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EQUITY RESEARCH ON GE HEALTHCARE:
IN- DEPTH ANALYSIS OF COMPETITIVE POSITIONING AND COMPANY VALUATION

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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 of approximately **USD 114 billion** in FY24, with growth projections reaching **USD 188 billion** by FY32. This section covers several key areas. It includes an **industry and competitor analysis** across GEHC's operating segments, providing insight into its market positioning. The report also presents **financial forecast projections** and discusses the underlying assumptions used in the valuation models. A **Discounted Cash Flow (DCF) valuation** is conducted to determine the target price, supported by a **relative valuation** to contextualize and cross-check the DCF results. Finally, the report addresses **potential downside risks** and their potential impact on valuation, including a **worst-case scenario analysis**, offering a comprehensive view of uncertainties that could influence the investment decision.

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 Maximilian Krull and Luca Brablec and should be read as an integral part of it.

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Introduction

This analysis is part of a joint equity research report on the valuation of GE HealthCare Technologies Inc. (GEHC), a leading company in medical imaging, patient monitoring, diagnostics, and digital healthcare solutions. The report includes an investment recommendation based on a comprehensive analysis of the company.

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 are developed for revenue, profitability, and other balance sheet and cash flow items, based on detailed analyses of the company's segments and its economic environment. A valuation is then performed using the Discounted Cash Flow (DCF) method with plausibility checks conducted via sensitivity analyses and multiples.

After a concise discussion of relevant downside risks factors, the analysis concludes with a BUY recommendation for GEHC shares.

This section examines market entry barriers and segment evolution, alongside GEHC's innovation strategies and competitor positioning. A DCF analysis determines the intrinsic value by 2025, with key financial assumptions, capital costs, and WACC detailed. The results are cross-validated with a comparables analysis, culminating in a buy recommendation with downside valuation risks considered.

Industry Analysis

Evaluation of Market Dynamics

GEHC operates in a competitive and specialized medical technology sector, requiring strategic agility to address complex industry dynamics.

Supplier Bargaining Power: Significant due to reliance on specialized vendors for critical components like imaging hardware and rare earth materials, with limited alternatives and costly switching. Rising raw material costs and geopolitical risks add pressure. GEHC mitigates these risks through long-term supplier contracts and internal R&D but remains vulnerable, especially amid supply chain disruptions.

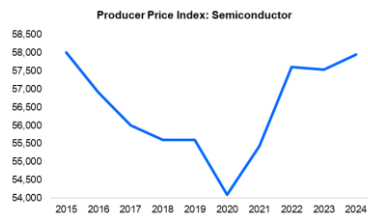
Customer Bargaining Power: Strong due to healthcare consolidation, with large health systems leveraging purchasing power to demand discounts and tailored

Figure 37: Porters Five Forces Overview



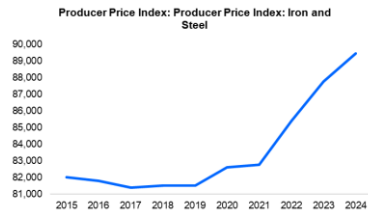
Source: Own Analysis

Figure 38: PPI – Semiconductor (in USD)



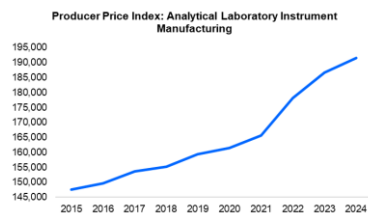
Source: Federal Reserve Bank of St. Louis

Figure 39: PPI - Iron & Steel (in USD)



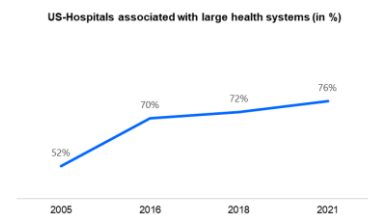
Source: Federal Reserve Bank of St. Louis

Figure 40: PPI - Analytical Laboratory Instrument (in USD)



Source: Federal Reserve Bank of St. Louis

Figure 41: US-Hospitals Consolidation



Source: Kaiser Family Foundation

solutions. Over 70% of U.S. hospital systems are networked, prioritizing affordability and TCO. GEHC counters by bundling hardware with AI analytics (e.g., Edison platform) to enhance efficiency and outcomes, though commoditization pressures persist in segments like ultrasound.

Threat of New Entrants: Moderate, as regulatory and capital barriers deter many, but AI, cloud computing, and 3D printing enable startups in niche markets. While lacking GEHC’s scale, these players pose risks with cost-effective innovations. GEHC invests in R&D and partnerships (e.g., Nvidia) to maintain a competitive edge.

Threat of Substitutes: Moderate, driven by non-invasive diagnostics like liquid biopsy and point-of-care devices. Emerging technologies, such as AI-driven analytics, could shift demand away from traditional imaging. GEHC adapts by integrating advanced analytics and diversifying into new modalities like molecular imaging.

Competitive Rivalry: Intense, with major competitors like SHL, PHC, and Canon innovating aggressively. Chinese players, such as Mindray, challenge in cost-sensitive segments. GEHC defends its position by balancing premium offerings with cost-efficient products for emerging markets and tying hardware to recurring revenue streams (e.g., subscriptions and maintenance). However, competitors are adopting similar strategies.

In conclusion, GEHC’s environment features strong supplier and buyer dynamics, moderate threats from entrants and substitutes, and fierce rivalry. By investing in innovation, expanding its digital ecosystem, and adapting to value-based care trends, GEHC is well-positioned to maintain leadership in the evolving medical technology sector.

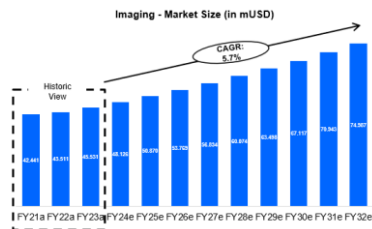
Segment Analysis

While growth is driven by overarching factors such as economic development and demographic shifts, the pace and nature of expansion within GEHC’s four key segments, Imaging, AVS, PCS and PDx, vary significantly. Each segment presents distinct opportunities and challenges shaped by unique market conditions and competitive pressures. To maintain and enhance its market position, GEHC must continue to differentiate itself through innovative approaches, refine its strengths, and expand its specializations. This includes leveraging cutting-edge technologies, addressing shifting customer needs, and staying ahead of competitors who are also adapting to these dynamic environments.

