

General Electric upbeat on 2021 after profitable 2020

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General Electric reported a profitable 2020 after three straight annual losses

General Electric scored higher fourth-quarter orders in key industrial segments as it reported a profitable 2020 and eyes further improvement in 2021, according to results Tuesday.

The industrial giant, which has been in turnaround mode following losses the prior three years, projected a jump in adjusted profit margins in 2021 on anticipated improvement in the macro economy with widespread use of coronavirus vaccines.

"Over the past year our team proved resilient, and momentum is growing across our businesses," Chief Executive Lawrence Culp said.

"We are in leading positions to capture opportunities in the energy transition, precision health, and the future of flight."

In the fourth quarter, GE reported \$2.4 billion in profits, more than four times the level in the year-ago period, reflecting the benefits of cost-cutting initiatives.

Revenues fell 14 percent to \$22.1 billion.

GE reported earnings of \$5.2 billion for all of 2020, compared with a loss of \$5.4 billion the prior year.

The latest batch of quarterly results included a jump in orders in the power segment to \$5.6 billion, which was above the level in the third quarter as well as the 2019 fourth quarter.

Problems with the power division have been at the heart of GE's multi-year slump, during which it replaced its CEO twice and was tossed from the prestigious Dow index.

In the latest quarter, GE also scored an increase in orders in its renewable energy business.

However, orders were lower in aviation amid an ongoing industry downturn due to COVID-19, and in healthcare, following a divestiture.

Despite the profitability, S&P Global Ratings warned of GE's indebtedness at 5.9-times earnings last year, which it attributed to the aviation division's pandemic troubles.

The agency forecast its indebtedness could decline in 2021, but not if the pandemic wares on and air travel doesn't recover.

"This could also occur in conjunction with a deeper-than-expected recession and a lengthy recovery worsened by lingering social-distancing dynamics," S&P warned.

Shares of GE closed 2.7 percent higher at \$11.29.

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