General Motors (GM)

Updated August 29th, 2025 by Aristofanis Papadatos

Key Metrics

Current Price:	$58	**5 Year CAGR Estimate:**	6.0%	**Market Cap:**	$56 B
Fair Value Price:	$58	**5 Year Growth Estimate:**	5.0%	**Ex-Dividend Date:**	9/5/2025
% Fair Value:	101%	**5 Year Valuation Multiple Estimate:**	-0.1%	**Dividend Payment Date:**	9/18/2025
Dividend Yield:	1.0%	**5 Year Price Target**	$74	**Years Of Dividend Growth:**	2
Dividend Risk Score:	C	**Sector:** Consumer Discretionary		**Rating:**	Hold

Overview & Current Events

General Motors is a leading global automotive manufacturer headquartered in Detroit, Michigan. Founded in 1908, the company designs, manufactures and sells cars and trucks. Its brand portfolio includes Buick, Cadillac, Chevrolet, GMC, Baojun, and Wuling. General Motors has a market capitalization of $56 billion and is actively engaged in the production of electric vehicles, with a goal to produce one million electric vehicles in North America in 2025. The company generates more than 90% of its earnings in North America.

General Motors is extremely cyclical and vulnerable to recessions, just like most automotive manufacturers. Due to the Great Recession in 2009, the company filed for bankruptcy in that year. After its shareholders and bondholders incurred devastating losses, General Motors emerged as a new company in the same year.

In late July, General Motors reported (7/22/25) financial results for the second quarter of fiscal 2025. Sales dipped -2% over the prior year's quarter. Due to the impact of tariffs on the cost of the company, adjusted earnings-per-share decreased -17%, from $3.05 to $2.53, though they exceeded the analysts' estimates by $0.05. The company has beaten the analysts' estimates in 22 of the last 23 quarters. Due to the uncertainty that arises from the ongoing trade war between the U.S. and China, management reiterated its weak guidance for adjusted earnings-per-share of $8.25-$10.00 in 2025. Accordingly, we still expect earnings-per-share of $9.30 this year. Management reiterated that competition is fierce in the automotive industry while the regulatory environment will keep getting tougher. The company is trying to make its electric vehicles profitable on an EBIT basis.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	$5.91	$6.00	-$2.60	$5.53	$4.57	$4.33	$6.70	$7.59	$7.68	$10.60	***$9.30***	***$11.87***
DPS	$1.38	$1.52	$1.52	$1.52	$1.52	$0.38	---	$0.18	$0.36	$0.48	***$0.60***	***$1.00***
Shares[1]	1640	1570	1492	1431	1439	1442	1468	1454	1306	1055	***900***	***750***

Just like most auto manufacturers, General Motors has exhibited a volatile performance record due to the high cyclicality of its industry. With that said, the company has grown its earnings-per-share by 6.7% per year on average since 2015. General Motors is currently trying to make its electric vehicles profitable. Thanks to the strong growth of sales of electric vehicles, we expect the company to continue growing its earnings in the upcoming years. On the other hand, its U.S. market share has remained essentially flat at 17% over the last decade. Earnings are likely to decrease this year amid the ongoing trade war between the U.S. and China but we view the headwind from tariffs as temporary. We expect 5% average annual growth of earnings-per-share over the next five years.

Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	5.8	5.3	---	6.9	8.1	7.2	8.3	5.3	4.6	4.3	***6.2***	***6.2***
Avg. Yld.	4.0%	4.8%	4.1%	4.0%	4.1%	1.2%	---	0.5%	1.0%	1.0%	***1.0%***	***1.4%***

[1] In millions.

Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.

General Motors (GM)

Updated August 29th, 2025 by Aristofanis Papadatos

General Motors is currently trading at a price-to-earnings ratio of 6.2, which may seem extremely low to some investors. However, the low earnings multiple is partly justified by the extreme cyclicality of the automotive industry and the bankruptcy of General Motors in 2009, which is indicative of the risk of the stock. The stock has traded at an average price-to-earnings ratio of 6.2 over the last decade. We view this valuation level as fair. As the stock is currently trading exactly at this valuation level, we do not expect valuation to affect the 5-year return of the stock significantly.

