

GM expected to post sixth straight qtrly loss

By Jui Chakravorty

DETROIT, April 19 (Reuters) - General Motors Corp. <GM.N> will likely post its sixth straight quarterly loss on Thursday, but the struggling automaker will probably cut its loss in half from a year earlier, analysts said.

Analysts' estimates for GM's first-quarter earnings range from a loss of \$1.33 a share to a profit of 6 cents a share, with the average estimate of a loss of 42 cents a share, according to Reuters Estimates.

The world's largest automaker lost \$10.6 billion in 2005 as it struggled with high health-care and commodities costs and loss of U.S. market share to foreign rivals.

Burnham Investment Research analyst David Healy said GM's first-quarter results will "not look particularly impressive," but he expects near-breakeven results for the year.

As part of a restructuring effort, the automaker plans to slash 30,000 jobs, close a dozen plants and cut top executive pay. GM also halved its dividend in the first quarter, cutting it for the first time in more than 13 years.

Also in the quarter, the automaker agreed to sell a majority stake in its finance arm for about \$14 billion to a consortium led by hedge fund Cerberus Capital Management LP.

And in an effort to cut high labor costs, which GM's Japanese rivals do not share, the automaker last month said it would offer buyouts to more than 125,000 factory workers, including 13,000 workers at former subsidiary, bankrupt Delphi Corp.

Shares of GM were up 7 cents, or 0.3 percent to \$20.65 in Wednesday afternoon trade on the New York Stock Exchange.

"I think investors anticipate that the earnings will not be as bad as expected," David Kudla, Chief Executive of Mainstay Capital Management, said.

PRESSURE ON CEO

Pressure on Chief Executive Rick Wagoner mounted in the first quarter as the company restated earnings going back several years due to accounting errors and disclosed it was under investigation by

the Securities and Exchange Commission for issues ranging from accounting of sales of precious metals to the way it booked payments from suppliers.

"We expect this to be a difficult quarter," Kudla said. "The longer-term issues like the high labor costs and loss of market share are continuing to impact the bottom line," he added.

"From the sales standpoint, they've struggled a bit this year, especially in March."

GM's U.S. March sales fell more than 14 percent, with its market share for the year sliding to 24.2 percent, its lowest since 1925.

GM is relying on a series of redesigned sport-utility vehicles, launching this year, to increase sales in its home market.

Early sales of the Chevrolet Tahoe, Cadillac Escalade and the GMC Yukon, all of which hit the market in the first quarter, have been strong.

But analysts worry sales of smaller SUVs, to be introduced later in the year, will hurt from an expected spike in gas prices as they target a more price-sensitive consumer.

GM is expected to report first-quarter sales on Thursday.