

# The Detroit News

Business & Autos | Wednesday, April 23, 2014

## GM: Thousands of ignition repair kits sent to dealers

BY MELISSA BURDEN AND DAVID SHEPARDSON (excerpt)

JP Morgan said Wednesday that it expects General Motors Co. sales to rise slightly in April, and says it doesn't think they have been impacted by the ongoing ignition switch recall crisis.

Analyst Ryan Brinkman said in a research note it expects the Detroit automaker to report a 3 percent gain in sales in April over April 2013. "Our checks suggest little-to-no fallout from GM's high-profile ignition switch recall, with the automakers we spoke to not detecting any noticeable difference in GM's sales trend or marketing strategy and not expecting any benefit to their own sales as a result of the recall," Brinkman wrote. "Automakers believed this was because the recall does not affect vehicles currently for sale."

Also Wednesday, GM said it has sent thousands of kits with ignition switches, ignition lock cylinders and keys to dealers to fix the 2.59 million vehicles GM has recalled, but wouldn't give specific figures or say how many vehicles have been repaired.

GM executives have said in recent days that they see no impact on sales from the recall of 2.59 million older vehicles such as the Chevrolet Cobalt and Saturn Ion in February and March for defective ignition switches. ...

...Citi auto analyst Itay Michaeli said in a research note this week that GM's early April sales pace "looks encouraging" and its market share seems to be "rebounding somewhat from last month's pace even as transaction prices continue to rise."

"We would view a high-17 percent April share as respectable in the context of GM's continued transaction price momentum, which again appears to be outpacing the industry on a year-over-year basis thus far, while keeping pace on a month-over-month basis," Michaeli wrote. ...

...GM is unveiling first quarter earnings on Thursday and officials have said in recent days the company will report a strong quarter, despite taking a \$1.3 billion charge against earnings for recent large recalls.

David Kudla, CEO and Chief Investment Strategist of Mainstay Capital Management, LLC, said GM needs to reestablish trust.

"The handling of the recall will be the litmus test for GM," Kudla said. "With recalls now in the forefront, GM will be judged by how well they address, amend, and build back customer trust. The company seems to be confronting the situation head-on. While the investigation continues, GM has admitted to internal failures, ordered multiple recalls, implemented organizational restructuring to 'provide clarity and accountability' within the company, and hired a lawyer familiar with victim compensation." ...