Notably, General Motors has begun to take advantage of its extremely cheap valuation and has been repurchasing shares aggressively in the last two years. It has reduced its share count by 27% in the last two years and has provided guidance for a share count below 1.0 billion by the end of this year, thus implying a further reduction of at least 6%.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	23%	25%	---	27%	33%	9%	---	2%	5%	5%	***6%***	***8%***

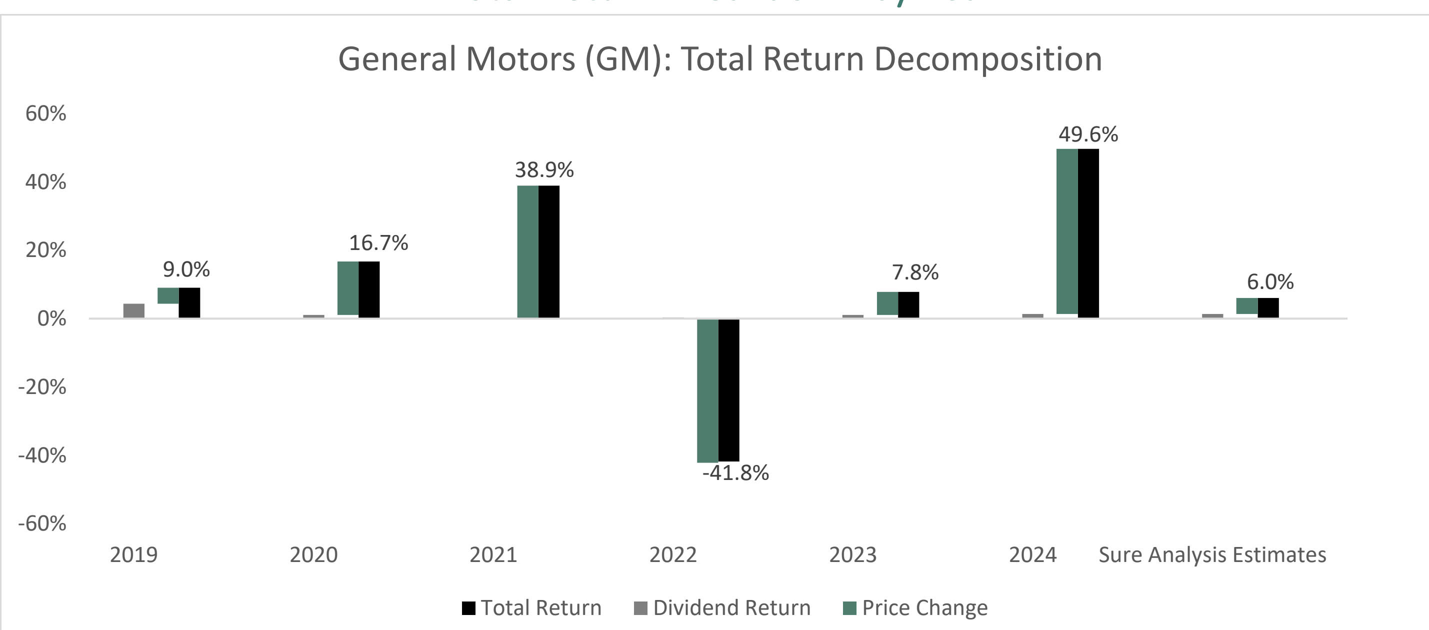
Competition is fierce in the automotive industry and may become even worse in the future due to the low cost of production of Chinese automakers. Companies need to invest hefty amounts in order to produce new models and remain competitive. They are also highly vulnerable to recessions. Due to intense competition and a high debt load, General Motors went bankrupt during the Great Recession, in 2009. The suspension of the dividend of General Motors in 2020-2021 amid the pandemic is just a reminder of the vulnerability of the company to downturns.

Fortunately, General Motors seems to have learnt its lesson and thus it now has a healthy balance sheet, paying negligible interest expense. As a result, the company should be less sensitive to recessions than it was in the past, though it certainly remains vulnerable.

