

Initiated 2026-10-28 · Price \$80.54 (as of 2026-10-27 close, stockanalysis) · Mkt cap \$67.9bn (843.6mm shares; \$69.1bn on 858.5mm diluted) · Consumer discretionary / automobiles · Model: verified

Rating: Hold — Conviction: Medium

GM's car business is cheap at ~3.3x automotive EBITDA with \$7.3bn of net cash. But earnings are near a cyclical high, helped in 2026 by warranty savings and tariff refunds that won't all repeat; US truck share is slipping; and trade terms for Mexican-built vehicles are unsettled. Base is worth roughly today's price. The upside skew depends on margins holding, so Hold.

Conviction tests (3a-v-c): T1 pass (Base -1.9% at +1pp, +12.0% at -1pp; Hold at both) · T2 pass (Gordon +10.3%, exit -1.4%; Hold on either) · T3 pass (all FY0 facts and historicals from EDGAR or GM filings; the one estimate, a residual debt tranche, doesn't move value) · T4 fail (the US-Mexico trade deadline, extended past 1 November, could alone move value >25% if Mexican-built vehicles lose preferential access)

MODEL VALUE RANGE VS PRICE



Business overview

GM sells Chevrolet, GMC, Buick and Cadillac vehicles and runs GM Financial, a captive lender (\$91.8bn of receivables, \$32.2bn of leased vehicles). FY2025 revenue was \$185.0bn: automotive \$168.0bn and GM Financial \$17.1bn. GM North America produces nearly all of the profit. In the first nine months of 2026, GMNA made \$10.7bn of EBIT-adjusted (8.7% margin in Q3). GM International made \$0.34bn and GM Financial \$1.96bn, against \$0.70bn of corporate costs. 72% of wholesale volume is in the US. Three things drive earnings: (1) volume and pricing of full-size pickups and SUVs; (2) tariffs, estimated at \$2.5–3.5bn for 2026; (3) EV losses and the cost of shrinking EV capacity, which brought \$3.6bn of special charges in nine months.

Competition

The profit pool is US full-size trucks, where GM competes with Ford (F-Series), Stellantis (Ram) and Toyota (Tundra). In crossovers it competes with Toyota, Honda and Hyundai-Kia. GM's share is slipping. In Q3 2026 it held 16.1% of the US market, against 16.8% a year earlier. Its truck share fell from 32.3% to 31.0% and its crossover share from 13.5% to 12.8% (GM Q3 release, current quarter). Ford Pro, its closest truck rival, earned \$1.7bn of EBIT on \$17.8bn of revenue in Q2 2026, a 9.7% margin (Ford Q2 release via search summary, four months old). Pressure would show first as pickup incentives. Ford trades at 6.7x forward earnings against GM's 5.75x; Stellantis (4.7x, deeply negative FCF) is distressed, not a fair comparison.

Bull case

1. **The truck franchise holds volume** — GMNA wholesale volume is flat year to date in a shrinking market; price/mix keeps automotive revenue growing ~3% a year. Plays out if the US annual sales rate holds near current levels and truck share stabilizes around 31%. *Model: rev_growth, terminal_growth*
2. **Margins hold near 11.5–12%** — GMNA stays around 9.5–10%, against 8.7% in Q3. EV losses shrink after the capacity realignment, and the \$1.7bn of warranty savings persist. Plays out if 2027 guidance holds EBIT-adjusted near \$15bn. *Model: ebitda_margin*
3. **Modest re-rating** — a net-cash, investment-grade automaker at 3.3x EBITDA moves toward 4x. Plays out if two years of steady FCF shrink the cyclical discount. *Model: exit_ev_ebitda*