- Imaging

The imaging market, valued at USD 48 bn in 2024, is projected to grow to USD 75

Figure 42: Imaging – Market Size Projection

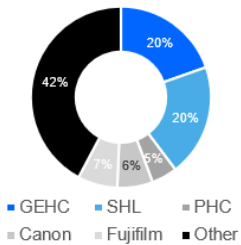


Source: Statista, Allied, Fortune Business Insight, IMARC Group, Own Analysis

bn by 2032, reflecting a CAGR of 5.7%. This expansion is driven by rising healthcare investments, increased diagnostic applications, and growing adoption of AI-enhanced imaging technologies. Additionally, China's economic recovery, supported by healthcare infrastructure stimulus measures, is expected to reignite demand in FY25, following macroeconomic headwinds in recent years. GEHC holds a 20% market share, with its 400,000-unit installed base and 200+ software applications providing significant advantages, particularly in driving recurring revenue from services and software upgrades. In 2023, imaging accounted for 45% of GEHC's total revenue, generating USD 0.8 bn in EBIT at a margin of 9%. Despite a -10% decline in FY24, growth is expected to rebound sharply with a +14.3% growth forecast for FY25.

Figure 43: Imaging - Market Share

Imaging - Market Share (FY23)



Source: LSEG, Company Data, Own Analysis

Other competitors include SHL, which mirrors GEHC's global reach and market share (c20%), supported by its strong European presence and continued expansion into AI-powered diagnostics with a huge focus on cancer treatment. PHC, however, lags behind with a c5% share and has been impacted by restructuring efforts, although its focus on minimally invasive diagnostics positions it well for future growth. Canon Inc. maintains a foothold in Asia, holding c6% of the global market and emphasizing cost-effective solutions, while Shanghai United Imaging Healthcare dominates the Chinese market. The latter is leveraging government support to sustain high domestic growth, though its global traction remains limited. Additionally, Fujifilm Holdings Corp. achieves stable market performance through diversification, while AGFA Gevaert NV struggles with declining market share and high financial leverage in an increasingly competitive environment.

GEHC is leveraging several market opportunities to sustain growth in its imaging business. Rising cancer incidence, projected to increase 62% over two decades, underpins demand for advanced molecular imaging solutions, including the StarGuide PET/CT and Discovery MI-GEN 2 platforms. This positioning is aimed at enhancing their presence in this crucial subsegment, just like SHL. Additionally, the company's molecular imaging technologies, focused on oncology diagnostics and therapies, are positioned to benefit from the growing adoption of radiotherapeutics.¹

AI is a key growth driver for GEHC, with its Edison Platform integrating tools like AIR Recon DL and Breast Assistant to enhance efficiency and precision. As healthcare data grows at a 36% CAGR through FY25 and makes up 30% of the world's data, GEHC targets the USD 5 bn digital imaging market. Service revenue, accounting for 50% of FY23 sales, is supported by 80% of imaging systems connected for remote monitoring and an 8,500-strong service network, ensuring

¹ Siegel et al. (2024)

quick issue resolution and system upgrades. This infrastructure boosts customer retention and trade-in revenues, driving long-term growth.²

Figure 44: Competitor Comparison in the Imaging Segment

Competitor	Key Product Focus	Regional Coverage	Market Dynamics / Market Share Trends (Last 3 Years)	Operating Margins	Financial / Leverage	Net Debt / EBITDA	R&D as % of sales	BORC	Short-term growth
GE Healthcare	MR, CT, X-ray, AI-powered imaging solutions	Global	Market leader (~20% global market share); growing in AI diagnostics and cloud-based imaging solutions.	Operating margin ~14%, increasing	Low leverage; steady R&D investment and strong cash flow generation	1.5x	6.2%	6.8x	8.3%
Siemens Healthineers AG	Advanced imaging systems (MR, CT, AI-driven diagnostic solutions)	Global (strong in Europe)	Market leader (~20% global market share); stable share globally, expanding in AI-powered diagnostics.	Operating margin ~11%, increasing	Low leverage; strong cash flow supporting R&D and acquisitions.	3.4x	8.6%	4.4x	6.2%
Koninklijke Philips NV	Diagnostic imaging systems, heavily innovative and AI-driven solutions	Global (Europe-focused)	Slight decline in share due to operational restructuring (~5% global market share); maintaining leadership in Europe.	Operating margin ~8%, increasing	Moderate leverage due to recent restructuring costs; sustained R&D spending (~10% of revenue).	1.7x	10.9%	3.0x	4.3%
Canon Inc.	CT, MR, X-ray systems, cost-effective solutions	Asia-dominant; growing globally	Growing share in Asia (~8% global market share); increasing focus on global expansion.	Operating margin 6%, steady	Low leverage; strong balance sheet enables increased investment in R&D.	-0.1x	6.3%	7.3x	1.6%
Shanghai United Imaging Healthcare Co Ltd	Comprehensive imaging systems (MR, CT, X-ray) and digital cloud-based diagnostic platforms	Asia (China leader)	Rapid growth in China; gaining overseas share, but limited global traction.	Margins undisclosed, likely higher >10%	Low leverage; benefits from government support for domestic healthcare innovation.	-5.7x	16.6%	3.3x	21.5%
Fujifilm Holdings Corp.	Medical imaging and IT integration, diversified imaging products	Global	Stable market share with modest growth due to diversification.	Operating margin ~9%, steady	Moderate leverage; diversified business helps absorb competitive pressures.	0.5x	5.2%	7.2x	4.6%
AGFA Gevaert NV	Digital and analog imaging systems, hospital IT solutions	Europe	Declining market share in analog systems; competing with advanced digital players.	Operating margin ~8%, declining	High leverage; restructuring costs affecting financial stability.	-2.4x	7.0%	4.6x	3.0%

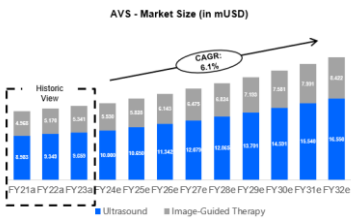
Source: LSEG, Own Analysis

▪ **Advanced Visualization Solutions**

The AVS market, valued at USD 16 bn in 2024, is expected to grow to USD 25 bn by 2032 at a 6.1% CAGR, driven by rising demand for minimally invasive procedures, AI-driven innovation, and affordable imaging solutions. GEHC leads this market with a 34% share. GEHC's significant edge comes from its 400,000-unit installed base, advanced AI-enabled technologies, and strategic expansion into wearable and intraoperative imaging. GEHC's Edison Platform powers AI tools that reduce ultrasound scan times from minutes to seconds, automate diagnostics, and enable seamless image sharing and real-time collaboration, giving the company a unique competitive advantage. The Vscan Air, a wireless handheld ultrasound device, targets 1.1 mn primary care physicians, offering significant growth potential. The BK Medical acquisition and general surgery, with products such as bkFusion and OEC 3D seamlessly integrating into outpatient workflows.

