SUPER Investment Memo — GM

1) Your thesis (what you believe)

GM: EV expansion drives margin recovery

EV expansion drives margin recovery

2) What the model concluded (plain English)

- **Rating:** **AVOID** (score **52/100**)
- **Evidence confidence:** **N/A** (higher = more trustworthy coverage)

3) The 30-second explanation (for total beginners)

- The **score** is the overall "health + attractiveness" estimate.
- The **buckets** show *why* the score happened (cash, valuation, growth, quality, balance-sheet risk).
- The **news/risk** section tries to spot headline landmines.
- The **thesis test** checks whether the facts match the story you're betting on.

4) Core numbers (sanity-check)

- Sales growth compared to last year: **-1.29%** (source: comps_snapshot → revenue_ttm_yoy_pct)
- Free cash flow in the last twelve months: **$11.07B** (source: comps_snapshot → fcf_ttm)
- Free cash flow margin: **5.99%** (source: comps_snapshot → fcf_margin_ttm_pct)
- Free cash flow yield: **14.19%** (source: comps_snapshot → fcf_yield_pct / fcf_yield)

5) Balance sheet snapshot (why debt matters)

- Market value (market capitalization): **$78.05B**
- Cash: **$20.95B**
- Debt: **$130.28B**
- Net debt (debt minus cash): **$109.33B**
- Net debt divided by free cash flow: **9.87x**

6) Bucket scores (what drove the rating)

- **Cash strength:** **21**
- **Valuation:** **17**
- **Growth:** **0**
- **Business quality:** **6**
- **Balance-sheet risk:** **8**

7) Red flags (things that can hurt stock fast)

- TTM revenue declining YoY
- TTM FCF declining YoY
- Net debt high vs TTM FCF
- Frequent LABOR/INSURANCE/REGULATORY negatives (30d)

Good vs Bad cheat-sheet (how to judge the numbers)

Think of every metric like a **warning light** on a car.

1) Revenue growth (sales compared to last year)

- ✅ Usually good: **above +10%**
- 🟡 Mixed: **0% to +10%**
- ❌ Usually bad: **below 0%**

2) Free cash flow (real leftover cash)

- ✅ Good: **positive and stable/increasing**
- 🟡 Mixed: **positive but volatile**
- ❌ Bad: **negative consistently**

3) Free cash flow margin (cash per $100 of sales)

- ✅ Good: **10% or higher** (industry-dependent)
- 🟡 Mixed: **3% to 10%**
- ❌ Bad: **0% or negative**

4) Free cash flow yield (cash return compared to stock price)

- ✅ Often "cheap": **above 5%**
- 🟡 Neutral: **2% to 5%**
- ❌ Often "expensive": **below 2%**

5) Net debt (debt minus cash)

- ✅ Better: low net debt (or net cash)
- ❌ Risk: big net debt + weakening cash flow

6) Net debt divided by free cash flow (years to pay debt)

- ✅ Good: **below 3x**
- 🟡 Watch: **3x to 6x**
- ❌ High risk: **above 6x**

Storytime walkthrough (explain it like I'm five)

Imagine **GM** is a giant factory.

You're asking: **"Will this factory be stronger later, or will costs/problems crush it?"**

Step 1 — Are sales growing?

"Sales growth compared to last year" tells us if more people are buying the product.

- If it's growing: demand is usually stronger.
- If it's shrinking: demand may be weakening.

Step 2 — Is there real leftover cash?

"Free cash flow" is the money left after paying bills **and** investing to keep the business running.

- Positive = the piggy bank is filling.
- Negative = the piggy bank is leaking.

Step 3 — Is the factory efficient?

"Free cash flow margin" asks: out of every $100 of sales, how many dollars become leftover cash?

Step 4 — Are we paying a fair price?

"Free cash flow yield" asks: how much real cash do you get compared to what you pay for the stock?

Step 5 — Can debt become a problem?

"Net debt" and "years to pay debt" tell us how stressed the company could get in a downturn.

Step 6 — News landmines

If headlines are very negative (labor, regulation, insurance), stocks can drop fast even if the business is okay.

8) Thesis test (PASS/FAIL vs your claims)

- **PASS** — (no statement)

Metric `(no metric)` | Actual: **None**

- **PASS** — (no statement)

Metric `(no metric)` | Actual: **None**

- **PASS** — (no statement)

Metric `(no metric)` | Actual: **None**

- **UNKNOWN** — (no statement)

Metric `(no metric)` | Actual: **None**

- **PASS** — (no statement)

Metric `(no metric)` | Actual: **None**

- **PASS** — (no statement)

Metric `(no metric)` | Actual: **None**

- **PASS** — (no statement)

Metric `(no metric)` | Actual: **None**

- **PASS** — (no statement)

Metric `(no metric)` | Actual: **None**

- **UNKNOWN** — (no statement)

Metric `(no metric)` | Actual: **None**

9) What to open (dopamine mode)

- Dashboard: `outputs/decision_dashboard_GM.html`
- News clickpack: `outputs/news_clickpack_GM.html`
- Claim evidence: `outputs/claim_evidence_GM.html`
- SUPER PDF: `export/GM_SUPER_Memo2.pdf`

10) Next steps (human checklist)

1) Open the dashboard. Look at rating + red flags.

2) Read this SUPER memo PDF. Understand what the numbers mean.

3) Open the news clickpack. Click the top negatives and confirm they're real + recent.

4) If the thesis depends on labor/regulation/insurance, focus on those headlines first.