

ALLY FINANCIAL INC (New York: ALLY, Currency: USD) 47.58 / 0.59% / 0.280002
 Bloomberg Rating: IG4 Sector: Financials Industry: Consumer Finance Sub-Industry: Consumer Finance FY End: December 2020 EPS Due: 1/21/2022

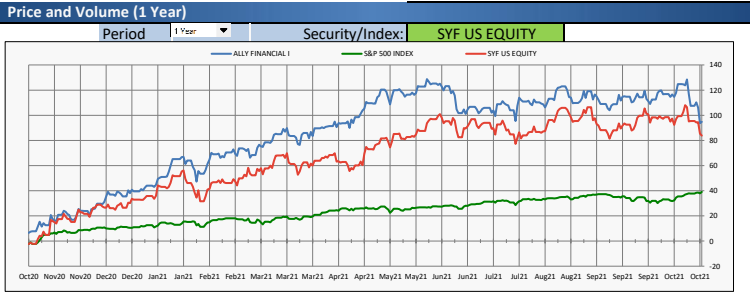
Description
 Ally Financial Inc. operates as a financial holding company. The Company offers automotive financial services. Ally Financial serves clients in the United States.

Business Segments (FY: Dec-20)	Operating
Automotive Financing Operations	1,285.00
Insurance	284.00
Corporate Finance	88.00
Mortgage Operations	53.00
Corporate and Other	(296.00)

Key Statistics		Actual and Estimate Data		
52-Week Range	25.96 - 56.61	LTM	12/2021	12/2022
Avg Daily Vol (3 M)	2,891,262	Revenue	10,817.00	8,084.24
Market Value	16,637.4	% change y/y	20.9%	5.0%
Current Enterprise	22,988.92	EBITDA	7,442.00	4,046.00
Shares Outstanding	349.60 M	% Margin	-	-14.4%
Dividend Yield	2.1%	EPS	8.174513	8.528
Float %	98.7%	% change y/y	181.5%	-14.9%
Institutional %	101.2%	EV/Sales	2.2x	15.6x
Analyst Coverage	20 Analysts	EV/EBITDA	3.2x	5.7x
Target Price	67.50	P/Sales	1.6x	2.1x
LT Growth Rate	5695.5%	P/Earnings	5.8x	5.6x
Consensus Rating	4.80	P/Book	1.1x	1.0x
Return on Equity	21.1%			

Relative Comps	Mkt Cap	PE (NTM)
Ally Financial Inc	16.64 B	6.5x
Credit Acceptance Corp	9.26 B	12.6x
SoFi Technologies Inc	15.89 B	
Santander Consumer USA	12.76 B	7.4x
OneMain Holdings Inc	6.84 B	5.8x
LendingClub Corp	4.05 B	42.0x
World Acceptance Corp	1.19 B	18.2x
Enova International Inc	1.16 B	6.8x
LendingTree Inc	1.87 B	33.4x
Alliance Data Systems Co	4.33 B	6.8x
Capital One Financial Co	65.18 B	7.6x
Discover Financial Services	33.83 B	8.5x
Nelnet Inc	3.17 B	10.4x
Synchrony Financial	25.34 B	7.9x
SLM Corp	5.28 B	5.7x

Measure:	Sales/Revenue/Turnover			
	2019	2020	2021	2022
Q1 Mar	2899.00	2617.00	2658.00	2077.08
Q2 Jun	2886.00	2733.00	2738.00	2114.31
Q3 Sep	2904.00	2678.00	2568.00	2144.77
Q4 Dec	2930.00	2853.00	2063.93	2175.83
Year	11618.00	10882.00	8084.24	8491.29
Cal Yr	6394.00	6686.00	8084.24	8491.29
Revision	1 Week	4 Weeks	3 Months	6 Months
Qtr End 12/21	0.6%	0.8%	0.8%	6.1%
Qtr End 03/22	0.6%	1.1%	1.0%	6.3%
FY End 12/21	0.1%	-0.1%	0.0%	6.2%
FY End 12/22	0.9%	1.5%	1.4%	6.8%



Prices/Volume	
YTD Change	33.43%
6 Month Change	13.26%
3 Month Change	-5.2%
1 Year Change	159.0%
Daily Volume	1,501,031
Average Volume 30 Day	3,059,066
Average Volume 3 Month	2,891,262
Average Volume 6 Month	3,242,294
Dividend Yld	1.7%
52 Week Beta	1.04

