



General Motors (GM)

Updated May 4th, 2026 by Aristofanis Papadatos

Key Metrics

Current Price:	\$76	5 Year CAGR Estimate:	6.8%	Market Cap:	\$68 B
Fair Value Price:	\$79	5 Year Growth Estimate:	5.0%	Ex-Dividend Date:	6/5/2026
% Fair Value:	97%	5 Year Valuation Multiple Estimate:	0.7%	Dividend Payment Date:	6/18/2026
Dividend Yield:	0.9%	5 Year Price Target	\$100	Years Of Dividend Growth:	3
Dividend Risk Score:	B	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 \$68 billion and is actively engaged in the production of electric vehicles, with sales of nearly 170,000 electric vehicles in the U.S. 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 April, General Motors reported (4/28/26) results for the first quarter of 2026. Sales dipped -1% over the prior year's quarter. However, thanks to a wider profit margin, adjusted earnings-per-share grew 33%, from \$2.78 to \$3.70, and exceeded the analysts' estimates by \$1.06, as the impact of tariffs was relatively soft. The company has beaten the analysts' estimates in 25 of the last 26 quarters. Thanks to a milder-than-expected effect of tariffs on results, management raised its already positive guidance for 2026. It raised its guidance for adjusted earnings-per-share from \$11.00-\$13.00 to \$11.50-\$13.50. Given an improvement in business momentum and the tendency of management to issue cautious guidance, we have raised our forecast for earnings-per-share this year from \$12.50 to \$12.70, above the mid-point of guidance. The company is still trying to make its electric vehicles profitable on an EBIT basis.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	\$6.00	-\$2.60	\$5.53	\$4.57	\$4.33	\$6.70	\$7.59	\$7.68	\$10.60	\$10.60	\$12.70	\$16.21
DPS	\$1.52	\$1.52	\$1.52	\$1.52	\$0.38	---	\$0.18	\$0.36	\$0.48	\$0.57	\$0.72	\$1.20
Shares¹	1570	1492	1431	1439	1442	1468	1454	1306	1055	925	890	750

Just like most auto manufacturers, General Motors has exhibited a volatile performance record due to the high cyclicity of its industry. With that said, the company has grown its earnings-per-share by 6.5% per year on average since 2016. 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 remained flat last year amid a 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	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	5.3	---	6.9	8.1	7.2	8.3	5.3	4.6	4.3	5.3	6.0	6.2
Avg. Yld.	4.8%	4.1%	4.0%	4.1%	1.2%	---	0.5%	1.0%	1.0%	1.0%	0.9%	1.2%

¹ In millions.

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General Motors is currently trading at a price-to-earnings ratio of 6.0, 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. If the stock trades at this valuation level in five years, it will enjoy a 0.7% annualized valuation gain.

Notably, General Motors has begun to take advantage of its extremely cheap valuation and has been repurchasing shares aggressively in the last three years. It has reduced its share count by 36% over the last three years.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	25%	---	27%	33%	9%	---	2%	5%	5%	5%	6%	7%

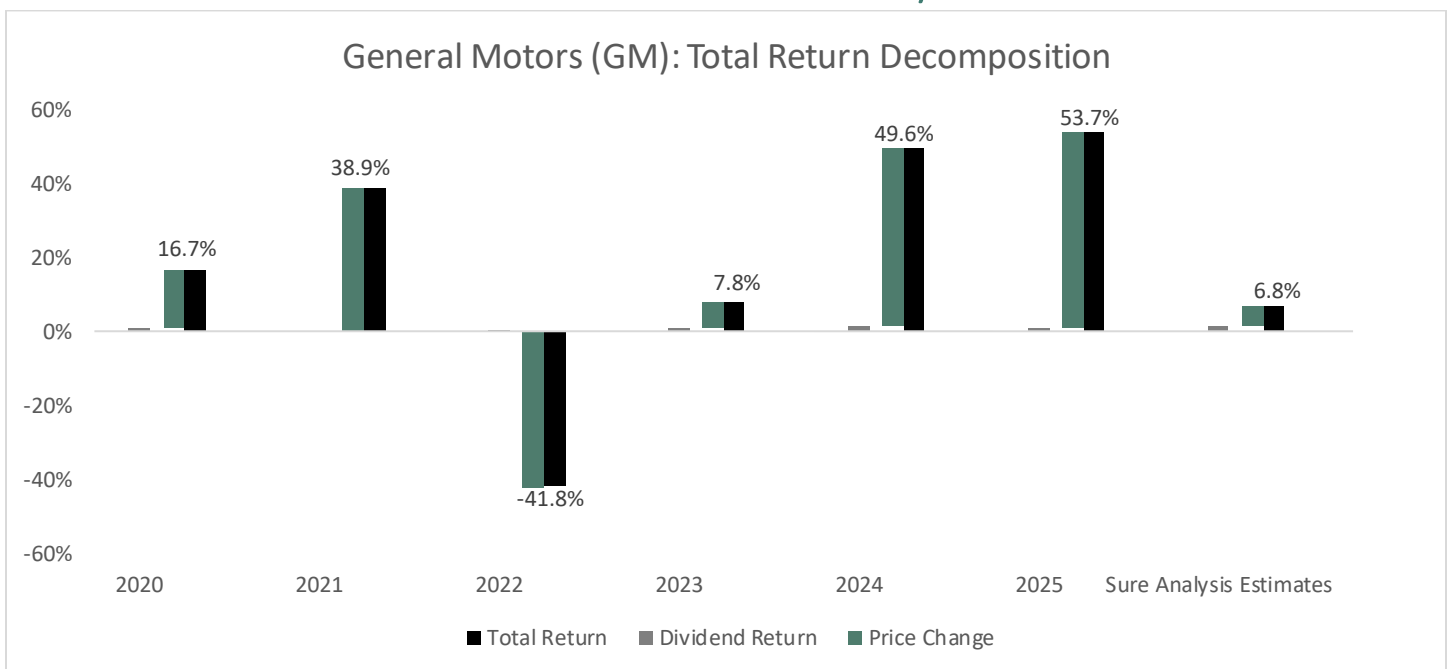
Competition is fierce in the automotive industry and may become even worse in the future due to the low cost of production of Chinese automakers. Companies need to invest hefty amounts in order to produce new models and remain competitive. They are also highly vulnerable to recessions. Due to intense 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 6.8% average annual return over the next five years thanks to 5.0% growth of earnings-per-share, a 0.9% dividend and a 0.7% valuation tailwind. 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



