D: Valuation Results

GEHC | Valuation results (share price)

mUSD	Lower Bound	Median	Upper Bound	(%) Weight
EV/EBITDA	61,81	99,04	109,29	0%
EV/EBIT	79,23	87,02	126,05	0%
DCF-Valuation (TGR: 3%; WACC: 7.14%)	90,59	106,94	130,53	100%
Total		106,94		100%

GEHC | Valuation results (visual)

	Min	Difference	Max
EV/EBITDA	61,81	47,48	109,29
EV/EBIT	79,23	46,82	126,05
DCF-Valuation (TGR: 3%; WACC: 7.14%)	90,59	39,94	130,53

GEHC | Capital Gains

Capital Gains	USD
Share price 13.12.2024	81,10
Share price 31.12.2025	106,94
Transactions with shareholders	2,23
Total Gains	34,6%

Appendix E: Valuation Ratios

GEHC | Valuation Ratios

Ratios	Act FY21a	Act FY22a	Act FY23a	FC FY24e	FC FY25e	FC FY26e	FC FY27e	FC FY28e	FC FY29e	FC FY30e	FC FY31e	FC FY32e
Growth												
Revenue		4.30%	6.60%	0.58%	8.41%	7.70%	6.29%	6.41%	6.35%	6.44%	6.44%	6.44%
EBITDA		-7.75%	-3.49%	10.15%	9.99%	9.26%	10.83%	10.77%	6.35%	6.44%	6.44%	7.44%
EBIT		-9.77%	-3.45%	12.87%	10.65%	9.73%	11.62%	11.51%	6.22%	7.10%	7.08%	8.23%
EPS		-47.62%	-29.65%	86.84%	18.13%	9.25%	12.23%	11.99%	4.67%	5.85%	5.74%	7.36%
Margins												
EBITDA	19.45%	17.20%	15.57%	17.06%	17.31%	17.56%	18.31%	19.06%	19.06%	19.06%	19.06%	19.23%
EBIT	15.89%	13.75%	12.45%	13.98%	14.27%	14.53%	15.26%	16.00%	15.98%	16.08%	16.17%	16.44%
Net Profit	11.65%	5.85%	3.86%	7.18%	7.82%	7.93%	8.37%	8.81%	8.67%	8.63%	8.57%	8.64%
Solvency												
Net Debt / equity (%)	1.41%	81.37%	110.01%	61.44%	56.45%	54.25%	51.19%	50.24%	48.71%	48.52%	47.96%	45.88%
Net Debt / EBITDA (x)	0.07x	2.41x	2.58x	1.50x	1.37x	1.31x	1.22x	1.15x	1.13x	1.13x	1.13x	1.08x
EBIT interest cover (x)	69.88x	32.75x	4.49x	5.09x	6.40x	6.16x	6.05x	5.93x	5.58x	5.31x	5.06x	4.87x
Capital productivity												
Capital employed (excl. Goodwill)	6,654.7	6,627.8	10,626.0	8,841.0	9,451.3	10,132.0	10,850.2	11,562.8	12,327.3	12,930.4	13,553.6	14,222.3
Capital growth (%)		-0.40%	60.32%	-16.80%	6.90%	7.20%	7.09%	6.57%	6.61%	4.89%	4.82%	4.93%
Capital return (x)												
ROCE, post-tax (%)	33.18%	30.06%	18.10%	24.56%	25.42%	26.02%	27.12%	28.38%	28.28%	28.87%	29.49%	30.42%
RoE	12.13%	11.19%	10.33%	16.87%	18.28%	18.40%	18.96%	19.83%	19.39%	19.16%	18.90%	18.89%
Valuation												
Market capitalisation					49,081	51,379	53,609	55,564	57,483	59,511	61,440	63,300
Net Debt					5,048	5,271	5,428	5,708	5,930	6,335	6,719	6,910
Non-controlling interest					(177)	(177)	(177)	(177)	(177)	(177)	(177)	(177)
EV					54,306	56,828	59,214	61,449	63,590	66,023	68,336	70,387
EV multiples												
EV / CE					5.75x	5.61x	5.46x	5.31x	5.16x	5.11x	5.04x	4.95x
EV / EBITDA					14.72x	14.10x	13.25x	12.42x	12.08x	11.79x	11.46x	10.99x
EV / EBIT					17.86x	17.03x	15.90x	14.79x	14.41x	13.97x	13.51x	12.85x
Gross Profit / research capital					6.77x	6.81x	6.93x	7.05x	7.05x	7.05x	7.05x	7.08x
Equity multiples												
P/E					29.46x	26.96x	24.03x	21.45x	20.50x	19.37x	18.31x	17.06x
FCF Yield					3.34%	3.23%	3.54%	4.02%	3.63%	4.14%	4.36%	4.89%
Div Yield					1.51%	1.65%	1.85%	2.07%	2.17%	2.29%	2.43%	2.60%

