



# GM profits fall on equity buybacks, higher taxes

NEW YORK, USA: Car manufacturer, General Motors reported a 53% drop in quarterly earnings, which it blamed on higher taxes and equity buybacks, even though revenues rose nearly four percent.



The Chevrolet Corvette Stingray has help GM increase profits. Image: Chevrolet.

Earnings for the quarter ended September came in at US\$698m on revenues of US\$39.0bn, compared with last year's profits of US\$1.5bn in profits on revenues of US\$37.6bn.

GM said it achieved operating performance improvements during the quarter, but results were hit by US\$1.0bn on preferred stock buybacks and dividends and a US\$842m income tax expense, up from US\$357m in the 2012 quarter.

The combination of buybacks and higher taxes trimmed 51 cents per share from earnings. Excluding those two items, GM came in at 96 cents per share, above the 93 cents forecast by analysts. Revenues came in slightly below the US\$39.49bn forecast.

Overall car sales rose to 2.4m, compared with 2.3m during the same period last year. "We made gains in the third quarter as we improved our North American margins and increased our global share on the strength of our Chevrolet brand," said GM chief executive Dan Akerson.

GM's operating earnings rose 28% in North America to US\$2.2bn. Results were also better in South America and Europe, where the operating loss dipped to US\$214m from US\$487m.

But GM's international division achieved just US\$299m in operating earnings, down from US\$761m last year.

Source: AFP via I-Net Bridge