UNIVERSITY OF WOLLONGONG IN DUBAI

Assignment Cover Sheet

Subject Code:	ACCY801
Subject Name:	Accounting and Financial Management
Submission Type:	Online
Assignment Title:	Financial Statement Analysis
Student Name:	Sanju Thomas Sabu
Student Number:	1067862
Student Phone/Mobile No.	054 5455131
Student E-mail:	sts517@uowmail.edu.au
Lecturer Name:	Dr. Namrata Gupta
Due Date:	8th December, 2025
Date Submitted:	8th December, 2025

PLAGIARISM:
The penalty for deliberate plagiarism is FAILURE in the subject. Plagiarism is cheating by using the written ideas or submitted work of someone else. UOWD has a strong policy against plagiarism.
The University of Wollongong in Dubai also endorses a policy of non-discriminatory language practice and presentation.

PLEASE NOTE: STUDENTS MUST RETAIN A COPY OF ANY WORK SUBMITTED

DECLARATION:
I/We certify that this is entirely my/our own work, except where I/we have given fully-documented references to the work of others, and that the material contained in this document has not previously been submitted for assessment in any formal course of study. I/we understand the definition and consequences of plagiarism.

Signature of Student:

Optional Marks:

Comments:

Lecturer Assignment Receipt (To be filled in by student and retained by Lecturer upon return of assignment)

Subject: ACCY801 Accounting and Financial Management
Assignment Title: Financial Statement Analysis
Student Name: Sanju Thomas Sabu
Student Number: 1067862
Due Date: 8th December, 2025
Date Submitted: 8th December, 2025
Signature of Student: Sanju Thomas Sabu

Student Assignment Receipt (To be filled in and retained by Student upon submission of assignment)

Subject: ACCY801 Accounting and Financial Management
Assignment Title: Financial Statement Analysis
Student Name: Sanju Thomas Sabu
Student Number: 1067862
Due Date: 8th December, 2025
Date Submitted: 8th December, 2025
Signature of Lecturer

FINANCIAL STATEMENT ANALYSIS

GENERAL MOTORS

STELLANTIS N.V

NAME: Sanju Thomas Sabu

STUDENT ID: 1067862

EXECUTIVE SUMMARY

In this report, I'll be presenting a detailed financial statement analysis of General Motors (GM) over the five year period from 2020-2024, and I'll be using Stellantis N.V. as a benchmark. The analysis is completely based on published annual reports. This report will be using multiple analytical methods such as, horizontal and vertical analysis, ratio assessment and also long term trend analysis. All of this will be done in order to examine each company's financial position, operating efficiency and overall performance conditions. It is also in order to provide an overall recommendation for existing shareholders, on whether they should increase, decrease or maintain their investment. I'll also be including SWOT analysis to show the reader the market competitiveness of both companies within the global automotive sector.

The results show that GM has maintained a very stable revenue base and has experienced very gradual improvements when it comes to liquidity and operating efficiency. Its current ratio and net working capital increased between 2023 and 2024, the various activity ratios such as inventory turnover, receivable turnover and assets turnover were improved. This indicates a better utilization of working capital and assets. However, GM is highly leveraged, with their debt ratios above 75% and its profitability (ROA, ROE and EPS) has weakened in 2024, although the decline is comparatively moderate and interest coverage remains strong.

When compared to Stellantis, GM is appearing to be more consistent in 2024. Stellantis entered 2023 with a strong profitability and a lower level of leverage. But when it comes to their liquidity, activity and profitability ratios, they all declined very sharply in 2024. Overall, from this analysis, it can be concluded that GM is a fundamentally solid but moderately risky investment. For the existing shareholders of General Motors, the findings support a hold or slight increase in their investment, while investors not looking for much risk may prefer to maintain their current position and continue to monitor the company's leverage and future earnings performance.

TABLE OF CONTENTS

Table of Contents

1 COMPANY OVERVIEW: GENERAL MOTORS

The company General Motors (GM) was founded in 1908. Since then it has grown into one of the largest automotive manufacturer in the world. It I headquartered in Detroit, Michigan. It operates globally with a group of very well known brands such as Chevrolet, GMC, Cadillac and Buick. The company mainly operates in North America but it also has operations in other locations such as South America, Middle East and Asia.

Apart from selling normal vehicles, GM is also offering financing services to customers through its GM Financial division. It is also focusing heavily on electric vehicles (EVs) and autonomous (self driving) vehicles. GM has stated that their long term vision is “Zero Crashes, Zero Emissions, Zero Congestion”. This is done in order to make sure they completely focus on safety, cleaner vehicles and better traffic flow in the future.

1.1 FINANCIAL PERFORMANCE

As I’ve shown in the Figure 1 below, we can see that General Motors has remained profitable every year from 2020 to 2024. In the year 2020, when the COVID-19 pandemic reduced vehicle production and sales, GM had a net income of US$6.3 billion. After that then in 2021 profits increased to around US$9.8 billion, then it stayed relatively high around US$8.9 billion and US$10 billion in 2022 and 2023 respectively. But then in 2024, net income fell down to approximately US$7.2 billion. This was mainly due to the higher costs and some non-recurring items. Overall, we can see from the 5 year trend that GM has recovered well after the pandemic and also continue to earn a lot of profits while they started to invest in electric vehicles and other new technologies.

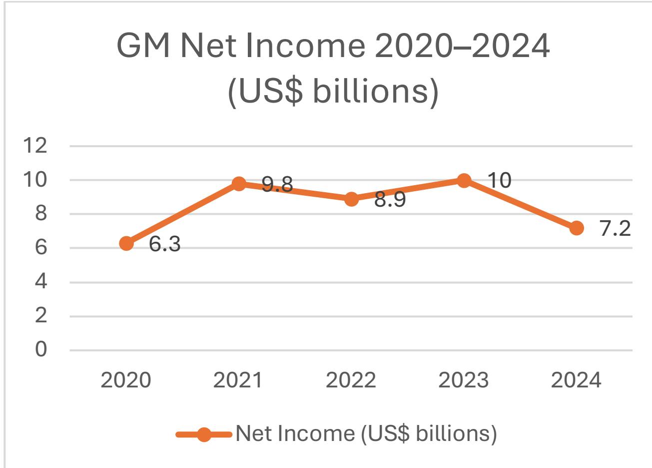

Figure 1: Net Income attributable to common stockholders, General Motors, 2020-2024 (US$ billions)

1.2 SWOT ANALYSIS

Strengths

- **Strong brands and market presence:**
  GM owns many well known brands such as Chevrolet, Cadillac, GMC and Buick. These brands are giving the company very strong recognition and also a very large customer base, especially in North America where GM is a very big player in pickups and SUVs.
- **Large scale and diversified operations:**
  GM is having operations in many regions and markets around the world. It also has a financial services arm. This is helping the company to spread risks and benefit from economies of services in both production of the vehicles and its purchasing.
- **Big investment in EVs and new technologies:**
  GM is investing heavily in electric vehicles, batteries and even autonomous driving. As I mentioned earlier, this helps in supporting their long term strategy of "Zero Crashes, Zero Emissions, Zero Congestion".
- **Established manufacturing and supply chain network:**
  The company is having a very long history in vehicle manufacturing and also a wide network of plants, suppliers and logistic partners. This is turn allows the company to produce and deliver large volumes of vehicles.

Weaknesses

- **High production and development costs:**
  In order to manufacture vehicles, especially new EV models, GM will need a lot of money. This is due to the high costs for materials, labor and R&D, as these costs can reduce profits and put pressure on cash flow.

- **Heavy reliance on the North American market:**
  A very large portion of GM's profit is coming from North American operations. What this means is that, if there are any economic issues or if there'll be changes in demand in this region, then it can affect a lot in the overall performance.
- **Profitability pressured by EV and autonomous investments:**
  Even though EVs and autonomous vehicles are very important for the future, since they are on the newer side of the technological advancement, they require a lot of investments for things such as R&D of new technologies. And this can lead to not generating an income that is similar to that what is generated by their traditional vehicles.
- **Quality, recall and regulatory issues:**
  Just like many other manufacturers in the automotive industry, GM is facing to issues such as potential vehicles defects, recalls and safety or regulatory investigations. These things can be very costly and even harm their brand reputation.

Opportunities

- **Growing global demand for EVs:**
  Many countries around the world are pushing for EVs through incentives and regulations. GM can use this as a perfect opportunity by expanding its EV lineup across different price ranges and segments.
- **Expansion of software, connectivity and subscription services:**
  Almost all of the vehicles sold today depend a lot on software, connectivity and digital features. GM can generate extra revenue by focusing on connected services, safety features and in-car subscriptions.
- **Growth potential in growing markets:**
  There are a lot of regions around the world where rate of car ownership is increasing. GM has the opportunity to focus on expanding sales in these regions, especially with the right product and local partnerships.
- **Partnerships and joint ventures:**
  GM has the opportunity to partner up with battery manufacturers, charging network providers and other technology companies. This can help GM to reduce costs, speed up innovation and strengthen its competitive position.