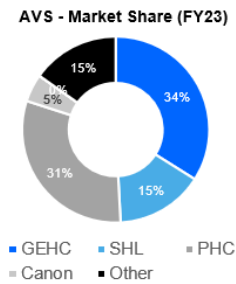
Other key competitors in the AVS market include SHL which holds approximately 15% of the global market share and mirrors GEHC's global presence. Siemens benefits from its strong R&D pipeline and a focus on advanced visualization technologies, which support its competitive positioning. PHC with a stable c31% share, focuses on procedure-specific ultrasound applications. Canon Inc. maintains a notable presence in the Asia-Pacific region, with a smaller global share of around 5%, leveraging steady margins and cost-effective solutions to gradually expand its footprint. Shenzhen Mindray Bio-Medical Electronics is expanding in emerging Asian markets with its competitively priced ultrasound portfolio. Reinvesting c.12% of revenue into R&D fuels its growth. Meanwhile, Butterfly Network is gaining traction in portable ultrasound with affordable innovations but faces challenges scaling due to lower operating margins.

Figure 45: AVS – Market Size Projection



Source: Statista, Allied, Fortune Business Insight, IMARC Group, Own Analysis

Figure 46: AVS - Market Share (FY23)



Source: Company Data, LSEG, Own Analysis

² Coughlin et al. (2018)

Figure 47: Competitor Comparison in the AVS Segment

Competitor	Key Product/Focus	Regional Coverage	Market Dynamics / Market Share Trends (Last Years)	Operating Margins	Financial / Leverage	Net Debt / EBITDA	R&D as % of sales	ROIC	Short-term growth
GE HealthCare	Ultrasound systems, data visualization tools	Global	Market leader (~34% global market share), growing in AI, diagnostics and cloud-based imaging solutions.	Operating margin ~14%, increasing	Low leverage, steady R&D investment and strong cash flow generation.	1.5x	8.2%	6.8x	8.3%
Siemens Healthineers AG	Advanced visualization and ultrasound systems	Global	Retained market share leadership (~15% globally), strong R&D pipeline.	Operating margin ~11%, increasing	Low leverage, funds reinvested into R&D (~9% of revenue).	3.4x	8.6%	4.4x	6.2%
Koninklijke Philips NV	Ultrasound and AVS solutions	Global	Market share stable (~21%), focus on procedure-specific ultrasound applications.	Operating margin ~8%, increasing	Moderate leverage, continued investments in innovation and restructuring.	1.7x	10.9%	3.6x	4.3%
Canon Inc.	Advanced ultrasound systems	Asia-dominant, growing globally	Increasing share in Asia-Pacific markets, still small player globally (~5%).	Operating margin ~9%, steady	Low leverage, gradual scaling in the healthcare market.	-5.1x	6.2%	7.3x	1.6%
Shenzhen Mindray Bio-Medical Electronics Co Ltd	Broad ultrasound portfolio, cost-effective AVS systems	Strong in Asia, growing in NA	Gaining share in emerging markets, price competitiveness driving adoption.	Margins undisclosed, likely very strong >20%	Low leverage, significant reinvestment into R&D (~12% of revenue).	-1.5x	9.4%	6.6x	17.7%
Butterfly Network Inc.	Portable ultrasound systems (e.g., iQ Device)	Global (focus on emerging markets)	Increasing share in portable ultrasound market, niche disruptor.	Low margin (~10%), high growth	High leverage, focused on scaling and capturing market share through affordable innovation.	0.6x	74.8%	0.3x	15.1%

Source: LSEG, Own Analysis

▪ Patient Care Solutions

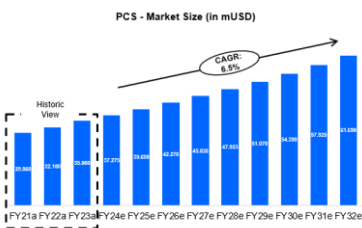
The Patient Care Solutions (PCS) market, valued at USD 37.3 bn in 2024, is projected to reach USD 61.7 bn by 2032, growing at a 6.5% CAGR. GEHC, with a 9% market share, remains a key player, competing against larger players like PHC (15%) by focusing on product innovation, improved clinical outcomes, and operational efficiency.

GEHC’s growth is underpinned by an active innovation pipeline, including multiple new product introductions across Patient Monitoring, Anesthesia, Respiratory, and Diagnostic Cardiology in 2024 and 2025. The recently launched CARESCAPE ONE monitor, featuring modular docking technology and data integration via the CARESCAPE Gateway, facilitates seamless patient transportation while reducing errors, which affect up to 40% of patient transfers³. In Monitoring and Digital Solutions, products like FlexAcuity and MURAL system address the rising demand for mobile, wireless monitoring. These systems improve clinical workflows by reducing patient transfers, visit lengths, and hospital capacity constraints while enabling real-time decision support. GEHC estimates that 40%-70% of patients at medical facilities are transferred daily, highlighting the need for these solutions. Operational improvements are also a priority, with GEHC implementing lean methodologies to optimize supply chains and product lifecycle management. These efforts aim to enhance PCS’s efficiency and margin performance while supporting long-term growth.

Masimo, with a leading market share of around 50% in pulse oximetry, achieves high margins (c25%) mainly due to cost-effective manufacturing. Its products are less complex to produce, allowing the company to focus on specialized and profitable market segments. This focus on non-invasive monitoring strengthens Masimo’s position in a growing and innovative sector.

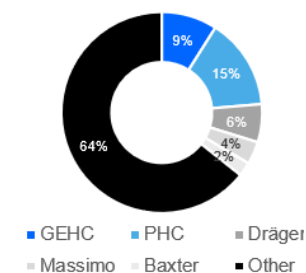
Baxter, despite a modest market share of about 2%, is a significant player in connected care solutions. The company has strategically expanded into emerging

Figure 48: PCS – Market Size Projection



Source: Statista, Allied, Fortune Business Insight, IMARC Group, Own Analysis

Figure 49: PCS - Market Share



Source: Company Data, LSEG, Own Analysis

³ GE HealthCare Technologies Inc. (2020)

markets, supported by stable operating margins (c12%) and consistent investment in R&D. This approach drives further growth, particularly in hospital and dialysis products.

Draegerwerk, with a 6% market share, specializes in acute care and stands out with its strong presence in Europe and global markets. The company maintains stable operating margins (c12%) and reinvests around 10% of its revenue into R&D to fuel global growth, especially in high-risk care settings. Draegerwerk uses moderate leverage to fund its expansion and product development.