Bear case

1. **US auto downturn** — FY2027 automotive revenue falls ~10% on lower volume and pricing. Decrementals run near 35%, taking EBITDA margin to ~8.5%. Plays out if auto-loan rates stay high and labor weakens. *Model: rev_growth, ebitda_margin*
2. **Structural truck share loss** — the Q3 share slide continues and the margin settles at 9–9.5%. The market keeps a trough multiple (2.5x). Plays out if competitors' refreshed trucks and incentives keep taking share. *Model: ebitda_margin, terminal_growth, exit_ev_ebitda*
3. **Capex stays high** — the 2026 capex guide is \$10–12bn, about 6% of sales and above D&A of ~4%. It stays high to defend trucks as revenue falls. Plays out if the 2027 capex guide doesn't drop. *Model: capex_pct_rev*
4. **Tariff escalation on Mexican-built vehicles** — the US demand for 50% US content is unresolved. *Model: not in the value range — event risk outside the cases (T4)*

Valuation & balance sheet

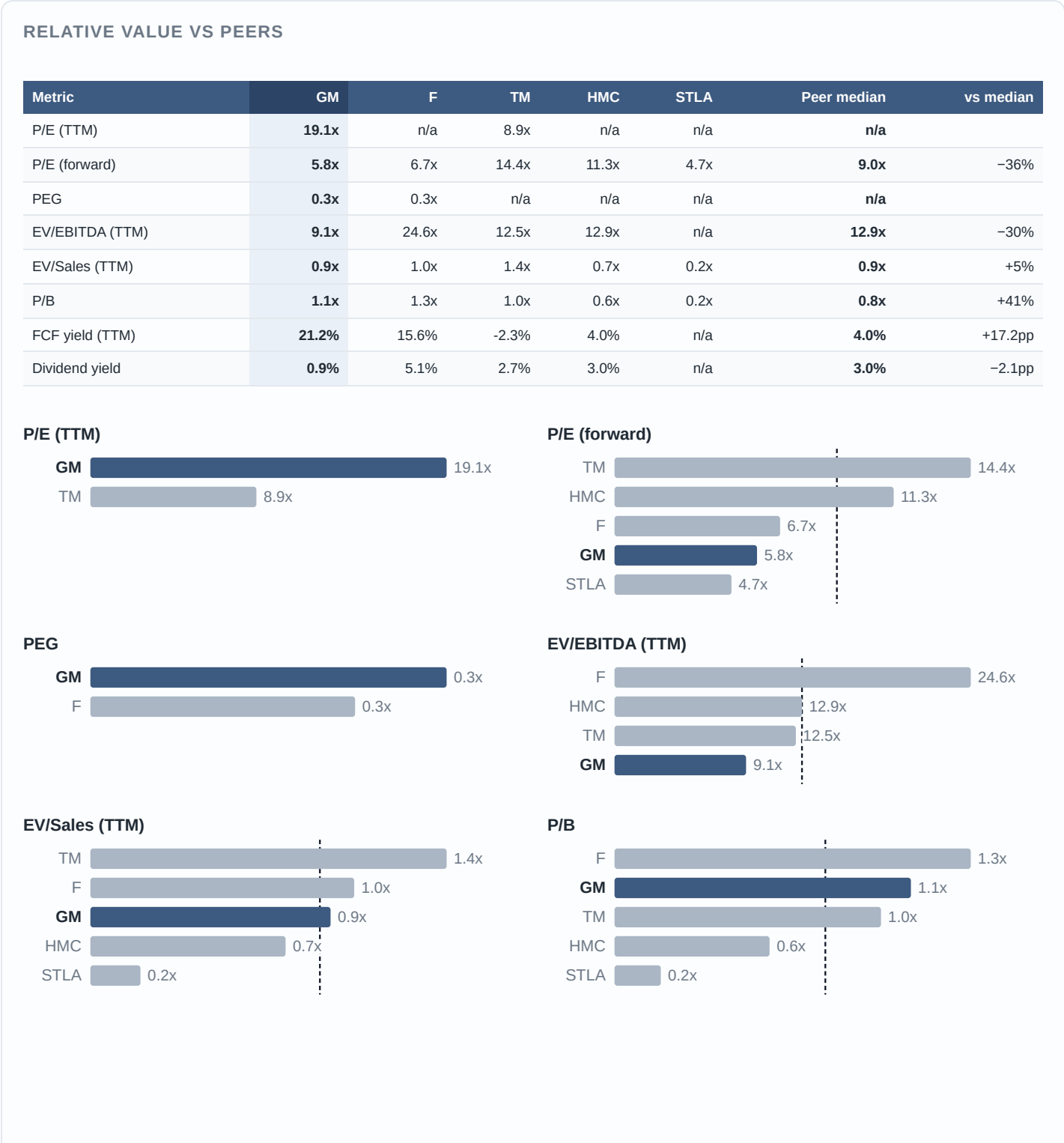
Metric (definition)	Current	Own history (range or 5y avg)	Peers	Source, as-of
EV/EBITDA, model basis (diluted mkt cap – automotive cash + automotive debt + pensions/OPEB/NCI – GM Financial book equity; automotive EBITDA, excl. GM Financial)	3.27x FY2025 EBITDA \$16,949mm (2.86x LTM \$19,388mm)	n/a (unverified)	not computed on this basis	Q3 release/10-Q 2026-09-30; price 2026-10-27
EV/EBITDA TTM (stockanalysis, consolidated incl. captive-finance debt)	9.08x	n/a (unverified)	F 24.58x · TM 12.51x · HMC 12.93x · STLA n/a	stockanalysis, 2026-10-27 close
P/E forward (stockanalysis consensus)	5.75x (company adj. EPS guide \$12.75–13.75 → 5.9–6.3x)	52-week change +15.6%	F 6.68x · TM 14.37x · HMC 11.26x · STLA 4.72x	stockanalysis; Q3 release
FCF yield (company FY2026 adjusted automotive FCF guide \$11.5–12.5bn / mkt cap)	16.9–18.4% (TTM 21.2%, stockanalysis)	adj. auto FCF \$11.7bn / \$14.0bn / \$10.6bn FY2023–25	F 15.6% · TM –2.3% · HMC 4.0% · STLA –106.9%	Q3 release; FY2025 release; stockanalysis