Threats

- **Strong competition:**

GM is currently facing a very strong competition from other established automakers such as Ford, Toyota and Stellantis. They are also facing competition from EV companies such as Tesla and many other Chinese EV manufacturers. This is affecting their market share and pricing.

- **Economic slowdowns and cost pressures:**
  Factors such as high inflation, interest rates and recessions will reduce consumers' ability to buy new cars, and also GM will face higher material and energy costs.
- **Volatility in raw material and energy prices:**
  The prices of very important materials such as steel, aluminum, lithium and other battery materials can constantly change a lot, which will make cost management a tough job.
- **Stricter environmental and safety regulations:**
  Many governments around the world are introducing tighter emission standards and safety rules. While this may be good for long term sustainability, it actually forces the company to pay a lot for compliance costs and in many cases they might be forced redesign vehicles and change the various processes in production.

2 BENCHMARK OVERVIEW: STELLANTIS N.V.

The company Stellantis N.V. was formed in January 2021. It was done through a coming together of Fiat Chrysler Automobiles (FCA) and Groupe PSA. The company's headquarters is in Amsterdam. Its shares are listed on the NYSE as STLA, and also in Paris and Milan. Under Stellantis, there are a lot of well known brands such as Jeep, Ram, Dodge, Chrysler, Fiat, Peugeot, Citroën, Opel, Vauxhall, Alfa Romeo, DS, Lancia and Maserati. All these brands help Stellantis to sell in various segments such as mass market, premium and luxury in many regions around the world.

The company focusses mainly on North America, Europe and South America. They are also having activities in Middle East, Africa, China and Asia. Apart from selling new vehicles, Stellantis is also earning revenue from other services such as after sales, financing, leasing and mobility solutions. The have named their long term strategy as "Dare Forward 2030". Their plan is to focusing on expanding electric and other low emission vehicles, developing software focused vehicles and other related connected services and also to improve sustainability and profitability across its global operations.

2.1 FINANCIAL PERFORMANCE

As I've shown in the figure 2, Stellantis has been very profitable in each year from 2020 to 2024, but its earnings pattern is very volatile. Net profit was about US$2.5 billion in 2020, which then sharply increased to US$16.8 billion in 2021, which was the first full year since the FCA-PSA merger. The profits continued to rise to around US$17.6 billion in 2022 and US$20.1 billion in 2023. This was due to strong pricing, merger and cost efficiencies. But after this, in 2024, their net profit dropped to around US$5.9 billion. This drop was due to weaker demand, high costs and various activities related to switching to EV. Overall, Stellantis is showing a very string profitability in 2021-2023, but increased earnings risk in 2024.

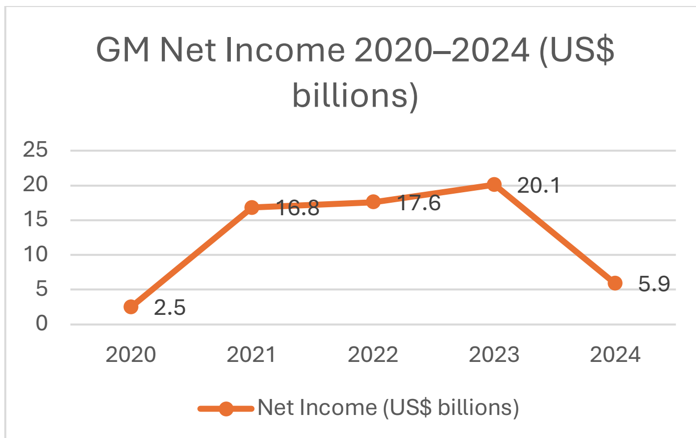

Figure 2: Net Income attributable to owners, Stellantis N.V., 2020-2024 (US$ billions)

2.2 SWOT ANALYSIS

Strengths

- **Large brand portfolio:**
  Stellantis controls many very well known brands around the world, that covers different price segments such as mass market, premium and luxury. This will allow the company to reach a wide range of customers and markets.
- **Strong regional positions:**
  The company enjoys a very significant presence in North America and Europe, which in turn provides diversified global revenue streams.
- **Merger synergies and profitability:**
  After the merger was done, Stellantis was able to achieve very big cost synergies and even generated very high net profit between 2021 and 2023. This shows us that they had a very efficient integration and good cost control.
- **Clear strategic plan:**

Stellantis' strategy, Dare Forward 2030, sets very clear goals for electrification, revenue growth and carbon reduction. This shows us that they are having a clear direction for long term development.

Weaknesses

- **High complexity:**
  Stellantis is having a lot of brands and plants around the world and this increases complexity. This in turn can make coordination and decision making more difficult and will end up raising operating costs.
- **Dependance on mature markets:**
  A large percentage of the total revenue and profit of Stellantis is coming from North America and Europe. These markets are very mature and are having very high competition, which can make it tougher for the company to grow.
- **Transition execution risk:**
  In order for the company to shift towards EVs, they would need big investments and organizational changes. This will put pressure on their short term margins as we saw from their weaker 2024 results.
- **Labor and regulatory challenges:**
  Since most of their European plants are a bit on the older side, making new production capacity and changing operations will be very complex and require a lot of money for labor regulations and even the social expectations.

Opportunities

- **EV growth:**
  The demand for EV is growing worldwide, especially in Stellantis' main markets, Europe and North America. This will really help them in the long term if they make the right decisions in this short term.
- **Software and mobility services:**
  Currently, Stellantis is also focusing a lot on software platforms and connected services. This can help them add to their recurring revenue stream apart from selling their vehicles.
- **Emerging market growth:**
  We can see that Stellantis' is having big potential in their other markets such as Middle East, South America and Asia as car ownership rates is increasing here.
- **Partnerships and joint ventures:**

If Stellantis decides to start joint ventures and partnerships when it comes to things like batteries, technology and mobility, this can help them to share their overall costs, access new technologies faster and even strengthen its competitive position.

Threats

- **Intense competition:**
  Stellantis is currently facing a lot of competition from other global automakers and also EV focused manufacturers including Chinese brands. This will put a lot of pressure on their prices and also affect their overall market share.
- **Macroeconomic and cost pressures:**
  Various external factors such as Economic slowdowns, higher interests rates and inflation can end up reducing demand for new vehicles. This will end up forcing the company to pay higher for their production and material costs.
- **Input price volatility:**
  The prices of the many different raw materials and even battery inputs can be very volatile, which can affect the company when it comes to budgeting and will potentially end up reducing their margins.
- **Regulatory and policy risk:**
  As in the case of GM, stricter emission and safety standards enforced by the governments, can end up making Stellantis pay a lot as compliance costs. Also if there are changes in incentives for adopting EV and if many trade or geopolitical tensions rise, it will require the company to bring forward more investments and can also affect the competitiveness of certain models.

3 FINANCAIAL STATEMENT ANALYSIS

In this section, I will be doing various analysis of financial statements such as income statement and balance sheet for both the main company, General Motors, and its benchmark for this report, Stellantis N.V.

3.1 HORIZONTAL ANALYSIS – INCOME STATEMENT OF GENERAL MOTORS (2023-2024)

We can see from the horizontal analysis of GM's income statement between 2023 and 2024 that the total net sales and revenue has increased by about 9.1%, from roughly US$171.8 billion to US$187.4 billion. Some of the major cost categories that they had also increased during this period. Some of them are: automotive and other costs of sales had increased by 6.9%, then GM Financial interest, operating and other expenses increased by 14%, and finally automotive selling, general and administrative (SG&A) increased by 7.9%. All of this combined resulted in a 7.5% overall increase in total costs and expenses. Even though their overall costs had increased, they were still able to increase their operating income by 37.5%, which indicates that they improved in their operating performance and cost absorption at the operating level.

But the other things below the operating line are not looking great. The Income after income taxes has declined by 18.1%, which actually tells us that they are having weaker results from non-operating items. Also when compared to 2023, their income tax expense increased very sharply by around 354% in 2024. As a result of all of these, their net income attributable to common stockholders fell by approximately 28.3%, in numbers that was from about US$10 billion to US$7.2 billion. What this tells us is that, even though GM's core operations had improved in 2024, their bottom-line profitability had weakened due to the impacts of having a lower pre tax income and very high tax charge.

