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GM SPIN-OFF IS NOW WORTH \$19 BILLION

Investors keep stepping forward, including most recent group that poured in \$1.15B for GM self-driving unit

By Jamie L. LaReau (excerpt)
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At a time when the auto industry is tamping down expectations for fully self-driving cars, outside investors remain believers and their cash bets signal that the deployment of a fleet of autonomous cars is approaching, analysts say.

General Motors' self-driving unit, Cruise, said Tuesday it has secured a new equity investment of \$1.15 billion from a group of institutional investors.

It brings the total investment in Cruise by outside investors to about \$7.25 billion to date. Based on investors' equity shares, it increases Cruise's total valuation to \$19 billion. ...

... This new outside investment in Cruise further affirms investor confidence in GM's strategic vision and execution in autonomous technologies, said David Kudla, CEO of Mainstay Capital Management which manages \$2.5 billion.

"It also bolsters GM's position, not only as a major player, but as a leader in the future of mobility," said Kudla. ...

... More money

Many analysts have said it will be decades before fully autonomous cars can safely hit open public roads and offer a profitable business model.

Earlier this year, GM said the company plans to deploy a fleet of self-driving cars for ride-sharing in a major market this year. GM CEO

Mary Barra said in February that GM continues "to make rapid progress with the technology."

But during its April 30 earnings call with Wall Street analysts, Barra was noncommittal on timing when pressed for a launch date.

"I think you'll see updates later this year," she said during the call. "We are very pleased with where we're at on our continued rate of progress. We're doing our testing in one of the most complex environments in the U.S. (San Francisco). We have a very strong position and we have a very strong safety record."

Cruise plans to hire 1,000 people over the next nine months at its operations in San Francisco. That comes after GM cut 8,000 white-collar jobs and said it will idle five factories in North America this year and early next year, affecting another 6,200 jobs. The restructuring will save about \$2.5 billion this year, GM said.

Barra has said GM is open to more partnerships similar to what it has with Honda and SoftBank.

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