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GM factory workers get \$10,750 in profit sharing; company earnings slip

By Jamie L. LaReau (excerpt)
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In the midst of sweeping white-collar job cuts across North America this week, General Motors on Wednesday said its UAW-represented workers will get profit-sharing checks of \$10,750 this year.

Profit sharing is down from last year's \$11,750 because the amount is based on North American pretax profits, or earnings before interest and taxation. GM's North American pretax profit was \$10.8 billion, down from \$11.9 billion in 2017.

Globally, GM reported that it made \$11.8 billion in pretax profits in 2018, down 8.3 percent from 2017. The company said it incurred some charges related to its continued restructuring, including some one-time charges to finish exiting certain markets and costs related to its ignition switch scandal.

GM reported a \$1.3 billion cost for restructuring, said CFO Dhivya Suryadevara. She said she expects \$2 billion in charges this year related to GM's transformation. Those costs would include voluntary separation packages for some 2,250 salaried workers and involuntary severance for some 4,000 more.

Suryadevara said the company's profits were boosted by a "flawless" launch of the 2019 redesigned Chevrolet Silverado and GMC Sierra pickups, robust SUV sales and record average U.S. transaction prices. She added that GM was disciplined on its costs last year.

"We plan to build on these 2018 results in 2019 and beyond," Suryadevara said. ...

... The news comes as company leaders look to transform GM from an automaker to a technology company emphasizing the development of electric vehicles and self-driving car technology.

As part of that effort, GM is looking to trim costs while the economy and auto market are relatively strong. The company announced in November that it would indefinitely idle five plants in North America, affecting some 6,200 jobs, and would reduce its North American white-collar workforce by about 8,000 total. GM this week started cutting the last 4,000 of those salaried jobs.

The production cuts have remained a sore point with U.S. autoworkers and politicians, and the Canadian autoworker union in particular has waged a strident campaign criticizing GM.

GM said it sold 8.4 million vehicles globally in 2018, which was a 12.7 percent decrease from 2017.

David Kudla, CEO and chief investment strategist for Mainstay Capital Management, noted in a report released last week that GM has endured intense backlash from politicians and the public over the job cuts and its decision to build certain vehicles, such as the new Chevrolet Blazer SUV, in Mexico.

"GM's CEO Mary Barra is clearly not timid about making bold decisions to implement radical change, whether it be forging new technologies or the gut-wrenching shuttering of factories," Kudla wrote in his investment note. "GM is ahead of the pack when it comes to restructuring the business to focus on the future of (electric vehicles) and autonomous."

He warned, "2019 will be a pivotal year for GM" as the company takes drastic steps to "convert from (internal combustion) to electric. It's a huge bet."