

General Motors Co
Form 10-Q
April 23, 2015

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549-1004

Form 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2015

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 001-34960

GENERAL MOTORS COMPANY

(Exact Name of Registrant as Specified in its Charter)

STATE OF DELAWARE

27-0756180

(State or other jurisdiction of

(I.R.S. Employer

Incorporation or Organization)

Identification No.)

300 Renaissance Center, Detroit, Michigan

48265-3000

(Address of Principal Executive Offices)

(Zip Code)

(313) 556-5000

(Registrant's telephone number, including area code)

Not applicable

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of April 16, 2015 the number of shares outstanding of common stock was 1,607,207,691 shares.

Website Access to Company's Reports

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General Motors Company's internet website address is www.gm.com. Our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed or furnished pursuant to section 13(a) or 15(d) of the Exchange Act are available free of charge through our website as soon as reasonably practicable after they are electronically filed with, or furnished to, the Securities and Exchange Commission.

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GENERAL MOTORS COMPANY AND SUBSIDIARIES

PART I

Item 1. Condensed Consolidated Financial Statements

CONDENSED CONSOLIDATED INCOME STATEMENTS

(In millions, except per share amounts)

(Unaudited)

	Three Months Ended	
	March 31, 2015	March 31, 2014
Net sales and revenue		
Automotive	\$34,364	\$36,315
GM Financial	1,348	1,093
Total net sales and revenue	35,712	37,408
Costs and expenses		
Automotive cost of sales (Note 8)	30,674	34,127
GM Financial interest, operating and other expenses	1,168	875
Automotive selling, general and administrative expense	3,117	2,941
Total costs and expenses	34,959	37,943
Operating income (loss)	753	(535)
Automotive interest expense	110	103
Interest income and other non-operating income, net	241	89
Equity income (Note 5)	553	605
Income before income taxes	1,437	56
Income tax expense (benefit) (Note 11)	529	(224)
Net income	908	280
Net (income) loss attributable to noncontrolling interests	37	(67)
Net income attributable to stockholders	\$945	\$213
Net income attributable to common stockholders	\$945	\$125
Earnings per share (Note 14)		
Basic		
Basic earnings per common share	\$0.58	\$0.08
Weighted-average common shares outstanding	1,617	1,587
Diluted		
Diluted earnings per common share	\$0.56	\$0.06
Weighted-average common shares outstanding	1,686	1,691
Dividends declared per common share	\$0.30	\$0.30

Reference should be made to the notes to condensed consolidated financial statements.

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CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In millions)

(Unaudited)

	Three Months Ended	
	March 31, 2015	March 31, 2014
Net income	\$908	\$280
Other comprehensive income (loss), net of tax (Note 13)		
Foreign currency translation adjustments	192	(98)
Unrealized gains on securities, net	5	3
Defined benefit plans, net	554	67
Other comprehensive income (loss), net of tax	751	(28)
Comprehensive income	1,659	252
Comprehensive (income) loss attributable to noncontrolling interests	28	(64)
Comprehensive income attributable to stockholders	\$1,687	\$188

Reference should be made to the notes to condensed consolidated financial statements.

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GENERAL MOTORS COMPANY AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(In millions, except per share amounts)

(Unaudited)

	March 31, 2015	December 31, 2014
ASSETS		
Current Assets		
Cash and cash equivalents	\$15,776	\$18,954
Marketable securities (Note 2)	8,409	9,222
Restricted cash and marketable securities (Note 2; Note 6 at VIEs)	1,414	1,338
Accounts and notes receivable (net of allowance of \$321 and \$340)	11,569	9,078
GM Financial receivables, net (Note 3; Note 6 at VIEs)	16,127	16,528
Inventories (Note 4)	14,051	13,642
Equipment on operating leases, net	4,563	3,564
Deferred income taxes	9,704	9,760
Other current assets	1,618	1,584
Total current assets	83,231	83,670
Non-current Assets		
Restricted cash and marketable securities (Note 2; Note 6 at VIEs)	625	935
GM Financial receivables, net (Note 3; Note 6 at VIEs)	16,180	16,006
Equity in net assets of nonconsolidated affiliates (Note 5)	9,756	8,350
Property, net	27,755	27,743
Goodwill and intangible assets, net	6,297	6,410
GM Financial equipment on operating leases, net (Note 6 at VIEs)	8,939	7,060
Deferred income taxes	24,782	25,414
Other assets	2,353	2,089
Total non-current assets	96,687	94,007
Total Assets	\$179,918	\$177,677
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable (principally trade)	\$25,187	\$22,529
Short-term debt and current portion of long-term debt (Note 7)		
Automotive	411	500
GM Financial (Note 6 at VIEs)	13,940	14,488
Accrued liabilities	27,804	28,184
Total current liabilities	67,342	65,701
Non-current Liabilities		
Long-term debt (Note 7)		
Automotive	8,722	8,910
GM Financial (Note 6 at VIEs)	25,185	22,943
Postretirement benefits other than pensions (Note 9)	6,089	6,229
Pensions (Note 9)	22,206	23,788
Other liabilities	13,551	14,082
Total non-current liabilities	75,753	75,952
Total Liabilities	143,095	141,653
Commitments and contingencies (Note 10)		