Measure:	Diluted EPS Bef XD Items			
	2019	2020	2021	2022
Q1 Mar	0.92	-0.85	2.11	1.85
Q2 Jun	1.46	0.64	2.41	1.66
Q3 Sep	0.97	1.26	1.89	1.75
Q4 Dec	1.00	1.82	1.98	1.85
Year	4.35	2.88	8.43	7.15
Cal Yr	4.34	2.88	8.43	7.15
Revision	1 Week	4 Weeks	3 Months	6 Months
Qtr End 12/21	1.7%	5.3%	5.7%	-
Qtr End 03/22	2.6%	4.0%	4.3%	-
FY End 12/21	0.2%	1.4%	1.5%	-
FY End 12/22	0.7%	2.2%	2.3%	-

Performance		2012	2013	2014	2015	2016	2017	2018	2019	2020	5 Yr Avg
Price Change		-	-	-	-21.1%	2.0%	53.3%	-22.3%	34.9%	16.7%	16.9%
S&P 500 INDEX		13.4%	29.6%	11.4%	-0.7%	9.5%	19.4%	-6.2%	28.9%	16.3%	13.6%
Industry (INDU Index)		7.3%	26.5%	7.5%	-2.2%	13.4%	25.1%	-5.6%	22.3%	7.2%	12.5%
Div Yield		0.0%	0.0%	0.0%	0.0%	0.8%	1.4%	2.5%	2.2%	2.1%	1.8%
Financials	12/12 Y	12/13 Y	12/14 Y	12/15 Y	12/16 Y	12/17 Y	12/18 Y	12/19 Y	12/20 Y	5 Yr CAGR	
Sales	9,916.0	9,577.0	9,667.0	9,539.0	9,835.0	9,866.0	10,466.0	11,618.0	10,882.0	2.7%	
EBITDA	6,947.0	6,540.0	6,965.0	6,223.0	6,592.0	6,223.0	6,908.0	7,810.0	6,253.0	-1.1%	
EBIT	4,566.0	3,676.0	4,029.0	3,822.0	4,210.0	4,364.0	5,259.0	6,210.0	4,657.0	4.0%	
Net Income	1,196.0	361.0	1,150.0	1,289.0	1,067.0	929.0	1,263.0	1,715.0	1,085.0	-3.4%	
EPS (Diluted)	0.95	-1.64	1.83	-2.66	2.15	2.04	2.95	4.34	2.88	-201.6%	
Dividends per Share	0.00	0.00	0.00	0.00	0.16	0.40	0.56	0.68	0.76	-	
Shares for Fully Diluted	412.6	420.2	481.9	482.9	482.2	455.4	427.7	395.4	377.1	-4.8%	
Book Value per Share	31.41	27.00	29.46	26.44	28.52	30.87	32.77	38.51	39.24	8.2%	
Cash & Near Cash	7,513.0	5,531.0	5,576.0	6,380.0	5,934.0	4,252.0	4,537.0	3,555.0	15,621.0	19.6%	
Total Assets	182,347.0	151,167.0	151,631.0	158,581.0	163,728.0	167,148.0	178,869.0	180,644.0	182,165.0	2.8%	
Working Cap	-	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-	
LT Debt	61,988.0	52,293.0	66,380.0	66,234.0	54,128.0	44,226.0	44,193.0	34,173.0	22,148.0	-19.7%	
Cash Flow-Oper Activiti	5,049.0	2,501.0	3,403.0	5,111.0	4,567.0	4,079.0	4,150.0	4,050.0	3,739.0	-6.1%	
Capital Expenditures	7,444.0	9,196.0	9,884.0	4,685.0	3,274.0	4,052.0	3,709.0	4,023.0	4,320.0	-1.6%	
Free Cash Flow	2,395.0	6,695.0	6,481.0	426.0	1,293.0	27.0	441.0	27.0	581.0	-206.4%	
Ratios	12/12 Y	12/13 Y	12/14 Y	12/15 Y	12/16 Y	12/17 Y	12/18 Y	12/19 Y	12/20 Y	5 Yr Avg	
Gross Margin	-	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
EBITDA Margin	70.1%	68.3%	72.0%	69.4%	67.0%	63.1%	66.0%	67.2%	57.5%	64.2%	
EBIT Margin	-	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Profit Margin	12.1%	3.8%	11.9%	13.5%	10.8%	9.4%	12.1%	14.8%	10.0%	11.4%	
Return on Assets	0.7	0.2	0.8	0.8	0.7	0.6	0.7	1.0	0.6	0.7	
Return on Com Eqty	3.1	-5.3	6.5	-9.5	8.0	6.9	9.4	12.4	7.5	8.8	
Asset Turnover	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	
Assets/Equity	9.2	10.6	9.8	11.8	12.3	12.4	13.5	12.5	12.4	12.6	
Net Inc per 1000 Empl	112.8	50.8	166.7	181.5	140.4	117.6	154.0	197.1	114.2	144.7	
Days Sales Out (DSO)	-	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Acc Pay Turn Days (DPO)	-	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Current Ratio	-	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Quick Ratio	-	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Total Debts/Total Capiti	80.5	84.6	82.7	84.7	83.4	80.5	80.3	73.4	62.3	76.0	
Total Debt/Total Equity	412.2	549.1	476.9	553.1	501.6	412.3	408.4	275.8	165.5	352.7	

