

## GE plans to divest healthcare unit

27 June 2018 | News

**The company will spin off the profitable healthcare unit over the next 12 to 18 months, and sell its Baker Hughes stake over two to three years**



General Electric Co said on Tuesday it will spin off its healthcare business and divest its stake in oil-services firm Baker Hughes, effectively breaking up the 126-year-old conglomerate which was once the most valuable U.S. corporation and a global symbol of American business power.

The slimmed-down company will focus on jet engines, power plants and renewable energy, which GE hopes will reward battered shareholders who have seen the stock lose more than half its value over the past 20 years.

GE said its plan will strengthen its balance sheet by reducing debt, building up cash and further shrinking GE Capital. Shareholders will receive 80 percent of the value of GE Healthcare as a tax-free distribution of shares.

GE shares jumped 8.7 percent to \$13.86, on track for their best day in three years.

GE will likely either need to hold an initial public offering of Baker Hughes, organize numerous block trades of shares to institutional investors, or find an entirely new investor to acquire its holding since the only two strategic buyers of its stake, Schlumberger NV and Halliburton Co, would have major antitrust risks in the oilfield services market, analysts said.

GE said its plan to divest \$20 billion in assets "is substantially complete," leaving a "simpler and stronger" company that it hopes will boost growth, operating profits and shareholder returns.

Major shareholder Trian Fund Management supports GE's plans and believes that the initiatives will create "substantial value for shareholders," it said in a statement.