GE Nets First Profit Since 2007 On Cost Cutting

Stephen Manning, AP Business Writer

Cost cuts and an improved financial business helped General Electric Co. post its first increase in quarterly profit since 2007, but sales remained sluggish for the industrial giant.

The second-quarter results showed that challenges remain for the economy and GE, one of the world's largestindustrial and financial companies.

Overall revenue fell 4 percent, in part because GE is shrinking the size of GE Capital, its financial arm. GE's quarterly net income rose 16 percent to $3.0 billion, or 28 cents per share, up from $2.6 billion, or 25 cents per share, a year earlier. Net income was helped by cost cuts of nearly $3 billion.

The last time GE had a higher profit was in the fourth quarter of 2007.

GE is striving to rebound from a 2009 that saw its losses balloon on bad loans at GE Capital, and its stock price fall to a nearly 15-year low. The company also suffered the ignominious loss of its Triple-A credit rating, and was forced to cut its dividend to save cash.

GE said orders are improving in its industrial units that make everything from jet engines to power plant equipment. The company is hoping the division will lead its recovery.

Segments such as health care, which produces sonograms and MRI machines, showed profit gains. The energy unit, maker of energy generating turbines and oil field equipment, also posted better results. Overall equipment orders rose 17 percent.

"GE's economic environment continues to improve," CEO Jeffrey Immelt said, adding that the company expects earnings to grow in 2011 and following years. Losses have also peaked at GE Capital, the source of many of GE's recent woes.

GE Capital, which makes loans ranging from credit cards to office buildings financing, posted a 93 percent gain in profits to $830 million. It was bolstered by lower overall losses.

But commercial real estate, made up of GE Capital's real estate holdings and loans, continued to report growing losses.

Shares of GE slipped about 2 percent to $14.95 in pre-market trade on Friday.

The company says it expects to generate between $13 billion and $15 billion in cash in 2010 from its industrialbusinesses.

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