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Equity (Note 13)		
Common stock, \$0.01 par value	16	16
Additional paid-in capital	28,819	28,937
Retained earnings	14,825	14,577
Accumulated other comprehensive loss	(7,331) (8,073
Total stockholders' equity	36,329	35,457
Noncontrolling interests	494	567
Total Equity	36,823	36,024
Total Liabilities and Equity	\$179,918	\$177,677

Reference should be made to the notes to condensed consolidated financial statements.

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CONDENSED CONSOLIDATED STATEMENTS OF EQUITY

(In millions)

(Unaudited)

	Common Stockholders'						Noncontrolling Interests	Total Equity
	Series A Preferred Stock	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss			
Balance at January 1, 2014	\$3,109	\$15	\$28,780	\$13,816	\$ (3,113)	\$ 567	\$43,174	
Net income	—	—	—	213	—	67	280	
Other comprehensive loss	—	—	—	—	(25)	(3)	(28)	
Exercise of common stock warrants	—	1	9	—	—	—	10	
Stock based compensation	—	—	(11)	(3)	—	—	(14)	
Cash dividends paid on common stock	—	—	—	(481)	—	—	(481)	
Cash dividends paid on Series A preferred stock	—	—	—	(88)	—	—	(88)	
Dividends declared or paid to noncontrolling interests	—	—	—	—	—	(30)	(30)	
Other	—	—	—	—	—	17	17	
Balance at March 31, 2014	\$3,109	\$16	\$28,778	\$13,457	\$ (3,138)	\$ 618	\$42,840	
Balance at January 1, 2015		\$16	\$28,937	\$14,577	\$ (8,073)	\$ 567	\$36,024	
Net income		—	—	945	—	(37)	908	
Other comprehensive income		—	—	—	742	9	751	
Purchase of common stock		—	(168)	(207)	—	—	(375)	
Exercise of common stock warrants		—	39	—	—	—	39	
Stock based compensation		—	11	(5)	—	—	6	
Cash dividends paid on common stock		—	—	(485)	—	—	(485)	
Dividends declared or paid to noncontrolling interests		—	—	—	—	(47)	(47)	
Other		—	—	—	—	2	2	
Balance at March 31, 2015		\$16	\$28,819	\$14,825	\$ (7,331)	\$ 494	\$36,823	

Reference should be made to the notes to condensed consolidated financial statements.

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In millions)

(Unaudited)

	Three Months Ended	
	March 31, 2015	March 31, 2014
Net cash provided by operating activities	\$375	\$1,976
Cash flows from investing activities		
Expenditures for property	(1,684)	(1,759)
Available-for-sale marketable securities, acquisitions	(1,634)	(891)
Trading marketable securities, acquisitions	(522)	(302)
Available-for-sale marketable securities, liquidations	2,467	1,055
Trading marketable securities, liquidations	386	332
Acquisition of companies/investments, net of cash acquired	(1,051)	—
Increase in restricted cash and marketable securities	(221)	(281)
Decrease in restricted cash and marketable securities	68	159
Purchases of finance receivables	(4,067)	(3,300)
Principal collections and recoveries on finance receivables	2,814	2,639
Purchases of leased vehicles, net	(2,252)	(620)
Proceeds from termination of leased vehicles	185	123
Other investing activities	43	8
Net cash used in investing activities	(5,468)	(2,837)
Cash flows from financing activities		
Net increase in short-term debt	98	384
Proceeds from issuance of debt (original maturities greater than three months)	6,155	5,683
Payments on debt (original maturities greater than three months)	(3,109)	(4,764)
Payments to purchase stock	(300)	—
Dividends paid	(488)	(571)
Other financing activities	3	(14)
Net cash provided by financing activities	2,359	718
Effect of exchange rate changes on cash and cash equivalents	(444)	(452)
Net decrease in cash and cash equivalents	(3,178)	(595)
Cash and cash equivalents at beginning of period	18,954	20,021
Cash and cash equivalents at end of period	\$15,776	\$19,426
Supplemental cash flow information:		
Non-cash property additions	\$1,649	\$1,485

Reference should be made to the notes to condensed consolidated financial statements.