Figure 50: Competitor Comparison in the PCS Segment

Competitors Overview PCS Segment									
Competitor	Key Products/Uses	Regional Coverage	Market Dynamics / Market Share Trends (Last Years)	Operating Margins	Financial / Leverage	Net Debt / EBITDA	R&D as % of sales	ROIC	Short-term growth
GE HealthCare	Patient monitors, ventilators, and connected care solutions	Global	Consistent leader (~10% globally); high demand for advanced ultrasound in emerging and developed markets.	Operating margin ~14%, increasing	Low leverage; steady R&D investment and strong cash flow generation	1.5x	8.2%	6.8x	8.3%
Koninklijke Philips NV	Ultrasound and AVS solutions	Global	Market share stable (~10%); focus on procedure-specific ultrasound applications.	Operating margin ~8%, increasing	Moderate leverage; continued investments in innovation and restructuring	1.7x	10.9%	3.8x	4.3%
Baxter International Inc	Connected care, hospital and dialysis products	Global	Low market share (~2%) but strong in connected care solutions; expanding into emerging markets.	Operating margin ~12%, stable	Low leverage; solid cash flows support R&D (~4% of revenue)	4.5x	4.3%	9.4x	6.8%
Masimo Corp	Non-invasive monitoring systems (e.g., pulse oximetry)	Global	Dominate niche (~50% share in pulse oximetry); overall ~4%; consistent growth due to innovation.	Operating margin ~20%, stable	Low leverage; profitable, allowing flexibility for further innovation.	2.8x	8.9%	5.5x	2.8%
Draegerwerk AG & Co KGaA	Patient monitors and connected care solutions for acute care	Europe; global reach	Retained market share (~6%); specializes in high-stability settings.	Operating margin ~12%, stable	Moderate leverage; focusing on reinvestment to expand global footprint.	9.4x	10.9%	4.4x	2.1%

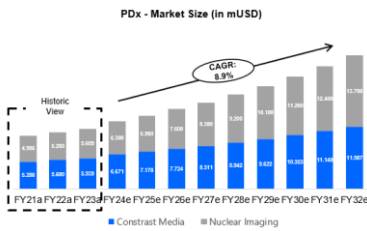
Source: LSEG, Own Analysis

■ **Pharmaceutical Diagnostics**

The PDx market, valued at USD 13 bn in 2024, is projected to grow to USD 26 bn by 2032, with a CAGR of 8.9%. In 2023, PDx contributed 12% of GEHC's total revenue and 21% of adjusted EBIT (USD 0.6 bn), with EBIT margins rising to 30.6% by Q3 2024. Its integrated imaging and diagnostic pharmaceutical capabilities, coupled with a strong pipeline and capacity expansion efforts, position GEHC as a key player (c20% market share) in this high-growth segment. GEHC's growth is supported by a robust pipeline targeting radiology, neurology, cardiology, oncology, and immuno-diagnostics. Pipeline developments include Dopamine transporter PET, CD8 T-Cells PET, and Estrogen receptor PET, addressing critical needs in areas like Parkinson's disease and myocardial perfusion. Additionally, breast cancer is the most common cancer in U.S. women, making up 30% of new female cases, which is why a breast cancer platform is actively being built out in the PDx segment to enhance precision diagnostics and treatment monitoring⁴. Established products like Myoview and Rapsican in cardiology are complemented by a Phase 3 PET drug under development, reinforcing GEHC's stronghold in the cardiovascular imaging market.

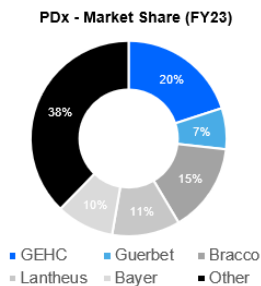
Competitors like Bayer (c10% share) leverage a strong MRI/CT portfolio and steady R&D (c9% of revenue), challenging GEHC to drive innovation in precision diagnostics and oncology. Bracco (c15% share) focuses on interventional radiology, pushing GEHC to expand its capabilities in niche systems.

Figure 51: PDx – Market Size Projection



Source: Statista, Allied, Fortune Business Insight, IMARC Group, Own Analysis

Figure 52: PDx - Market Share (FY23)



Source: Company Data, LSEG, Own Analysis

⁴ American Cancer Society (2024)

Guerbet (c7% share) struggles with declining growth and high leverage, offering GEHC opportunities to capture share while highlighting the need for cost efficiency. Lantheus dominates nuclear diagnostics (c40% share), with rising margins (c28%) after reducing R&D expenses. Its USCAN focus limits global reach, giving GEHC an edge with its broader pipeline and global expansion efforts.

To meet the rising demand for iodinated contrast media, GEHC is doubling its production capacity over the next decade, supported by a multi-year iodine supply agreement with a Chilean mining company⁵. Expansion efforts include X-ray capacity investments, waste reduction, and the development of non-gadolinium MRI agents. In ultrasound, GEHC is growing Optison in the U.S. and Sonazoid globally, broadening the applications of contrast media beyond traditional diagnostics. In molecular imaging, GEHC leads in neurology with DaTscan and is leveraging its expertise to expand into oncology with new platforms and immuno-oncology tools. With Parkinson’s disease prevalence expected to double by 2040, and innovations in PET imaging accelerating, GEHC is well-positioned for sustained growth⁶.

Figure 53: Competitor Comparison in the PDx Segment

Competitor	Key Product/Focus	Regional Coverage	Market Dynamics / Market Share Trends (Last Year)	Operating Margins	Financial / Leverage	Net Debt / EBITDA	R&D as % of sales	ROIC	Short-term growth
GE HealthCare	Contrast agents for MRI, CT, nuclear medicine diagnostics	Global	Leading player, 10% share in contrast agents market; growth driven by radiopharmaceuticals and precision diagnostics	Operating margin ~14%, increasing	Low leverage, steady R&D investment and strong cash flow generation	1.5x	6.2%	9.8x	8.3%
Bayer AG	MRCT contrast agents, diagnostic imaging solutions	Global	Leading market share (~10%), stable growth supported by strong portfolio diversification	Operating margin ~18%, steady	Moderate leverage, robust R&D (~9% of revenue)	1.7x	12.4%	4.8x	-2.1%
Bracco	Contrast agents, interventional radiology systems	Global	Specialized niche (~15% share), slower growth compared to Bayer	Operating margin ~12%	High leverage, pressure to reduce costs while maintaining innovation	2.6x	n.a.	n.a.	7.6%
Lantheus Holdings Inc.	Nuclear medicine diagnostics, cardiovascular focus	North America-centric	Dominates nuclear diagnostics (~40% share, ~1% overall), growth from recent acquisitions	Operating margin ~33%, increasing	Low leverage, benefiting from strategic M&A to broaden its portfolio	0.8x	6.1%	14.5x	4.1%

Source: LSEG, Own Analysis

Valuation

To estimate GEHC’s fundamental value and target price, we conducted a Discounted Cash Flow (DCF) analysis, discounting projected core free cash flows to their present value to capture GEHC’s long-term cash-generating potential and equity value. To contextualize the DCF-derived target price, we performed a Comparable Companies Analysis (CCA), benchmarking our projections against peers with similar business models and margin profiles, while adjusting Enterprise Value (EV) for anomalies i.e. spin-off-related pension obligations. A precedent transaction analysis was excluded due to the limited availability of comparable transactions in the MergerMarket database.

