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DETROIT (AP) — General Motors Co. reported its highest quarterly profit in more than a decade, helped by demand for fuel-efficient cars and a big gain from selling its stake in its former auto parts business.

The company did well in the key North American market, thanks to strong sales, but growth slowed in China and the company lost money in Europe. The company's stock price fell 2.5 percent.

The biggest U.S. automaker said Thursday that it earned \$3.2 billion, or \$1.77 per share, in the first quarter. It was a great start considering the spike in U.S. gasoline prices, a trend that would have sunk the company just a few years ago when it relied on gas-guzzling pickups and SUVs for profits.

GM's results follow strong earnings reports at crosstown rivals Ford Motor Co. and Chrysler Group LLC, a sign that the U.S. auto industry is recovering well from the recession and bankruptcies.

GM thrived in the quarter by selling small cars like the new Chevrolet Cruze, and efficient crossover vehicles such as the Chevrolet Equinox and GMC Terrain. Revenue rose 15 percent to \$36.2 billion, driven by a 25 percent jump in U.S. auto sales and a 10 percent gain in China, which has emerged as GM's biggest market. Sales are so strong that GM almost certainly will retake the title of world's biggest automaker from rival Toyota Motor Corp. this year.

GM's quarterly net income is more than triple the \$865 million it earned in the first quarter of last year. It's also a good sign for the U.S. government, which is hoping the profit boosts GM's stock price so it can sell its stake in the company and recoup more of the \$50 billion taxpayer bailout that saved GM two years ago.

GM's latest results included a \$1.6 billion gain from selling the company's stake in Delphi Automotive LLC, its former parts division, as well as a \$400 million charge in Europe because of a change in accounting standards.

The net income was one of GM's best first quarters since at least 2000, when sales of SUVs and pickup trucks were booming. It also gets GM out of the gate quickly to pass the \$4.7 billion it made last year, GM's first profitable year since 2004 and its best performance since 1999.

Among those rooting for GM is the U.S. Treasury Department, where officials will try to figure out the right time to sell the remaining 500 million GM shares owned by the government. GM took nearly \$50 billion in U.S. government aid to help it survive in 2009. The U.S. government has been repaid about half that amount and would need to sell its remaining shares for roughly \$53 each to get all its money back.

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The government can sell its shares starting May 22, but will wait until they hit the right price. GM shares closed Wednesday at \$33.03, the first time they closed above the \$33 IPO price since March 3.

Without one-time items in the quarter, GM earned \$1.7 billion, or 95 cents per share.

That beat Wall Street estimates. Analysts polled by FactSet expected \$1.6 billion, or 88 cents per share, on revenue of \$35.3 billion. Analysts typically exclude one-time items from their forecasts.

GM said it earned \$2.9 billion before taxes in North America, more than double its profit a year earlier.

North American sales were up 18 percent, and GM said it expects that to improve as the year progresses because it is getting higher prices for its cars and trucks. GM raised U.S. prices a little less than 1 percent since the end of last year and has cut spending on incentives such as low-interest loans and rebates.

The company also could benefit from supply shortages at its Japanese rivals as a result of the March 11 earthquake, but GM also could run low on parts made in Japan. Chief Financial Officer Dan Ammann wouldn't say how many vehicles GM could lose as a result of production slowdowns from the quake, but said it wouldn't impact the company's earnings.

Earnings in GM's international operations, which include Asia and Russia, fell 47 percent to \$408 million. Ammann said sales were still up 10 percent in China this year, but that was slower growth than the 30- to 40-percent increases in recent quarters. He said last year's first quarter was unusually strong for that division. GM lost money in Europe.

GM's stock price fell 84 cents to \$32.20 midday trading.

GM's first-quarter performance continues its remarkable turnaround after emerging from bankruptcy protection in 2009. The company lost more than \$80 billion in the five years before the bankruptcy.

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