General Motors reports $5.2 bn loss on charge for US tax reform

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General Motors sees another solid year of sales this year, despite posting a loss last year largely due to the US tax reform, as it launches the revamped Chevrolet Silverado

A huge one-time charge for US tax reform pushed General Motors quarterly earnings into the red, but the automaker said Tuesday that earnings were better-than-expected when the tax hit is excluded.

GM reported a net loss of $5.2 billion in the fourth quarter due to a $7.3 billion non-cash charge from the remeasurement of deferred tax assets because of US tax reform—a change other major companies also have had to contend with.

Revenues in the final quarter fell to $37.7 billion, down 5.5 percent from the same period a year earlier.

The tax impact also led to an annual loss of $3.9 billion, after solid profits in 2016.

But GM pointed to strong sales in the US, China and South America that helped it achieve higher operating earnings compared with the fourth quarter of the prior year.

The automaker reported a dip in North American car sales overall, where the US market in 2017 retreated from the record-setting performance of 2016 but remained at a high level.

Car sales rose significantly in China and South America, offsetting the near complete absence of sales in Europe after the company sold its the Opel/Vauxhall brands in Europe to the PSA Group.

US tax reform has led to a number of losses among large corporations such as Goldman Sachs and Caterpillar in the fourth quarter. Still, there is broad consensus among US companies, including GM, that tax cuts will benefit the economy long-term.

Solid year expected

Excluding those items, GM's earnings translated into $1.65 a share, better than analyst forecasts.

GM said last month that it expects another solid year in car sales in 2018 when it will launch revamps of best-selling vehicles such as the Chevrolet Silverado.

Pickups and other large vehicles, which have big profit margins, have become the backbone of US car sales amid a period of relatively low gasoline prices.

GM also has scored points with Wall Street for making strides in its autonomous driving program. It is targeting 2019 for deployment of autonomous vehicles commercially, though it has not said when its overall spending on autonomous technology will be profitable.

The automaker plans to invest $1 billion in 2018 on autonomous car technology, an increase from the $600 million last year.

"We believe this is a huge opportunity if you're first at scale," GM chief financial officer Chuck Stevens told CNBC Tuesday morning.

GM shares rose 2.4 percent to $40.50 after the results were announced.

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