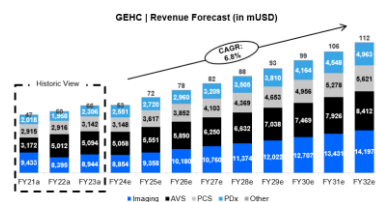
⁵ Business Wire (2022)

⁶ GE HealthCare Technologies Inc. (2022)

Forecasted Income statement

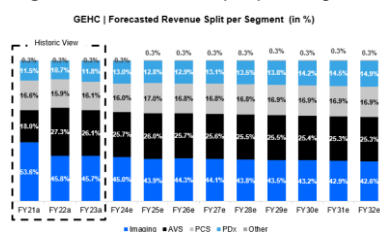
- Top-line growth

Figure 54: Revenue Forecast per Segment



Source: Company Data, LSEG, Own Analysis

Figure 55: Revenue Split per Segment



Source: Company Data, LSEG, Own Analysis

To project top-line growth in the income statement, we employ a market size and market share (top-down) approach due to limited data availability on volume and pricing. This method leverages a range of market-size reports across GEHC's various segments to estimate revenue growth potential.

Regarding market share, it is worth noting that GEHC already commands a substantial share within a relatively concentrated market, where it holds a strong competitive position. The likelihood of market share erosion is relatively low, given the company's scale and established presence. However, due to the constraints of organic expansion within this mature market and the limited scope for significant acquisitions to further expand share, we assume that GEHC's growth will align closely with the growth rates of its respective target markets.

Imaging remains GEHC's largest segment but shows the slowest growth, with a projected market CAGR of 5.7%. However, we believe that a recovery in the China business will drive market share gains, resulting in topline growth ultimately reaching 6.1% from FY24-FY32. The AVS segment, which includes Ultrasound, is GEHC's second-largest revenue driver and is expected to grow at a CAGR of 6.6%, reflecting increased demand for imaging-guided therapies. PCS is projected to grow at approximately 7.5%, supported by rising demand for patient monitoring systems. PDx, while the smallest segment by volume, is forecasted to grow the fastest with a robust CAGR of 8.7%, driven by the expansion of diagnostic imaging globally.

GEHC's revenue is projected to grow at a blended CAGR of 7.2% from FY24 to FY28, 0.1% above consensus estimates. Over the full forecast period until FY32, the growth rate moderates to a blended CAGR of 6.8%, reflecting sustained but balanced expansion. This growth underscores GEHC's robust positioning within the industry, driven by steady performance in Imaging and accelerated growth in AVS, PCS, and PDx.

- Core operating costs

We believe GEHC will enhance its product cost efficiency despite the impact of tariffs on Chinese imports following Trump's election. GEHC is expected to adapt to these tariffs, enabling a gradual improvement in its COGS starting in the second half of Trump's term. We anticipate this will allow GEHC to progressively align its cost structure to its FY21 levels of 40.9% by FY32. In addition to the improved cost of products within the production process, the more favourable revenue split between the segments contributes significantly to the overall improved gross profit

Figure 56: Gross Margin Forecast vs Consensus

GE Healthcare Gross Margin Estimates vs Consensus			
Period	Our	Consensus	Annual Delta
	Estimates	Median	
FY24e	41,5%	42,3%	-0,8%
FY25e	41,7%	42,5%	-0,8%
FY26e	42,0%	42,8%	-0,8%
FY27e	42,7%	43,0%	-0,3%
FY28e	43,5%	43,5%	0,0%
FY29e	43,5%	n.a.	
FY30e	43,5%	n.a.	
FY31e	43,5%	n.a.	
FY32e	43,7%	n.a.	

Source: Company Data, LSEG, Own Analysis

margin of GEHC. Given higher growth projections for the PDx market, we expect that the lower-margin Imaging segment (12.6% EBIT margin in FY23) will lose a portion of its revenue share in favour of the high-margin PDx segment (26.8% in FY23).

The Cost of services is also anticipated to improve modestly, declining by roughly 1% to 15.4% of revenue by 2028. After these target years, we assume these margins will stabilize, as further improvements may be limited by structural and market factors. Those improvements in the cost of products and cost of sales led to a total gross profit margin of 43.7% in FY32 versus 40.5% in FY23. Our projections lead to a slightly weaker gross margin from FY24-27 compared to consensus data. However, our projections align with consensus estimates starting FY28.

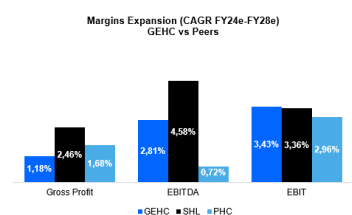
Figure 57: EBIT Margin Forecast vs Consensus

GE Healthcare EBIT Margin Estimates vs Consensus			
Period	Our	Consensus	Annual Delta
	Estimates	Median	
FY24e	14,0%	15,9%	-1,9%
FY25e	14,3%	16,0%	-1,7%
FY26e	14,5%	16,3%	-1,7%
FY27e	15,3%	16,3%	-1,0%
FY28e	16,0%	16,3%	-0,4%
FY29e	16,0%	n.a.	
FY30e	16,1%	n.a.	
FY31e	16,2%	n.a.	
FY32e	16,4%	n.a.	

Source: Company Data, LSEG, Own Analysis

SG&A expenses are expected to remain consistent at 18.3% of revenue, maintaining the FY24 level. Similarly, R&D expenses will be held steady at 6.2% of revenue, aligning with the company's ramped-up R&D expenses since its independent status. Management recently reaffirmed in the 3Q24 earnings presentation that R&D spending will continue to grow proportionally with revenue. In conclusion, our EBITDA margin improves from 15.6% in FY23 to 19.2% in FY32. Our EBITDA margins projections are slightly higher compared to median consensus data and marginal lower than industry research could imply (19.9%-20.2%).⁷ Contrary to the consensus, we do not expect our EBITDA margin to shrink due to increasing SG&A. Similar to PHC, we observe that Medtech companies are increasingly focusing on leaner and more agile structures. While these approaches, particularly in combination with new technologies, may lead to restructuring costs initially, they are expected to improve general OPEX in the long run.