Model-implied value range (from `model-summary.json`; generic module covering automotive only, with GM Financial at book as an offset claim; Gordon-growth DCF and exit-EV/EBITDA DCF, midpoints): Bear \$45.30 · Base \$84.13 · Bull \$131.57 per share, i.e. implied returns of –43.7% / +4.5% / +63.4% vs \$80.54. *These ranges show how the bull and bear drivers translate into value; they are not price targets.* The price sits just under Base: the market prices margins normalizing to ~10.5%, with no credit for the bull case. The exit method uses 3.25x, a ~1% de-rating from today's 3.27x, and gives \$79.39. The Gordon method gives \$88.87. Its terminal value implies ~4.0x Y5 EBITDA, a ~23% re-rating. The 12% gap between the methods is that re-rating, not noise. Tail sensitivity: revenue –15% in FY2027 and –5% in FY2028, EBITDA margin 7–8%, NWC 1pp worse, exit 2.0x, WACC 12.5% and terminal growth –1% give \$24.25 (–69.9%).

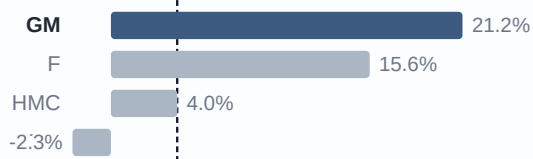
Balance sheet: not meaningful: automotive is net cash (\$23.1bn of cash and marketable securities against \$15.8bn of debt at 2026-09-30). Gross leverage is 0.93x FY0 EBITDA. Automotive liquidity is \$37.1bn, including \$14.0bn of undrawn credit facilities. The nearest material

maturity is \$1.9bn in 2027. GM Financial's \$113bn of debt sits inside the business the model values at book. Ratings: investment grade at DBRS, Fitch, Moody's and S&P, unchanged since 2025-12-31 (10-Q). Specific ratings n/a (unverified).

