

GM earnings hit by South Korea charge

April 26 2018



US plant shutdowns to prepare for new General Motors models like the 2019 Chevrolet Silverado 1500 led to lower North American sales, but sales in China remain strong

General Motors reported a big drop in first-quarter profits Thursday due to costs connected with shuttering a plant in South Korea, but car sales

rose in the US and China.

The biggest US automaker reported net income dropped by nearly 60 percent to \$1.1 billion largely due to one-time [costs](#) of \$942 million associated with the South Korea facility.

Revenues fell 3.1 percent to \$36.1 billion.

But first-quarter sales in China hit an all-time record of more than 986,000 vehicles, despite worries the company would be vulnerable to a potential trade war between the US and China.

Chief financial officer Chuck Stevens told CNBC that GM has seen no slowdown in China despite threats and counter threats between Beijing and Washington.

"We expect to see another strong year when it comes to China," Stevens said.

GM is shutting the Gunsan Korea plant by the end of May 2018 "to continue to strengthen core business performance and address underperforming markets," the company said.

The expenses will go for severance and other costs associated with the closure, GM said.

North America sales rose modestly, but pre-tax earnings in the region fell, due in part to manufacturing downtime associated with the launch of its latest refreshed line of pickup trucks.

"Results this quarter were in line with our expectations with planned, lower production in North America related to the transition to our all-new Chevrolet Silverado and GMC Sierra," chief executive Mary Barra

said.

"We are on plan to deliver another strong year in 2018"

GM shares fell 1.2 percent to \$37.64 in pre-market trading.

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