Final Thoughts & Recommendation

General Motors is facing cut-throat competition in China but its U.S. business of conventional (non-electric) vehicles remains strong. The stock could offer a 6.0% average annual return over the next five years thanks to 5.0% growth of earnings-per-share and a 1.0% dividend, partly offset by a -0.1% valuation headwind. It receives a hold rating, though it is suitable only for investors who can stomach the extreme stock price pressure during recessions. Due to its high cyclicality and its low dividend yield, General Motors is unsuitable for retirees and income-oriented investors.

Total Return Breakdown by Year



Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.

General Motors (GM)

Updated August 29th, 2025 by Aristofanis Papadatos

Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	135,725	149,184	145,588	147,049	37,237	122,485	127,004	156,735	171,842	187,442
Gross Profit	17,426	19,031	18,231	14,095	13,972	13,672	17,878	20,981	19,138	23,405
Gross Margin	12.8%	12.8%	12.5%	9.6%	10.2%	11.2%	14.1%	13.4%	11.1%	12.5%
SG&A Exp.	11,888	10,345	9,570	9,650	8,491	7,038	8,554	10,667	9,840	10,621
D&A Exp.	7,487	9,819	12,261	13,669	14,118	12,815	12,051	11,290	11,888	12,389
Operating Profit	5,538	8,686	8,661	4,445	5,481	6,634	9,324	10,314	9,298	12,784
Operating Margin	4.1%	5.8%	5.9%	3.0%	4.0%	5.4%	7.3%	6.6%	5.4%	6.8%
Net Profit	9,687	9,427	(3,864)	8,014	6,732	6,427	10,019	9,934	10,127	6,008
Net Margin	7.1%	6.3%	-2.7%	5.4%	4.9%	5.2%	7.9%	6.3%	5.9%	3.2%
Free Cash Flow	(10,140)	(11,272)	(10,305)	(10,241)	(8,975)	(3,863)	(6,923)	(5,144)	(3,680)	(5,980)
Income Tax	(1,219)	2,739	11,533	474	769	1,774	2,771	1,888	563	2,556

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	194,338	221,690	212,482	227,339	228,037	235,194	244,718	264,037	273,064	279,761
Cash & Equivalents	15,238	12,574	15,512	20,844	19,069	19,992	20,067	19,153	18,853	19,872
Accounts Receivable	26,388	24,827	28,685	33,399	33,398	34,244	34,043	46,956	51,454	59,189
Inventories	13,764	11,040	10,663	9,816	10,398	10,235	12,988	15,366	16,461	14,564
Goodwill	5,976	6,193	5,892	5,618	5,378	5,220	5,073	4,934	4,841	4,550
Total Liabilities	154,015	177,615	176,282	184,562	182,080	185,517	178,903	191,753	204,757	214,171
Accounts Payable	24,062	23,333	23,929	22,297	21,018	19,928	20,391	27,486	28,114	25,680
Long-Term Debt	63,111	75,123	94,219	104,951	103,324	109,894	109,379	114,699	121,741	129,732
Shareholder's Equity	39,871	43,836	35,001	38,860	41,792	45,030	59,744	67,792	64,286	63,072
LTD/E Ratio	1.58	1.71	2.69	2.70	2.47	2.44	1.83	1.69	1.89	2.06

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	5.2%	4.5%	-1.8%	3.6%	3.0%	2.8%	4.2%	3.9%	3.8%	2.2%
Return on Equity	25.4%	22.3%	-9.6%	20.3%	15.2%	13.4%	17.4%	14.4%	14.4%	9.0%
ROIC	10.4%	8.5%	-3.1%	5.8%	4.5%	4.2%	6.0%	5.5%	5.4%	3.1%
Shares Out.	1640	1570	1492	1431	1439	1442	1468	1454	1306	1129
Revenue/Share	82.76	95.02	97.58	102.76	95.37	84.94	86.52	107.80	125.52	166.02
FCF/Share	(6.18)	(7.18)	(6.91)	(7.16)	(6.24)	(2.68)	(4.72)	(3.54)	(2.69)	-5.30

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.