Figure 58: Margin Expansion across Peers FY24-28



Source: Company Data, LSEG, Own Analysis

Lastly, Depreciation and Amortization (D&A) expenses are expected to remain steady at 9.9% and 25.7% of the prior year's property, plant, and equipment (PPE) and intangible assets, respectively, reflecting minimal anticipated changes in asset intensity or amortization schedules. This projection results in an estimated EBIT margin of 16.4% for FY32, up from 12.5% in FY23. Our EBIT margin forecast is closely aligned with analyst consensus, which anticipates margins in the range of 16-17%.

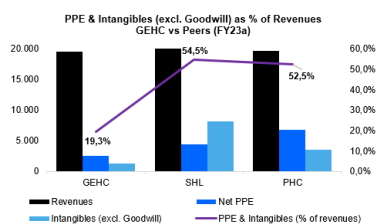
Compared to its main competitors, SHL and PHC, GEHC's gross and EBITDA margin expansion appears more limited. Consensus estimates for FY24-FY28 project gross margin compound annual growth rates (CAGR) of +2.46% for SHL and +1.68% for PHC, compared to our estimate of +1.18% for GEHC. For EBITDA

⁷ Roland Berger (2022)

margin expansion, our projection of +2.81% surpasses that of PHC (+0.72%) but lags significantly behind SHL (+4.58%).

However, at the EBIT margin level, our estimated expansion of +3.43% exceeds the consensus estimates for both SHL (+3.36%) and PHC (+2.96%). This divergence is driven by GEHC's exceptionally low asset intensity. As of FY23, GEHC's net PPE and intangibles (excluding goodwill) accounted for only 19.3% of total sales, compared to SHL's 54.5% and PHC's 52.5%. Given this low asset intensity, GEHC benefits from significantly lower D&A expenses, contributing to its stronger EBIT margin growth relative to its peers. GEHC's ability to achieve similar growth with lower asset intensity highlights its superior capital efficiency. By generating comparable revenue with fewer assets, GEHC reduces the need for significant capital expenditures and lower D&A costs. This allows the company to deploy its resources more effectively, focusing on strategic initiatives such as innovation, R&D, or acquisitions, rather than being burdened by heavy asset-related expenses.

Figure 59: PPE & Intangibles Comparison across Peers



Source: Company Data, LSEG, Own Analysis

Forecasted Balance Sheet

Since GEHC's spin-off from GE occurred only two years ago and only one audited annual report has been published, the data available for our balance sheet forecast remains limited. Consequently, our projections are heavily reliant on assumptions based on the historical data provided in the latest annual report (covering FY21-FY23) and the company's quarterly reports from the current year.

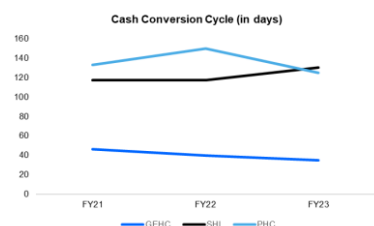
Operating Working Capital

The primary drivers of OWC and CCC, which encompasses inventories, receivables, and payables, were examined comprehensively. The Collection Period demonstrated stability from FY21 to FY23 and was thus maintained at 66 days. In contrast, the Holding Period exhibited a slight increase, rising by two days to 70 in FY22, before decreasing to 62 in FY23. To account conservatively for potential variability in future periods, a 3-year rolling average was applied. This approach was similarly utilized for the Payables Period, yielding averages of 66 and 93 days, respectively. When compared to SHL and PHC, which maintain 3-year CCC averages of 122 and 136 days, GEHC's notably lower CCC of 40 days reflects the company's efficient trade working management and accelerated cash conversion, which bolsters liquidity and operational resilience.

Fixed Assets

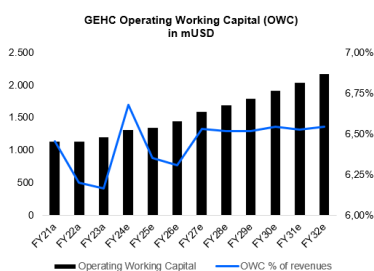
Aligned with GEHC's Q3 2024 earnings call, anticipated growth in PPE and intangible assets is expected to follow revenue trends. Consequently, the revenue CAGR was applied to both asset categories, with growth tapering towards 2032 to

Figure 60: Cash Conversion Cycle FY21-23



Source: Company Data, LSEG, Own Analysis

Figure 61: Operating Working Capital Forecast



Source: Company Data, LSEG, Own Analysis

reflect a steady-state assumption. Depreciation was calculated based on the historical average as a percentage of PPE, while CapEx was derived from the difference between EOP PPE, depreciation, and BOP PPE.

A modest increase in goodwill is anticipated over the years, with growth projected in the low single-digit percentage range annually. This increase is expected to result from smaller potential future acquisitions, which are likely to generate additional goodwill as the company expands.

Most Deferred Tax Assets are tied to timing differences in revenue recognition, so they are expected to grow in line with revenue projections.

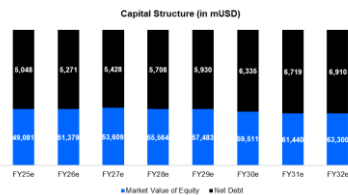
Cost of capital

- Capital structure

Right now, GEHC is rated “investment-grade” by Moody’s (Baa2) as well as Fitch and S&P (both BBB). We expect GEHC to maintain a steady Debt-to-Value (D/V) ratio in the range of 9% to 10%, supporting a conservative capital structure that ensures maintaining investment-grade ratings in the future. This healthy leverage ratio aligns with GEHC’s commitment to financial stability and minimizes the risk of rating downgrades, providing flexibility for future capital needs.

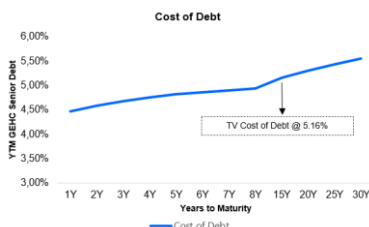
Excess cash flow will be directed primarily toward shareholder returns through dividends and share buybacks, underscoring GEHC’s focus on delivering value to shareholders. Additionally, surplus capital may be allocated to smaller strategic investments aimed at inorganic growth, as well as selective production capacity expansions to support core operations and market demand. This balanced approach to capital deployment reflects GEHC’s strategy of reinforcing its market position while enhancing shareholder returns.

Figure 62: Capital Structure Forecast



Source: Company Data, LSEG, Own Analysis

Figure 63: Cost of Debt Forecast



Source: Company Data, LSEG, Own Analysis

- Cost of debt

The yield to maturity (YTM) on a firm's long-term bonds is often used as the cost of debt in valuation calculations, as it reflects the market's current required return on the firm's debt obligations.⁸ Accordingly, we approximated GEHC’s cost of debt going forward using the YTM of the company’s long-term outstanding bonds. This approach aligns borrowing costs with the timing of forecasted periods, applying the 2-year YTM of 4.59% for FY26 and matching subsequent years to corresponding maturities through FY32. For the terminal value, we used the 15-year YTM of 5.16%, operating under the assumption that the bulk of terminal cash flows occur in 15 years. The YTM data was retrieved from the LSEG issuer curve feature for GEHC.

