From: Richard Kahn <[redacted]>
Sent: Wednesday, January 25, 2017 2:32 PM
To: jeffrey E.
Subject: Fwd: General Motors Company: Making GM Our Top Pick, Price Target to $42

SFL purchased 97,525 shares on =2/9/2010 cost basis 36.77
stock=37.77 this am
unrealized gain 97,525

morgan below has target =f 42

Richard =ahn
HBRK Associates Inc.
575 Lexington =venue 4th Floor
New York, NY 10022
tel =12-971-1306
fax 212-320-0381
cell =17-414-7584

Begin forwarded message:

From: =/b>"Morgan Stanley" <ms-wmir@morganstanley.com>

Subject: =/b>General Motors =ompany: Making GM Our Top Pick, Price Target to $42

Date: =/b>January 25, 2017 at 12:16:57 AM =ST

To: =/b><richardkahn12@gmail.com>

Reply-To: =/b><mswmir-cie-feedback@morganstanley.com>

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=Wealth = Management =/p> =/td>

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General =otors Company: Making GM Our Top Pick, Price Target to $42

Adam Jonas, CFA – Morgan =tanley

January 25, 2017 5:02 AM =MT

We make =M our top pick in US autos as we update our model following =anagement's 2017 guidance targeting $6 to $6.50 of EPS. We =aise our 2017 est. to $6.32 from $6.09 on Brazil and a lower share =ount. 64% upside to $60 bull case. Key changes to our earnings forecast. Raising our 2017 EPS forecast by =% to $6.32 from $6.09 previously, leaving our estimate slightly above =he midpoint of the company's $6 to $6.50 target. Following this =ncrease, our 2017 and 2018 forecasts are 4% and 1% above consensus =espectively. Nearly all of our EPS forecast is driven by an incremental =1.5bn of share buybacks assumed, taking our combined return of capital =o $5bn for all of 2017 ($3bn buybacks, $2bn dividend). A modest =ncrease in our US mix assumption (more trucks, less cars) rounds out =ur upward forecast revision. Company targets $6bn of auto free cash =low in 2017. We see scope for $7bn of automotive FCF. Our forecast =ncludes $9.2bn of capex, does not include discretionary Pension and =PEB payments and assumes $0.5bn of working capital outflow. We forecast =M to accumulate in excess of $28bn of net auto cash by 2020, equal to =early 60% of GM's market cap. Is this the ideal time to invest =n auto stocks from a cyclical perspective? Not at all. Is the US auto =ycle at some form of a peak? Probably. Are we concerned about a =ear-term cyclical collapse in US auto sales? Due to a variety of =easons (automotive credit, safety-driven replacement demand) we are =ot. Something has to give as we believe the stock market cannot ignore =M's fundamental performance for much longer.Raising price =arget by 5% to $42 on higher earnings and removed cyclical discount to =ur valuation of DTAs. Roughly three quarters of the increase to our =arget is based on removing the 25% discount we had applied to our =aluation of GM's deferred tax assets which we value on a DCF at =7.2bn ($5/share) at a 9% WACC. While we see GM and its OEM peers =roducing substantially lower margins over time in the U

This =lert is sent from:

=ndrew Atlas, =a href="mailto:Andrew.Atlas@morganstanley.com" =lass="">Andrew.Atlas@morganstanley.com

=/p>

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GENERAL MOTORS COMPANY =br class=""> Please contact your FA if you want to unsubscribe from =he alerts. =/p>
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