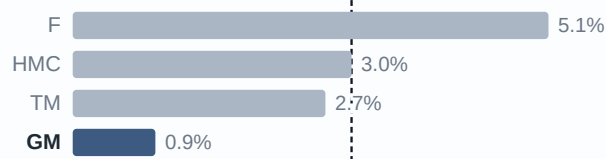
Model note: Built and verified (LibreOffice matched all 3,207 formula cells). Unverified input: the post-2030 debt tranche (\$10,393mm), a residual that doesn't change value. Assumptions without basis: none. No consistency CHECKs. GM Financial is held at 1.0x its \$15.5bn common book equity, which is a judgment: at 1.2x, value rises ~\$3.61/sh. Cash, debt and claims are at 2026-09-30, so NWC levels carry +\$8,134mm of 9M 2026 FCF already in that cash; Y1 FCF (~\$0.84bn) is in effect Q4 only. The cash tax rate rises from 14% to 20% by Y5 as \$23.8bn of deferred tax assets is used up. Base WACC is 10.6%, the CAPM/market-weight arithmetic (β 1.40, rf 4.99%) rounded, with no adjustment. Model Y1 EPS of \$12.84 is 3% below the \$13.25 guide midpoint by coincidence: it leaves out GM Financial's earnings (~\$2/sh) but uses a lower tax rate and fewer shares.



FCF yield (TTM)



Dividend yield



As of 2026-10-28. One source and one definition for every company: TTM multiples, forward P/E on stockanalysis consensus, EV/EBITDA and EV/Sales on stockanalysis consolidated EV, which includes each company's captive-finance debt (GM Financial, Ford Credit, Toyota/Honda finance arms). Not the model's own automotive-only EV basis (3.27x). Quotes are the 2026-10-27 4:00 PM EDT close (market closed when fetched on 2026-10-28). Dashed line = peer median. Source: stockanalysis.com

/stocks/<ticker>/statistics/, fetched 2026-10-28.

Notes. GM's TTM P/E is inflated by EV strategic realignment charges (\$3.6bn of adjustments in 9M 2026); the forward P/E is the more comparable figure. The source shows n/a for Ford, Honda and Stellantis TTM P/E. PEGs are the source's own, resting on its analyst growth estimates; the source shows none for Toyota, Honda and Stellantis. Ford's 24.6x reflects depressed TTM EBITDA after charges, not a premium valuation. Stellantis shows n/a. Stellantis shows -106.92% (source figure) on a \$12.0bn market cap; left out so one distressed peer doesn't flatten the chart. The source shows n/a for Stellantis.

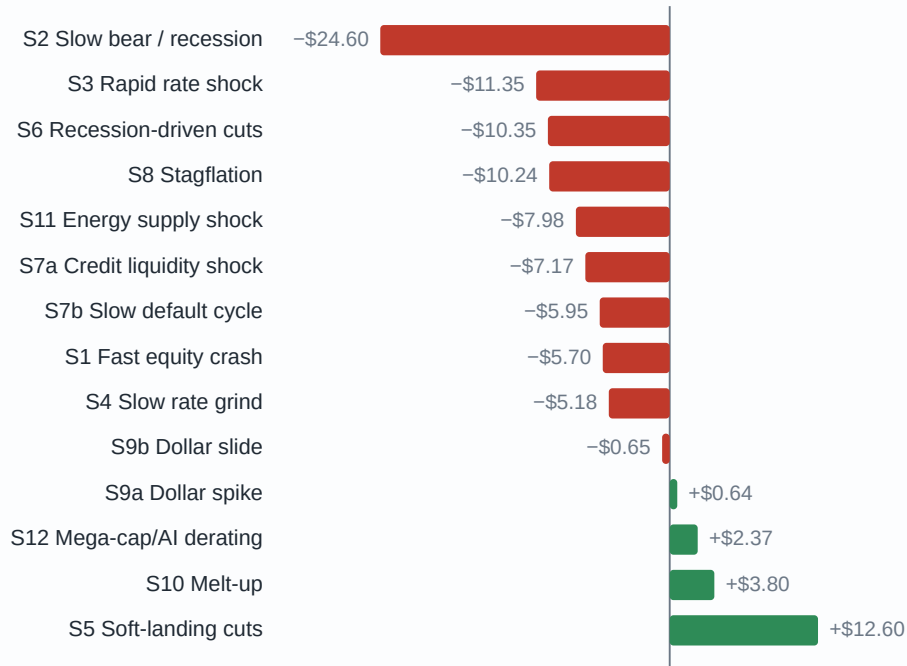
Scenario stress test

Reasoned from the bull/bear drivers above. The model column comes from the scenario overlays (Base case + shock).

