US EQUITY RESEARCH

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General Motors Co

Brace for US auto tariff impact

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Company Overview

GM designs, builds, and sells trucks, crossovers, cars, and automobile parts and provides software-enabled services and subscriptions worldwide. The company's segments include GMNA, GMI, Cruise, and GM Financial. Its Cruise segment is engaged in the development and commercialisation of autonomous vehicle technology and offers OnStar and connected services to approximately 22m connected vehicles globally through subscription-based and complimentary services.

Investment Overview

A major player in the full-size trucks market in North America. GM's significant presence in the pickup and full-size trucks market is the key to its profit expansion, given that these products command better margins. The company is making large investments into vehicle electrification to catch the industry uptrend, and its latest EV platform – Ultium – is able to support high-volume EV products in the coming years. GM is also building its capability in ADAS development, and eventually commercialization of these products.

2Q25 results beat. General Motors reported 2QFY25 adjusted EPS of USD2.53, beating consensus by 8% despite a 17% y/y decline. Revenue fell 1.8% y/y to USD47.1bn, while EBIT-adjusted dropped 31.6% y/y to USD3.0bn, driven by a USD1.1bn net tariff impact that weighed on GMNA margins. Excluding tariffs, North America EBIT margin would have been ~9%, versus the reported 6.1%, reflecting solid operational strength. Retail pricing and product mix remained favourable across ICE and EV portfolios, with Chevrolet securing the #2 EV spot in the US and Cadillac becoming the top luxury EV brand. China posted its second straight quarter of y/y sales growth, generating USD71mn in equity income on robust NEV performance.

FY25 guidance reaffirmed, with execution contingent on pricing discipline and tariff mitigation. Management maintained adjusted EPS guidance of USD8.25-10.00, EBIT-adjusted of USD10-12.5bn, and adjusted automotive FCF of USD7.5-10.0bn. EBIT is expected to decline by USD1.75bn in 2H due to additional tariff impact (~USD1bn), seasonal production declines, and MY27 full-size truck launch prep. GM aims to offset 30% of its USD4–5bn tariff burden via manufacturing shifts, cost initiatives, and pricing discipline, though 3Q tariff costs will be higher due to timing. Capital spend guidance remains at USD10–11bn, with incremental battery JV investment and capacity expansion for trucks and SUVs. Warranty headwinds will persist, but GM is addressing them through OTA updates, architecture simplification, and diagnostics. EV profitability remains challenged amid incentive cuts, but management remains confident in long-term tailwinds from battery cost reduction and standardisation. The flexible ICE/EV strategy, China recovery, and battery innovation are seen as key buffers to macro volatility.

We maintain HOLD with a raised TP of USD55, based on 5.9x forward PE (-0.2SD below mean), vs. current valuation of 5.6x (-0.35SD).

Risks

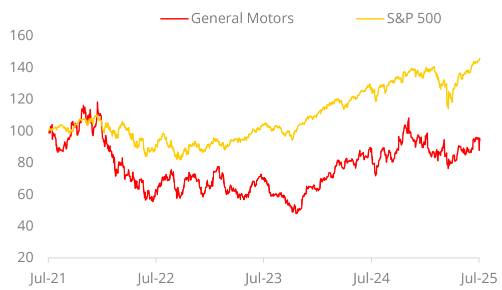
Economic slowdown in key markets and hiccups in its EV strategy could derail its medium-term growth targets. Besides, uncompetitive vehicle models could result in severe financial impact on the company.

Key Financial Data

Bloomberg Ticker	GM US
Sector	Consumer Discretionary
Share Price (USD)	52.34
DBS Rating	HOLD
12-mth Target Price (USD)	55.0
Market Cap (USDbn)	49.8
Volume (mn shares)	10.2
Free float (%)	99.8
Dividend yield (%)	1.0
Net Debt to Equity (%)	-9.6
Fwd. P/E (x)	5.5
P/Book (x)	0.8
ROE (%)	9.7

