



GE HealthCare Technologies Inc.

GEHC

EQUITY RESEARCH REPORT

April 30, 2026

GEHC — GE HealthCare Technologies Inc.

Report Date: April 30, 2026

Analyst: Moschovakis Capital Research

Current Price: \$59.49 USD (as of April 30, 2026)

EXECUTIVE SUMMARY

Metric	Value
Recommendation	**HOLD / WATCHLIST**
Current Price	\$59.49
Fair Value (Base Case)	\$72.00
Margin of Safety	17.4%
Target Entry (BUY trigger)	\$52.00

Return Profile	Value
Dividend Yield	0.24%
Expected Dividend Growth	8-10% (off tiny base)
Expected Price Appreciation	6.5% CAGR
Total Expected Return (Base)	6.7% CAGR
Bear Case Total Return	-2.0% CAGR
Bull Case Total Return	13.5% CAGR
Probability-Weighted Return	6.2% CAGR

Risk Assessment	Value
Wealth Preservation Score	58 / 100
Downside Protection Score	55 / 100
Quality Score	64 / 100
Risk Level	MODERATE
Probability of >50% Loss	8%
Recession Profile	SENSITIVE

One-Line Thesis:

A high-quality medtech franchise with a real installed-base moat trading at a reasonable multiple, but the dividend is symbolic, the balance sheet just absorbed a \$2.3B acquisition, and the base-case return barely clears our hurdle — wait for \$52 or below.

INVESTMENT THESIS

You are looking at a sound business at a fair-but-not-cheap price. GEHC owns a 5 million-unit installed base of imaging and patient-care equipment that drives 45% recurring revenue through service contracts, contrast agents, and software. That is a real moat. Customers do not rip out a \$2M MRI to switch vendors, and the data flywheel feeding the Edison AI platform compounds the lock-in. ROIC of 14.2% sits comfortably above WACC, and the company holds the #1 or #2 position in most modalities against Siemens Healthineers and Philips.

The problem for a wealth preservation mandate is threefold. First, the dividend yield is 0.24% — a \$0.035 quarterly payment that contributes nothing meaningful to total return. You are betting on price appreciation alone, which removes a key downside cushion. Second, the Intelrad acquisition closed in Q1 2026 at \$2.3B all-cash, pushing debt to \$10.1B against \$2.3B cash. Net debt of \$7.8B against \$3.64B EBITDA gives net leverage of 2.1x — manageable but no longer fortress-grade. Third, management cut FY2026 guidance on the Q1 print: adjusted EPS to \$4.80–\$5.00 from \$4.95–\$5.15, and free cash flow to ~\$1.6B from ~\$1.7B, citing tariffs, memory chip costs, and a PDx supplier issue. The stock fell to \$59.49 because the market is repricing execution risk.

The business will likely be worth meaningfully more in five years — the photon-counting CT clearance, the Flyrcado ramp toward \$500M by 2028, and Intelrad's recurring software revenue are real value creators. But the 14% China revenue exposure, the cyclical hospital capex pattern, and a recession profile we rate as SENSITIVE (not RESILIENT) mean this is not a position to size up at \$59. It is a position to own at \$52.

1. BUSINESS QUALITY ASSESSMENT

Sector: Healthcare — Medical Devices & Imaging (defensive, mildly cyclical via hospital capex cycles)

Moat Analysis:

- **Primary moat:** Switching costs + installed base (5M+ units globally)
- **Secondary moat:** Scale in R&D (\$1.3B annual), 11,000+ patents, 85+ FDA-cleared AI/ML devices
- **Durability rating:** HIGH — imaging modalities are 7-15 year capital purchases with sticky service contracts

Threat Assessment: MODERATE

- Siemens Healthineers and Philips compete head-to-head in every modality
- "As-a-service" disruptors and Chinese OEMs (Mindray, United Imaging) pressure mid-market
- China VBP (volume-based procurement) compresses pricing on 14-15% of revenue

Moat Preservation Confidence: MEDIUM-HIGH

The installed base is not going anywhere over the next decade. A radiology department running 40 GE MRI scanners with integrated workflow and trained technicians does not switch on price alone. The threat is incremental margin compression, not displacement.