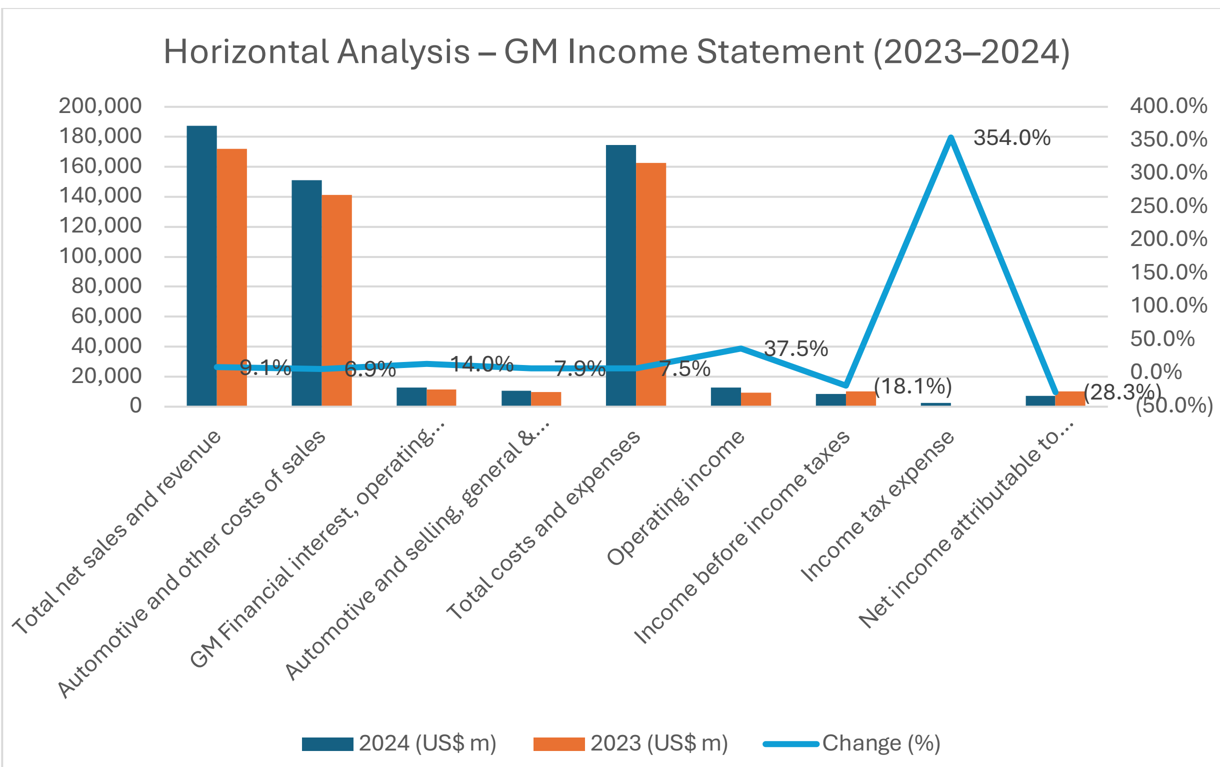

Figure 3: Horizontal analysis of GM Income Statement, 2023-2024 (US$ millions and % change)

3.2 HORIZONTAL ANALYSIS – BALANCE SHEET OF GENERAL MOTORS (2023-2024)

From the horizontal analysis of GM's balance sheet we can see that, between 2023 and 2024, they had a good increase in the asset base. Their total assets had increased from about US$273.1 billion to US$279.8 billion, which is a rise of about 2.5%. This growth was a mainly because of the 6.8% increase in total current assets, while their total non-current assets remained mostly unchanged, as we can see from the 0.1% decrease. What this tells us is that, most of GM's asset growth actually came from short term items such as receivables and other current assets rather than from new long term investments.

When we look at the financing side, we can see that GM's total liabilities has increased by around 4.6%. Their current liabilities increased by 1.9% and non-current liabilities increased by 6.9%. But on the other hand, their total stockholders' equity decreased by around 1.9%. This tells us that the they used additional debt rather than equity in order to buy the current assets we talked about in the previous paragraph. Considering all of this, we can understand that GM's balance sheet shows us slightly higher leverage and bigger reliance on long term liabilities. This in turn shows us that GM is having a higher level of financial risk in 2024 when compared with 2023.

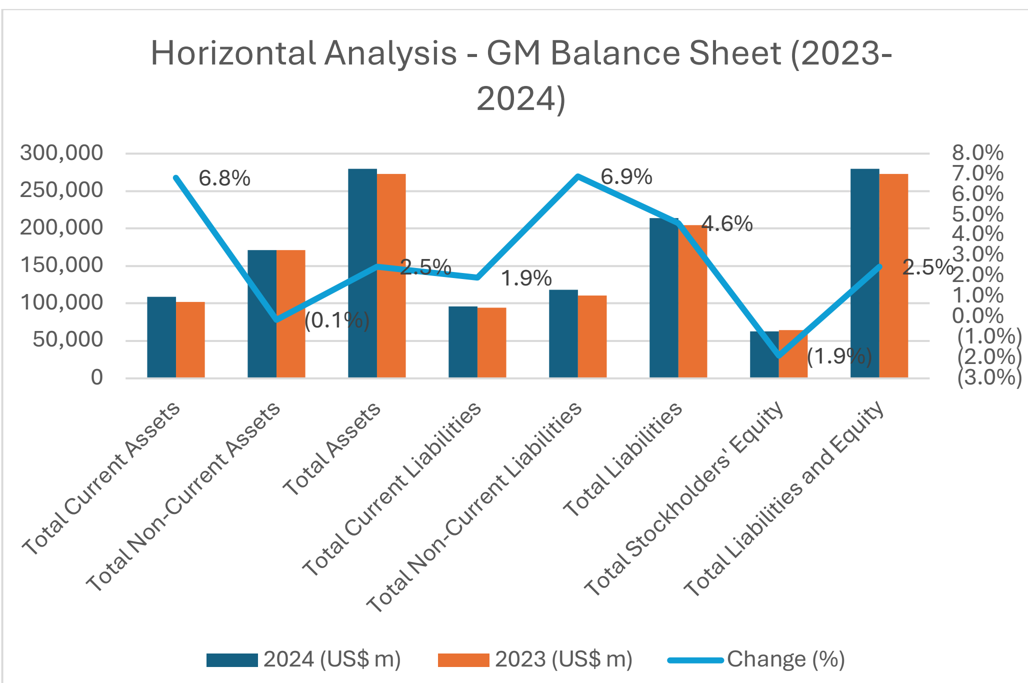

Figure 4: Horizontal analysis of GM Balance Sheet, 2023-2024 (US$ millions and % change)

3.3 VERTICAL ANALYSIS – INCOME STATEMENT OF GENERAL MOTOTRS (2023)

When we do a vertical analysis on the 2023 income statement of General Motors, we can see that the business is highly cost intensive. The automotive and other costs of sales account for 82.2% of the total net sales and revenue. On the other hand, GM financial interest, operating and other expenses contribute around 6.6% and automotive selling, general and administrative expenses is around 5.7%. When we add all of these, we can see that, total costs and expenses makes up 94.6% of the revenue. This ends up leabing GM with only 5.4% as operating margin.

Then, we can see that income before income taxes represents around 6.1% of the sales, and the net income attributable to common stockholders is only about 5.8% of sales. What this means is that GM is having a very small but positive net profit margin. Their income tax expense is very low at around 0.3% of sales, which is due to the impact of tax incentives, loss offsets and foreign tax positions. When we look at this as a whole, we can learn that GM is operating on very tight margins, where most of the revenue it generates is being taken away by the production and operating costs.

