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GM to pay UAW workers \$8,000 in profit sharing

By Jamie L. LaReau (excerpt)
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About 47,000 U.S. hourly workers at General Motors will receive a profit-sharing check of \$8,000 as the automaker reported a considerable hit to its annual and quarterly profits from the 40-day nationwide strike late last year.

The before-taxes payout that GM announced Wednesday for its UAW-represented workforce is down from \$10,750 in 2018.

For the fourth quarter, GM said the strike impact cost it \$2.6 billion in pretax profits. For the full year, the strike dinged GM's pretax profits by \$3.6 billion.

The GM negotiated formula with the UAW for profit-sharing checks is \$1,000 per every \$1 billion in GM's North America earnings before interest and taxes.

For 2019, GM's North American pretax profit was \$8.2 billion, down from \$10.8 billion in 2018, it said in its earnings release. GM's results took a hit in the fourth quarter because of the six-week UAW strike and weak sales in China amid a slumping economy.

But for 2020, GM said it's well-positioned with new vehicle launches. lean inventory and ongoing cost savings to deliver good results. GM said it expects the industry to sell about 16.5 million vehicles in the United States this year.

"We continue to transform the company for the future," said CEO Mary Barra in a statement.

"GM is positioned for strong, long-term business results with a focus on sustainability, and we are confident that our (electric vehicle) and (autonomous vehicle) strategies will drive shareholder value while improving the environment." ...

... GM's sales

Overall, the auto industry had a good year due to the robust economy, low unemployment, and low interest rates, said David Kudla, CEO of Mainstay Capital Management.

"And, consumers are buying up profitable SUVs, trucks, and crossovers, upping the average transaction price to record levels."

Also, around this time last year, GM reduced its North American white-collar workforce by about 8,000 total jobs between voluntary buyouts and cutting about 4,000 of those salaried jobs. It also closed Lordstown Assembly plant in Ohio, Warren Transmission and Baltimore Transmission plants.

GM said that restructuring would generate cash savings of \$4.5 billion to \$6 billion through 2020. Cash savings is cost savings, but includes capital expenditures. ...

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