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Goldman Sachs downgrades GM, stock falls

BY IAN THIBODEAU (excerpt)

General Motors Co. was trading down Monday following several months of steady growth after Goldman Sachs downgraded the stock to sell.

GM shares had fallen 3.45 percent to \$43.10 per share Monday afternoon. The Detroit automakers have turned profits amid plateauing vehicle sales for SUVs and trucks.

But Goldman's David Tamberrino in a Monday note said 2018 doesn't look as good for GM. He expects new products and a continued plateau in sales will hurt GM's profitability and earnings...

...The downgrade comes less than a week after GM reported adjusted pre-tax earnings of \$2.5 billion from its continuing operations as the Detroit Three automakers execute a balancing act to drive near-term profits and map plans for a future in mobility...

...The note doesn't address the potential effect of CEO Mary Barra's decision to exit Europe, her push into autonomous technology and a string of announcements regarding future plans for those self-driving and electric vehicles. Those decisions have driven up shares in GM more than \$10 apiece since July, a 20 percent gain.

Meantime, Ford and Fiat Chrysler Automobiles NV also posted consistent profits amid sales declines.

Others said GM is doing well. David Kudla, CEO of Grand Blanc-based Mainstay Capital Management LLC, said GM will continue to expand its profit margin and has made decisions that position the company well.

"GM is proving it can deliver strong earnings at lower than peak volumes," Kudla wrote in an email. "GM has articulated one of the most comprehensive strategies in terms of flexible mobility and EVs. And GM is already putting the pieces of that strategy into place. They are quarters or even years ahead of many other automakers in this area."

The Detroit automakers are expected to continue to lean on trucks and SUVs for profits as sales normalize and U.S. consumers stop buying small cars. Kudla said GM is in the same position as other automakers there...