2. FINANCIAL FORTRESS ANALYSIS

Metric	Value	Threshold	Status
Debt-to-Equity	~1.1x (post-Intelerad)	<1.0x ideal	MARGINAL
Total Debt	\$10.1B	—	Elevated
Cash	\$2.3B	—	Adequate
Net Debt / EBITDA	2.1x	<2.5x	ACCEPTABLE
Interest Coverage (est.)	~6.5x	>5x	ADEQUATE
Current Ratio	~1.2x	>1.5x	BELOW THRESHOLD
FCF (TTM)	\$1.51B	Positive	POSITIVE
FCF (5-year)	Positive every year	4 of 5	PASS
Debt maturity profile	Senior notes 2028/2035 + 3yr term loan	No cliff	ACCEPTABLE

Recession Stress Test:

If revenue drops 25% over two years (hospital capex freeze), service revenue cushions the decline (45% recurring). EBITDA likely falls to ~\$2.4-2.6B. Interest coverage compresses to ~4x. Dividend coverage is not the issue (it is tiny). The risk is forced deleveraging that delays buybacks and crimps R&D.

Solvency Assessment: ADEQUATE

The Intelerad deal moved the balance sheet from FORTRESS to ADEQUATE. The company can service debt through a recession but lost optionality. This downgrade matters for our framework.

3. DIVIDEND ANALYSIS

Metric	Value
Annual Dividend	\$0.14 (\$0.035 × 4)
Yield	0.24%
Payout Ratio (EPS)	~3%
FCF Payout Ratio	~4%
Dividend History	Initiated post-2023 spin-off; ~3 years
5Y Dividend Growth	N/A (too new)

Dividend Sustainability: ROCK SOLID — but irrelevant for income.

The dividend exists for index inclusion and signaling, not for shareholders seeking income. At 0.24% yield, dividends contribute essentially zero to total return. For wealth preservation, this matters: you lose the dividend cushion that protects total return when prices stagnate. The bull case for income is meaningful future growth off this microscopic base, but management has signaled buybacks (1.4M shares repurchased Q1 2026 for \$100M) as the preferred capital return method.

4. VALUATION ANALYSIS

Metric	Current	5Y/Peer Context	Assessment
Trailing P/E	13.1 (using \$4.55 EPS)	Below post-spin avg of 17-19	Attractive
Forward P/E	12.4 (using midpoint \$4.90)	Sector avg ~18	Attractive
EV/EBITDA	10.6	Abbott 21.8, ISRG 46.2	Discount to peers
P/FCF	21.7	Sector ~22	Fair
P/B	3.0	6Y median 4.7	Below average
PEG	1.75	1.0-2.0 fair range	Fair

Margin of Safety Calculation:

- Normalized EPS (5Y forward avg): ~\$5.50
- Fair multiple (quality medtech, lower growth): 14x
- Fair value: \$77
- Discounted to today at 8%: ~\$72
- Current price: \$59.49
- **Margin of safety: 17.4%**

Valuation Verdict: ATTRACTIVE — but the attractiveness reflects a guidance cut and tariff uncertainty, not an unrecognized opportunity. The 13.6x NTM multiple is a trough valuation; the question is whether earnings deliver into 2027.