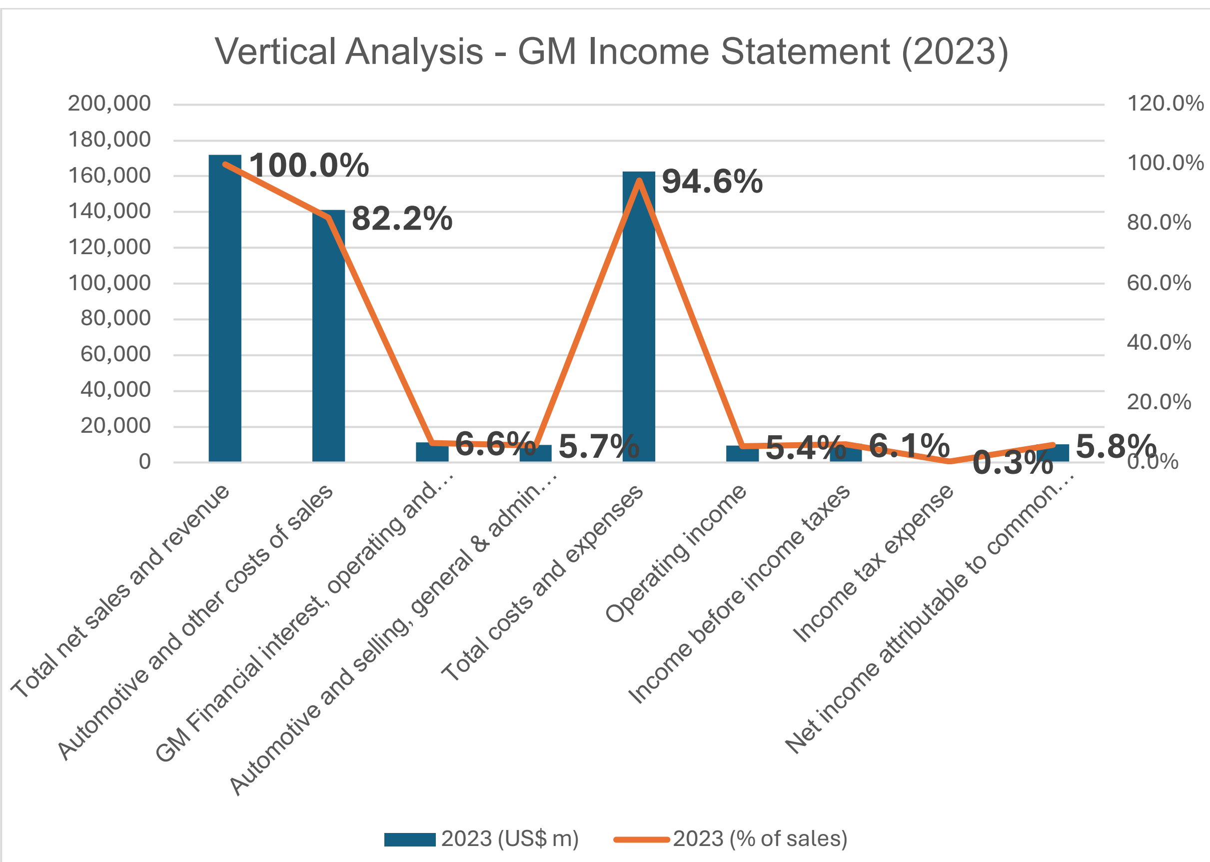

Figure 5: Vertical analysis of GM Income Statement, 2023 (US$ millions and % change)

3.4 VERTICAL ANALYSIS – BALANCE SHEET OF GENERAL MOTORS (2023)

From the vertical analysis of 2023 balance sheet of General Motors, we can see that a bigger part of its total asset base is consisting of the non-current assets. Its total current assets accounts for about 37.2% of the total assets, whereas its total non-current assets represent about 62.8%. This shows us about the capital-intensive nature of the automotive business and it also shows us about the importance of having long term investments such as property, plant and equipment and other long term assets.

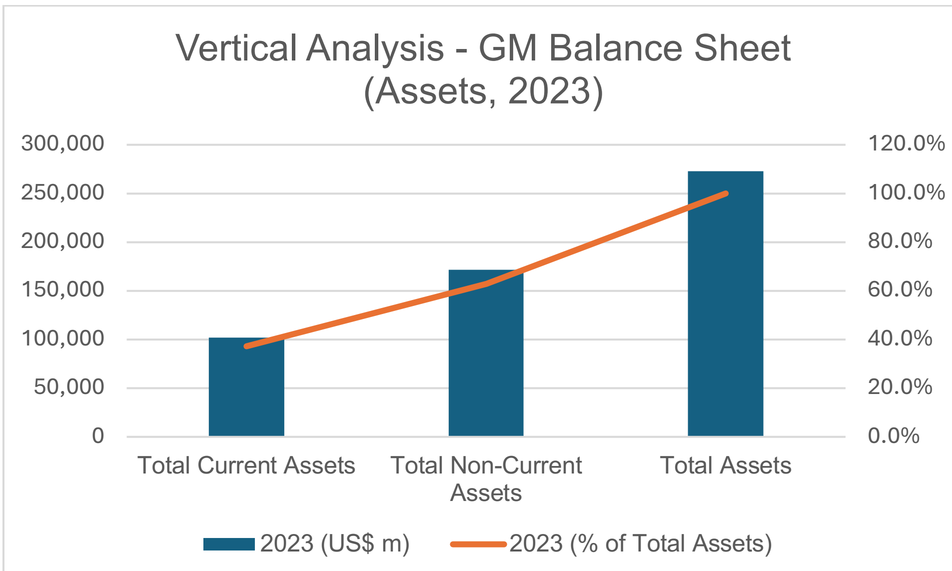

Figure 6: Vertical Analysis of GM Balance Sheet (Assets), 2023 (US$ millions and % change)

When we look at on the other hand, we can see that total liabilities is making up around 75% of the total liabilities and equity. Its current liabilities is about 34.6% while its non-current liabilities is about 40.4%. Of the total liabilities and equity, stockholders' equity is accounting for only about 23.5%. What this tells us is that, GM is currently relying heavily on debt financing, especially long term liabilities. This can cause an increase in financial risk. But when we look at the industry, we can see that this is very common in large, asset intensive manufacturing and finance operations.

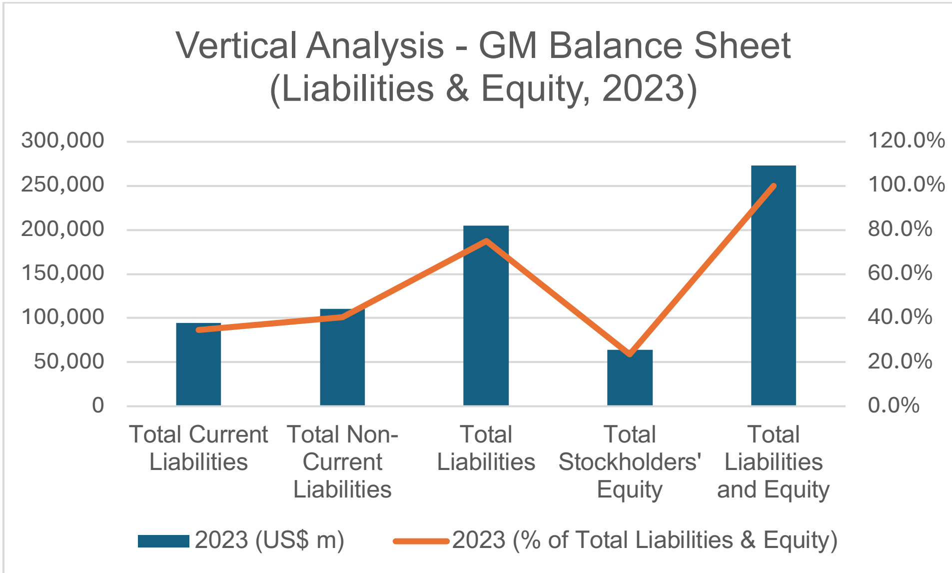

Figure 7: Vertical Analysis of GM Balance Sheet (Liabilities & Equity), 2023 (US$ millions and % change)

3.5 TREND ANALYSIS – GM (2020-2024)

From the trend analysis of General Motors from 2020 to 2024, we can see that their scal of operations had expanded in a steady way. Their total revenue had increased from about US$122.5 billion in 2020 to US$187.4 billion in 2024. They had a very strong jump in 2022 which was due to increase in demand for vehicles after the pandemic and the global supply chain went easy. Their net profit was a bit more on the volatile side. It rose from US$6.2 billion in 2020 to a high of US$10 billion in 2023, but then it declined to about US$7.2 billion in 2024. What this tells us is that, the top line has grown consistently, whereas their bottom line performance has been very sensitive to cost pressures, product mix and other one off items.

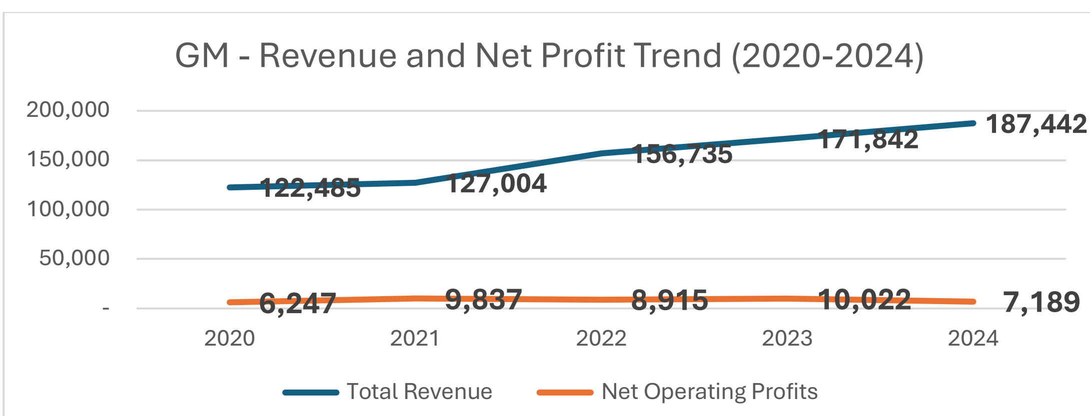

Figure 8: Trend in total revenue and net profit of GM, 2020-2024 (US$ millions)

When we look at the trend analysis for GM's balance sheet, we can see that their total assets had increased from around US$235.2 billion in 2020 all the way to US$279.8 billion in 2024, which shows us that they had a gradual expansion of their asset base. During the same period, their total liabilities went up from around US$185.5 billion to US$214.2 billion, and on the other hand their total equity increased from US$45 billion to US$63.1 billion. Their debt ratio improved from about78.9% in 2020 to 72.6% in 2022, but then later it increased to around 77% by 2024. What this tells us about GM is that, they used debt rather than equity inorder to fund a big part of their asset growth.

