

GM Rides Expense Cuts, Strong Sales To Profitability

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DETROIT (AP) — General Motors Co. rode expense cuts from its bankruptcy and strong sales of redesigned models to its first quarterly net income in nearly three years.

The \$865 million first-quarter profit is a dramatic reversal from the huge \$6 billion loss in the same period last year. The last time the company made a quarterly profit was the second quarter of 2007, when it earned \$891 million.

The Detroit automaker said it made money because debt and other expenses were slashed by its stay in bankruptcy court, and because of strong new-model sales. It also generated higher revenue from fast growth in Asia and South America.

The earnings of \$1.66 per share from January through March are stunningly different from the first quarter of last year, when the largest U.S. automaker lost \$9.78 per share as it skidded toward bankruptcy protection.

First-quarter revenue soared 40 percent to \$31.5 billion.

New models such as the Chevrolet Equinox small sport utility vehicle and the Buick LaCrosse luxury sedan lifted GM's North American operations to a \$1.2 billion profit, compared with a \$3.4 billion loss in the year-earlier quarter. North America had been a continual drain on GM's profits before its bankruptcy filing last year.

CEO Ed Whitacre has predicted a full-year profit as U.S. auto sales continue their slow recovery. That could lead to a public stock offering late in the year and full repayment of the \$50 billion in U.S. government aid that stopped GM from going under last year.

The U.S. government now owns 61 percent of the company.

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