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GM takes $7 bn charge due to US tax reform, sees solid 2018

January 16 2018

The 2019 Chevrolet Silverado is unveiled during the 2018 North American International Auto Show (NAIAS) in Detroit, one of several model launches expected to drive continued solid sales by General Motors.

General Motors announced Tuesday it will take a $7 billion hit due to the

US tax reform but expects earnings this year to be comparable to the solid results in 2017.

GM said the charge is due to the accounting of tax-deferred assets and would be taken in the fourth quarter, joining other large companies announcing similar actions after the US tax reform.

But the automaker said 2018 results would be "largely in line" with earnings last year, which were boosted by strong sales in North America and China.

US car sales overall declined in 2017 for the first time since the financial crisis, although sales remained solid amid an improving employment market and higher consumer confidence.

"GM had a very good 2017 as we continued to transform our company to be more focused, resilient and profitable," chief executive Mary Barra said.

"We are positioned for another strong year in 2018 and an even better one in 2019."

The company highlighted a busy 2018 with planned launches of SUVs and pickup trucks, the backbone of its US sales and a key source of earnings due to high profit margins on the vehicles.

The company also sees "continued strength" in China and "improvement" in South America.

While those positive economic trends are still in place in 2018 and other signs of growth strengthening further, analysts view the prospect of higher Federal Reserve interest as a risk to US car sales in the coming period.

GM divested assets in several international markets in 2017, most notably the Opel/Vauxhall brands in Europe.

Citation: GM takes $7 bn charge due to US tax reform, sees solid 2018 (2018, January 16) retrieved 14 August 2024 from https://phys.org/news/2018-01-gm-bn-due-tax-reform.html