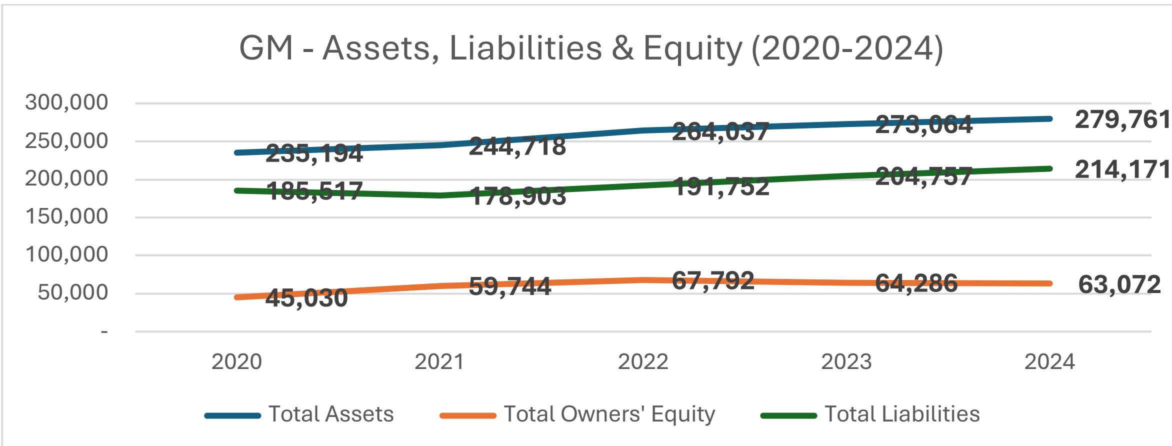

Figure 9: Trend in total assets, total liabilities and total equity of General Motors, 2020-2024 (US$ millions)

GM's operating cash flow has actually been very positive and even improving, which actually rose from around US$16.7 billion in 2020 to more than US$20 billion in both 2023 and 2024. Their investing cash flow was actually negative all throughout these four years, which shows us about their capital expenditure and investment in new technologies. And finally their financing cash flows were switching between inflows and outflows as GM was actually raising debt in some years and repaying in other years. Net working capital had remained positive throughout this period and actually increased in 2024.

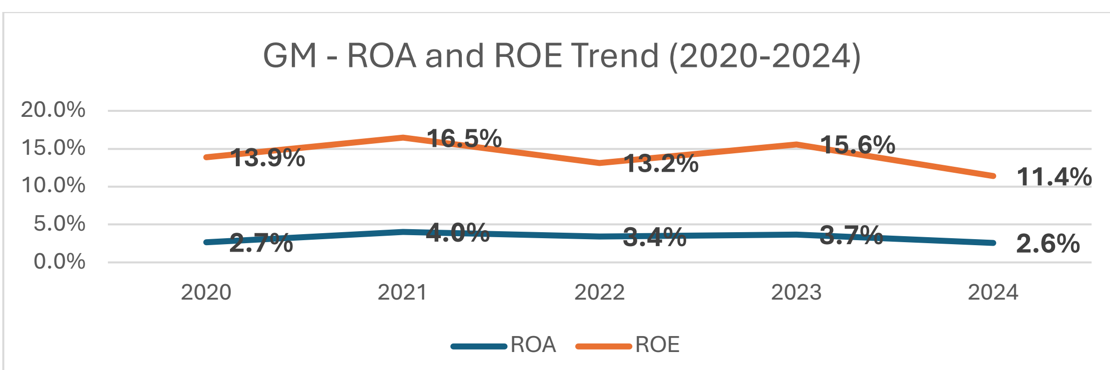

Figure 10: Trend in ROA and ROE of General Motors, 2020-2024 (percent)

3.6 TREND ANALYSIS – STELLANTIS N.V. (2020-2024)

From this analysis we can see that, during the 2020 to 2023 period, Stellantis was having very strong top line growth. Their total revenue had increased from around US$54.3 billion in 2020 to around US$204.7 billion in 2023. This was mainly due to the FCA-PSA merger also their ability to recover after the pandemic. But in 2024, their revenue declined to about US$169.4 billion. This is indicating a weaker demand. Their net operating profit is also showing a very similar pattern. It rose from around US$2.5 billion in 2020 to US$20.1 billion in 2023, before it fell down hard to around US$5.9 billion in 2024. Their earnings per share increased from US$1.61 in 2020 up to about US$6.46 in 2023, after which it dropped US$2.01 in 2024. Stellantis introduced dividends in 2022. It was US$1.09 per share and it went up to US$1.67 by 2024.

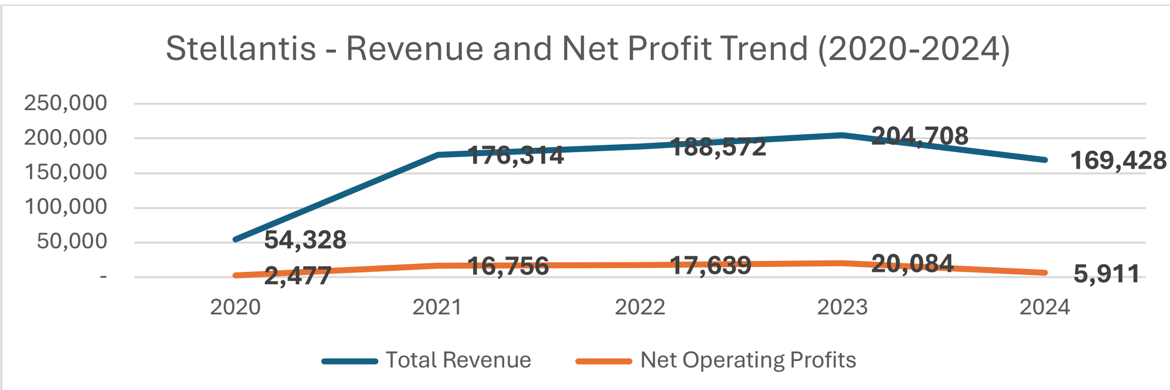

Figure 11:Trend in total revenue and net operating profit of Stellantis, 2020-2024 (US$ millions)

Stellantis' balance sheet had expanded by a large margin over this period. Their total assets had increased from around US$85.8 billion in 2020 to about US$224.2 billion in 2024. Their total owners equity rose from around US$24.3 billion to US$88.2 billion. During this period, their total liabilities also grew, from around US$58.6 billion to about US$135.5 billion. Due to these factors, their debt ratio had improved from 68.3% in 2020 to around 60% by 2024. What this tells us is that they had a strengthening of the capital structure and reduced financial leverage. When we look at their retained earnings, we can see that it increased strongly from about US$19.9 billion to a high point of US$87.4 billion in 2023, then slightly decreasing to US$83.5 billion in 2024. Stellantis was able to keep their net working capital positive for all years in this period, that is from roughly US$6.9 billion to almost US$19 billion in 2022 to 2023, then dropping back to about US$6.9 billion in 2024. This suggests that their short term liquidity tightened in the last year of this analysis period.