5. SCENARIO ANALYSIS (10-Year Total Return)

BEAR CASE (25% weight):

- US-China trade war intensifies; China VBP cuts pricing 25% in that segment
- Hospital capex freeze in 2027 recession; revenue flat for 2 years
- Margin compression to 12% operating
- Multiple contracts to 10x P/E
- 10-year price target: \$58
- Total return CAGR (incl. dividends): **-2.0%**

BASE CASE (50% weight):

- Revenue grows at 4-5% CAGR (organic + Intelrad accretion)
- EPS grows at 7% CAGR (operating leverage + buybacks)
- Multiple normalizes to 14x by year 10
- 10-year price target: \$112
- Total return CAGR: **6.7%**

BULL CASE (25% weight):

- Photon-counting CT and theranostics drive share gains
- Margin expansion to 18% operating from AI-driven mix shift
- Multiple re-rates to 18x
- 10-year price target: \$185
- Total return CAGR: **13.5%**

Probability-Weighted Expected Return: 6.2% CAGR

This is below our 7% hurdle. That is the core problem.

Scenario	Price Target	Total CAGR	Weight	Contribution
Bear	\$58	-2.0%	25%	-0.5%
Base	\$112	6.7%	50%	3.4%
Bull	\$185	13.5%	25%	3.4%
Expected		**6.2%**		

6. RISK ASSESSMENT

Top Risks (Ranked by Impact x Probability):

1. **China exposure (14-15% revenue)** — VBP procurement reform and geopolitical tariffs. Direct margin and volume risk. Already showing in 2026 guidance.
2. **Tariff and supply chain inflation** — Cited as primary reason for guidance cut. Memory chips, helium for MRI, freight costs.
3. **Hospital capex cyclical** — Recession scenario delays equipment orders by 6-18 months. Backlog (\$21.8B) cushions but does not eliminate.
4. **Intelrad integration risk** — \$2.3B acquisition closing Q1 2026; goodwill writedowns possible if synergies miss.
5. **Cybersecurity** — FDA recall of GEHC image viewers cited in risk disclosures. Connected device exposure rising.
6. **Competitive pressure** — Siemens Healthineers Naeotom Alpha (photon-counting CT first-mover) ahead in some modalities.

Probability of >50% Permanent Loss: ~8%

- Requires combination of severe China decoupling + recession + integration failure
- Below the 10% framework threshold but not by much

Recession Profile: SENSITIVE

GEHC's predecessor (GE Healthcare segment) saw 2008-2009 revenue decline ~12% and recovered within 24 months. As a standalone entity, it has not been tested through a full cycle. The 45% recurring revenue cushions but does not eliminate cyclicality.

7. MANAGEMENT & GOVERNANCE

CEO: Peter Arduini (since spin-off prep, 2022)

- Track record: Successfully executed 2023 spin from GE; deployed \$2.5B R&D; 6 acquisitions
- Communication: Transparent on Q1 miss; lowered guidance proactively
- Skin in the game: Insider ownership modest but acceptable for spin-off entity

Capital Allocation Track Record (Post-Spin):

- R&D: \$2.5B cumulative — disciplined, ROI-focused
- M&A: 6 deals + Intelrad (\$2.3B) — Intelrad is the test case; too early to judge
- Buybacks: \$100M Q1 2026 at depressed prices — accretive, well-timed
- Dividend: Initiated and growing off small base

Governance Quality: GOOD

No related-party concerns. Standard Delaware C-corp structure. Audited by KPMG. No restatements.

Red Flags Checked:

- No going concern issues
- No accounting controversies
- No PCAOB or SEC enforcement
- No insider selling pattern of concern

8. PEER COMPARISON

Dimension	GEHC	Siemens Healthineers	Philips	Best for Preservation
Net Debt/EBITDA	2.1x	2.4x	1.8x	Philips
EV/EBITDA	10.6	14.5	12.0	GEHC
Dividend Yield	0.24%	1.8%	1.6%	Siemens
ROIC	14.2%	11.5%	8.5%	GEHC
Recurring revenue %	45%	50%	48%	Siemens
Forward P/E	12.4	18.5	16.0	GEHC

GEHC offers the best valuation and capital efficiency among the Big Three. Siemens offers the best income and stability. Philips offers the safest balance sheet but weakest profitability. For a preservation mandate seeking income, Siemens is the cleaner choice. For a preservation mandate seeking valuation discount with quality, GEHC is the choice — at the right entry price.