Scenario	Effect	Mechanism	Magnitude	Model Δ value vs Base (\$/sh)
S1 Fast equity crash	-	A high-beta (1.4) cyclical de-rates; no operating channel	Med	-\$5.70
S2 Slow bear / recession	-	Volume and price fall, ~35% decrementals, trough multiple. ~63% of Base – Bear (\$38.82) on purpose: a two-year dip, not a permanent share and margin reset	High	-\$24.60
S3 Rapid rate shock	-	Higher discount rate, and auto-loan affordability hits volume and mix	High	-\$11.35
S4 Slow rate grind	-	Same channels, slower	Med	-\$5.18
S5 Soft-landing cuts	+	Cheaper auto credit lifts volume and truck mix; the cyclical re-rates	High	+\$12.60
S6 Recession-driven cuts	-	Volume and pricing cuts outweigh rate relief	High	-\$10.35
S7a Credit liquidity shock	-	Spread gap raises GM Financial's funding cost and hits the multiple; automotive net cash limits it	Med	-\$7.17
S7b Slow default cycle	-	Weaker subprime auto credit cuts volume. GM Financial credit losses are outside the model, which holds it at book	Med	-\$5.95
S8 Stagflation	-	Commodity (already ~\$2bn) and wage inflation with weaker volume	High	-\$10.24
S9a Dollar spike	+	A weaker peso cuts Mexican production costs; small GMI translation loss	Low	+\$0.64
S9b Dollar slide	-	Mirror of S9a; the peso was a 2026 headwind	Low	-\$0.65
S10 Melt-up	+	Low-multiple cyclical re-rates in a risk-on market	Low	+\$3.80
S11 Energy supply shock	-	A fuel spike shifts mix away from full-size trucks and SUVs, GM's profit pool	Med	-\$7.98
S12 Mega-cap/AI derating	+	Rotation into cheap cyclicals without a recession	Low	+\$2.37

Currently active/on watch per the playbook: S3 partially active (10Y 4.99% on 10-27, just under the 5% price leg; pace legs short); S8, S10, S11 on watch (Brent ~\$114).

MODEL VALUE CHANGE VS BASE, BY SCENARIO



What would change the call

Upgrades if: the FY2027 guide (late January 2027) holds EBIT-adjusted near \$15bn with GMNA margin of at least 9%, or a US–Mexico deal keeps USMCA preferential access and cuts the tariff cost below \$2.5bn a year. Either moves value toward the bull case. **Downgrades if:** Q4 2026 US share falls below 15.5%, with full-size truck share below 30%, or the FY2027 guide implies EBIT-adjusted below \$13bn, or a trade outcome pushes the tariff cost above \$4bn a year.

Watch items

- **W1:** FY2026 EBIT-adjusted within the \$14.5–15.5bn guide, and FY2027 guide of EBIT-adjusted $\geq$ \$14bn — Q4 release — late January 2027 (est.) — *Model: ebitda_margin*
- **W2:** US–Mexico trade deal (deadline extended past 2026-11-01): Mexican-built vehicles keep preferential access, and the tariff-cost estimate stays $\leq$ \$3.5bn — USTR / GM 8-K or Q4 release — November 2026 onward — *Model: ebitda_margin*
- **W3:** US share $\geq$ 16% and full-size truck share $\geq$ 31% — Q4 release — late January 2027 (est.) — *Model: rev_growth*
- **W4:** FY2026 capex within the \$10–12bn guide, and FY2027 capex guide $\leq$ \$10bn — Q4 release / 10-K — January–February 2027 (est.) — *Model: capex_pct_rev*

GM moves from NYSE to Nasdaq on 2026-11-17, keeping the symbol (8-K, 2026-10-27).

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