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GM could make more than \$1 billion from its big stake in Lyft

By Jamie L. LaReau
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General Motors will soon be in a position to potentially add at least \$1 billion to its coffers.

That's because GM owns 18.6 million Class A shares of Lyft Inc., making it one of the largest investors in the ride-hailing company.

Lyft is heading toward an initial public offering Friday that it priced on Thursday at \$72 per share. ...

... But some say selling the shares for a buyback of GM common stock or a special dividend is a bad move. GM just cut about 8,000 white-collar jobs, some through voluntary buyouts and most through involuntary terminations, and it is idling five factories in North America, affecting 6,200 factory jobs. It's part of a massive restructuring GM said will save it \$2.5 billion this year.

If GM sold the shares and pocketed the profits, "The optics would be bad right now with what's gone on at GM with the restructuring," said David Kudla, CEO and chief investment strategist of Mainstay Capital Management. Mainstay has \$2.5 billion in assets under management and holds about 100,000 shares of GM.

"What would make sense would be if they want to take some of it or all of it at that value and reinvest in their GM Cruise division and the future of mobility," said Kudla. ...

... Likewise, Kudla said GM's affiliation has shifted, with the company having mapped its own course, but "the financial investment in Lyft has turned out to be fortuitous for sure."

Still, Kudla noted that Lyft is a leader in the ride-sharing industry, and because it is such an evolving industry and "we don't know who all the players will be, it's not an unwise play for GM to hedge its bets and maintain its stake in Lyft." ...

... No matter what GM does, these analysts and investors say they will be watching the Lyft and Uber IPOs closely.

"It's going to be big business globally down the road," said Kudla. "These are very important developments, not just in the auto industry, but in transportation in general. So how the market reacts to this IPO is very interesting and very exciting."

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