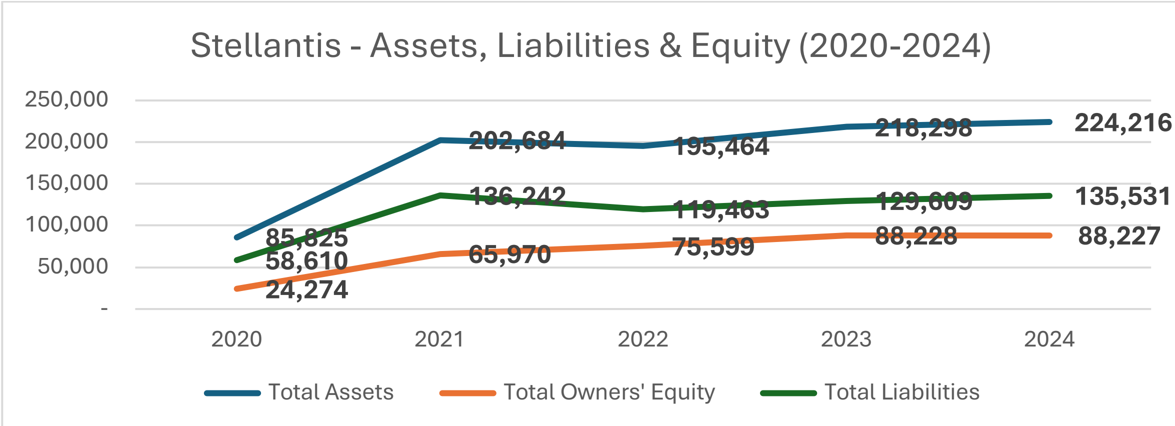

Figure 12: Trend in total assets, total liabilities and total owners' equity of Stellantis, 2020-2024 (US$ millions)

We can see how strong Stellantis was in 2021 to 2023 and how weak they were in 2024 when we look at their profitability ratios. Their ROA improved from about 2.9% in 2020 to around 9.2% in 2023, after which it fell down to around 2.6% in 2024. When observing their ROE, we can see the same exact pattern, rising from 10.2% to around 22-25% in 2021 to 2023, after which it dropped to 6.7% in 2024. Their asset turnover was also very high, where it increased from about 63.3% in 2020 to nearly 97% in 2022, which tells us that they used their asset base very effeciently inorder to generate revenue. But then later it declined slightly to around 76% in 2024, which is a very consistent pattern with that of revenue and profit slowdown. When we look at this as a whole, we can see that Stellantis had delivered very strong profitability and also effeciency in the middle of the period, but 2024 is the year that shows a decline when compared to the other years.

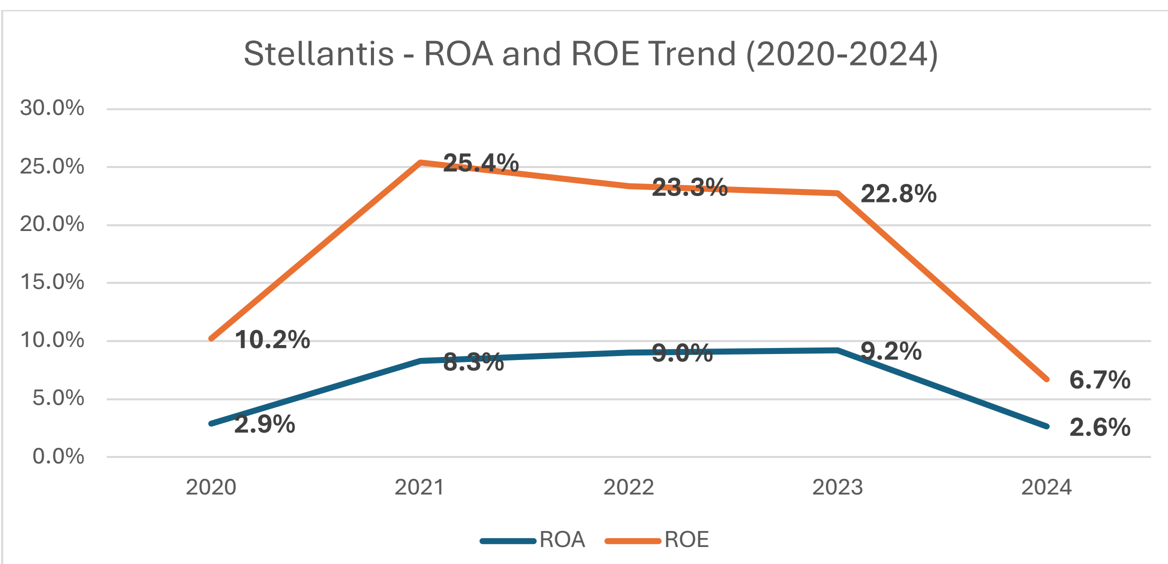

Figure 13: Trend in ROA and ROE of Stellantis, 2020-2024 (percent)

3.7 RATIO ANALYSIS (GM VS STELLANTIS), 2023-2024

3.7.1 LIQUIDITY ANALYSIS

We use liquidity analysis in order to check whether or not General Motors and Stellantis are able to meet their short-term requirements using current assets. Based on the 2023 and 2024 data, we can see that both the companies were able to maintain ratios slightly above 1, but their trends are different. GM is showing gradual improvement, but Stellantis started from a high position and then fell. Net working capital is showing that GM's short term liquidity has become stronger, but Stellantis has reduced significantly.

Current Ratio:

Formula: Current Ration = Current Assets / Current Liabilities

- **GM:** The company's current ratio has increased from 1.08 in 2023 to 1.13 in 2024. What this small increase tells us is that, their current assets grew faster than their current liabilities. This in turn allows them to cover short term obligations easily. Also we have to to understand that since the ratio is just above 1, it means their in a bit of a tight position.
- **Stellantis:** Their current ratio declined from 1.24 in 2023 to 1.08 in 2024. In 2023 the company was having a safer liquidity position than GM. But their fall in 2024 tells us that current liabilities have increased when compared to current assets.

Net Working Capital:

Formula: Net Working Capital = Current Assets – Current Liabilities

- **GM:** Their NWC increased from around US$7,173 million in 2023 to around US$12,280 million in 2024. This rise is telling us that their current assets such as cash, receivables and inventories increased when compared to current liabilities. This is another factor that supports the view that GM's short term financial flexibility is getting better.
- **Stellantis:** On the other hand, Stellantis' NWC dropped significantly from US$18,986 million in 2023 to about US$6,903 million in 2024. This tells us that the company either reduced its current assets or they increased their current liabilities, or it could be the both.

When we look at this overall, we can see that GM is showing a gradual strengthening when it comes to their liquidity, whereas Stellantis is moving from strong position to a more wekaer one between 2023 and 2024.

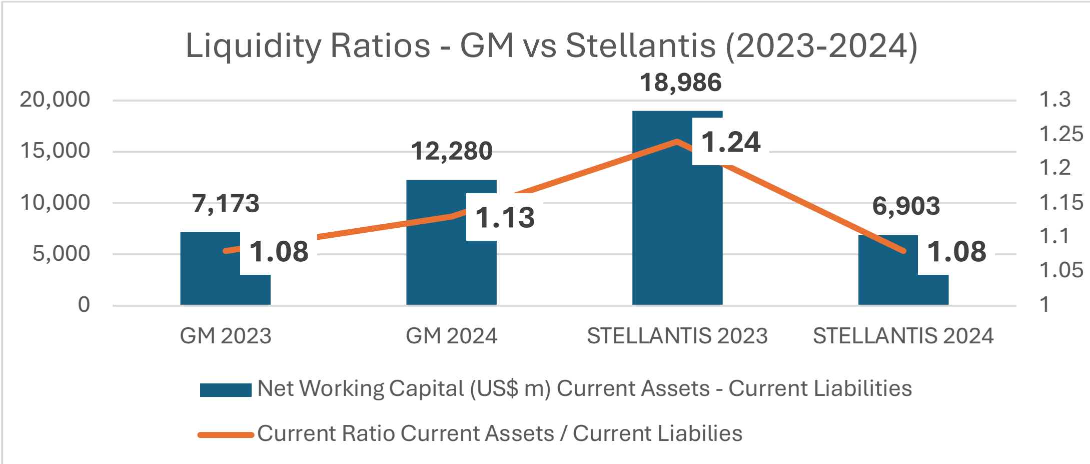

Figure 14: Liquidity Ratios - GM vs Stellantis (millions, times ; 2023-2024)

3.7.2 ACTIVITY ANALYSIS

We use activity ratios in order to see how efficiently General Motors and Stellantis are using inventories, receivables, payables and total assets to generate sales. We can see from the analysis that, GM's activity ratios are improving, while Stellantis' is decreasing, especially when it comes to receivables and overall asset utilization.

Inventory Turnover:

Formula: Inventory Turnover = Cost of Sales / Average Inventory

- **GM:** Their inventory turnover has increased from about 8.9 times in 2023 to around 9.7 times in 2024. What this tells us is that GM is selling and replacing its inventories more frequently in 2024, which points to faster stock movement and better inventory management.
- **Stellantis:** On the other hand, Stellantis' inventory turnover falls from roughly 7.8 times in 2023 to about 6.5 times in 2024. This indicates that Stellantis is actually holding inventory for a longer time before they end up selling it, which can lead to more funds being tied up to stock and shows slower demand or higher inventory levels.

