BUSINESS

GM posts first profit since '07

Automaker says it's increasing production to keep up with demand

By Tim Higgins
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DETROIT — General Motors reported Monday an $865-million net profit for the first three months of the year, the first time the automaker has posted positive quarterly results since 2007 and a major victory coming out of bankruptcy last summer.

GM reported an operating income of $1.2 billion on $31.5 billion in revenue.

"We're pleased with our first-quarter performance, in particular achieving profitability," Chris Liddell, GM vice chairman and chief financial officer, said in a statement. "In North America, we are adding production to keep up with strong demand for new products in our four brands. We're also steadily growing in emerging markets, keeping our costs under control, generating positive cash flow and maintaining a strong balance sheet."

Monday's news added to optimism for GM's year ahead.

"I think they'll be profitable for the year. ... As the economy improves, I think it's going to be very difficult for them not to achieve profitability with the lower overhead cost structure and shedding so much of their debt," said Erich Merkle, an analyst with Autoconomy.com.

The new results are perhaps the cleanest look at GM's operations since the automaker emerged from bankruptcy July 10. From that time until the end of 2009, GM lost $4.3 billion, in large part because of onetime charges.

GM's bankruptcy turnaround plan called for the automaker to make $1.6 billion in 2010 on an operating basis, also known as earnings before interest and taxes, according to court records.

GM's sales were up 16.8 percent in the first quarter, Autodata said.

New vehicles, such as the Buick LaCrosse and Chevrolet Equinox, are helping the company as is an improving economy.



CARLOS OSORIO / The Associated Press

General Motors rode expense cuts and strong sales of new models to post its first quarterly profit since 2007.