⁸ Kumar (2015)

- Cost of equity

To estimate GEHC's cost of equity, we calculated the unlevered beta using a peer-based approach due to GEHC's limited market history after its spin-off. We selected industry peers with sufficient trading data, averaged their two-year betas, and unlevered them to reflect industry risk for GEHC.

To tailor this analysis to GEHC, we re-levered the average unlevered beta annually based on GEHC's projected capital structure. For each forecast year, we calculated GEHC's forward-looking debt-to-equity (D/E) ratio (based on Book value of debt for simplicity reasons and market value of equity) and used it to re-lever the beta dynamically (refer to the "WACC Decomposition" table below). This methodology ensures that the cost of equity reflects GEHC's anticipated leverage profile, capturing year-specific variations in risk.

For each forecast year, we then applied the annual risk-free rate - derived from U.S. zero-coupon Treasury strips with maturities matching the forecast horizon - as well as a constant equity risk premium of 5%.⁹ Using the CAPM formula with these inputs, we calculated an individual cost of equity for each forecasted period (see Table "WACC Decomposition below).

Figure 64: Unlevered Equity Beta Approximation for GEHC based on Industry Peers

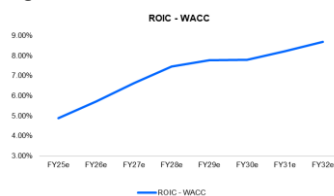
GEHC Beta Approximation								
MUSD	Beta Levered (2Y)	D/E	Cost of Debt	Statutory Tax Rate	Beta Debt	Beta Unlevered	Interest expense	Net Debt
Siemens Healthineers	0.62	-0.01	36.94%	21.00%	6.46	0.58	296	633
Philips Healthcare	0.87	0.21	0.65%	21.00%	-0.80	0.64	63	7,889
Shenzhen Mindray	0.56	-0.10	3.85%	15.00%	-0.16	0.62	1	31
United Imaging	0.49	-0.14	0.00%	17.00%	-0.93	0.68	1	17,363
Guerbet	0.70	0.53	2.56%	25.00%	-0.42	0.38	11	311
Beta Unlevered	0.58							

Source: Company Data, LSEG, Own Analysis

- WACC

To determine the WACC for our DCF model, we applied the above-mentioned calculated cost of equity and cost of debt for each forecast year, incorporating the tax shield effect using a constant statutory tax rate of 21%. This approach allows us to account for the after-tax cost of debt accurately, aligning with GEHC's predictable effective tax impact on its capital costs. The resulting WACC values fluctuate between 6.71% and 7.16% over the forecast period, capturing slight variations driven by changes in the capital structure and risk-free rates. This range ensures a precise discount rate for each year, enhancing the reliability of our DCF valuation.

Figure 65: Value Creation



Source: Company Data, LSEG, Own Analysis

⁹ KPMG (2024)

Figure 66: WACC Decomposition

GEHC WACC Decomposition									
mUSD	FC	FC	FC	FC	FC	FC	FC	FC	FC
	FY25e	FY26e	FY27e	FY28e	FY29e	FY30e	FY31e	FY32e	TV
Risk-Free Rate	4.17%	4.00%	3.91%	3.96%	3.89%	4.08%	3.97%	3.97%	4.38%
Market Risk Premium	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Unlevered Cost of Capital	7.06%	6.89%	6.81%	6.85%	6.79%	6.98%	6.86%	6.87%	7.28%
Cost of Debt	4.47%	4.59%	4.68%	4.76%	4.81%	4.86%	4.90%	4.94%	5.16%
Cost of Equity	7.25%	7.08%	6.99%	7.04%	6.98%	7.17%	7.06%	7.07%	7.48%
Statutory Tax Rate	21.00%	21.00%	21.00%	21.00%	21.00%	21.00%	21.00%	21.00%	21.00%
WACC	6.91%	6.76%	6.69%	6.74%	6.68%	6.85%	6.75%	6.76%	7.14%

Source: Company Data, LSEG, Own Analysis

DCF Valuation

Figure 67: Sensitivity Analysis DCF

Sensitivity Table (Share Price) - DCF					
WACC	Growth Rate				
	2.50%	2.75%	3.00%	3.25%	3.50%
8.14%	78.6	82.4	86.5	91.0	96.1
7.64%	86.1	90.8	95.6	101.2	107.5
7.14%	95.2	100.7	106.3	114.0	122.0
6.64%	106.4	113.4	121.4	130.8	141.1
6.14%	120.8	129.9	140.4	152.8	167.5

Source: Own Analysis

In the DCF analysis, we assessed the unlevered Core Free Cash Flows for FY26-32 to estimate capital gains by FY25. These cash flows were discounted at the individual WACC for each year, resulting in an unlevered Core Enterprise Value of cUSD 54 bn. After adjusting for non-core invested capital, we derived a levered Enterprise Value of cUSD 49 bn. To determine the share price, we deducted net debt which also includes pension obligations, and operating lease liabilities as well as outstanding non-controlling interests from FY25. Our approach yielded a share price of USD 106,9.

The MedTech sector, in general, exhibits nominal growth rates slightly above nominal GDP growth, reflecting its resilience and expanding demand. However, for valuation purposes, we decided to use a terminal growth rate of 3% below global GDP growth. This decision aligns with the principle that assuming a perpetuity growth rate higher than nominal GDP growth can lead to unrealistic valuations. Such assumptions violate economic constraints, as they imply a company can grow faster than the entire economy indefinitely, which is unsustainable. Additionally, a higher growth rate artificially inflates the terminal value in discounted cash flow models, resulting in overestimated valuations and potential misrepresentation of the company's true value.

Relative Valuation Methods

To contextualize our valuation within the industry, we decided to perform a CCA using publicly listed companies. When selecting the relevant comparables, we prioritized companies with closely aligned product and service portfolios. For more information on the rationale behind our peer selection, please refer to Appendix.

Our analysis identifies company size, leverage (Net Debt/EBITDA), near-term revenue growth, and short-term EBIT margins as key valuation drivers. To ensure comparability, we excluded Chinese competitors due to their significant net cash positions, robust growth prospects, and extensive government support, including subsidies and below-market financing, which distort market dynamics and create liquidity advantages.

