

# General Motors profits top estimates on limited Q3 strike hit

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United Auto Workers (UAW) President Shawn Fain appeared with US President Joe Biden last month at a picket in front of a General Motors Service Parts Operations plant in Michigan.

General Motors reported better-than-expected quarterly profits Tuesday behind strong US sales and a limited impact from a labor strike that

began late in the quarter.

The big US automaker reported third-quarter profits of \$3.1 billion, down seven percent from the year-ago period but better than analyst estimates, as it withdrew its full-year forecast due to uncertainty over the [strike](#), which is nearing its sixth week.

Revenues rose five percent to \$44.1 billion, the company said.

"Great vehicles are the foundation, and we have earned leadership in key segments like full-size pickups and full-size SUVs that have consistently strong pricing and margins," said Chief Executive Mary Barra in a letter to investors.

GM notched higher vehicle sales in the United States amid still-strong pricing trends for popular truck and sport utility vehicles, offsetting a drop in sales in China and some other overseas markets.

The United Auto Workers strike, which has also affected fellow Detroit automakers Ford and Stellantis, cost GM \$200 million during the quarter.

The stoppage, which was launched September 15 about two weeks before the end of the quarter, has also resulted in a \$600 million hit thus far in the fourth quarter, said Chief Financial Officer Paul Jacobson.

## **Expanded strike**

The strike has been gradually expanded as the UAW seeks to raise pressure on Detroit's "Big Three" in a push to win [higher wages](#) and better benefits for auto workers.

GM's dealer inventories actually grew modestly in the third quarter

compared with the prior quarter, although the stocks significantly lag those from pre-pandemic levels.

In an interview with CNBC, Jacobson acknowledged that supplies at GM repair shops have "gotten a little bit tighter" after the UAW ordered a stoppage at the company's parts and distribution centers last month.

On Monday, the UAW halted work at a giant Stellantis truck plant in Michigan. The union has threatened to expand the strike at GM if the company does not improve its offer.

Jacobson said the strike results in a \$200 million weekly impact based on the operations targeted by the UAW thus far.

"We remain optimistic and hopeful that we'll make progress and get this resolved," Jacobson told reporters in a briefing.

Jacobson acknowledged that the earnings are "strong," but said the union needs to recognize that "there's a lot of uncertainty out there in the future with electric vehicle adoption and with the economy."

"We can't get ourselves into a situation of signing a deal that we can't afford to pay or that doesn't allow us to compete in the global marketplace."

In her letter to investors, Barra defended the company's current offer to the UAW, reiterating the proposal of roughly \$84,000 a year for the majority of the hourly workforce constitutes a "record" contract.

GM said earlier this month it was delaying the conversion of the Orion EV truck plant in Michigan to late 2025 instead of next year due to slowing demand growth in EVs.

Jacobson said the deferred timetable would save GM "at least" \$1.5 billion in capital in 2024.

Shares of GM rose 1.6 percent in pre-market trading.

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