9. KEY METRICS SUMMARY

Wealth Preservation Quality Score: 58 / 100

Component	Points Earned	Max
Balance Sheet Fortress	22	40
— D/E ~1.1x post-deal	5	15
— Interest coverage ~6.5x	10	15
— FCF positive 5/5 years	7	10
Income Reliability	8	30
— Yield 0.24%, payout 4%	3	15
— Growth N/A (too new)	5	10
— History 3 years	0	5
Capital Efficiency	13	15
— ROIC 14.2%	7	10
— Stable trend	3	5
Valuation	15	15
— Trading at trough multiples	15	15
TOTAL	**58**	**100**

Composite Wealth Preservation Score:

- Downside Protection: 55/100
- Return Adequacy: 40/100 (base case 6.7% below hurdle)
- Quality: 64/100
- Weighted: $(55 \times 0.45) + (40 \times 0.30) + (64 \times 0.25) = 52.7$

This sits in the 45-55 "Marginal" band. The valuation and quality are attractive, but the dividend gap and post-deal balance sheet drag the score below the 65 BUY threshold.

10. MONITORING CHECKLIST & EXIT TRIGGERS

Watchlist Triggers (BUY upgrade conditions):

Trigger	Action
Price drops below \$52	Initiate position at standard size
Price drops below \$46	Upgrade to full position
FY2026 guidance reaffirmed at Q2 print	Increase conviction
Intelerad delivers contracted recurring revenue	Re-rate base case higher
China VBP impact clarified and bounded	Reduce risk discount

Sell/Re-Review Triggers (if position later initiated):

Trigger	Action
Net debt / EBITDA exceeds 3.0x	Trim position
Second consecutive guidance cut	Re-evaluate thesis
Intelerad goodwill impairment	Full re-review
FCF margin falls below 5% for 2 quarters	Trim
Price exceeds \$90 (fair value + 25%)	Trim to standard size
China revenue declines >25% YoY	Re-evaluate moat assumption

FINAL RECOMMENDATION
RECOMMENDATION: HOLD / WATCHLIST
Why HOLD, not BUY:

- Base case total return of 6.7% CAGR sits below our 7% inflation+4% hurdle
- WP Score of 53 is in the "Marginal" band, not the 65+ BUY band
- Bear case shows -2% CAGR (capital not preserved in stress scenario)
- Dividend yield of 0.24% provides no income cushion
- Balance sheet downgraded from fortress to adequate post-Intelerad

Why not AVOID:

- Quality business with durable moat
- Trading at trough valuation (12.4x forward P/E vs. 17-19 historical)
- ROIC of 14.2% well above WACC
- Bear case price decline contained at ~3% from current
- 17% margin of safety to base-case fair value

Target Entry: \$52 (delivers 8.5%+ base CAGR and pushes WP Score above 65)

A 12% price decline from current would shift this to a BUY. At \$59.49, the math says wait. Park the capital in a 4% HYSA and watch for either a further drawdown or a Q2 print that reaffirms guidance and de-risks the thesis.

ANALYST NOTES

Key Assumptions:

- Normalized EPS of \$5.50 by year 5 (vs. current \$4.55)
- Multiple compression to 14x base case (from current 13.1x trailing)
- Hospital capex grows at GDP+1% long-term
- China revenue stable at 14% (no severe decoupling)
- Intelrad delivers low-double-digit recurring revenue growth as guided

Limitations:

- Only 3 years of standalone financials (limited cycle data)
- Q1 2026 guidance cut is recent; 2-3 quarters needed to confirm whether tariff/inflation pressures are transient
- Intelrad integration outcome unknown
- China policy trajectory binary and unpredictable

Confidence Level: MEDIUM

The valuation analysis is straightforward. The execution and macro risk assessment carries genuine uncertainty. A clean Q2 print and clarity on Intelrad would shift this to HIGH confidence.

Report prepared for Moschovakis Capital. This analysis is for informational purposes only.

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