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GENERAL MOTORS COMPANY AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Nature of Operations and Basis of Presentation

General Motors Company is sometimes referred to in this Quarterly Report on Form 10-Q as “we,” “our,” “us,” “ourselves,” the “Company,” “General Motors,” or “GM.” We design, build and sell cars, trucks and automobile parts worldwide. We also provide automotive financing services through General Motors Financial Company, Inc. (GM Financial). We analyze the results of our business through the following segments: GM North America (GMNA), GM Europe (GME), GM International Operations (GMIO), GM South America (GMSA) and GM Financial. Nonsegment operations are classified as Corporate. Corporate includes certain centrally recorded income and costs, such as interest, income taxes and corporate expenditures and certain nonsegment specific revenues and expenses.

Basis of Presentation

The accompanying condensed consolidated financial statements have been prepared in conformity with U.S. GAAP pursuant to the rules and regulations of the Securities and Exchange Commission (SEC) for interim financial information. Accordingly they do not include all of the information and notes required by U.S. GAAP for complete financial statements. The accompanying condensed consolidated financial statements include all adjustments, composed of normal recurring adjustments and transactions or events discretely impacting the interim periods, considered necessary by management to fairly state our results of operations, financial position and cash flows. The operating results for interim periods are not necessarily indicative of results that may be expected for any other interim period or for the full year. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in our 2014 Form 10-K as filed with the SEC.

Accounting Standards Not Yet Adopted

In May 2014 the Financial Accounting Standards Board issued Accounting Standards Update 2014-09, “Revenue from Contracts with Customers” (ASU 2014-09) which requires companies to recognize revenue when a customer obtains control rather than when companies have transferred substantially all risks and rewards of a good or service. This update is effective for annual reporting periods beginning on or after December 15, 2016 and interim periods therein and requires expanded disclosures. We are currently assessing the impact the adoption of ASU 2014-09 will have on our consolidated financial statements.

Note 2. Marketable Securities

The following table summarizes the fair value of marketable securities which approximates cost (dollars in millions):

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GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Fair Value Level	March 31, 2015	December 31, 2014
Cash and cash equivalents			
Available-for-sale securities			
U.S. government and agencies	2	\$673	\$1,600
Sovereign debt	2	313	774
Money market funds	1	1,439	2,480
Corporate debt	2	6,157	6,036
Total available-for-sale securities		8,582	10,890
Trading securities – sovereign and corporate debt	2	207	431
Total marketable securities classified as cash equivalents		8,789	11,321
Cash, cash equivalents and time deposits		6,987	7,633
Total cash and cash equivalents		\$15,776	\$18,954
Marketable securities			
Available-for-sale securities			
U.S. government and agencies	2	\$5,021	\$5,957
Corporate debt	2	2,103	1,998
Total available-for-sale securities		7,124	7,955
Trading securities – sovereign debt	2	1,285	1,267
Total marketable securities		\$8,409	\$9,222
Restricted cash and marketable securities			
Available-for-sale securities, primarily money market funds	1	\$1,515	\$1,427
Restricted cash, cash equivalents and time deposits		524	846
Total restricted cash and marketable securities		\$2,039	\$2,273

Sales proceeds from investments classified as available-for-sale and sold prior to maturity were \$1.4 billion and \$736 million in the three months ended March 31, 2015 and 2014. Cumulative unrealized gains and losses on available-for-sale securities were insignificant at March 31, 2015 and December 31, 2014 and net unrealized gains and losses on trading securities were insignificant in the three months ended March 31, 2015 and 2014.

The following table summarizes the fair value of investments classified as available-for-sale, which approximates amortized cost, by contractual maturity at March 31, 2015 (dollars in millions):

	March 31, 2015
Due in one year or less	\$12,300
Due after one year through five years	1,995
Total contractual maturities of available-for-sale securities	\$14,295

Note 3. GM Financial Receivables, net

The following table summarizes the components of GM Financial receivables, net (dollars in millions):

	March 31, 2015	December 31, 2014
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