Receivables Turnover:

Formula: Receivables Turnover = Net Sales / Average Trade Receivables

- **GM:** Their receivables turnover has gone up from around 13.4 times in 2023 to 14.9 times in 2024. This means that GM is converting credit sales into cash more quickly, which tells us that they are having improved collection effeciency and has a stronger control over customer credit.

- **Stellantis:** But in this case, Stellantis' turnover drops from about 33.4 times in 2023 to 26.3 times in 2024. Even though when comapred to GM these levels are high, the decline tells us that Stellantis is collecting payments more slowly than before, which can end up increasing credit risk and lock more money in receivables.

Payables Turnover:

Formula: Payables Turnover = Cost of Sales / Average Trade Payables

- **GM:** Their payables turnover has risen slighlty from around 5.1 times in 2023 to about 5.6 times in 2024. This shows us that GM is actually paying its suppliers a bit more frequently. This ends up reducing the free credit period but may actually help them maintain good relationships with their suppliers.
- **Stellantis:** Their payables turnover has decreased from around 4.7 times in 2023 to about 4.4 times in 2024. This means that Stellantis is taking a lit bit more longer time to pay its suppliers. This can help them have short term liquidity, but may have issues when it comes to their supplier relations.

Assets Turnover:

Formula: Assets Turnover = Net Sales / Average Total Assets

- **GM:** They were able to improve their asset turnover from about 0.64 times in 2023 to around 0.68 times in 2024. Even though their ratio is still below 1, the increase shows us that GM is generating slightly more sales for each dollar they invested in assets.
- **Stellantis:** In the case of Stellantis, their asset turnover actually ends up falling from 0.98 times in 2023 to about 0.77 times in 2024. What this tells us is that they are using their asset base in a weaker way, as the company is generating less revenue per euro of assets when compared to their previous year.

Now when we look at these activity ratios as an overall case, we can see that GM is able to become more efficient in how it manages inventory, receivables, payables and assets. On the other hand, Stellantis is showing a fall in efficiency between 2023 and 2024. This difference helps us understand why GM's performance trends are appearing to be more stable than Stellantis in the recent period.

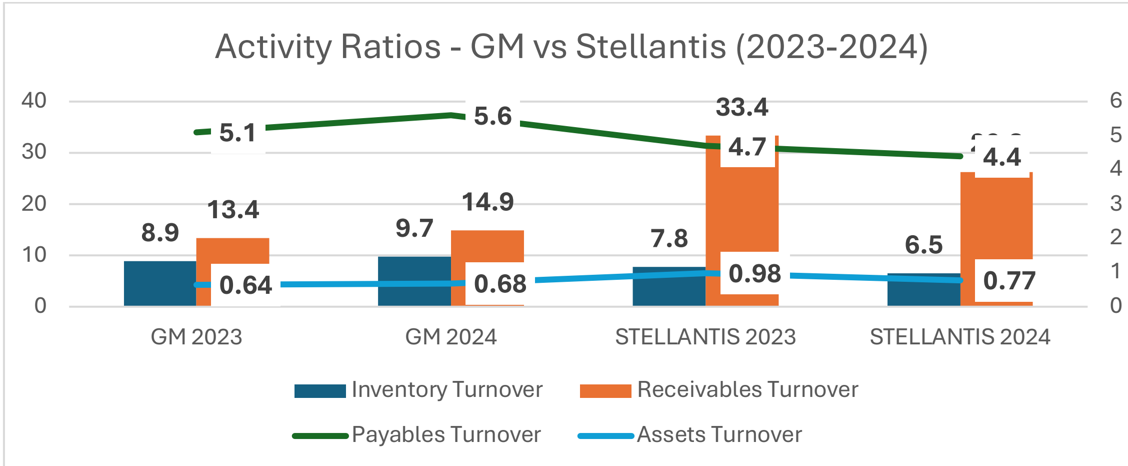

Figure 15: Activity Ratios - GM vs Stellantis (times ; 2023-2024)

3.7.3 SOLVENCY AND DEBT MANAGEMENT

We can use solvency ratios inorder to help us understand how much each of the companies relies on debt and also whether they'll be able to comfortably meet their long term interest requirements.

Debt Ratio:

Formula: Debt Ratio = Total Liabilities / Total Assets

- **GM:** We can see from the analysis that GM's debt ratio has increased from 75% in 2023 to about 76.6% in 2024. What this means is that GM is using liabilities in order to finance three quarters of their assets. A higher debt ratio will increase the companies financial risk, that is because a bigger portion of future cash flows has to be used to pay back their debts rather than be able to reward their shareholders.
- **Stellantis:** Even Stellantis' debt ratio has increased, but compared to GM, it's lower. It increased from around 59.4% in 2023 to about 60.4% in 2024. This means that, when compared to GM, Stellantis is relying more on equity funding. But still their increase shows that there's a small increase in financial risk in 2024.

Times Interest Earned (TIE):

Formula: Times Interest Earned = Operating Income / Interest Expense

- **GM:** GM was able to improve their TIE ratio improved from roughly 10.2 times in 2023 to about 15.1 times in 2024. What this tells us is that, GM's operating income was more than fifteen times its automotive interest expense in 2024, which ends up giving GM a comfortable margin for meeting interest payments even if profits fall. What this improvement tells us is that, GM is now better able to service its debt.

- **Stellantis:** In the case of Stellantis, they show an extremely high TIE of around 533.7 times in 2023. In 2024, TIE fell to about 10.7 times, which is still a healthy coverage level. This analysis shows us that Stellantis is not facing any heavy interest burdens and can easliy cover its finance costs from operating profits.

When we look at this solvency analysis as an overall, we can see that GM is having an higher leverage than Stellantis, where debt is being used to finance three quarters of its asset base, but it is still able to maintain a strong interest coverage ratio.

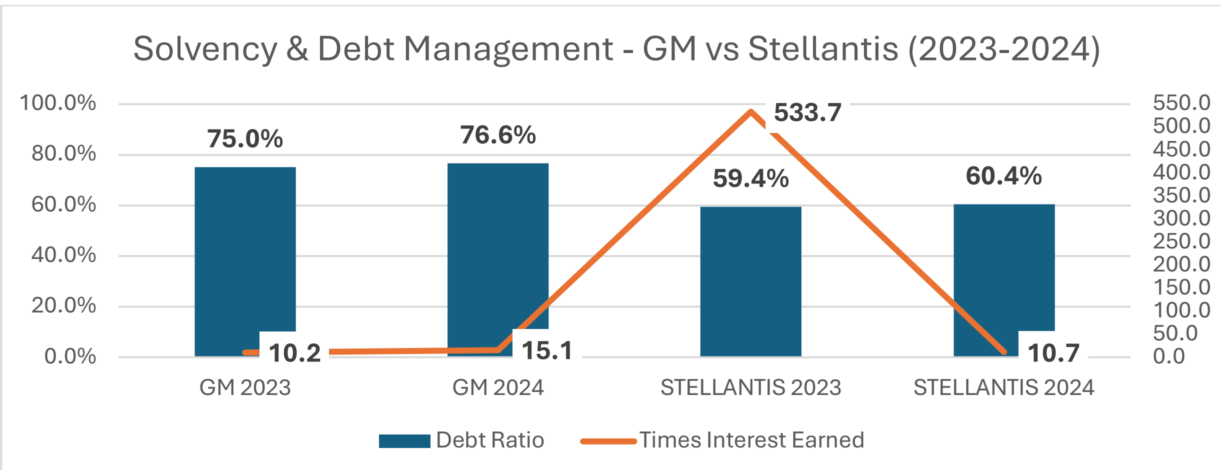

Figure 16: Solvency & Debt Management - GM vs Stellantis (percent, times ; 2023-2024)

3.7.4 PROFITABILITY ANALYSIS

We use profitability analysis in order to see how efficiently GM and Stellantis is generating returns for their asset base and shareholders. In order to do this analysis, we will be using Return on Assets (ROA), Return on Equity (ROE) and Earnings per Share (EPS) for 2023 and 2024.

Return on Assets (ROA):

Formula: Return on Assets = Net Income / Total Assets

- **GM:** Their ROA has decreased from about 3.7% in 2023 to 2.6% in 2024. This shows us that GM has generated a lower return from their asset base in 2024. This was mainly due to the fall in their net income while total assets continued to increase.

- **Stellantis:** When it comes to Stellantis, their ROA declined more significantly, from around 9.2% in 2023 to about 2.6% in 2024. What this tells us is that Stellantis' earnings dropped sharply when compared to its total assets.