After excluding these outliers, we calculated the lower bound, median, and upper bound for EV/EBITDA and EV/EBIT multiples using FY25 consensus data and internal analyses. GEHC's target share price of USD 106.9 is slightly below the EV/EBITDA upper bound (USD 109.2) and falls between the EV/EBIT median (USD 86.9) and upper bound (USD 125.9), reflecting a balanced and realistic valuation aligned with positive EBIT margin projections.

GEHC's positioning near the upper EV/EBITDA bound reflects its low asset intensity and reduced CapEx needs relative to peers. However, we emphasize the EV/EBIT multiple as a more accurate measure in this capital-intensive industry. GEHC's lean property, plant, and equipment (PPE) and significant intangible assets drive superior EBIT margins, solidifying its competitive edge and justifying our valuation.

Figure 68: Comparable Company Analysis

GEHC CCA Results Summary		Relevant KPIs				EV/EBITDA			EV/EBIT		
mUSD	Refinitiv Ticker	Adj. EV	Net Debt / Consensus EBITDA	Consensus Growth	EBIT (%) FY25e	LTM FY24	FC FY25e	FC FY26e	LTM FY24	FC FY25e	FC FY26e
GE Healthcare Technologies Inc	GEHC.O	48,075	1.5x	8%	14%	14.3x	13.0x	11.9x	17.5x	15.8x	14.4x
Siemens Healthineers AG	SHL.DE	82,681	3.4x	6%	13%	18.4x	15.6x	14.1x	27.1x	20.6x	18.3x
Koninklijke Philips NV	PHG	27,164	1.7x	4%	12%	7.4x	9.3x	8.3x	11.3x	13.4x	12.7x
Draegerwerk AG & Co KGaA	DRW.DE	7,220	0.4x	2.1%	5.9%						
Fujifilm Holdings Corp	4901.T	29,666	0.5x	5%	9%	10.1x	8.9x	8.0x	15.6x	14.0x	12.5x
Canon Inc	7751.T	35,906	0.1x	2%	9%	8.2x	7.9x	7.3x	13.4x	12.0x	11.1x
Shenzhen Mindray Bio-Medical Electronics Co Ltd	300760.SZ	47,087	-1.5x	17.7%	33.9%						
Baxter International Inc	BAX	30,248	4.5x	7%	11%	10.6x	14.4x	11.4x	19.0x	20.9x	17.0x
Hologic Inc	HOLX.O	18,989	0.1x	6%	24%	14.8x	13.7x	12.7x	19.6x	14.9x	13.8x
Shanghai United Imaging Healthcare Co Ltd	688271.SS	14,224	-5.7x	21.5%	17.5%						
Masimo Corp	MASLO	6,934	2.8x	3%	8%	26.4x	16.8x	15.0x	42.2x	21.4x	18.7x
Average						13.7x	12.4x	11.0x	21.2x	16.7x	14.9x
Median						10.6x	13.7x	11.4x	19.0x	14.9x	13.8x

GEHC Implied Share Prices		
USD	Median	Upper Bound
EV/EBITDA (FY25e)	99.0	109.3
EV/EBIT (FY25e)	87.0	126.0

Source: Company Data, LSEG, Own Analysis

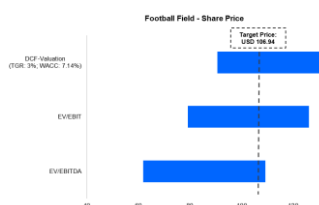
Final Recommendation

Our Valuation of GEHC is primarily based on a DCF model, emphasizing the company's intrinsic cash flow generation and core business fundamentals. This approach offers a robust foundation for deriving the target price, focusing on sustainable value driven by GEHC's operating performance and long-term cash flow predictability. The DCF-derived target price of USD 106.9 positions GEHC above the median (USD 86.33) within the EV/EBIT valuation range, while remaining below the upper bound (USD 125.92). This reflects GEHC's superior growth prospects and operational efficiency, differentiating it from its peers in the medical device sector.

The EV/EBIT multiple, while not directly weighted in the valuation, serves as a crucial benchmark, particularly in the medical device sector, where elevated depreciation and amortization expenses significantly impact EBIT metrics. GEHC's above-median positioning within this range underscores its strong market positioning and operational resilience.

At a current share price of USD 81.1 (13.12.2024), which represents a four-month

Figure 2: Target Price



Source: Own Analysis

Figure 69: Capital Gains in FY25

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%

Source: Company Data, LSEG, Own Analysis

low, the stock presents an attractive entry point, offering an optimal risk-return profile. Including anticipated additional shareholder transactions of USD 2.23 per share, the projected target price of USD 106.9 implies a potential upside of 34.6% by FY25. This valuation highlights GEHC's robust operational model and competitive market position, justifying its substantial growth potential and underscoring the timeliness of an investment at current levels.

Downside Risks

Our analysis of GEHC identifies several downside risks that could impact its performance in the coming years if they were to materialize. While GEHC's current R&D expenses have increased compared to its levels within the conglomerate, the company's R&D spending, as a percentage of revenue, remains insufficient to sustain a long-term competitive advantage. To address this, GEHC must significantly increase its R&D expenditures, aiming to allocate 8% of revenue by 2032.

Additionally, ongoing Chinese tariffs, introduced during the Trump administration, pose continued challenges. These tariffs have increased manufacturing costs by approximately 4%, given GEHC's reliance on Chinese production. As a result, EBIT is expected to decline temporarily, with recovery projected to reach 14% by 2029, supported by GEHC's strategic investments in expanding manufacturing operations in India. These efforts aim to reduce geographic dependencies by 2029, aligning with strategies implemented by peers such as SHL.

Considering these downside factors, our analysis projects a revised share price of USD 83.48, with an additional USD 1.52 from anticipated shareholder transactions. This reflects a 4.4% upside potential under our worst-case scenario.

Figure 70: Sensitivity Analysis and Capital Gains (Downside Scenario)

Sensitivity Table (Share Price) - DCF (Downside Scenario)						
		Growth Rate				
		2,50%	2,75%	3,00%	3,25%	3,50%
WACC	8,14%	59,3	62,5	66,0	69,9	74,2
	7,64%	65,6	69,5	73,8	78,6	83,9
	7,14%	73,4	78,2	83,5	89,5	96,3
	6,64%	83,1	89,0	95,8	103,6	112,7
	6,14%	95,3	103,1	112,1	122,7	135,2

GEHC Capital Gains	
Capital Gains	USD
Share price 07.12.2024	81,24
Share price 31.12.2025	83,48
Transactions with shareholders	1,52
Total Gains	4,6%

Source: Own Analysis

Appendices

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)	(5,368)	(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	1,411	1,667	1,821	2,044	2,289	2,395	2,535	2,681	2,878
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	2,535	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 (m USD)	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 Electronics Co., Ltd.	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.

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