Closing Price as of 24 Jul 2025
Source: Bloomberg, DBS

Indexed Share Price vs Composite Index Performance



Source: Bloomberg

Financial Summary

FY Dec (USDmn)	FY2022(A)	FY2023(A)	FY2024(A)	FY2025(F)	FY2026(F)
Sales	156,735	171,842	187,442	182,285	182,364
% y/y	*23.4*	*9.6*	*9.1*	*(2.8)*	*0.0*
Gross Profit	31,262	31,921	38,407	34,756	33,747
% y/y	*12.9*	*2.2*	*20.2*	*(11.6)*	*(2.7)*
EBITDA	20,836	19,302	22,441	21,243	19,864
% y/y	*3.1*	*(7.4)*	*16.3*	*(14.9)*	*(5.8)*
Net Profit	11,044	10,513	11,964	9,289	9,239
% y/y	*6.4*	*(4.8)*	*13.8*	*(22.4)*	*(0.6)*
FCF	6,805	9,960	9,299	19,560	15,263
% y/y	*(11.4)*	*46.4*	*(6.6)*	*58.8*	*(21.5)*
CAPEX	9,238	10,970	10,830	10,574	10,237
% y/y	*23.0*	*18.7*	*(1.3)*	*(2.4)*	*(3.2)*
EBITDA Margin %	13.3	11.2	12.0	11.7	11.4
Net Margin %	7.0	6.1	6.3	5.1	5.0
ROA (%)	3.9	3.9	4.3	3.5	3.4
ROE (%)	14.6	14.9	17.9	13.9	12.8
Tax Rate %	20.2	15.7	20.1	19.3	20.3

Source: Visible Alpha

Valuation Metrics

FY Dec	FY2022(A)	FY2023(A)	FY2024(A)	FY2025(F)	FY2026(F)
P/E (x)	4.5	4.7	5.1	5.5	5.3
P/B (x)	0.7	0.8	1.0	0.7	0.6
Dividend Yield (%)	0.5	1.0	0.9	1.1	1.1
EV/EBITDA (x)	5.2	5.7	5.8	7.5	8.0
FCF Yield %	13.9	20.3	15.5	38.2	32.1

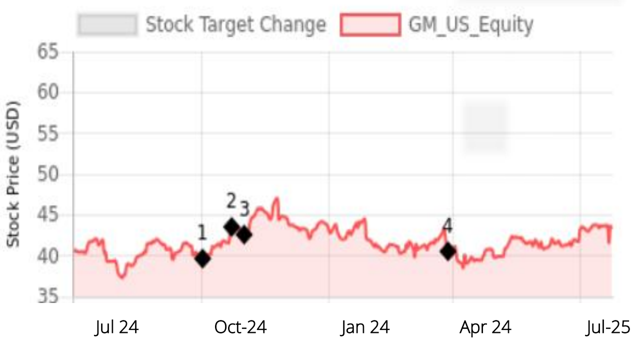
Source: Visible Alpha

Credit & Cashflow Metrics

FY Dec	FY2022(A)	FY2023(A)	FY2024(A)	FY2025(F)	FY2026(F)
Debt / Equity	159.5	178.5	197.8	188.1	176.5
Net Debt / Equity	1.2	1.5	1.6	1.4	1.3
Debt / Assets	43.4	44.6	46.4	46.0	45.6
Net Debt / Assets	0.3	0.3	0.4	0.4	0.4
EBITDA / Int Exp	21.1	21.2	26.5	26.9	25.0
ST Debt / Total Debt	0.3	0.3	0.3	0.3	0.3
Debt / EBITDA	0	0	0	5.0	4.8
[Cash + CFO] / ST Debt	1.2	1.2	1.2	1.3	1.2
Receivables Days	109.3	109.3	115.3	117.8	117.4
Days Payable	64.0	59.7	50.0	55.4	55.1
Inventory Days	35.8	35.0	28.4	31.5	31.9

Source: Visible Alpha

Target Price & Ratings History



#	Date of Report	Closing Price	12-m Target Price	Rating
1	02 Oct'24	44.82	48.00	HOLD
2	23 Oct'24	52.92	58.00	HOLD
3	01 Nov'24	50.96	55.00	HOLD
4	28 Mar'25	47.20	45.50	HOLD

Source: DBS

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**Share price appreciation + dividends*

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