Return on Equity (ROE):

Formula: Return on Equity = Net Income / Total Equity

- **GM:** Their ROE has fallen from around 14.7% in 2023 to about 11% in 2024. Although this is still a double digit return, this downward movement tells us that shareholders had only received a lower percentage return on their investments when compared to 2023.
- **Stellantis:** Even with Stellantis, their ROE fell too, from around 22.6% in 2023 to about 6.7% in 2024. This shows us a very bad return situation for its shareholders.

Earnings per Share (EPS):

Formula: Earnings per Share = Reported by the company

- **GM:** Their EPS has reduced from about US$7.35 per share in 2023 to about US$6.45 per share in 2024. This again confirms the ROE that, earnings available to GM's common shareholders have reduced. But compared to Stellantis, they remain stable.
- **Stellantis:** In the case of Stellantis, EPS fell even more sharply when compared to GM, from around US$6.46 per share in 2023 to about US$2.01 per share in 2024. This drop in EPS is actually very consistent with what we saw in its drop in ROA and ROE. This ends up indicating that each of Stellantis' shareholder is receiving significantly reduced earnings.

When we take all of this data together, we can see that the profitability ratios of both companies shows us that they had a weaker profitability in 2024, but the decline is much more severe in the case of Stellantis. When it comes to the profitability of GM it has reduced but it still remains good, whereas Stellantis has moved from a very strong postion in 2023 to a very weak one in 2024.

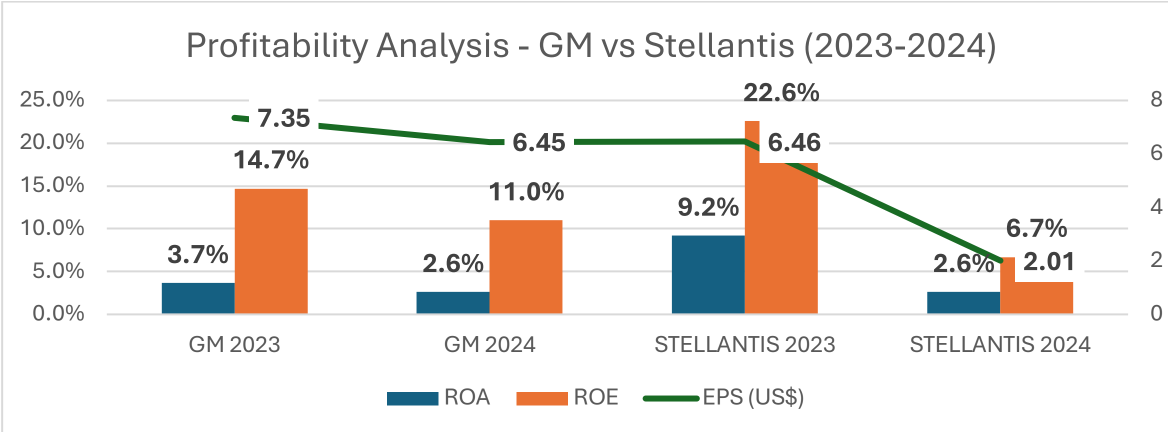

Figure 17: Profitability Analysis - GM vs Stellantis (US$, percent ; 2023-2024)

4 CONCLUSION AND RECOMMENDATIONS

In this report, I examined the financial performance and position of General Motors (GM) over the last five years, by using Stellantis N.V. as a benchmark. The analysis includes various components such as horizontal, vertical and trend analysis, and also with important financial ratios for liquidity, activity, solvency and profitability for the years 2023 and 2024. The main obejctive of this report is to help shareholders in deciding whether to increase, decrease or maintain their investment in GM.

When we look at it from a liquidity perspective, we can see that GM showed a gradual improvement between the years 2023 and 2024. Their current ratio increased slightly and also the net working capital expanded. This shows us that the company is able to meet its short term requirements using current assets easily. But on the other hand, Stellantis has moved from a more comfortable liquidity postion in 2023 to a tighter one in 2024, that's because its current ratio and net working captial reduced. This tells us that, in the present condition, GM's short term financial flexibility is improving, but Stellantis is getting weaker.

In terms of operating effeciency, the activity ratios (inventory turnover, receivables turnover and assets turnover) of GM all improved in 2024. What this tell us is that, the company is able to manage its inventory more effectively, collecting their receivables faster and also using its asset base slightly better in order to generate revenue. But on the other hand, Stellantis actually had the opposite pattern, with lower turnover ratios and also weaker asset utilization in 2024 when compared to 2023. Overall, GM is appearing to move in a positive direction in terms of operational effeciency, but Stellantis is losing some of the efficiency advantages it previously had.

When we look at the solvency and capital structure, it is visible that GM is significantly more leveraged than Stellantis. Their debt ratios are above 75%, but for stellantis it is 60%. What this high leverage does is that it increases GM's financial risk, especially in an industry like automotive where they need a lot of capital. But, GM's Times Interest Earned ratio has remained strong and even improved in 2024. This indicates that its operating income is still more than enough to cover interest costs. But Stellantis on the other hand is having a much safer capital structure and very comfortable interest coverage, although its interest coverage had wekaened in 2024 as their profits decreased.

Now when we come over to profitability analysis, it shows that both companies recorded lower returns in 2024, but Stellantis actually had a severe fall. GM's ROA and ROE fell, and their EPS declined slightly. This shows us that their having pressure on their margins but still able to give reasonable shareholder returns. But on the other hand, Stellantis fell from a very high ROA, ROE and EPS in 2023 to a very much lower level in 2024. This sharp drop in profitability we saw, when we compare it to weaker effeciency and liquidity measures, tells us that Stellantis is having a much more concerning trend when compared to GM.

When we take all these factors mentioned above, we can see that GM is fundamentally solid but moderately risky investment. The company is actually improving when it comes to liquidity and efficiency and is continuing to generate acceptable returns, but its high leverage and its exposure to industry uncertainity (such as the transition to EV and autonomous vehicles) will be adding on to their ongoing risk. When we look at the balance sheet of Stellantis, we can see that it is comparitively stronger in terms of lower leverage, but it is currently showing a bigger decline in profitability and activity ratios.

For the existing shareholders of General Motors, a very reasonable recommendation is to either hold or modestly increase their investment. Investors that are having a long term holding horizon, who are ready to take some risk, may consider slowly increasin their exposure. That is because GM is improving when it comes to operational efficiency and stable, though slightly declining, profitability. Investors who are not ready to take much risks may prefer to hold their current position and also closely monitor GM's future earnings, their debt levels and the progress in its strategic transition to new technologies. Investors must also note that, this recommendation is completely based on historical financial statements and ratio analysis. Other factors such as market conditions, competitive developments and the company's management strategy should also be taken into consideration before making their final investment decisions.

5 REFERENCES

General Motors Company (2020) Annual Report 2020. Detroit: General Motors Company. Available at: https://investor.gm.com/static-files/78f06039-f442-41a0-8929-81021e9ccb17

General Motors Company (2021) Annual Report 2021. Detroit: General Motors Company. Available at: https://investor.gm.com/static-files/8f1001fb-1fba-4e71-bb42-4a48066820a0

General Motors Company (2022) Annual Report 2022. Detroit: General Motors Company. Available at: https://investor.gm.com/static-files/12adf215-2927-498e-a958-66345e607b98

General Motors Company (2023) Annual Report 2023. Detroit: General Motors Company. Available at: https://investor.gm.com/static-files/1fff6f59-551f-4fe0-bca9-74bfc9a56aeb

General Motors Company (2024) Annual Report 2024. Detroit: General Motors Company. Available at: https://investor.gm.com/static-files/e86cba95-5077-4097-bf21-b3de40126ca8

Stellantis N.V. (2020) Annual Report 2020. Amsterdam: Stellantis N.V. Available at: https://www.stellantis.com/content/dam/stellantis-corporate/investors/financial-reports/Stellantis_2020_12_31_Annual_Report.pdf

Stellantis N.V. (2021) Annual Report 2021. Amsterdam: Stellantis N.V. Available at: https://www.stellantis.com/content/dam/stellantis-corporate/investors/financial-reports/Stellantis_NV_2021_Annual_Report.pdf

Stellantis N.V. (2022) Annual Report 2022. Amsterdam: Stellantis N.V. Available at: https://www.stellantis.com/content/dam/stellantis-corporate/investors/financial-reports/Stellantis-NV-20221231-Annual-Report.pdf

Stellantis N.V. (2023) Annual Report 2023. Amsterdam: Stellantis N.V. Available at: https://www.stellantis.com/content/dam/stellantis-corporate/investors/financial-reports/Stellantis-NV-20231231-Annual-Report.pdf

Stellantis N.V. (2024) Annual Report 2024. Amsterdam: Stellantis N.V. Available at: https://www.stellantis.com/content/dam/stellantis-corporate/investors/financial-reports/Stellantis-NV-20241231-Annual-Report.pdf