Appendix F: Comparable Company Analysis

GEHC | Peer Selection Rationale

Company Name	Refinitiv Ticker	Headquarter Country	Rationale	LTM Market Cap (mUSD)	Net Debt / EBITDA	YoY (FY25-26) Revenue growth	EBIT (%) FY25e
GE Healthcare	GEHC.O	USA	Leading global health technology company specializing in medical imaging, ultrasound, patient monitoring, and pharmaceutical diagnostics. Established as a standalone entity in 2023, it serves healthcare providers worldwide with innovative solutions and advanced medical technologies.	35,168	1.5x	8.3%	14.0%
Siemens Healthineers	SHL.DE	Germany	A close competitor with a strong portfolio in diagnostic imaging, molecular imaging, and digital healthcare solutions. Its innovation in precision medicine and enterprise services mirrors GEHC's efforts in advancing imaging and digital health.	67,644	3.4x	6.2%	12.6%
Koninklijke Philips N.v.	PHG.AS	Netherlands	A health technology leader with capabilities in diagnostic imaging, connected care, and precision medicine. Philips' expertise in delivering integrated healthcare solutions positions it as a comparable peer to GEHC.	21,146	1.7x	4.3%	12.4%
Draegerwerk AG & Co KGaA	DRWG.DE	Germany	A strong player in medical and safety technologies, specializing in equipment such as ventilators, anesthesia machines, and patient monitoring systems. Its portfolio complements GEHC's focus on critical care and patient monitoring.	993	0.4x	2.1%	5.9%
Fujifilm Holdings Corp	4901.T	Japan	A leader in imaging and medical IT solutions, with a robust portfolio in diagnostic imaging systems. Its strengths in healthcare technologies align closely with GEHC's efforts in precision imaging and digital healthcare.	27,704	0.5x	4.6%	9.4%
Canon Inc	7751.T	Japan	Renowned for innovations in imaging and optical technology, this company has a significant presence in medical imaging, including X-ray and ophthalmology solutions, positioning it as a competitive peer in imaging advancements.	34,228	-0.1x	1.6%	9.2%
Shenzhen Mindray Bio-Medical Electroni	300760.SZ	China	An emerging competitor offering a broad range of medical technologies, including patient monitoring, in-vitro diagnostics, and imaging systems, similar to GEHC's focus on connected care and diagnostic solutions.	49,640	-1.5x	17.7%	33.9%
Baxter International Inc	BAX	USA	A specialized provider in renal care, infusion therapy, and parenteral nutrition, with advanced surgical products that complement GEHC's solutions.	19,578	4.5x	6.8%	10.5%
Hologic Inc	HOLX.O	USA	A focused innovator in women's health, known for advancements in mammography, diagnostic imaging, and surgical systems. Its Portfolio closely aligns with GEHC's imaging expertise.	18,772	0.1x	5.9%	24.1%
Shanghai United Imaging Healthcare Co	688271.SS	China	A growing leader in imaging and radiotherapy, offering cutting-edge technologies for CT, MRI, and PET/CT systems that align with GEHC's efforts in advanced diagnostic imaging.	15,909	-5.7x	21.5%	17.5%
Masimo Corp	MASLO	USA	A leader in noninvasive monitoring solutions, specializing in pulse oximetry and advanced hemodynamic monitoring technologies, mirroring GEHC's focus on patient monitoring and connected care.	6,191	2.8x	2.8%	8.0%

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Report Recommendations

Buy	Expected total return (including expected capital gains and expected dividend yield) of more than 10% over a 12-month period.
Hold	Expected total return (including expected capital gains and expected dividend yield) between 0% and 10% over a 12-month period.
Sell	Expected negative total return (including expected capital gains and expected dividend yield) over a 12-month period.

This report was prepared by Maximilian Krull and Luca Brablec, Master in Finance students of Nova School of Business and Economics (“Nova SBE”), within the context of the Field Lab – Equity Research.

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