

Record sales prices drive GM profit up 56% to \$10B last year

February 1 2022, by Tom Krisher



This Jan. 27, 2020 photo shows the General Motors logo. Vehicles were scarce due to a global shortage of computer chips, but that drove prices up and helped General Motors increase its net income 56% last year. The Detroit automaker said Tuesday, Feb. 1, 2022 that it made \$10.02 billion for the full year. And it predicted record pretax earnings in 2022 of \$13 billion to \$15 billion and net income of \$9.4 billion to \$10.8 billion. Credit: AP Photo/Paul Sancya

General Motors increased its net income 56% last year, helped by higher prices for its vehicles that were made scarce by a global shortage of computer chips.

The Detroit automaker said Tuesday that it made \$10.02 billion for the full year. And it predicted record pretax earnings in 2022 of \$13 billion to \$15 billion and net income of \$9.4 billion to \$10.8 billion.

Excluding one-time items, GM made \$7.07 per share for the year, beating analyst estimates of \$6.83, according to FactSet. Full year revenue of \$127 billion fell short of estimates of \$128.7 billion.

In the fourth quarter, GM made a \$1.7 billion net profit.

GM's sales in the U.S., its most profitable market, fell 13% for the year, and it was unseated by Toyota as the nation's top-selling automaker for the first time. The company lost almost 3 percentage points of market share, which fell to 14.6%

But GM's average vehicle sales price rose almost 20% in the fourth quarter from a year ago to nearly \$54,000 as it sold more loaded-out trucks and SUVs, according to Edmunds.com.

Nearly all automakers have been forced to cut production due to the global semiconductor shortage, leaving few new vehicles on dealer lots.

CEO Mary Barra told reporters that she expects production to improve through the year as the chip shortage eases. She said the company plans to invest more money in electric vehicles and upgrading factories to prepare for more battery powered vehicles. GM will accelerate \$35 billion worth of investments previously planned through 2025, she said.

Chief Financial Officer Paul Jacobson said the company will spend

money earned from additional sales volumes expected this year on electric-vehicle investments. The company has increased factory output, which should raise dealer inventories, he said.

Barra said GM is scouting sites for a third electric-truck factory, and it will announce the site of its fourth North American battery factory in the second half of the year.

She said the company will consider reinstating its dividend, but won't at this time because its priority is to accelerate its electric-vehicle growth plan.

GM shares rose just over 1% in after-hours trading to \$54.65.

"GM brands had a harder time keeping customers in the fold with less vehicles and options available," said Jessica Caldwell, Edmunds.com's executive director of insights. But she said inventory levels are looking better than they did in the third quarter, and vehicles are selling at higher average prices than GM's Detroit competitors.

In North America, GM made \$10.3 billion pretax for the year. That translates to as much as \$10,250 in annual profit-sharing for the company's 42,500 eligible unionized factory workers, GM said. Workers will see the money on Feb. 25. Last year the payment was \$9,000.

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