GM News

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GM Reports Third Quarter Net Income of $1.5 billion as EBIT-adjusted increases to $2.3 billion

DETROIT – General Motors Co. (NYSE: GM) today announced third quarter net income attributable to common stockholders of $1.5 billion, or $0.89 per fully diluted share including the impact of special items, which reduced net income by $0.1 billion and diluted earnings per share by $0.04. In the third quarter a year ago, GM's net income attributable to common stockholders was $1.7 billion, or $1.03 per fully diluted share.

Net revenue in the third quarter of 2012 was $37.6 billion compared with $36.7 billion a year ago. Earnings before interest and tax (EBIT) adjusted was $2.3 billion compared with $2.2 billion a year ago.

"GM had a solid quarter because customers around the world love our new vehicles and we're also seeing green shoots take hold on tough issues like complexity reduction, pensions and Europe," said Chairman and CEO Dan Akerson. "We are going to keep playing offense with growth products like the Chevrolet Onix, Opel Mokka and Cadillac ATS and continue to systematically address business risks."

Senior Vice President and CFO Dan Ammann added, "While we still have a lot of work to do, especially in Europe, it is encouraging to see our results begin to reflect the discipline we are bringing to bear on the overall business."

GM Results Overview (in billions except for per share amounts)

	Q3 2012	Q3 2011
Revenue	$37.6	$36.7
Net income attributable to common stockholders	$1.5	$1.7
Earnings per share (EPS) fully diluted	$0.89	$1.03
Impact of special items on EPS fully diluted	$0.04	-
EBIT-adjusted	$2.3	$2.2
Automotive net cash flow from operating activities	$3.1	$1.8
Automotive free cash flow	$1.2	$0.3

Third Quarter Segment Results

- GM North America (GMNA) reported EBIT-adjusted of $1.8 billion compared with $2.2 billion a year ago.
- GM Europe (GME) reported an EBIT-adjusted of $(0.5) billion compared with $(0.3) billion a year ago.
- GM International Operations (GMIO) reported EBIT-adjusted of $0.7 billion compared with $0.4 billion a year ago.
- GM South America (GMSA) reported EBIT-adjusted of $0.1 billion compared with near breakeven results a year ago.
- GM Financial earnings before tax was $0.2 billion, up slightly compared with a year ago.

Cash Flow and Liquidity
For the quarter, automotive cash flow from operating activities was $3.1 billion, up $1.3 billion from a year ago, and automotive free cash flow was $1.2 billion, up $0.9 billion. GM ended the quarter with very strong total automotive liquidity of $37.5 billion. Automotive cash and marketable securities was $31.6 billion.

Pension De-Risking Transactions
During the quarter, approximately 30 percent of eligible U.S. salaried retirees accepted GM's offer to receive a lump sum payment in lieu of ongoing pension benefits. In addition, GM expects to close in early November a previously announced transaction through which The Prudential Insurance Company of America will assume responsibility for pension obligations covering GM's remaining eligible U.S. salaried retirees.

Through annuitizations and lump sum payments, approximately $29 billion of GM's U.S. salaried pension liability is expected to be eliminated compared with an original estimate of $26 billion.

In connection with these transactions, GM expects to make total cash contributions to its U.S. salaried pension plan of approximately $2.6 billion. In addition, GM will record an approximately $2.9 billion pre-tax charge in the fourth quarter as a special item. GM originally estimated that it would make a cash contribution of $3.5 billion to $4.5 billion and record a charge of $2.5 billion to $3.5 billion.

Fourth Quarter Outlook
GM's consolidated fourth quarter EBIT-adjusted will follow typical seasonal trends with results estimated to be similar to or slightly better than the same period a year ago.

GM also indicated that to the extent positive financial trends continue the reversal of a significant portion of its valuation allowance on U.S. and Canadian deferred tax assets is possible in the fourth quarter of 2012. At Sept. 30, 2012, valuation allowances on deferred tax assets in the United States and Canada were $35.6 billion and $3.2 billion. In addition, valuation allowance reversals could result in goodwill impairment.

Europe Outlook
GM currently estimates GME's EBIT-adjusted for the 2012 calendar year to be in a range of $(1.5) billion to $(1.8) billion, depending on the level of restructuring activity in the fourth quarter. In addition, the company is targeting full-year 2013 EBIT-adjusted for GME to be slightly better than 2012. Break-even EBIT-adjusted results are targeted by mid-decade.

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Forward-Looking Statements
In this press release and in related comments by our management, our use of the words “expect,” “anticipate,” “possible,” “potential,” “target,” “believe,” “commit,” “intend,” “continue,” “may,” “would,” “could,” “should,” “project,” “projected,” “positioned” or similar expressions is intended to identify forward-looking statements that represent our current judgment about possible future events. We believe these judgments are reasonable, but these statements are not guarantees of any events or financial results, and our actual results may differ materially due to a variety of important factors. Among other items, such factors might include: our ability to realize production efficiencies and to achieve reductions in costs as a result of our restructuring initiatives and labor modifications; our ability to maintain quality control over our vehicles and avoid material vehicle recalls; our ability to maintain adequate liquidity and financing sources and an appropriate level of debt, including as required to fund our planned significant investment in new technology; the ability of our suppliers to timely deliver parts, components and systems; our ability to realize successful vehicle applications of new technology; the overall strength and stability of our markets, particularly Europe; and our ability to continue to attract new customers, particularly for our new products. GM's most recent annual report on Form 10-K and quarterly reports on Form 10-Q provides information about these and other factors, which we may revise or supplement in future reports to the SEC.