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Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	149,184	145,588	147,049	37,237	122,485	127,004	156,735	171,842	187,442	185,019
Gross Profit	19,031	18,231	14,095	13,972	13,672	17,878	20,981	19,138	23,405	11,596
Gross Margin	12.8%	12.5%	9.6%	10.2%	11.2%	14.1%	13.4%	11.1%	12.5%	6.3%
SG&A Exp.	10,345	9,570	9,650	8,491	7,038	8,554	10,667	9,840	10,621	8,687
D&A Exp.	9,819	12,261	13,669	14,118	12,815	12,051	11,290	11,888	12,389	11,979
Operating Profit	8,686	8,661	4,445	5,481	6,634	9,324	10,314	9,298	12,784	2,909
Operating Margin	5.8%	5.9%	3.0%	4.0%	5.4%	7.3%	6.6%	5.4%	6.8%	1.6%
Net Profit	9,427	(3,864)	8,014	6,732	6,427	10,019	9,934	10,127	6,008	2,780
Net Margin	6.3%	-2.7%	5.4%	4.9%	5.2%	7.9%	6.3%	5.9%	3.2%	1.5%
Free Cash Flow	(11,272)	(10,305)	(10,241)	(8,975)	(3,863)	(6,923)	(5,144)	(3,680)	(5,980)	1,771
Income Tax	2,739	11,533	474	769	1,774	2,771	1,888	563	2,556	338

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	221,690	212,482	227,339	228,037	235,194	244,718	264,037	273,064	279,761	281,284
Cash & Equivalents	12,574	15,512	20,844	19,069	19,992	20,067	19,153	18,853	19,872	30,581
Accounts Receivable	24,827	28,685	33,399	33,398	34,244	34,043	46,956	51,454	59,189	58,320
Inventories	11,040	10,663	9,816	10,398	10,235	12,988	15,366	16,461	14,564	14,467
Goodwill	6,193	5,892	5,618	5,378	5,220	5,073	4,934	4,841	4,550	4,366
Total Liabilities	177,615	176,282	184,562	182,080	185,517	178,903	191,753	204,757	214,171	218,116
Accounts Payable	23,333	23,929	22,297	21,018	19,928	20,391	27,486	28,114	25,680	23,919
Long-Term Debt	75,123	94,219	104,951	103,324	109,894	109,379	114,699	121,741	129,732	131,312
Shareholder's Equity	43,836	35,001	38,860	41,792	45,030	59,744	67,792	64,286	63,072	61,119
LTD/E Ratio	1.71	2.69	2.70	2.47	2.44	1.83	1.69	1.89	2.06	2.15

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	4.5%	-1.8%	3.6%	3.0%	2.8%	4.2%	3.9%	3.8%	2.2%	1.0%
Return on Equity	22.3%	-9.6%	20.3%	15.2%	13.4%	17.4%	14.4%	14.4%	9.0%	4.3%
ROIC	8.5%	-3.1%	5.8%	4.5%	4.2%	6.0%	5.5%	5.4%	3.1%	1.4%
Shares Out.	1570	1492	1431	1439	1442	1468	1454	1306	1129	973
Revenue/Share	95.02	97.58	102.76	95.37	84.94	86.52	107.80	125.52	166.02	190.15
FCF/Share	(7.18)	(6.91)	(7.16)	(6.24)	(2.68)	(4.72)	(3.54)	(2.69)	-5.30	1.82

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

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