

GE Expects Another Volatile Year

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NEW YORK (AP) — General Electric Co. is bracing for another volatile year. The global conglomerate expects to see emerging markets from China to South America continue to grow while Europe falls into a recession.

Its own results are also telling two different stories: Fourth-quarter profit improved when the results of sold-off businesses are excluded. But revenue fell short of Wall Street's expectations, partly because of a slowdown in Europe.

In a conference call with analysts, CEO Jeffrey Immelt called the last three months of 2011 "a good quarter (that) could have been even better."

But, he added: "I like our momentum, and really we feel good about where we are and what we can get done in 2012."

The CEO held onto his prediction for double-digit earnings growth for the company, whose products range from jet engines to light bulbs, despite some areas of concern. Revenue in the energy infrastructure division, GE's biggest, rose 19 percent, but its profit was flat. Health-care division profit was off by 5 percent. Profit at the home and business solutions divisions, which includes appliances, dropped 41 percent.

GE said infrastructure orders rose 15 percent in the final three months of 2011, leaving it with its biggest-ever order backlog of \$200 billion. In a note to clients, Citi analyst Deane Dray said the backlog, combined with a 23 percent increase in equipment orders in the quarter, sets the company up to meet the lofty double-digit earnings growth goal.

Including discontinued businesses, profit dropped 18 percent in the fourth quarter. GE also said growth slowed in Europe, and its ongoing effort to make its GE Capital financing arm more efficient reduced revenue at the unit by 9 percent. Still, GE Capital's profit jumped 58 percent. GE Capital is the company's second-largest segment.

The overall revenue decline of 8 percent reflects GE's sale of its majority stake in NBC Universal to Comcast last year.

The transportation division was a bright spot. Revenue there grew by 43 percent. The division is the largest producer of diesel-electric locomotives in North America and also makes drive systems for wind turbines and mining trucks.

Excluding discontinued businesses and certain pension costs, earnings were 39 cents per share. That topped analysts' forecast of 38 cents, based on a FactSet survey. But revenue of \$37.98 billion fell below Wall Street's \$40.05 billion estimate.

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Published on Industrial Maintenance & Plant Operation (<http://www.impomag.com>)

For all of 2011, the company earned \$14.15 billion, or \$1.23 per share, up 22 percent compared with \$11.64 billion, or \$1.06 per share, in 2010.

CEO Immelt said he believes strong orders and margins rebounding from some sluggishness last year will drive the company's earnings growth in 2012. Improving results in commercial real estate should help as well, he said.

And if all goes according to plan, GE is expecting double-digit growth in both its wide-ranging industrial unit and its capital arm.

Shares of the Fairfield, Conn., company were unchanged Friday. They're up about 7 percent this year.

Source URL (retrieved on 04/26/2015 - 1:57am):

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