

GM sets to double revenue, lead US in electric vehicle sales

October 6 2021, by Tom Krisher



In this April 25, 2017 file, photo, a GMC logo is displayed on the wheel of a truck at a General Motors dealer's lot in Nashville, Tenn. General Motors plans to cash in as the world switches from combustion engines to battery power, promising to double its annual revenue by 2030 with an array of new electric vehicles, profitable gas-powered cars and trucks, and services such as an electronic driving system that can handle most tasks on the road. Credit: AP Photo/Mark Humphrey

General Motors plans to cash in as the world switches from combustion engines to battery power, promising to double its annual revenue by 2030 with an array of new electric vehicles, profitable gas-powered cars and trucks, and services such as an electronic driving system that can handle most tasks on the road.

In announcements Wednesday ahead of a two-day investor event in suburban Detroit, the company also pledged to unseat Tesla and become the electric vehicle market share leader in U.S., although no time frame was given.

The company also teased upcoming new electric vehicles including a Chevrolet small SUV that will cost around \$30,000, as well as electric trucks from Chevrolet and GMC, SUVs from Buick, and luxury vehicles from Cadillac. An electric Chevrolet Silverado pickup truck that can go 400 miles (640 kilometers) per charge will be unveiled at the CES gadget show in January. A GMC electric pickup will follow.

The \$30,000 Chevy SUV should bring serious sales to GM because it's the size of the Equinox, GM's second-best selling vehicle, President Mark Reuss said. He said the company is working on a Chevy Blazer electric SUV, as well as a smaller vehicle at a lower price point. He gave no details.

Reuss also said the company is going to create a dedicated factory to build electric trucks, from an existing facility.

The Detroit automaker plans to have more than half of its North American and China factories be capable of making electric vehicles by 2030.

GM also pledged to increase its investment in EV charging networks by nearly \$750 million through 2025.

GM's average annual revenue over the past five years is \$140 billion, so doubling that would be about \$280 billion. The company also pledged to raise pretax profit margins from the current 8% to at least 12%.

To get there, CEO Mary Barra said revenue would rise from selling internal combustion vehicles, with additional revenue from adding electric vehicles. GM also plans to raise cash from software and subscription services including insurance and its OnStar safety system, as well as its Cruise autonomous vehicle subsidiary. And executives said it should gain revenue from its defense and BrightDrop commercial vehicle businesses.

By the end of the decade, GM expects \$90 billion in additional annual revenue from electric vehicles, and \$80 billion from connected vehicles, new businesses, autonomous ride hailing, software and subscription services, and commercial electric vehicles. Annual revenue could be as high as \$315 billion, the company said.

Cruise CEO Dan Ammann said it's very close to offering a driverless ride-hailing service in San Francisco, but he gave no date. Once the rides start, Cruise will ramp up quickly and could reach \$50 billion in annual revenue by 2030, he said.

Another revenue source will be Ultra Cruise, GM's next generation of electronic hands-free driver-assist system that will be able to take on 95% of driving tasks. The company said the system will debut in some Cadillac vehicles in 2023.



This Oct. 16, 2019, file photo shows a sign at a General Motors facility in Langhorne, Pa. General Motors and General Electric are looking at developing a supply chain of rare earth materials that help make electric vehicles and renewable energy equipment. The companies said Wednesday, Oct. 6, 2021 that the memorandum of understanding between the automaker and GE Renewable Energy will evaluate options to improve supplies of heavy and light rare earth materials as well as magnets, copper and electrical steel. Credit: AP Photo/Matt Rourke, File

It will use cameras, radar and laser sensors to follow navigation routes and speed limits, automatically change lanes, obey traffic signals and make turns on 2 million miles (3.2 million kilometers) of roads in the U.S. and Canada. Eventually it will learn all paved roads in both countries.

GM will still offer its less sophisticated "Super Cruise" driver assist system, and it's coming in 22 vehicles by 2023, Barra said.

To capture U.S. electric vehicle market share leadership, GM plans to spend \$35 billion to roll out more than 30 new battery vehicles globally by 2025. The company has set a goal of selling only electric passenger vehicles by 2035.

GM will have to overtake Tesla, which over the weekend reported [record third-quarter sales of 241,300 electric vehicles](#), a 72% increase over the prior year.

GM wouldn't say when it would take the lead, but Barra said GM would have a strong portfolio of affordable electric vehicles as well as an upcoming reliable charging infrastructure. The company also has existing factories that can efficiently be converted to built EVs, she said.

"That's why we believe that we're going to attract those customers," Barra said. "There's a lot of things that we have that when we put our foot on the accelerator pedal, we can really move quite profitably."

EV leader Tesla has had to spend billions to build huge new assembly plants from the ground up near Austin, Texas, and in Germany and China.

While GM has lofty visions of the future, it's struggling in the present with the global shortage of computer chips. Third-quarter sales were down nearly 33%, and GM has lost nearly 2 percentage points of U.S. market share since 2019. The company's share is 15.2% of the market so far this year, according to figures from Edmunds.com.

GM and other automakers have been forced to temporarily close factories due to a lack of chips. That has caused shortages of new

vehicles across the globe and has driven up prices. GM's average sales price hit a record of more than \$48,000 so far this year, according to Edmunds.

Barra said GM is looking at options to get chips in the future, working internally and with partners. "We will work to have certainty around the supply we need," she said.

She sees the situation improving this year into next year but concedes no one knows for certain.

Shares of GM closed Wednesday down about 1% to \$53.93.

© 2021 The Associated Press. All rights reserved. This material may not be published, broadcast, rewritten or redistributed without permission.

Citation: GM sets to double revenue, lead US in electric vehicle sales (2021, October 6) retrieved 10 April 2024 from <https://techxplore.com/news/2021-10-gm-revenue-electric-vehicles.html>

<p>This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.</p>
--