Growth Rate (CAGR) Summary				
	1Yr	3Yr	5Yr	10Yr
Sales	-6.3%	3.3%	2.7%	-3.9%
EBIT	-25.0%	2.2%	4.0%	-5.0%
EBITDA	-19.9%	0.2%	-1.1%	-6.2%
Net Income	-36.7%	5.3%	-3.4%	0.1%
EPS (Diluted)	-33.6%	12.2%	-201.6%	-
Dividends	11.8%	23.9%	-	-
BVPS	1.9%	8.3%	8.2%	-
Free Cash Flow	-2351.4%	-396.2%	-211.9%	-

Valuation Summary				
Measure:	12/31/2020	5 Year Periodicity:	Yearly	Avg
P/E (LTM)	11.3x	High	Low	10.7x
P/E (NTM)	6.4x	15.1x	7.7x	8.0x
PEG (NTM)	0.1x	10.7x	6.4x	0.7x
P/Bk	0.9x	1.1x	0.1x	0.7x
P/CF	3.6x	1.2x	0.7x	0.9x
P/Sales	1.2x	4.8x	2.0x	3.1x
EV/EBITDA	3.5x	1.6x	0.9x	1.2x
EV/Sales	2.0x	10.6x	3.5x	7.8x
Div Yield	2.1%	7.1x	2.0x	5.1x
		2.5%	0.8%	1.8%

Investment Summary				
	High	Low	Avg	5 Yr Avg
Return on Assets	0.7	0.2	0.8	0.7
Return on Com Eqty	3.1	-5.3	6.5	-9.5
Asset Turnover	0.1	0.1	0.1	0.1
Assets/Equity	9.2	10.6	9.8	11.8
Net Inc per 1000 Empl	112.8	50.8	166.7	181.5
Days Sales Out (DSO)	-	0.0	0.0	0.0
Acc Pay Turn Days (DPO)	-	0.0	0.0	0.0
Current Ratio	-	0.0	0.0	0.0
Quick Ratio	-	0.0	0.0	0.0
Total Debts/Total Capiti	80.5	84.6	82.7	84.7
Total Debt/Total Equity	412.2	549.1	476.9	553.1

Recommendation
 We view Ally Financial Inc. (ALLY) as an attractive investment opportunity based upon a combination of compelling valuation, strong fundamental trends, and an improving risk profile. We rate the shares a buy with price target of \$61 based on the stock trading at a P/E of 8.5x our 2022 earnings per share estimate of \$7.25.

Fundamental Trends / Catalysts
 Over the past several quarters, ALLY has exceeded expectations on both the top and bottom line driven by strength in used car loans, solid net interest margins, record high residual values and resilient underlying consumer credit. Results have been strong despite a global semiconductor chip shortage which has seriously constrained new car inventories. As the chip shortage abates, we forecast strengthening new car loan origination volumes in 2022 which should help offset an inevitable slowdown in the used car market and a plateauing of consumer credit metrics. While net interest margins will likely moderate some in 2022, we believe they will be relatively insulated by the company's access to low-cost deposits through its online banking unit. Recently ALLY acquired Fair Square, a digital payments company, which is expected to be accretive to its earnings, margins, growth rate and valuation multiples over time.

Balance sheet / Capital Deployment Trends
 ALLY's balance sheet has considerably strengthened over the past 5 years. Long Term Debt to Assets stands at only 12%, down from over 40% in 2016. Over the past 5 years, ALLY has repurchased over \$4b in common stock and has steadily increased dividends to shareholders.

Valuation
 Trading at \$50 per share, ALLY is trading at only 7x next year's EPS estimate, which represents a 25% discount to its consumer lending peers and the lower end of its own historical valuation P/E range (between 4x to 12x). Valuation is even more compelling on a Price to Book basis, as ALLY is selling at just 1.1x book versus 2.5x for its industry competitors. We believe ALLY's significant valuation discount is unwarranted given its consistent improvement in ROE and Tier One capital ratio in recent years.

Risks
 ALLY is very sensitive to macro-economic downturns and shocks. A sharp decline in employment, such as in March 2020 (Covid outbreak), will significantly negatively impact car loan demand, credit quality and residual values. ALLY is also liability sensitive, meaning that its liabilities (deposits) will reprice faster than its assets (car loans / leases), and the company's earnings will likely be negatively impacted by rising interest rates. ALLY does a significant portion of its business through dealerships (car loans, leasing programs). Disruption in the OEM / Dealership relationship such as increasing direct to consumer business models (eg Tesla)