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GM posts Fourth-Quarter profit

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General Motors posted a \$950 million profit in the last three months of 2006, lifted largely by the sale of its GMAC financing unit.

Excluding the GMAC deal, which closed late in the year, and other one-time items, GM's net income was \$180 million.

The results are an improvement from massive losses in 2005 and earlier in 2006 that forced the company to shed tens of thousands of jobs from its payroll, close plants and overhaul its car designs. The company is still the world's largest automaker, though it is being challenged for that distinction by Toyota.

For the full year, GM lost \$1.98 billion -- compared with a loss of more than \$10 billion in 2005. The North American unit lost \$4.62 billion in 2006, and the European division lost \$225 million. GM's Asia-Pacific and Latin American operations posted profit of \$1.19 billion and \$490 million, respectively.

GM Chief Executive Richard Wagoner said the results are "validation our strategy is working, and faster than many people thought possible."

"Nobody at GM is declaring victory because we all know there is still a lot more work to do to achieve our goals of steady growth, solid profitability and positive cash flow," Wagoner said. But "we needed 2006 to be a big year, and it was."

Analysts said GM's results are encouraging. "They not only have positive earnings but better than expected earnings for the fourth quarter and full year," said David Kudla, chief executive and chief investment strategist for Mainstay Capital Management in Grand Blanc, Mich. "It's further evidence that the turnaround is working."

Kudla said that while GM continues to burn cash at an aggressive rate, he expects cost-cutting and stronger sales of trucks and sport-utility vehicles to continue to boost the company's performance.

"I wouldn't say they turned the corner," said David Cole, chairman of the Center for Automotive Research in Ann Arbor, Mich. "They are turning the corner. They have a lot of work to do."

Cost-cutting so far has taken the equivalent of \$2,000 out of the average cost to produce GM's cars and trucks.